
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2014

OR

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

Commission File Number 001-33805

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State of Incorporation)

26-0354783
(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) 790-0041

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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 April 24, 2014, there were 170,691,591 Class A Shares and 301,884,116 Class B Shares outstanding.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

TABLE OF CONTENTS

	<u>Page</u>
PART I — FINANCIAL INFORMATION	
Item 1.	<u>Financial Statements (Unaudited)</u>
	3
	<u>Consolidated Balance Sheets as of March 31, 2014, and December 31, 2013</u>
	3
	<u>Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2014 and 2013</u>
	4
	<u>Consolidated Statement of Changes in Shareholders' Equity for the Three Months Ended March 31, 2014</u>
	5
	<u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2014 and 2013</u>
	6
	<u>Notes to Consolidated Financial Statements</u>
	8
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	32
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>
	57
Item 4.	<u>Controls and Procedures</u>
	58
PART II — OTHER INFORMATION	
Item 1.	<u>Legal Proceedings</u>
	59
Item 1A.	<u>Risk Factors</u>
	59
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	59
Item 3.	<u>Defaults upon Senior Securities</u>
	59
Item 4.	<u>Mine Safety Disclosures</u>
	59
Item 5.	<u>Other Information</u>
	59
Item 6.	<u>Exhibits</u>
	60
<u>Signatures</u>	61

In this quarterly report, references to “Och-Ziff,” “our Company,” “the Company,” “the firm,” “we,” “us,” or “our” refer, 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. References to the “Och-Ziff Operating Group” refer, collectively, to OZ Management LP, a Delaware limited partnership, which we refer to as “OZ Management,” OZ Advisors LP, a Delaware limited partnership, which we refer to as “OZ Advisors I,” OZ Advisors II LP, a Delaware limited partnership, which we refer to as “OZ Advisors II,” and their consolidated subsidiaries. References to our “intermediate holding companies” refer, collectively, to Och-Ziff Holding Corporation, a Delaware corporation, which we refer to as “Och-Ziff Corp,” and Och-Ziff Holding LLC, a Delaware limited liability company, which we refer to as “Och-Ziff Holding,” both of which are wholly owned subsidiaries of Och-Ziff Capital Management Group LLC.

References to our “executive managing directors” refer to the current limited partners of the Och-Ziff Operating Group entities other than the Ziffs and our intermediate holding companies, including our founder, Mr. 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 our “active executive managing directors” refer to executive managing directors who remain active in our business and certain employees with the title executive managing director. References to the “Ziffs” refer collectively to Ziff Investors Partnership, L.P. II and certain of its affiliates and control persons.

References to “Class A Shares” refer to 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 New York Stock Exchange, which we refer to as the “NYSE.” References to “Class B Shares” refer to 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.

References to our “IPO” refer to our initial public offering of 36.0 million Class A Shares that occurred in November 2007. References to the “2007 Offerings” refer collectively to our IPO and the concurrent private offering of approximately 38.1 million Class A Shares to DIC Sahir Limited, a wholly owned subsidiary of Dubai International Capital LLC, which we refer to as “DIC.” References to the “Reorganization” refer to the reorganization of our business prior to the 2007 Offerings. References to the “2011 Offering” refer to our public offering of 33.3 million Class A Shares in November 2011.

References to “our funds” or the “Och-Ziff funds” refer to the multi-strategy funds, credit funds, collateralized loan obligations (“CLOs”), real estate funds, equity funds and other alternative investment vehicles for which we provide asset management services. References to “Special Investments” refer to 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.

No statements herein, available on our website or in any of the materials we file with the U.S. Securities and Exchange Commission, which we refer to as the “SEC,” 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,” and “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 of 1933, as amended, which we refer to as the “Securities Act,” and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as 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, including Euro-zone sovereign debt issues; U.S. and foreign regulatory developments relating to, among other things, financial institutions and markets, government oversight, fiscal and tax policy; conditions impacting the alternative asset management industry; 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 on Form 10-K for the year ended December 31, 2013, filed on March 18, 2014, which we refer to as 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

	March 31, 2014	December 31, 2013
	(dollars in thousands)	
Assets		
Cash and cash equivalents	\$ 311,181	\$ 189,974
Income and fees receivable	64,496	942,589
Due from related parties	2,733	5,314
Deferred income tax assets	918,301	934,658
Other assets, net	126,753	85,550
<i>Assets of consolidated Och-Ziff funds:</i>		
Investments, at fair value	4,821,362	4,608,418
Other assets of Och-Ziff funds	113,095	102,771
Total Assets	\$ 6,357,921	\$ 6,869,274
Liabilities and Shareholders' Equity		
Liabilities		
Due to related parties	\$ 782,078	\$ 782,667
Debt obligations	399,216	384,177
Compensation payable	15,112	307,495
Other liabilities	76,046	60,933
<i>Liabilities of consolidated Och-Ziff funds:</i>		
Notes payable of consolidated CLOs, at fair value	2,772,455	2,763,977
Securities sold under agreements to repurchase	270,758	257,691
Other liabilities of Och-Ziff funds	20,079	20,727
Total Liabilities	4,335,744	4,577,667
Commitments and Contingencies (Note 14)		
Redeemable Noncontrolling Interests (Note 3)	312,484	76,583
Shareholders' Equity		
Class A Shares, no par value, 1,000,000,000 shares authorized, 170,684,241 and 169,641,610 shares issued and outstanding as of March 31, 2014 and December 31, 2013, respectively	-	-
Class B Shares, no par value, 750,000,000 shares authorized, 301,884,116 and 301,884,116 shares issued and outstanding as of March 31, 2014 and December 31, 2013, respectively	-	-
Paid-in capital	2,974,925	2,958,324
Appropriated retained earnings	9,096	12,872
Accumulated deficit	(3,277,160)	(3,104,917)
Shareholders' deficit attributable to Class A Shareholders	(293,139)	(133,721)
Shareholders' equity attributable to noncontrolling interests	2,002,832	2,348,745
Total Shareholders' Equity	1,709,693	2,215,024
Total Liabilities, Redeemable Noncontrolling Interests and Shareholders' Equity	\$ 6,357,921	\$ 6,869,274

See notes to consolidated financial statements.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME – UNAUDITED

	Three Months Ended March 31,	
	2013	
	(Restated - See Note 17)	
	2014	
	(dollars in thousands)	
Revenues		
Management fees	\$ 158,770	\$ 128,798
Incentive income	52,093	100,160
Other revenues	446	961
Income of consolidated Och-Ziff funds	74,171	56,292
Total Revenues	285,480	286,211
Expenses		
Compensation and benefits	65,855	51,415
Reorganization expenses	4,021	4,021
Interest expense	1,666	1,730
General, administrative and other	35,912	37,873
Expenses of consolidated Och-Ziff funds	38,677	15,326
Total Expenses	146,131	110,365
Other Income		
Net gains on investments in Och-Ziff funds and joint ventures	5,483	305
Net gains of consolidated Och-Ziff funds	54,499	107,250
Total Other Income	59,982	107,555
Income Before Income Taxes	199,331	283,401
Income taxes	33,591	25,295
Consolidated and Total Comprehensive Net Income	\$ 165,740	\$ 258,106
Allocation of Consolidated and Total Comprehensive Net Income		
Class A Shareholders	\$ 23,852	\$ 30,035
Noncontrolling interests	132,065	225,792
Redeemable noncontrolling interests	9,823	2,279
	\$ 165,740	\$ 258,106
Earnings Per Class A Share		
Basic	\$ 0.14	\$ 0.20
Diluted	\$ 0.14	\$ 0.20
Weighted-Average Class A Shares Outstanding		
Basic	171,920,763	150,646,754
Diluted	175,925,367	151,625,895
Dividends Paid per Class A Share	\$ 1.12	\$ 0.75

See notes to consolidated financial statements.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – UNAUDITED

Och-Ziff Capital Management Group LLC Shareholders								
	Number of Class A Shares	Number of Class B Shares	Paid-in Capital	Appropriated Retained Earnings	Accumulated Deficit	Shareholders' Deficit Attributable to Class A Shareholders	Shareholders' Equity Attributable to Noncontrolling Interests	Total Shareholders' Equity
(dollars in thousands)								
As of December 31, 2013	169,641,610	301,884,116	\$ 2,958,324	\$ 12,872	\$ (3,104,917)	\$ (133,721)	\$ 2,348,745	\$ 2,215,024
Capital contributions	-	-	-	-	-	-	38,721	38,721
Capital distributions	-	-	-	-	-	-	(537,661)	(537,661)
Cash dividends declared on Class A Shares	-	-	-	-	(190,210)	(190,210)	-	(190,210)
Dividend equivalents on Class A restricted share units	-	-	5,885	-	(5,885)	-	-	-
Equity-based compensation	342,631	-	8,805	-	-	8,805	14,816	23,621
Och-Ziff Operating Group A Unit exchanges (See Note 3)	700,000	-	652	-	-	652	-	652
Impact of changes in Och-Ziff Operating Group ownership (See Note 3)	-	-	(49)	-	-	(49)	49	-
Acquisition of noncontrolling interests	-	-	(141)	-	-	(141)	(251)	(392)
Allocation of losses of consolidated CLOs	-	-	-	(3,776)	-	(3,776)	3,776	-
Impact of amortization of Reorganization charges on capital	-	-	1,449	-	-	1,449	2,572	4,021
Total comprehensive net income (excludes \$9,823 allocated to redeemable noncontrolling interests)	-	-	-	-	23,852	23,852	132,065	155,917
As of March 31, 2014	<u>170,684,241</u>	<u>301,884,116</u>	<u>\$ 2,974,925</u>	<u>\$ 9,096</u>	<u>\$ (3,277,160)</u>	<u>\$ (293,139)</u>	<u>\$ 2,002,832</u>	<u>\$ 1,709,693</u>

See notes to consolidated financial statements.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED

	Three Months Ended March 31,	
	2014	2013 (Restated - See Note 17)
(dollars in thousands)		
Cash Flows from Operating Activities		
Consolidated net income	\$ 165,740	\$ 258,106
<i>Adjustments to reconcile consolidated net income to net cash provided by operating activities:</i>		
Reorganization expenses	4,021	4,021
Amortization of equity-based compensation	27,130	22,718
Depreciation and amortization	1,828	2,320
Deferred income taxes	21,350	21,506
<i>Operating cash flows due to changes in:</i>		
Income and fees receivable	878,093	480,709
Due from related parties	2,581	1,646
Other assets, net	(9,673)	1,841
Due to related parties	(4,282)	19
Compensation payable	(292,383)	(203,627)
Other liabilities	14,067	(1,882)
<i>Consolidated Och-Ziff funds related items:</i>		
Realized gains of consolidated Och-Ziff funds	(48,067)	(96,632)
Change in unrealized gains of consolidated Och-Ziff funds	(14,910)	(17,002)
Change in unrealized losses of notes payables of consolidated CLOs	8,478	6,384
Purchases of investments	(1,232,039)	(855,121)
Proceeds from sale of investments	1,082,074	752,694
Other assets of consolidated Och-Ziff funds	(10,324)	141,173
Securities sold under agreements to repurchase	13,067	57,116
Other liabilities of consolidated Och-Ziff funds	(648)	5,260
Net Cash Provided by Operating Activities	606,103	581,249
Cash Flows from Investing Activities		
Deposit on corporate aircraft	(16,000)	-
Investment in Och-Ziff funds	(15,193)	-
Other, net	(2,167)	(1,971)
Net Cash Used in Investing Activities	(33,360)	(1,971)
Cash Flows from Financing Activities		
Contributions from noncontrolling and redeemable noncontrolling interests	264,801	123,491
Distributions to noncontrolling and redeemable noncontrolling interests	(537,661)	(527,395)
Dividends on Class A Shares	(190,210)	(110,918)
Borrowings under Aircraft Loan	16,000	-
Other, net	(4,466)	(1,869)
Net Cash Used in Financing Activities	(451,536)	(516,691)
Net Change in Cash and Cash Equivalents	121,207	62,587
Cash and Cash Equivalents, Beginning of Period	189,974	162,485
Cash and Cash Equivalents, End of Period	\$ 311,181	\$ 225,072

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED – (Continued)

	Three Months Ended March 31,	
	2014	2013 (Restated - See Note 17)
	(dollars in thousands)	
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest	\$ 1,615	\$ 1,609
Income taxes	\$ 3,110	\$ 1,905
Non-cash transactions:		
Assets related to the initial consolidation of CLOs	\$ -	\$ 639,631
Liabilities related to the initial consolidation of CLOs	\$ -	\$ 646,067

See notes to consolidated financial statements.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

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 and Dubai. 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, credit funds, collateralized loan obligations (“CLOs”), real estate funds, equity funds and other alternative investment vehicles.

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 conducts substantially all of its operations through its one reportable segment, the Och-Ziff Funds segment, which provides asset management services to its multi-strategy funds, credit funds, CLOs, equity funds and other alternative investment vehicles. The Company’s Other Operations are primarily comprised of its real estate business, which provides asset management services to its real estate funds. The businesses included in the Company’s Other Operations do not meet the thresholds of reportable business segments under U.S. generally accepted accounting principles (“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 substantially all of its operations through OZ Management LP, OZ Advisors LP and OZ Advisors II LP 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 LP, OZ Advisors LP and OZ Advisors II LP other than the Ziffs and the Company’s intermediate holding companies, including the Company’s founder, Mr. 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 and certain employees with the title executive managing director. 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.

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, 2013 (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.

As discussed in Note 17, the Company restated the quarterly amounts previously reported in its Form 10-Qs for the first through third quarters of 2013. See Note 17 for additional information.

Recently Adopted Accounting Pronouncements

None of the changes to GAAP that went into effect in the three months ended March 31, 2014 has had a material effect on the Company’s consolidated financial statements.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

Future Adoption of Accounting Pronouncements

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

3. 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 and the Ziffs, and fund investors' interests in the consolidated Och-Ziff funds. Net income allocated to the Och-Ziff Operating Group A Units is driven by the earnings 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.

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

	Three Months Ended March 31,	
	2014	2013 (Restated - See Note 17)
	(dollars in thousands)	
Och-Ziff Operating Group A Units	\$ 73,581	\$ 105,879
Consolidated Och-Ziff funds	58,241	116,518
Other	243	3,395
	<u>\$ 132,065</u>	<u>\$ 225,792</u>

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

	March 31, 2014	December 31, 2013
	(dollars in thousands)	
Och-Ziff Operating Group A Units	\$ 473,127	\$ 788,689
Consolidated Och-Ziff funds	1,527,568	1,558,435
Other	2,137	1,621
	<u>\$ 2,002,832</u>	<u>\$ 2,348,745</u>

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

	Three Months Ended March 31, 2014
	(dollars in thousands)
Beginning balance	\$ 76,583
Capital contributions	226,078
Total comprehensive income	9,823
Ending Balance	<u>\$ 312,484</u>

Och-Ziff Operating Group Ownership

The Company's interest in the Och-Ziff Operating Group increased to 36.1% as of March 31, 2014, from 35.9% as of December 31, 2013. Increases in the Company's interest in the Och-Ziff Operating Group were driven by the exchange of Och-Ziff Operating Group A Units for an equal number of Class A Shares and the issuance of Class A Shares under the Company's Amended and Restated 2007 Equity Incentive Plan, primarily related to the vesting of Class A restricted share units ("RSUs"). In the future, the Company expects to issue additional equity awards relating to Class A Shares under its 2013 Incentive Plan. 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

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

Operating Group A Units and vesting of RSUs. These increases will be offset upon any conversion of Och-Ziff Operating Group D Units, which are not considered equity for GAAP purposes, into Och-Ziff Operating Group A Units.

Och-Ziff Operating Group A Unit Exchanges

During the first quarter of 2014, the Company issued 700,000 Class A Shares in connection with the Ziffs' exchange of an equal number of Och-Ziff Operating Group A Units. As a result, the Company recorded an increase to shareholders' equity related to deferred income tax assets resulting from the exchange, net of an increase in the tax receivable agreement liability.

4. 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, sovereign debt of developed nations 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. Consideration is given to the nature of the broker quotes (e.g., indicative or executable). Assets and liabilities for which executable broker quotes are significant inputs in determining the fair value of an asset or liability are included within Level II. 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 and restricted 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. Assets and liabilities for which indicative broker quotes are significant inputs in determining the fair value of an asset or liability are included within Level III. 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, as well as the notes 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.

The assets and liabilities presented in the tables below belong to the investors in the consolidated funds. The Company has a minimal, if any, investment in these funds.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

Fair Value Measurements Categorized within the Fair Value Hierarchy

The following tables summarize the Company's assets and liabilities measured at fair value on a recurring basis within the fair value hierarchy as of March 31, 2014:

As of March 31, 2014					
	Level I	Level II	Level III	Counterparty Netting of Derivative Contracts	Total
(dollars in thousands)					
Bank debt	\$ -	\$ 1,413,368	\$ 1,323,441	\$ -	\$ 2,736,809
Real estate investments	-	-	620,036	-	620,036
Investments in affiliated credit funds	-	-	431,108	-	431,108
Residential mortgage-backed securities	-	-	399,791	-	399,791
Collateralized debt obligations	-	-	210,823	-	210,823
Energy and natural resources limited partnerships	-	-	146,509	-	146,509
Commercial real estate debt	-	-	132,537	-	132,537
United States government obligations	68,374	-	-	-	68,374
Corporate bonds	-	33,808	849	-	34,657
Asset-backed securities	-	-	25,508	-	25,508
Commercial mortgage-backed securities	-	-	9,826	-	9,826
Common and preferred stock	-	-	2,801	-	2,801
Other investments	677	-	1,950	(44)	2,583
Financial Assets, at Fair Value, Included Within Investments, at Fair Value	\$ 69,051	\$ 1,447,176	\$ 3,305,179	\$ (44)	\$ 4,821,362
Senior secured notes payable of consolidated CLOs	-	-	2,515,873	-	2,515,873
Subordinated notes payable of consolidated CLOs	-	-	256,582	-	256,582
Notes payable of consolidated CLOs, at fair value	-	-	2,772,455	-	2,772,455
Other liabilities, included within other liabilities of Och-Ziff funds	3,489	151	562	(44)	4,158
Financial Liabilities, at Fair Value	\$ 3,489	\$ 151	\$ 2,773,017	\$ (44)	\$ 2,776,613

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

The following tables summarize the Company's assets and liabilities measured at fair value on a recurring basis within the fair value hierarchy as of December 31, 2013:

As of December 31, 2013					
	Level I	Level II	Level III	Counterparty Netting of Derivative Contracts	Total
(dollars in thousands)					
Bank debt	\$ -	\$ 1,551,892	\$ 1,180,831	\$ -	\$ 2,732,723
Real estate investments	-	-	633,311	-	633,311
Residential mortgage-backed securities	-	-	400,510	-	400,510
Collateralized debt obligations	-	-	205,026	-	205,026
Investments in affiliated credit funds	-	-	188,454	-	188,454
Energy and natural resources limited partnerships	-	-	158,759	-	158,759
United States government obligations	97,741	-	-	-	97,741
Commercial real estate debt	-	-	93,445	-	93,445
Corporate bonds	-	38,228	817	-	39,045
Asset-backed securities	-	-	34,627	-	34,627
Commercial mortgage-backed securities	-	-	20,530	-	20,530
Common and preferred stock	-	-	1,562	-	1,562
Other investments	964	87	1,730	(96)	2,685
Financial Assets, at Fair Value, Included Within Investments, at Fair Value	\$ 98,705	\$ 1,590,207	\$ 2,919,602	\$ (96)	\$ 4,608,418
Senior secured notes payable of consolidated CLOs	-	-	2,508,338	-	2,508,338
Subordinated notes payable of consolidated CLOs	-	-	255,639	-	255,639
Notes payable of consolidated CLOs, at fair value	-	-	2,763,977	-	2,763,977
Other liabilities, included within other liabilities of Och-Ziff funds	3,066	19	800	(96)	3,789
Financial Liabilities, at Fair Value	\$ 3,066	\$ 19	\$ 2,764,777	\$ (96)	\$ 2,767,766

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

Reconciliation of Fair Value Measurements Categorized within Level III

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

The following table summarizes the changes in the Company's Level III assets and liabilities (excluding notes payable of consolidated CLOs) for the three months ended March 31, 2014:

	Balance as of December 31, 2013	Transfers In	Transfers Out	Investment Purchases	Investment Sales	Derivative Settlements	Net Gains (Losses) of Consolidated Och-Ziff Funds	Balance as of March 31, 2014
(dollars in thousands)								
Bank debt	\$ 1,180,831	\$ 222,419	\$ (196,218)	\$ 445,713	\$ (332,171)	\$ -	\$ 2,867	\$ 1,323,441
Real estate investments	633,311	-	-	15,314	(48,588)	-	19,999	620,036
Investments in affiliated credit funds	188,454	-	-	240,105	(12,045)	-	14,594	431,108
Residential mortgage-backed securities	400,510	-	-	86,365	(104,866)	-	17,782	399,791
Collateralized debt obligations	205,026	-	-	51,306	(57,972)	-	12,463	210,823
Energy and natural resources limited partnerships	158,759	-	-	3,153	(14,191)	-	(1,212)	146,509
Commercial real estate debt	93,445	-	-	40,286	(1,493)	-	299	132,537
Corporate bonds	817	-	-	-	-	-	32	849
Asset-backed securities	34,627	-	-	-	(8,207)	-	(912)	25,508
Commercial mortgage- backed securities	20,530	-	-	-	(13,321)	-	2,617	9,826
Common and preferred stock	1,562	-	-	1,455	(566)	-	350	2,801
Other investments (including derivatives, net)	930	69	-	-	-	433	(44)	1,388
	<u>\$ 2,918,802</u>	<u>\$ 222,488</u>	<u>\$ (196,218)</u>	<u>\$ 883,697</u>	<u>\$ (593,420)</u>	<u>\$ 433</u>	<u>\$ 68,835</u>	<u>\$ 3,304,617</u>

Transfers out of Level III presented in the table 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 utilizing unobservable inputs. There were no transfers between Levels I and II during the period presented above.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

The following table summarizes the changes in the Company's Level III assets and liabilities (excluding notes payable of consolidated CLOs) for the three months ended March 31, 2013:

(Restated - See Note 17)	Balance as of December 31, 2012	Transfers In	Transfers Out	Investment Purchases	Investment Sales	Derivative Settlements	Net Gains (Losses) of Consolidated Och-Ziff Funds	Balance as of March 31, 2013
(dollars in thousands)								
Bank debt	\$ 384,578	\$ 28,020	\$ -	\$ 982,334	\$ (220,010)	\$ -	\$ 8,614	\$ 1,183,536
Real estate investments	615,634	-	-	80,659	(112,872)	-	66,744	650,165
Investments in affiliated credit funds	88,298	-	-	40,581	(61,203)	-	9,138	76,814
Residential mortgage-backed securities	260,410	-	-	83,901	(60,705)	-	9,897	293,503
Collateralized debt obligations	265,722	-	-	24,363	(49,287)	-	21,694	262,492
Energy and natural resources limited partnerships	167,467	-	-	5,727	(53,269)	-	(8,299)	111,626
Commercial real estate debt	151,275	-	-	12,112	(13,868)	-	1,382	150,901
Corporate bonds	-	-	-	3,117	(3,148)	-	31	-
Asset-backed securities	12,234	-	-	-	(1,359)	-	(75)	10,800
Commercial mortgage-backed securities	41,961	-	-	9,517	(10,888)	-	1,594	42,184
Common and preferred stock	47,002	-	-	-	(4,819)	-	1,159	43,342
Other investments (including derivatives, net)	(904)	-	-	-	-	(3,765)	3,346	(1,323)
	<u>\$ 2,033,677</u>	<u>\$ 28,020</u>	<u>\$ -</u>	<u>\$ 1,242,311</u>	<u>\$ (591,428)</u>	<u>\$ (3,765)</u>	<u>\$ 115,225</u>	<u>\$ 2,824,040</u>

Transfers out of Level III presented in the table 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 utilizing unobservable inputs. There were no transfers between Levels I and II during the period presented above.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

The table below summarizes the net change in unrealized gains and losses on the Company's Level III assets and liabilities (excluding notes 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:

	Three Months Ended March 31,	
	2014	2013 (Restated - See Note 17)
	(dollars in thousands)	
Bank debt	\$ 1,847	\$ 8,400
Real estate investments	16,883	57,336
Investments in affiliated credit funds	3,735	2,252
Residential mortgage-backed securities	9,950	2,298
Collateralized debt obligations	7,046	7,909
Energy and natural resources limited partnerships	(1,391)	(31,497)
Commercial real estate debt	226	1,000
Corporate bonds	27	-
Asset-backed securities	(1,090)	(91)
Commercial mortgage-backed securities	(35)	(1,375)
Common and preferred stock	325	850
Other investments (including derivatives, net)	328	640
	<u>\$ 37,851</u>	<u>\$ 47,722</u>

The tables below summarize the changes in the notes payable of consolidated CLOs for the three months ended March 31, 2014 and 2013. The amounts presented within net gains (losses) of consolidated Och-Ziff funds represent the net change in unrealized gains (losses) on the notes payable of consolidated CLOs. These amounts all relate to liabilities still in existence as of each respective balance sheet date. Amounts related to the initial consolidation of the Company's CLOs are included within issuances in the tables below.

	Balance as of December 31, 2013	Issuances	Net Losses of Consolidated Och-Ziff Funds	Balance as of March 31, 2014
	(dollars in thousands)			
Senior secured notes payable of consolidated CLOs	\$ 2,508,338	-	7,535	\$ 2,515,873
Subordinated notes payable of consolidated CLOs	255,639	-	943	256,582
	<u>\$ 2,763,977</u>	<u>\$ -</u>	<u>\$ 8,478</u>	<u>\$ 2,772,455</u>

	Balance as of December 31, 2012	Issuances	Net (Gains) Losses of Consolidated Och-Ziff Funds	Balance as of March 31, 2013
	(dollars in thousands)			
Senior secured notes payable of consolidated CLOs	\$ 956,693	\$ 577,784	\$ 8,969	\$ 1,543,446
Subordinated notes payable of consolidated CLOs	104,852	68,250	(2,585)	170,517
	<u>\$ 1,061,545</u>	<u>\$ 646,034</u>	<u>\$ 6,384</u>	<u>\$ 1,713,963</u>

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

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

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED

MARCH 31, 2014

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 percentage 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.

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

The fair value of investments in collateralized debt obligations, residential and commercial mortgage-backed securities, commercial real estate debt, common and preferred stock, corporate bonds, asset-backed securities, bank debt and notes payable of consolidated CLOs that do not have readily ascertainable fair values is generally determined using broker quotes or valuations from 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 residential mortgage-backed securities, commercial real estate debt, corporate bonds, asset-backed securities and bank debt that are not valued using broker quotes are discount rates, credit spreads, comparability adjustments and yields. Significant increases (decreases) in the discount rates, credit spreads, comparability adjustments and yields in isolation would be expected to result in a significantly lower (higher) fair value measurement.

During the first quarter of 2014, the Company changed the valuation methodology for its senior secured notes payable of consolidated CLOs from discounted cash flows to broker quote. The use of broker quotes is generally consistent with the valuation methodologies of the Company's other credit-related assets.

Energy and Natural Resources Limited Partnerships

The fair value of energy and natural resources limited partnerships are 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. 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 fair value for certain energy and natural resources limited partnership investments is based on the net asset value of the underlying fund. This amount represents a certain consolidated fund's investment into another fund managed by the Company. The investee invests primarily in energy and natural resource investments. The fund may not redeem its investment into the investee prior to liquidation. The fund will receive distributions from the investee as investments are sold, the timing of which cannot be estimated. The consolidated fund has \$49.8 million of unfunded commitments that will be funded by capital contributions from investors in the fund, as the Company is not an investor in the fund.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

The significant unobservable inputs used in the fair value measurement of the Company's energy and natural resources limited partnerships are discount rates, EBITDA multiples, price per acre, production multiples, EV/risked prospective resources, price of natural gas per thousand cubic feet, price of oil per barrel, scenario analysis weightings, well risking and energy differentials. Significant increases (decreases) in the discount rates, well risking and energy differentials in isolation would be expected to result in a lower (higher) fair value measurement. Significant increases (decreases) in the EBITDA multiples, price per acre, production multiples, EV/risked prospective resources, price of natural gas per thousand cubic feet and price of oil per barrel in isolation would be expected to result in a significantly higher (lower) fair value measurement. Significant adjustments to the scenario analysis weightings would be expected to result in an adjustment to the fair value based on the qualitative analysis of the weightings selection.

Investments in Affiliated Credit Funds

The fair value of investments in affiliated credit funds relates to consolidated feeder funds' investments into their related master funds. The Company is not an investor of these feeder funds or master funds. The fair value of these investments is based on the consolidated feeder funds' proportionate share of the respective master funds' net asset value. These master funds invest primarily in credit-related strategies. Approximately 69% of these investments can be redeemed and paid to investors in the feeder fund after an initial lock-up period of one to three years, after which the feeder fund may redeem its investment on a quarterly basis upon 90 days' prior written notice. The Company, as investment manager of the master fund, has the option (not exercised to date) to suspend redemptions in certain situations. The remaining 31% relates to a feeder fund that is not able to redeem its investment in the master fund prior to liquidation, the timing of which cannot be estimated. The feeder fund will receive distributions from the master fund as investments are sold, the timing of which cannot be estimated due to the illiquid nature of the investments held by the master fund. The consolidated feeder funds have \$119.6 million of unfunded commitments that will be funded by capital contributions from investors in the feeder funds, as the Company is not an investor in the feeder funds or master funds.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

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 and liabilities held by the consolidated funds as of March 31, 2014.

Type of Investment or Liability	Fair Value at March 31, 2014 (in thousands)	Valuation Technique	Unobservable Input	Range (Weighted-Average)
Bank debt	\$ 1,297,900	Independent pricing services	n/a	
	12,327	Market comparables	Yield	13%
	12,809	Broker quotes	n/a	
	405	Discounted cash flow	Yield	5%
Real estate investments	\$ 587,415	Discounted cash flow	Discount rate	5% to 36% (21%)
			Cash flow growth rate	-22% to 126% (3%)
			Capitalization rate	5% to 14% (8%)
			Price per square foot	\$57.26 to \$553.41 (\$169.61)
		Absorption rate per year	3% to 31% (13%)	
		Exit multiple	6.1x	
	32,621	Market comparables	Capitalization rate	7%
Investments in affiliated credit funds	\$ 431,108	Net asset value	n/a	
Residential mortgage-backed securities	\$ 391,079	Broker quotes	n/a	
	8,712	Discounted cash flow	Discount rate	21%
			Credit spread	1225 bps
Collateralized debt obligations	\$ 210,823	Broker quotes	n/a	
Energy and natural resources limited partnerships	\$ 91,596	Net asset value	n/a	
	25,905	Scenario analysis	Discount rate	10%
			EBITDA multiple	6.3x
			Price of natural gas per thousand cubic feet	\$ 4.62
			Price of oil per barrel	\$ 80.00
		Price per acre	\$ 1,750.00	
		Production multiple (price per thousand cubic feet equivalent per day)	\$ 6,250.00	
	20,800	Sum of the parts	Discount rate	15%
			EBITDA multiple	6.0x
			EV/risked prospective resources	1.3x
			Price of natural gas per thousand cubic feet	\$ 4.62
			Price of oil per barrel	\$ 80.00
			Price per acre	\$50.00 to \$500.00 (\$472.86)
			Scenario analysis weightings	20% to 80% (50%)
	8,202	Discounted cash flow	Well risking	75%
			Discount rate	15%
			Energy differentials	7%
	Price of natural gas per thousand cubic feet		\$ 4.62	
	Price of oil per barrel		\$ 80.00	
6	Broker quotes	n/a		

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

Type of Investment or Liability	Fair Value at March 31, 2014 (in thousands)	Valuation Technique	Unobservable Input	Range (Weighted-Average)
Commercial real estate debt	\$ 84,426	Market comparables	Comparability adjustment	2%
			Discount rate	50%
	43,225	Discounted cash flow	Yield	10% to 17% (12%)
			4,886	Independent pricing services
Corporate bonds	\$ 435	Market comparables	Yield	16%
			414	Broker quotes
Asset-backed securities	\$ 20,811	Broker quotes	n/a	
			4,697	Discounted cash flow
Commercial mortgaged-backed securities	\$ 9,826	Broker quotes	n/a	
Common and preferred stock	\$ 2,801	Broker quotes	n/a	
Senior secured notes payable of consolidated CLOs	\$ 2,515,873	Broker quotes	n/a	
Subordinated notes payable of consolidated CLOs	\$ 256,582	Broker quotes	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, 2013.

Type of Investment or Liability	Fair Value at December 31, 2013 (in thousands)	Valuation Technique	Unobservable Input	Range (Weighted-Average)		
Bank debt	\$ 1,159,302	Independent pricing services	n/a			
			15,360	Market comparables	Yield	13%
			6,169	Broker quotes	n/a	
Real estate investments	\$ 600,690	Discounted cash flow	Discount rate	5% to 36% (21%)		
			Cash flow growth rate	-22% to 137% (3%)		
			Capitalization rate	5% to 14% (8%)		
			Price per square foot	\$55.49 to \$750.00 (\$186.69)		
			Absorption rate per year	1% to 27% (13%)		
			Exit multiple	6.1x		
			32,621	Market comparables	Capitalization rate	7%
Residential mortgage-backed securities	\$ 385,860	Broker quotes	n/a			
			14,650	Discounted cash flow	Discount rate	11% to 21% (17%)
					Credit spread	520 to 1225 bps (960bps)
Collateralized debt obligations	\$ 205,026	Broker quotes	n/a			
Investments in affiliated credit funds	\$ 188,454	Net asset value	n/a			
Energy and natural resources limited partnerships	\$ 106,149	Net asset value	n/a			
			25,903	Scenario analysis	Discount rate	10%
					EBITDA multiple	6.3x
					Price of natural gas per thousand cubic feet	\$ 4.43
					Price of oil per barrel	\$ 80.00
					Price per acre	\$ 1,750.00
					Production multiple (price per thousand cubic feet equivalent per day)	\$ 6,250.00

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

Type of Investment or Liability	Fair Value at December 31, 2013 (in thousands)	Valuation Technique	Unobservable Input	Range (Weighted-Average)
	18,522	Sum of the parts	Discount rate	15%
			EBITDA multiple	4.5x to 7.5x (6.0x)
			EV/risked prospective resources	1.0x to 1.5x (1.3x)
			Price of natural gas per thousand cubic feet	\$ 4.43
			Price of oil per barrel	\$ 80.00
			Price per acre	\$50.00 to \$500.00 (\$459.45)
			Scenario analysis weightings	25% to 75% (50%)
			Well risking	75%
	8,185	Discounted cash flow	Discount rate	15%
			Energy differentials	7%
			Price of natural gas per thousand cubic feet	\$ 4.43
			Price of oil per barrel	\$ 80.00
Commercial real estate debt	\$ 57,808	Market comparables	Comparability adjustment	2%
			Discount rate	50%
			Yield	10% to 14% (12%)
	30,604	Discounted cash flow	Discount rate	18%
	5,033	Independent pricing services	n/a	
Corporate bonds	\$ 427	Market comparables	Yield	16%
	390	Broker quotes	n/a	
Asset-backed securities	\$ 29,380	Broker quotes	n/a	
	5,247	Discounted cash flow	Discount rate	15%
Commercial mortgaged-backed securities	\$ 20,530	Broker quotes	n/a	
Common and preferred stock	\$ 1,562	Broker quotes	n/a	
Senior secured notes payable of consolidated CLOs	\$ 2,508,338	Discounted cash flow	Interest rate	5%
			Loan default rate	2%
			Loan loss severity	20%
			Loan prepayment rate	20%
			Reinvestment price	\$ 99.50
Subordinated notes payable of consolidated CLOs	\$ 255,639	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 independent 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 developing valuation policies to help ensure that all of the funds' investments reflect fair values, 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.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

The Financial Controls Group is responsible for ensuring compliance with the valuation policies 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: preparation and distribution of daily profit and loss reports; 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 pricing service providers on a weekly and monthly basis; preparing due diligence report reviews on independent pricing services on an annual or as needed basis; and assisting the Valuation Committee in developing valuation policies.

The Internal Audit Group employs a risk-based program of audit coverage that is designed to provide an independent 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 with management periodically to evaluate and provide guidance on the existing risk framework and control environment assessments.

Monthly procedures have been established for Level III investments to compare unobservable inputs to observable inputs for similar positions, review subsequent market activities, perform comparisons of actual versus projected cash flows, and discuss 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 fair value of the \$383.2 million outstanding under the Company's delayed draw term loan agreement entered into in November 2011 (the "Delayed Draw Term Loan") was approximately 96% of its carrying value as of March 31, 2014, based on an analysis of comparable issuers. The carrying value of the Company's other financial instruments approximated their fair values as of March 31, 2014. These fair value measurements would be categorized as Level III within the fair value hierarchy.

5. BALANCE SHEET OFFSETTING

In the ordinary course of business, certain consolidated funds have entered into certain transactions 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 setoff 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.

<u>Securities Sold Under Agreements to Repurchase</u>	<u>Gross Amounts of Recognized Liabilities</u>	<u>Gross Amounts Offset in the Consolidated Balance Sheet</u>	<u>Net Amounts of Liabilities in the Consolidated Balance Sheet</u>	<u>Securities Transferred</u>	<u>Net Amount</u>
			(dollars in thousands)		
As of March 31, 2014	\$ 270,758	\$ -	\$ 270,758	\$ 270,758	\$ -
As of December 31, 2013	\$ 257,691	\$ -	\$ 257,691	\$ 257,691	\$ -

6. VARIABLE INTEREST ENTITIES

In the ordinary course of business, the Company sponsors the formation of VIEs. These VIEs generally consist of the following categories: funds, including CLOs, and joint ventures. The Company has not recorded any liabilities with respect to VIEs that are not consolidated.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

Funds

Many of the Company's funds, including its CLOs, are VIEs. The Company generally serves as the general partner or the investment or collateral manager with decision-making rights for these entities. Substantially all of the funds that are VIEs managed by the Company qualify for the deferral granted under ASU 2010-10, *Amendments to Statement 167 for Certain Investment Funds*. Accordingly, the Company's determination of whether it is the primary beneficiary of a fund that is a VIE is generally based on identifying the variable interest holder that is exposed to the majority of the expected losses or receives a majority of the expected residual returns. Fund investors are entitled to substantially all of the economics of these VIEs with the exception of management fees and incentive income, if any, earned by the Company. Accordingly, the determination of whether the Company is the primary beneficiary of these entities is not impacted by changes in the underlying assumptions made regarding future results or expected cash flows of these VIEs.

The Company acts as collateral manager for CLOs that are VIEs. CLOs are entities that issue collateralized notes that offer investors the opportunity for returns that vary commensurately with the risk they assume. The notes issued by the CLOs are generally backed by asset portfolios consisting of loans or other debt. The Company receives collateral management fees for acting as collateral manager to the CLOs, and may earn incentive income based on the performance of the CLOs, subject to hurdle rates.

The deferral granted in ASU 2010-10 does not apply to CLOs. Accordingly, the determination of whether the Company is the primary beneficiary that would consolidate a CLO is based on a qualitative assessment to determine whether the Company, as collateral manager, has (i) the power to direct the activities of the CLO that most significantly impact its economic performance, and (ii) the obligations to absorb losses or the right to receive benefits from the CLO that could potentially be significant to the CLO. The Company determined that when it launches its CLOs, it possesses the power to direct the activities of the CLOs that most significantly impact the CLOs' economic performance through its role in managing collateral and credit risk as the collateral manager. In addition, the Company determined that when it launches its CLOs, it has the right to receive benefits from the CLOs that could potentially be significant, on a quantitative and qualitative basis, because of the management fees and incentive income the Company could earn from the CLOs, as well as the purpose and design of the CLOs. As a result, the Company consolidates the CLOs it manages upon launch.

The following table presents the assets and liabilities of funds that are VIEs and consolidated by the Company:

	March 31, 2014		December 31, 2013	
	CLOs	Other Funds	CLOs	Other Funds
	(dollars in thousands)			
Assets				
<i>Assets of consolidated Och-Ziff funds:</i>				
Investments, at fair value	\$ 2,745,835	\$ 762,707	\$ 2,749,422	\$ 607,823
Other assets of Och-Ziff funds	50,623	20,360	43,832	20,736
Total Assets	\$ 2,796,458	\$ 783,067	\$ 2,793,254	\$ 628,559
Liabilities				
<i>Liabilities of consolidated Och-Ziff funds:</i>				
Notes payable of consolidated CLOs, at fair value	\$ 2,772,455	\$ -	\$ 2,763,977	\$ -
Securities sold under agreements to repurchase	-	19,528	-	49,304
Other liabilities of Och-Ziff funds	12,106	2,737	13,293	2,550
Total Liabilities	\$ 2,784,561	\$ 22,265	\$ 2,777,270	\$ 51,854

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 also consolidates funds that are not VIEs, and therefore the assets and liabilities of those funds are not included in the table above.

The Company's involvement with funds that are VIEs and not consolidated by the Company is generally limited to providing asset management services. The Company's exposure to loss from these entities is limited to a decrease in the management fees and incentive income that may be earned in future periods, as well as the loss of investments in these entities, if any. The net assets of these VIEs were \$34.3 billion and \$33.7 billion as of March 31, 2014 and December 31, 2013, respectively. The Company does not provide, nor is it required to provide, any type of financial or other support to these entities. The Company's variable interests related to these VIEs relate primarily to management fees and incentive income earned from these entities, as well as investments in these entities, if any. As of

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

March 31, 2014 and December 31, 2013, the only assets arising from these variable interests related to income and fees receivable of \$45.5 million and \$574.1 million, respectively.

Joint Ventures

The Company holds a variable interest in a joint venture that is a VIE. The Company's exposure to loss for this joint venture is limited to its investments in the entity, which totaled \$4.6 million and \$6.7 million as of March 31, 2014 and December 31, 2013, respectively, and is recorded within other assets in the Company's consolidated balance sheets.

7. OTHER ASSETS, NET

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

	March 31, 2014	December 31, 2013
	(dollars in thousands)	
<i>Fixed Assets:</i>		
Corporate aircraft	\$ 22,600	\$ 22,600
Leasehold improvements	22,095	21,714
Computer hardware and software	22,799	21,165
Furniture, fixtures and equipment	3,146	3,146
Accumulated depreciation and amortization	(54,059)	(52,416)
Fixed assets, net	16,581	16,209
Receivables	24,357	10,270
Goodwill	22,691	22,691
Investments in Och-Ziff funds	18,774	3,192
Deposit on new corporate aircraft	20,000	4,000
Prepaid expenses	15,415	18,165
Investments in joint ventures	4,641	6,745
Intangible assets, net	1,926	2,110
Other	2,368	2,168
Total Other Assets, Net	\$ 126,753	\$ 85,550

8. OTHER LIABILITIES

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

	March 31, 2014	December 31, 2013
	(dollars in thousands)	
Accrued expenses	\$ 45,412	\$ 39,851
Deferred rent credit	16,654	15,928
Uncertain tax positions	7,000	-
Current income taxes payable	5,860	4,059
Other	1,120	1,095
Total Other Liabilities	\$ 76,046	\$ 60,933

9. DEBT OBLIGATIONS

Notes Payable of Consolidated CLOs

The Company consolidates the CLOs it manages. As a result, the senior and subordinated notes issued by the CLOs are included in the Company's consolidated balance sheets. Notes 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 March 31, 2014 and December 31, 2013, the fair value of the CLO assets was \$2.8 billion. The stated maturity dates for the notes issued by the CLOs range from 2023 to 2026.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

The Company has elected to carry these notes at fair value in its consolidated balance sheets to mitigate the accounting mismatch between the carrying values of the assets and liabilities of the consolidated CLOs. The Company recorded a net change in unrealized losses of \$ 8.5 million and \$6.4 million for the three months ended March 31, 2014 and 2013, respectively. These amounts are included within net gains of consolidated Och-Ziff funds in the statements of comprehensive income. Substantially all of these changes related to changes in instrument specific credit risk, as substantially all of these are floating-rate instruments.

The tables below present information related to the CLO notes outstanding. The subordinated notes have no stated interest rate, and are entitled to any excess cash flows after contractual payments are made to the senior notes.

	As of March 31, 2014			
	Borrowings Outstanding	Fair Value	Weighted-Average Interest Rate	Weighted-Average Maturity in Years
	(dollars in thousands)			
Senior secured notes payable of consolidated CLOs	\$ 2,543,000	\$ 2,515,873	2.28%	10.6
Subordinated notes payable of consolidated CLOs	282,300	256,582	N/A	10.5
Total Notes Payable of Consolidated CLOs	\$ 2,825,300	\$ 2,772,455		

	As of December 31, 2013			
	Borrowings Outstanding	Fair Value	Weighted-Average Interest Rate	Weighted-Average Maturity in Years
	(dollars in thousands)			
Senior secured notes payable of consolidated CLOs	\$ 2,543,000	\$ 2,508,338	2.30%	10.8
Subordinated notes payable of consolidated CLOs	282,300	255,639	N/A	10.8
Total Notes Payable of Consolidated CLOs	\$ 2,825,300	\$ 2,763,977		

Aircraft Loan

On February 14, 2014, the Company entered into a secured multiple draw term loan agreement for up to \$59.0 million to finance the purchase of a new corporate aircraft expected to be delivered in the first quarter of 2015 (the "Aircraft Loan"). The Aircraft Loan is guaranteed by OZ Management, OZ Advisors and OZ Advisors II. A \$16.0 million borrowing was made to fund a progress payment due in February 2014 and remained outstanding as of March 31, 2014.

Amounts borrowed prior to aircraft delivery to fund progress payments under the aircraft purchase agreement bear interest at a rate of LIBOR plus 1.40%. Following aircraft delivery, the Company will have the option of selecting a 5- or 7-year term with either a fixed or floating interest rate, which rate will vary based on the term selected. There are no financial covenants associated with the Aircraft Loan. No principal payments are due prior to aircraft delivery; however, the Aircraft Loan will become due if the aircraft is not delivered by October 30, 2015. Following aircraft delivery, borrowings under the Aircraft Loan will be payable in installments for the term of the facility, with a balloon payment due upon maturity. The amount of the installment and balloon payments will be determined based upon the selection of either a 5- or 7-year term. The Aircraft Loan includes other customary terms and conditions, including customary events of default and covenants.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

10. 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:

	Three Months Ended March 31,	
	2014	2013 (Restated - See Note 17)
	(dollars in thousands)	
Recurring placement and related service fees	\$ 10,717	\$ 6,533
Occupancy and equipment	8,045	7,885
Professional services	7,423	11,502
Information processing and communications	4,838	4,604
Insurance	3,968	1,857
Business development	2,791	2,387
Other expenses	1,945	3,086
	<u>39,727</u>	<u>37,854</u>
Changes in tax receivable agreement liability	<u>(3,815)</u>	<u>19</u>
Total General, Administrative and Other	<u>\$ 35,912</u>	<u>\$ 37,873</u>

11. 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 16.9% and 8.9% for the three months ended March 31, 2014 and 2013, 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 income earned by the Company is not subject to federal, state and local corporate income taxes in the United States; (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) the Reorganization expenses related to the reclassification of the executive managing directors' and the Ziffs' interests as Och-Ziff Operating Group A Units are not deductible for tax purposes.

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.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

A reconciliation of the changes in the Company's unrecognized tax benefits, excluding related interest and penalties, is presented in the table below. As of and prior to December 31, 2013, the Company did not have a liability for unrecognized tax benefits.

	Three Months Ended March 31, 2014
	(dollars in thousands)
Beginning balance	\$ -
Additions for tax benefits related to prior years	7,000
Ending Balance	\$ 7,000

As of and for the three months ended March 31, 2014, the Company did not accrue interest or penalties related to uncertain tax positions. As of March 31, 2014, 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 \$4.5 million as of March 31, 2014.

12. EARNINGS PER CLASS A SHARE

Basic earnings per Class A Share is computed by dividing the net income allocated to Class A Shareholders by the weighted-average number of Class A Shares outstanding for the period. For the three months ended March 31, 2014 and 2013, the Company included, respectively, 1,784,357 and 1,920,696 RSUs 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 per Class A Share.

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

Three Months Ended March 31, 2014	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	\$ 23,852	171,920,763	\$ 0.14	
<i>Effect of dilutive securities:</i>				
Och-Ziff Operating Group A Units	-	-		302,529,588
RSUs	-	4,004,604		-
Diluted	\$ 23,852	175,925,367	\$ 0.14	
Three Months Ended March 31, 2013 (Restated - See Note 17)	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	\$ 30,035	150,646,754	\$ 0.20	
<i>Effect of dilutive securities:</i>				
Och-Ziff Operating Group A Units	-	-		301,481,866
RSUs	-	979,141		-
Diluted	\$ 30,035	151,625,895	\$ 0.20	

13. RELATED PARTY TRANSACTIONS

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 further discussed in Note 14, the Company entered into an agreement with the executive managing directors and the Ziffs, whereby the Company would pay them a portion of any tax savings resulting from the purchase of Och-Ziff Operating Group A Units at the time of the 2007 Offerings or as a result of any subsequent exchanges of their interests for Class A Shares.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

Notes Payable of Consolidated CLOs

A portion of the notes payable of consolidated CLOs is held by certain funds managed by the Company. As of March 31, 2014 and December 31, 2013, these amounts totaled \$162.6 million and \$162.8 million, respectively.

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. 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 March 31,	
	2014	2013 (Restated - See Note 17)
	(dollars in thousands)	
<i>Fees charged on investments held by related parties:</i>		
Management fees	\$ 5,893	\$ 7,464
Incentive income	\$ 2,490	\$ 126
<i>Fees waived on investments held by related parties:</i>		
Management fees	\$ 3,937	\$ 3,458

Corporate Aircraft

The Company's corporate aircraft is used primarily for business purposes. From time to time, Mr. Och uses the aircraft for personal use. For the three months ended March 31, 2014 and 2013 the Company charged Mr. Och \$ 299 thousand and \$352 thousand, respectively, for his personal use of the aircraft.

14. 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 by recording 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.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

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 now 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.

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 and Dubai 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, 2013.

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.

Beginning in 2011, and from time to time thereafter, the Company has received subpoenas from the Securities and Exchange Commission and requests for information from the U.S. Department of Justice in connection with an investigation involving the Foreign Corrupt Practices Act and related laws. The investigation concerns an investment by a foreign sovereign wealth fund in some of the Och-Ziff funds in 2007 and investments by some of the funds, both directly and indirectly, in a number of companies in Africa. At this time, the Company is unable to determine how the investigation will be resolved and what impact, if any, it will have. An adverse outcome could have a material effect on the Company's consolidated financial statements.

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. The Company generally only manages these funds and is not an investor in the funds.

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.

Certain of the Company's executive managing directors, collectively, have capital commitments to a fund managed by the Company of up to \$30.0 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.

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.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

15. SEGMENT INFORMATION

The Och-Ziff Funds segment is currently the Company's only reportable segment and represents the Company's core business, as substantially all of the Company's operations are conducted through this segment. The Och-Ziff Funds segment provides asset management services to the Company's multi-strategy funds, credit funds, CLOs, equity funds and other alternative investment vehicles.

The Company's Other Operations are primarily comprised of its real estate business, which provides asset management services to its real estate funds. The businesses included in the Company's Other Operations do not meet the thresholds of reportable business segments 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, therefore, 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 and the Ziffs on their direct interests in the Och-Ziff Operating Group. Management reviews operating performance at the Och-Ziff Operating Group level, where substantially all of the Company's 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 (losses) 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 performance measurement 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 CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

Och-Ziff Funds Segment Results

	Three Months Ended March 31,	
	2014	2013
	(dollars in thousands)	
<i>Och-Ziff Funds Segment:</i>		
Economic Income Revenues	\$ 211,333	\$ 225,746
Economic Income	\$ 158,598	\$ 173,235

Reconciliation of Och-Ziff Funds Segment Revenues to Consolidated Revenues

	Three Months Ended March 31,	
	2014	2013 (Restated - See Note 17)
	(dollars in thousands)	
Total consolidated revenues	\$ 285,480	\$ 286,211
Adjustment to management fees (1)	(4,210)	(2,406)
Adjustment to incentive income (2)	6,915	1,114
Other Operations revenues	(2,681)	(2,881)
Income of consolidated Och-Ziff funds	(74,171)	(56,292)
Economic Income Revenues - Och-Ziff Funds Segment	\$ 211,333	\$ 225,746

- (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 funds.

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

	Three Months Ended March 31,	
	2014	2013 (Restated - See Note 17)
	(dollars in thousands)	
Net income allocated to Class A Shareholders	\$ 23,852	\$ 30,035
Net income allocated to the Och-Ziff Operating Group A Units	73,581	105,879
Income taxes	33,591	25,295
Equity-based compensation	27,130	22,718
Incentive income allocations from consolidated funds subject to clawback	(8,317)	(23,446)
Allocations to Och-Ziff Operating Group D Units	5,157	4,200
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	4,366	1,003
Reorganization expenses	4,021	4,021
Change in tax receivable agreement liability	(3,815)	19
Other Operations	(2,242)	(980)
Depreciation and amortization	1,828	2,320
Other adjustments	(554)	2,171
Economic Income - Och-Ziff Funds Segment	\$ 158,598	\$ 173,235

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
MARCH 31, 2014

16. SUBSEQUENT EVENTS

Dividend

On May 2, 2014, the Company announced a cash dividend of \$0.23 per Class A Share. The dividend is payable on May 19, 2014 to holders of record as of the close of business on May 12, 2014.

17. RESTATEMENTS

As discussed in Note 2 to the Company's consolidated financial statements included in its Annual Report, the Company restated the quarterly amounts previously reported in its 2013 first through third quarters Form 10-Qs due to material adjustments necessary to give effect to the consolidation of the Company's CLOs. In addition, due to a change related to the accounting for previously deferred incentive income allocations from the consolidated Och-Ziff funds that remained subject to clawback, as well as the presentation of redeemable noncontrolling interests, the Company adjusted the prior period amounts presented throughout this quarterly report to conform to the current period presentation. See Note 2 to the Company's consolidated financial statements included in its Annual Report for additional information.

The tables below present the effect of these adjustments on the affected line items in the Company's consolidated statement of comprehensive income as originally reported in the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2013. There were no changes to the previously reported net cash flows from operating, investing and financing activities resulting from these adjustments.

	Three Months Ended March 31, 2013		
	Previously Reported	Adjustments	Restated
	(dollars in thousands)		
Management fees	\$ 130,410	\$ (1,612)	\$ 128,798
Income of consolidated Och-Ziff funds	38,839	17,453	56,292
General, administrative and other	37,882	(9)	37,873
Expenses of consolidated Och-Ziff funds	3,915	11,411	15,326
Change in deferred income of consolidated Och-Ziff funds	(20,658)	20,658	-
Net gains of consolidated Och-Ziff funds	103,126	4,124	107,250
Income taxes	22,392	2,903	25,295
Consolidated and total comprehensive net income	231,788	26,318	258,106
Allocation of Consolidated and Total Comprehensive Net Income			
Class A Shareholders	\$ 26,069	\$ 3,966	\$ 30,035
Noncontrolling interests	205,719	20,073	225,792
Redeemable noncontrolling interests	-	2,279	2,279
	<u>\$ 231,788</u>	<u>\$ 26,318</u>	<u>\$ 258,106</u>
Earnings Per Class A Share			
Basic	\$ 0.17	\$ 0.03	\$ 0.20
Diluted	\$ 0.17	\$ 0.03	\$ 0.20

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 I—Item 1.A. Risk Factors" of our Annual 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

Overview of Our 2014 First Quarter Results

As of March 31, 2014, our assets under management were \$42.6 billion, 6% higher than \$40.2 billion as of December 31, 2013. The \$2.4 billion increase was driven by capital net inflows of \$2.2 billion and performance-related appreciation of \$176.8 million. The growth in our assets under management during the 2014 first quarter was reflective of our increasing capital net inflows and our investment performance. Our business is evolving as we continue to become a solutions provider that can offer a diverse range of products to institutional investors. We believe that this has enabled us to attract a greater share of the capital allocated globally to alternative asset managers.

During the first quarter, pension funds and private banks remained the largest sources of our capital net inflows. We also completed the first close of our third real estate fund. We continued to experience a high level of investor interest in our multi-product offering and solutions-based approach. We remained focused on expanding and diversifying our product offerings by growing the assets under management in our dedicated credit, real estate and long/short equity platforms. These products complement our multi-strategy funds and, as such, we believe are attractive investment alternatives to our current and prospective fund investors.

For the first quarter of 2014, we reported GAAP net income allocated to Class A Shareholders of \$23.9 million, compared to \$30.0 million for the first quarter of 2013. The decrease in our GAAP net income was driven by a decrease in incentive income and an increase in compensation and benefits expenses, partially offset by an increase in management fees.

We reported Economic Income for the Company of \$160.8 million for the first quarter of 2014, compared to \$174.2 million for the first quarter of 2013. The year-over-year decrease was principally driven by lower incentive income and an increase in compensation and benefits expenses, partially offset by higher management fees and a decrease in non-compensation expenses. 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 changes in Economic Income, please see "—Economic Income Analysis."

Overview of 2014 First Quarter Fund Performance

During the first quarter of 2014, the OZ Master Fund generated a net return of +0.43%, the OZ Europe Master Fund generated a net return of -0.04% and the OZ Asia Master Fund generated a net return of -6.69%. These returns were generated with approximately 54% of the volatility of the S&P 500 Index on a weighted-average basis. Our performance during the quarter reflected the impact of challenging market conditions and higher volatility globally. We protected capital and generated strong absolute returns for our fund investors in the first two months of the quarter. Towards the end of the quarter, our U.S. long/short equity special situations strategy in the Master Fund underperformed. We attributed this result to a widening of the basis as our long positions underperformed, while our short positions generally performed in line with the market. However, there were no company-specific events or catalysts that drove this underperformance, and we used the dislocation in the equity markets as an investing opportunity. Our performance in our credit-related strategies remained strong throughout the quarter, and we continued to see additional opportunities to deploy capital in this asset class.

The most significant contributors to our investment performance during the quarter were our credit-related strategies. This performance was partially offset by the underperformance of our U.S. long/short equity special situations strategy. We remained fully invested in the OZ Master Fund as of the end of the 2014 first quarter, and although we remain cautious as macroeconomic and political uncertainties persist, we believe the current environment plays to the strengths of our multi-product investment approach. For important information about our fund performance data, please see "—Assets Under Management and Fund Performance Information."

Financial Market and Capital Flow Environment

Our ability to generate management fees and incentive income is impacted by the financial markets, which influences our ability to generate returns for our fund investors, and by the amount of capital flowing into and out of the hedge fund industry, which impacts our ability to retain existing investor capital and the amount of new assets we attract.

Financial 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 financial markets, and by global economic and business conditions.

During the 2014 first quarter, global equity markets experienced periods of volatility. Along with generally weaker economic data in various regions, emerging market and geopolitical concerns in Ukraine weighed on investor sentiment throughout the quarter. In the U.S., both economic data and corporate earnings were mixed, while statements from U.S. Federal Reserve Chair Janet Yellen also contributed to market sentiment throughout the quarter. U.S. equity markets declined at the beginning of the year after additional, modest tapering was announced and signals from the Fed indicated that interest rates could increase sooner than expected. However, markets recovered towards the end of the quarter as Yellen reaffirmed the Federal Reserve's accommodative stance.

In Europe, weak inflation data and volatility in the emerging markets caused the European markets to decline in January. While stronger economic data and a rise in the German business confidence index drove equity markets higher in February, volatility between regional markets and sectors increased during March.

Asian equity markets generally underperformed the U.S. and Europe during the quarter. In Japan, despite stronger economic data and efforts by the Bank of Japan to stimulate bank lending, the Japanese market was not immune to weak equity markets globally as a strengthening yen contributed to the market's decline during the quarter. In China, a liquidity injection from the People's Bank of China helped to lift equity markets early in the quarter. However, equities ultimately declined due to sluggish economic growth and concerns about a property market slowdown.

Capital Flow Environment

During the 2014 first quarter, total capital allocated to the hedge fund industry increased by \$73.3 billion, or approximately 3%, to \$2.7 trillion, the seventh consecutive quarterly increase in industry assets under management. Capital net inflows comprised \$26.3 billion, or approximately 36%, of the quarterly increase, with the remaining \$47.0 billion attributable to performance-related appreciation. The 2014 first quarter capital net inflows were more than double those in the 2013 fourth quarter, and were at the highest quarterly level in nearly three years. We continue to believe that the demand for alternative asset managers will grow as institutional investors view alternative asset managers as increasingly important to both their core equity and fixed income strategies.

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 credit funds, CLOs 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.

Information with respect to our assets under management throughout this report, including the tables set forth in this discussion and analysis, 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. As of

March 31, 2014, approximately 6% 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 40% 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 and are 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 table below presents the changes to our assets under management and our weighted-average assets under management for the respective periods. Weighted-average assets under management exclude the impact of first quarter investment performance for the periods presented, as these amounts do not impact management fees calculated for that period.

	<u>Three Months Ended March 31,</u>	
	<u>2014</u>	<u>2013</u>
	(dollars in thousands)	
Balance-beginning of period	\$ 40,238,812	\$ 32,603,930
Net flows	2,210,791	1,090,974
Appreciation	176,789	1,297,367
Balance-end of period	\$ 42,626,392	\$ 34,992,271
Weighted-average assets under management	\$ 41,455,928	\$ 32,933,192

In the first quarter of 2014, our funds experienced performance-related appreciation of \$ 176.8 million and capital net inflows of \$2.2 billion, which were comprised of \$3.7 billion of gross inflows and \$1.5 billion of gross outflows. Direct allocations from pension funds and private banks remained the largest drivers of our gross inflows during the quarter. Our gross inflows included \$763.5 million related to the first close of our third domestic real estate fund. Redemptions from fund-of-funds were the largest driver of our gross outflows during the quarter. We continued to experience strong interest from investors in all of our products during the first quarter, and our dialog with investors remains very active.

In the first quarter of 2013, our funds experienced performance-related appreciation of \$1.3 billion and capital net inflows of \$1.1 billion, which were comprised of \$2.6 billion of gross inflows and \$1.5 billion of gross outflows. Direct allocations from pension funds continued to be the largest driver of our gross inflows (excluding CLOs), while redemptions from pension funds were the largest driver of our gross outflows for the quarter. Our gross inflows also included \$596.7 million related to the launch of our third CLO.

Assets Under Management and Fund Performance Information

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
		(dollars in thousands)
Multi-strategy funds		
OZ Master Fund	\$ 25,814,809	\$ 22,203,824
OZ Europe Master Fund	1,324,733	1,865,434
OZ Asia Master Fund	1,375,059	1,162,478
Other multi-strategy funds	4,025,261	3,052,697
Credit funds	4,833,304	3,651,567
CLOs	2,636,458	1,582,675
Real estate funds	1,602,324	872,558
Other	1,014,444	601,038
Total	\$ 42,626,392	\$ 34,992,271

The table above presents the composition of our assets under management based on the strategy or asset class in which they are invested. Presentation of the assets under management and performance for individual funds is shown for those funds that we consider material to understanding our business and results of operations for the periods presented. All of our funds are managed by the Och-Ziff Funds segment with the exception of our domestic real estate funds, which are managed by the real estate management business included in Other Operations.

The performance information reflected in this discussion and analysis is not indicative of the performance of our Class A Shares and is not necessarily indicative of the future results of any particular fund. 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 net returns presented in this discussion represent the composite performance of all feeder funds that comprise each of the master funds presented. The net return is calculated using the total return of all feeder funds, net of all fees and expenses of such feeder funds and master funds (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 of each feeder fund include the reinvestment of all dividends and other income. The net returns also include 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

We currently manage three main investment funds on a multi-strategy basis, across multiple geographies, as well as various other smaller multi-strategy funds. Management fees for these funds generally range from 1.0% to 2.5% of assets under management based on the net asset value of these funds. Incentive income for these funds is generally 20% of realized and unrealized profits, and a portion of these assets is subject to hurdle rates. See “—Understanding Our Results—Incentive Income” for additional information.

OZ Master Fund

	Assets Under Management as of March 31,		Net Returns for the Three Months Ended March 31,	
	2014	2013	2014	2013
	(dollars in thousands)			
OZ Master Fund	\$ 25,814,809	\$ 22,203,824	0.4%	4.0%

The \$3.6 billion year-over-year increase in assets under management was driven by performance-related appreciation and capital net inflows in each quarter. For the three months ended March 31, 2014, convertible and derivative arbitrage contributed approximately -3% of the fund’s return before management fees and incentive income; corporate credit contributed approximately 56%; long/short equity special situations contributed approximately -72%; merger arbitrage contributed approximately 30%; private investments contributed approximately 14%; structured credit contributed approximately 84%; and other items contributed approximately -9%.

For the three months ended March 31, 2013, convertible and derivative arbitrage contributed approximately 3% of the fund’s return before management fees and incentive income; corporate credit contributed approximately 17%; long/short equity special situations contributed approximately 51%; merger arbitrage contributed approximately 2%; private investments contributed approximately -3%; structured credit contributed approximately 31%; and other items contributed approximately -1%.

OZ Europe Master Fund

	Assets Under Management as of March 31,		Net Returns for the Three Months Ended March 31,	
	2014	2013	2014	2013
	(dollars in thousands)			
OZ Europe Master Fund	\$ 1,324,733	\$ 1,865,434	0.0%	3.9%

The \$540.7 million year-over-year decrease in assets under management was driven by capital net outflows in each quarter and performance-related depreciation in the first quarter of 2014, partially offset by performance-related appreciation in the second through fourth quarters of 2013. For the three months ended March 31, 2014, convertible and derivative arbitrage contributed approximately -32% of the fund’s return before management fees and incentive income; corporate credit contributed approximately 77%; long/short equity special situations contributed approximately -36%; merger arbitrage contributed approximately 13%; private investments contributed approximately -38%; structured credit contributed approximately 156%; and other items contributed approximately -40%.

For the three months ended March 31, 2013, convertible and derivative arbitrage contributed approximately -1% of the fund’s return before management fees and incentive income; corporate credit contributed approximately 32%; long/short equity special situations contributed approximately 69%; merger arbitrage contributed approximately -2%; private investments contributed approximately -23%; structured credit contributed approximately 23%; and other items contributed approximately 2%.

OZ Asia Master Fund

	Assets Under Management as of March 31,		Net Returns for the Three Months Ended March 31,	
	2014	2013	2014	2013
	(dollars in thousands)			
OZ Asia Master Fund	\$ 1,375,059	\$ 1,162,478	-6.7%	5.6%

The \$212.6 million year-over-year increase in assets under management was driven by capital net inflows in the third and fourth quarters of 2013 and the first quarter of 2014 and performance-related appreciation in the second through fourth quarters of 2013, partially offset by capital net outflows in the second quarter of 2013 and performance-related depreciation in the first quarter of 2014. For the three months ended March 31, 2014, convertible and derivative arbitrage contributed approximately -2% of the fund's return before management fees and incentive income; corporate credit contributed approximately -9%; long/short equity special situations contributed approximately 101%; private investments contributed approximately 3%; and other items contributed approximately 7%.

For the three months ended March 31, 2013, convertible and derivative arbitrage contributed approximately 13% of the fund's return before management fees and incentive income; corporate credit contributed approximately 10%; long/short equity special situations contributed approximately 83%; merger arbitrage contributed approximately 1%; private investments contributed approximately -2%; and other items contributed approximately -5%.

Other Multi-Strategy Funds

The remaining assets under management in our multi-strategy funds generally invest in strategies similar to the OZ Master Fund; however, investment performance for these funds may vary materially from the returns of the OZ Master Fund.

The \$972.6 million year-over-year increase in assets under management was driven by capital net inflows in the second and third quarters of 2013 and the first quarter of 2014 and performance-related appreciation in the second through fourth quarters of 2013, partially offset by capital net outflows in the fourth quarter of 2013 and performance-related depreciation in the first quarter of 2014.

Credit Funds

We manage various credit funds that generally make investments in structured and corporate credit assets, primarily in the United States and Europe. Management fees for these funds generally range from 0.75% to 1.75% of assets under management based on either the net asset value of these funds or on the amount of capital committed to these platforms by our fund investors. Incentive income related to the majority of these assets is equal to 20% of realized profits, subject to hurdle rates. For funds we do not consolidate, incentive income is recognized 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, including the recognition of incentive income for funds we consolidate.

The \$1.2 billion year-over-year increase in assets under management was driven by continued growth in our various credit funds.

CLOs

Management fees for the CLOs are generally 0.50% based on the par value of the collateral and cash held in the CLOs. Incentive income from our CLOs is equal to 20% of the excess cash flows due to the holders of the subordinated notes issued by the CLOs, subject to a stated hurdle rate. We consolidate our CLOs, and therefore the management fees and incentive income from these entities is eliminated in consolidation. See “—Understanding Our Results—Incentive Income” for additional information.

The \$1.1 billion year-over-year increase in assets under management was driven by two additional CLOs we closed in the last nine months of 2013.

Real Estate Funds

Our real estate funds generally make investments in commercial and residential real estate in North America, including real property, multi-property portfolios, real estate-related joint ventures, real estate operating companies and other real estate-related assets. Management fees for our real estate funds range from 0.75% to 1.5% of assets under management based on the amount of capital committed to these platforms by our fund investors. Incentive income related to these funds is equal to 20% of the realized profits, subject to hurdle rates. We consolidate our real estate funds, and therefore incentive income from these entities is eliminated in consolidation. Management fees from the real estate funds are paid to us directly by the fund investors in those funds, and therefore those amounts are not eliminated in consolidation. See “—Understanding Our Results—Incentive Income” for additional information, including the recognition of incentive income for funds we consolidate.

The \$729.8 million year-over-year increase in assets under management was driven by the launch of our third domestic real estate fund, partially offset by the wind-down of our first domestic real estate fund.

Other

Our other assets under management are comprised of funds that are generally strategy-specific, including our equity funds. Management fees for these funds range from 1.00% to 1.75% of assets under management, generally based on the amount of capital committed to these platforms by our fund investors. Incentive income related to these funds is generally 20% of realized profits and may be subject to hurdle rates. For the majority of these other assets, incentive income is 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.

The \$413.4 million year-over-year increase in assets under management was driven primarily by the launch of additional strategy-specific products for our fund investors.

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 performance measurement period, no hurdle rate and no high-water marks from prior years.

For any given quarter, our revenues will be 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 will be 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 performance measurement periods, or incentive income related to fund investor redemptions, and these amounts may be significant. In the fourth quarter, our revenues will be 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 annual measurement periods, or for other assets under management for which the measurement 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. Our average management fee rate for the first quarter of 2014 was approximately 1.51%. This average rate takes into account the effect of non-fee paying assets under management, as well as our credit funds, CLOs, 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.

Incentive Income. We earn incentive income based on the performance of our funds. Incentive income is typically equal to 20% of the net realized and unrealized profits attributable to each fund investor in our multi-strategy funds and certain other funds, but it excludes unrealized gains and losses attributable to Special Investments. For our 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, 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 consolidate, including our real estate funds, certain credit funds and certain other funds, 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 performance measurement 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.

For funds that we do not consolidate, incentive income is not recognized until the end of the applicable performance measurement period when the amounts are contractually payable, or “crystallized.” Additionally, all of our hedge funds are subject to a perpetual loss carry forward, or perpetual “high-water mark,” meaning we will 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.

The performance measurement period for most of our assets under management is 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 performance measurement periods for which the measurement period has expired (including the rollover of a portion of these assets into one-year measurement periods upon the conclusion of the initial three-year measurement period), as well as assets in certain of our credit funds and certain other funds we manage, which typically have measurement periods beyond one year. 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 performance measurement period (if at all).

As of March 31, 2014, the initial performance measurement periods with respect to approximately \$12.1 billion, or 28.4%, of our assets under management were longer than one year. These assets under management include assets subject to three-year performance measurement periods in the OZ Master Fund and other multi-strategy funds, as well as assets in our credit funds, CLOs, 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 measurement period (in the case of CLOs, 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 to 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 is comprised of salaries, benefits, payroll taxes, and discretionary and guaranteed cash bonus expense. 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 each year.

Compensation and benefits also includes equity-based compensation expense, which is primarily in the form of RSUs and Och-Ziff Operating Group A Units granted to executive managing directors subsequent to the 2007 Offerings. Subsequent to the 2007 Offerings we have issued Och-Ziff Operating Group D Units to certain executive managing directors. Certain executive managing directors may be eligible to receive awards, including cash and Och-Ziff Operating Group D Units under the PIP, which is described further below. We may also issue additional performance-related Och-Ziff Operating Group D Units or make discretionary performance cash payments to our 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, and are done on a pro rata basis with the Och-Ziff Operating Group A Units (held by our executive managing directors and the Ziffs) 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 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 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, for an aggregate of up to 13,853,745 over the five-year period if a determination is made each year to award the maximum number of units. 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. The participating executive managing directors, collectively, may receive a maximum aggregate amount of up to \$197.8 million over the five-year period if we earn enough incentive income each year and if a determination is made each year to award the maximum amount.

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 have vesting periods through 2015.

Interest Expense. Amounts included within interest expense relate primarily to indebtedness outstanding under a delayed draw term loan agreement entered into in November 2011 (the “Delayed Draw Term Loan”) and under a secured multiple draw term loan agreement entered into on February 14, 2014 to finance the purchase of a new corporate aircraft expected to be delivered in the first quarter of 2015 (the “Aircraft Loan”). Both of these loans are LIBOR-based, variable rate borrowings. The LIBOR interest rate on our Delayed Draw Term Loan resets every one, two, three or six months (at our option), two business days prior to the start of each interest period. Prior to the delivery of a new corporate aircraft, the LIBOR interest rate on our Aircraft Loan resets every month on the first day of each interest period. Following delivery of the new corporate aircraft, we will have the option of selecting a fixed or variable interest rate. See “—Liquidity and Capital Resources—Debt Obligations” for additional information.

General, Administrative and Other. General, administrative and other expenses are related to professional services, occupancy and equipment, recurring placement and related service fees, information processing and communications, business development, insurance, changes in our tax receivable agreement liability and other miscellaneous expenses.

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

Net Gains on Investments in Och-Ziff Funds and Joint Ventures. Net gains on investments in Och-Ziff funds and joint ventures primarily consists 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 vesting 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 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 held by our executive managing directors and the Ziffs, and fund investors' interests in the consolidated Och-Ziff funds. Increases or decreases in net income 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 vesting 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 a credit-focused hedge fund that we manage, wherein investors are able to redeem their interests after an initial lock-up period of one to three years. Allocations of profits and losses to these interests are reflected within net income allocated to redeemable noncontrolling interests in the consolidated statements of comprehensive income.

Results of Operations

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013

Revenues

	Three Months Ended March 31,		Change	
	2014	2013 (Restated)	\$	%
	(dollars in thousands)			
Management fees	\$ 158,770	\$ 128,798	\$ 29,972	23%
Incentive income	52,093	100,160	(48,067)	-48%
Other revenues	446	961	(515)	-54%
Income of consolidated Och-Ziff funds	74,171	56,292	17,879	32%
Total Revenues	\$ 285,480	\$ 286,211	\$ (731)	0%

Total revenues decreased by \$731 thousand primarily due to the following:

- A \$48.1 million decrease in incentive income, primarily due to the following: (i) \$69.6 million of incentive income crystallized in the first quarter of 2013 that was not repeated in the first quarter of 2014. This incentive related to the restructuring of terms and expansion of a relationship with an existing investor in certain of our credit assets; (ii) a \$23.0 million decrease related to assets subject to three-year measurement periods; (iii) an offsetting \$27.6 million increase in tax distributions taken to cover tax liabilities on incentive income that has been accrued by certain of the funds we manage, but that will not be realized until the end of the relevant performance measurement period; and (iv) an offsetting \$9.1 million increase in incentive income crystallized on certain longer-term credit assets. The remaining variance was primarily attributable to incentive income related to assets subject to one-year measurement periods.
- A \$30.0 million offsetting increase in management fees primarily due to the year-over-year growth in assets under management, which was driven by a combination of performance-related appreciation and capital net inflows. See “—Economic Income Analysis” for information regarding our average management fee rate.

- A \$17.9 million offsetting increase in income of consolidated Och-Ziff funds. Substantially all of this income is allocated to noncontrolling interests, as we only have a minimal ownership interest, if any, in each of these funds. We may, however, be allocated a portion of these earnings through our incentive income allocation as general partner of these funds.

Expenses

	Three Months Ended March 31,		Change	
	2014	2013 (Restated)	\$	%
	(dollars in thousands)			
Compensation and benefits	\$ 65,855	\$ 51,415	\$ 14,440	28%
Reorganization expenses	4,021	4,021	-	0%
Interest expense	1,666	1,730	(64)	-4%
General, administrative and other	35,912	37,873	(1,961)	-5%
Expenses of consolidated Och-Ziff funds	38,677	15,326	23,351	152%
Total Expenses	\$ 146,131	\$ 110,365	\$ 35,766	32%

Total expenses increased by \$35.8 million primarily due to the following:

- A \$23.4 million increase in expenses of consolidated Och-Ziff funds. Substantially all of these expenses are allocated to noncontrolling interests, as we only have a minimal ownership interest, if any, in each of these funds. We may, however, be allocated a portion of these earnings through our incentive income allocation as general partner of these funds.
- A \$14.4 million increase in compensation and benefits expenses, primarily due to the following: (i) a \$4.9 million increase in bonus expense; (ii) a \$4.2 million increase in salaries and benefits due in part to an increase in our worldwide headcount from 479 as of March 31, 2013 to 552 as of March 31, 2014; and (iii) a \$4.4 million increase in equity-based compensation primarily related to the amortization of Och-Ziff Operating Group A Units granted to our executive managing directors subsequent to the end of the first quarter of 2013.

Other Income

	Three Months Ended March 31,		Change	
	2014	2013 (Restated)	\$	%
	(dollars in thousands)			
Net gains on investments in				
Och-Ziff funds and joint ventures	\$ 5,483	\$ 305	\$ 5,178	NA
Net gains of consolidated Och-Ziff funds	54,499	107,250	(52,751)	-49%
Total Other Income	\$ 59,982	\$ 107,555	\$ (47,573)	-44%

Total other income decreased by \$47.6 million primarily due to the following:

- A \$52.8 million decrease in net gains of consolidated Och-Ziff funds. Substantially all of these net gains are allocated to noncontrolling interests, as we only have a minimal ownership interest, if any, in each of these funds. We may, however, be allocated a portion of these earnings through our incentive income allocation as general partner of these funds.
- A \$5.2 million offsetting increase in net gains on investments in Och-Ziff funds and joint ventures due to the sale of an investment held by a joint venture.

Income Taxes

	Three Months Ended March 31,		Change	
	2014	2013 (Restated)	\$	%
	(dollars in thousands)			
Income taxes	\$ 33,591	\$ 25,295	\$ 8,296	33%

Income tax expense increased by \$8.3 million primarily due to the establishment of a liability for uncertain tax positions of \$7.0 million, as well as a \$5.2 million increase related to the impact of income tax rate changes at the state and local level. Partially offsetting these increases was a \$3.7 million decrease due to lower profitability related to the decrease in incentive income and a \$2.5 million decrease due to a foreign tax credit related to the liability for uncertain tax positions discussed above.

Net Income Allocated to Noncontrolling Interests

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

	Three Months Ended March 31,		Change	
	2014	2013 (Restated)	\$	%
	(dollars in thousands)			
Och-Ziff Operating Group A Units	\$ 73,581	\$ 105,879	\$ (32,298)	-31%
Consolidated Och-Ziff funds	59,449	116,518	(57,069)	-49%
Other	(965)	3,395	(4,360)	-128%
Total	\$ 132,065	\$ 225,792	\$ (93,727)	-42%
Redeemable noncontrolling interests	\$ 9,823	\$ 2,279	\$ 7,544	331%

Net income allocated to noncontrolling interests decreased \$93.7 million primarily due to the following:

- A \$57.1 million decrease in the net income allocated to the consolidated Och-Ziff funds driven primarily by the decrease in net gains of consolidated Och-Ziff funds discussed above.
- A \$32.3 million decrease in the net income allocated to the Och-Ziff Operating Group A units driven primarily by the decrease in incentive income and an increase in compensation and benefits expenses, partially offset by an increase in management fees, as discussed above.

Net Income Allocated to Class A Shareholders

	Three Months Ended March 31,		Change	
	2014	2013 (Restated)	\$	%
	(dollars in thousands)			
Net income allocated to Class A Shareholders	\$ 23,852	\$ 30,035	\$ (6,183)	-21%

Net income allocated to Class A Shareholders decreased by \$6.2 million primarily due to a combination of lower incentive income and higher compensation and benefits expenses, partially offset by an increase in management fees.

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, therefore, 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 and the Ziffs on their direct interests in the Och-Ziff Operating Group. Management reviews operating performance at the Och-Ziff Operating Group level, where substantially all of 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 (losses) 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 performance measurement 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 conduct substantially all of our operations through our only reportable segment under GAAP, the Och-Ziff Funds segment, which provides asset management services to our multi-strategy funds, credit funds, CLOs, equity funds and other alternative investment vehicles. Other Operations are primarily comprised of our real estate business, which provides asset management services to our real estate funds.

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013

Economic Income Revenues (Non-GAAP)

	Three Months Ended March 31, 2014			Three Months Ended March 31, 2013		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
(dollars in thousands)						
Economic Income Basis						
Management fees	\$ 151,886	\$ 2,674	\$ 154,560	\$ 123,515	\$ 2,877	\$ 126,392
Incentive Income	59,008	-	59,008	101,274	-	101,274
Other revenues	439	7	446	957	4	961
Total Economic Income Revenues	\$ 211,333	\$ 2,681	\$ 214,014	\$ 225,746	\$ 2,881	\$ 228,627

Economic Income revenues decreased by \$14.6 million primarily due to the following:

- A \$42.3 million decrease in incentive income, primarily due to the following: (i) \$69.6 million of incentive income crystallized in the first quarter of 2013 that was not repeated in the first quarter of 2014. This incentive related to the restructuring of terms and expansion of a relationship with an existing investor in certain of our credit assets; (ii) a \$23.0 million decrease related to assets subject to three-year measurement periods; (iii) an offsetting \$31.1 million increase in tax distributions taken to cover tax liabilities on incentive income that has been accrued by certain of the funds we manage, but that will not be realized until the end of the relevant performance measurement period; and (iv) an offsetting \$11.4 million increase in incentive income crystallized on certain longer-term credit assets. The remaining variance was primarily attributable to incentive income related to assets subject to one-year measurement periods.
- A \$28.2 million offsetting increase in management fees primarily due to the year-over-year growth in assets under management, which was driven by a combination of performance-related appreciation and capital net inflows. Our average management fee rate declined to 1.51% in the first quarter of 2014, compared to 1.56% in the first quarter of 2013. This decline was due primarily to growth in our dedicated credit platforms and CLOs. These products generally have lower management fee rates than our traditional hedge fund products, consistent with market convention for these products.

Economic Income Expenses (Non-GAAP)

	Three Months Ended March 31, 2014			Three Months Ended March 31, 2013		
	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	\$ 28,124	\$ 1,077	\$ 29,201	\$ 22,433	\$ 1,062	\$ 23,495
Non-compensation expenses	29,486	(638)	28,848	30,320	411	30,731
Total Economic Income Expenses	\$ 57,610	\$ 439	\$ 58,049	\$ 52,753	\$ 1,473	\$ 54,226

Economic Income expenses increased by \$3.8 million primarily due to the following:

- A \$5.7 million increase in compensation and benefits expenses driven by a \$4.2 million increase in salaries and benefits due in part to an increase in our worldwide headcount as discussed above in “—Results of Operations.” The ratio of salaries and benefits to management fees was 17% in both the first quarter of 2014 and 2013.
- A \$1.9 million offsetting decrease in non-compensation expenses primarily due to lower professional services fees. The ratio of non-compensation expenses to management fees declined to 19% in the first quarter of 2014 from 24% in the first quarter of 2013 due to the increase in management fees discussed above, as well as the decrease in professional services fees.

Other Economic Income Items (Non-GAAP)

	Three Months Ended March 31, 2014			Three Months Ended March 31, 2013		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
(dollars in thousands)						
Economic Income Basis						
Net gains on joint ventures	\$ 4,874	\$ -	\$ 4,874	\$ 235	\$ -	\$ 235
Net income (loss) allocated to noncontrolling interests	\$ (1)	\$ -	\$ (1)	\$ (7)	\$ 428	\$ 421

Net gains on joint ventures represent the net gains on joint ventures established to expand certain of our private investments platforms. Net income (loss) allocated to noncontrolling interests represents the amount of income (loss) that was reduced from Economic Income and allocated to residual interests in certain businesses not owned by us. The increase in net gains on joint ventures was primarily due to the sale of an investment held by a joint venture.

Economic Income (Non-GAAP)

	Three Months Ended March 31,		Change	
	2014	2013	\$	%
(dollars in thousands)				
<i>Economic Income:</i>				
Och-Ziff Funds segment	\$ 158,598	\$ 173,235	\$ (14,637)	-8%
Other Operations	2,242	980	1,262	129%
Total Company	\$ 160,840	\$ 174,215	\$ (13,375)	-8%

Economic Income decreased \$13.4 million primarily due to a decrease in incentive income and an increase in compensation and benefits expenses, partially offset by an increase in management fees and lower non-compensation expenses.

Liquidity and Capital Resources

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. We currently do not incur any indebtedness to finance our ongoing operations, but we have outstanding indebtedness that was incurred in connection with the refinancing of indebtedness entered into in connection with the Reorganization.

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.
- Repay borrowings and interest thereon.
- Provide capital to facilitate the growth of our business.
- Pay income taxes and amounts to our executive managing directors and the Ziffs with respect to the tax receivable agreement as discussed below under “—Tax Receivable Agreement.”
- Make cash distributions in accordance with our distribution policy as discussed below under “—Dividends and Distributions.”

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. 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 borrowings under the Delayed Draw Term Loan and the Aircraft Loan in part prior to the respective maturity date, 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 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 enter into new credit facilities or issue equity or other securities in the future on attractive terms or at all. Any new credit facilities that we may be able to 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 issuing debt or additional 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.

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

Delayed Draw Term Loan

As of March 31, 2014, we had \$383.2 million of indebtedness outstanding under the Delayed Draw Term Loan. Borrowings under the Delayed Draw Term Loan are payable in quarterly installments equal to 0.25% of the amount outstanding on the last day of each quarter, and the balance will be payable upon maturity on November 23, 2016. Any amounts borrowed under the facility and subsequently repaid may not be re-borrowed. Amounts borrowed bear interest at a rate of LIBOR plus 1.50%, or a base rate plus 0.50%, and are secured by a first priority lien on substantially all assets of the Och-Ziff Operating Group.

The Delayed Draw Term Loan includes two financial maintenance covenants. The first prohibits total assets under management as of the last day of any fiscal quarter to be less than \$17.5 billion for two successive quarters, and the second prohibits the “economic income leverage ratio” (as defined in the Delayed Draw Term Loan) as of the last day of any fiscal quarter from exceeding 4.0 to 1.0. The Delayed Draw Term Loan 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. As of March 31, 2014, we were in compliance with these covenants.

The Delayed Draw Term Loan includes provisions that restrict or limit the ability of the Och-Ziff Operating Group from:

- Incurring additional indebtedness or issuing certain equity interests.
- Creating liens.
- Paying dividends in excess of free cash flow (as defined below) or making certain other payments.
- Merging, consolidating, selling or otherwise disposing of all or part 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 Delayed Draw Term Loan permits the Och-Ziff Operating Group to incur up to \$150 million of unsecured indebtedness and additional unsecured 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. As of March 31, 2014, the Och-Ziff Operating Group had not incurred any unsecured indebtedness. We will not be permitted to make distributions from the Och-Ziff Operating Group if we are in default under the Delayed Draw Term Loan.

The Delayed Draw Term Loan also limits the amount of distributions the Och-Ziff Operating Group can pay in a 12-month period to its “free cash flow.” Free cash flow for any period includes the combined net income or loss of the Och-Ziff Operating Group, excluding certain subsidiaries, subject to certain additions and deductions for taxes, interest, depreciation, amortization and other non-cash charges for such period, less total interest paid, expenses in connection with the purchase of property and equipment, distributions to equity holders to pay taxes, plus (or minus) realized gains (or losses) on investments and dividends and interest from investments. As of March 31, 2014, distributions from the Och-Ziff Operating Group were in compliance with the free cash flow covenant.

On March 13, 2014, OZ Management and certain of our other subsidiaries entered into an amendment and waiver with the administrative agent and certain of the lenders under our Delayed Draw Term Loan in order to, among other things, waive any breach or violation of any provision of the Delayed Draw Term Loan that may have resulted from the restatements and reclassifications discussed in Note 2 to our consolidated financial statements included in our Annual Report, including any defaults or events of default that might have resulted therefrom (including by way of cross-default).

Aircraft Loan

On February 14, 2014, we entered into the Aircraft Loan for up to \$59.0 million to finance the purchase of a new corporate aircraft expected to be delivered in the first quarter of 2015. The Aircraft Loan is guaranteed by OZ Management, OZ Advisors and OZ Advisors II. A \$16.0 million borrowing was made to fund a progress payment due in February 2014 and remained outstanding as of March 31, 2014.

Amounts borrowed prior to aircraft delivery to fund progress payments under the aircraft purchase agreement bear interest at a rate of LIBOR plus 1.40%. Following aircraft delivery, we will have the option of selecting a 5- or 7-year term with either a fixed or floating interest rate, which rate will vary based on the term selected. There are no financial covenants associated with the Aircraft Loan. No principal payments are due prior to aircraft delivery; however, the Aircraft Loan will become due if the aircraft is not delivered by October 30, 2015. Following aircraft delivery, borrowings under the Aircraft Loan will be payable in installments for the term of the facility, with a balloon payment due upon maturity. The amount of the installment and balloon payments will be determined based upon the selection of either a 5- or 7-year term. The Aircraft Loan includes other customary terms and conditions, including customary events of default and covenants.

On March 13, 2014, OZ Management, OZ Advisors, OZ Advisors II and one of our other subsidiaries entered into a waiver with the lender under our Aircraft Loan in order to waive any breach or violation of any provision of the Aircraft Loan documents that may have resulted from the restatements and reclassifications discussed in Note 2 to our consolidated financial statements included in our Annual Report, including any defaults or events of default that might have resulted therefrom (including by way of cross-default).

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. 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.

As of March 31, 2014, 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 expect to pay our executive managing directors and the Ziffs approximately \$780.6 million over the next 15 years 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.

Dividends and Distributions

The following table presents the cash dividends declared on our Class A Shares in 2014 and the related cash distributions to our executive managing directors and the Ziffs with respect to their direct ownership interests in the Och-Ziff Operating Group:

Payment Date	Class A Shares		Dividend per Share	Related Distributions to Executive Managing Directors and the Ziffs (dollars in thousands)
	Record Date			
May 19, 2014	May 12, 2014	\$	0.23	\$ 92,942
February 25, 2014	February 18, 2014	\$	1.12	\$ 420,724

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, and to make payments on any of our other obligations.

When we pay dividends on our Class A Shares, we also intend to make distributions to our executive managing directors and the Ziffs 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. We are also not permitted to make distributions if we are in default under our term loan. Our term loan also limits the amount of distributions we can pay to our “free cash flow,” as discussed above. 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, our executive managing directors and the Ziffs 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, our executive managing directors and the Ziffs 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 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.

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 was \$606.1 million and \$581.2 million for the three months ended March 31, 2014 and 2013, 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 increase in net cash provided by operating activities was primarily due to the increase in incentive income in 2013 compared to 2012, partially offset by higher discretionary cash bonuses related to 2013 compared to 2012. Incentive income is collected and the related cash bonus payments are paid out during the first quarter of the following year. Also offsetting the increase were higher cash outflows related to the investment activities of the consolidated funds.

Investing Activities. Net cash from investing activities was \$(33.4) million and \$(2.0) million for the three months ended March 31, 2014 and 2013, respectively. Investing cash flows in the first quarter of 2014 primarily related to investments made in the Och-Ziff funds, as well as a \$16.0 million deposit on the Company's new corporate aircraft. This payment was financed by a borrowing under the Aircraft Loan. Investment-related cash flows of the consolidated Och-Ziff funds are classified within operating activities.

Financing Activities. Net cash from financing activities was \$(451.5) million and \$(516.7) million for the three months ended March 31, 2014 and 2013, respectively. Our net cash from financing activities are generally comprised of dividends paid to our Class A Shareholders, borrowings and repayments related to our debt obligations, and withholding taxes on vested RSUs. Contributions from noncontrolling interests, substantially all of 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 and the Ziffs on their Och-Ziff Operating Group A Units, are also included in net cash from financing activities.

We paid dividends to our Class A Shareholders of \$190.2 million and \$110.9 million and paid distributions to our executive managing directors and the Ziffs on their Och-Ziff Operating Group A Units of \$406.3 million and \$282.3 million for the three months ended March 31, 2014 and 2013, respectively.

The decrease in net cash used in financing activities was primarily due to higher cash inflows from investors in the consolidated funds, partially offset by higher distributions on the Och-Ziff Operating Group A Units and dividends to Class A Shareholders. These higher distributions and dividends were driven by the higher incentive income in 2013 compared to 2012, partially offset by higher discretionary cash bonuses related to 2013 compared to 2012, as discussed above in "—Operating Activities."

Contractual Obligations

As discussed above, we entered into the Aircraft Loan during the first quarter of 2014. See "Liquidity and Capital Resources—Debt Obligations—Aircraft Loan" for additional information regarding this contractual obligation. There have been no other significant changes to the contractual obligations reported in our Annual Report.

Off-Balance Sheet Arrangements

As of March 31, 2014, 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 4 to our consolidated financial statements included in this report for additional information regarding fair value measurements.

As of March 31, 2014, the absolute values of our funds' invested assets and liabilities (excluding the notes payable of our CLOs) were classified within the fair value hierarchy as follows: approximately 56% within Level I; approximately 17% within Level II; and approximately 27% within Level III. As of December 31, 2013, the absolute values of our funds' invested assets and liabilities (excluding the notes payable of our CLOs) were classified within the fair value hierarchy as follows: approximately 57% within Level I; approximately 15% within Level II; and approximately 28% 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 4 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 independent 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.

The Valuation Committee is responsible for developing valuation policies to help ensure that all of the funds' investments reflect fair values, 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 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 their responsibilities.

The Financial Controls Group is responsible for ensuring compliance with the valuation policies 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: preparation and distribution of daily profit and loss reports; 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 pricing service providers on a weekly and monthly basis; preparing due diligence report reviews on independent pricing services on an annual basis; and assisting the Valuation Committee in developing valuation policies.

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

Monthly procedures have been established for Level III investments to compare unobservable inputs to observable inputs for similar positions, review subsequent market activities, perform comparisons of actual versus projected cash flows, and discuss the valuation methodology, including pricing techniques when applicable, with investment professionals. Independent pricing services may be used to corroborate our 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.

As of March 31, 2014, the only assets and liabilities carried at fair value in our consolidated balance sheet were the investment holdings of the consolidated Och-Ziff funds and the related debt obligations of our consolidated CLOs. The majority of these assets and liabilities of the consolidated Och-Ziff funds are valued using sources other than observable market data, which are considered to be within Level III of the fair value hierarchy. However, substantially all of these fair value changes are absorbed by the investors of these funds (noncontrolling interests).

The following table presents our net economic exposure to these Level III investments (assets and liabilities excluding notes payable of consolidated CLOs):

	<u>March 31, 2014</u>
	<u>(dollars in thousands)</u>
Level III investments (net) of consolidated Och-Ziff funds	\$ 3,304,617
Less: Level III investments (net) for which we do not bear direct economic exposure	(3,301,013)
Net Economic Exposure to Level III Investments (net)	\$ 3,604

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 certain credit and 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 the estimate of fair value of the investments held by our funds would generally have an immediate 10% impact on our incentive income if the change in fair value continues at the end of the performance measurement period, at which time incentive income is recognized, and assuming no high-water marks in effect. For certain credit and other funds that are not consolidated, 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 all unaffiliated investors in any fund and 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 are a variable interest entity's primary beneficiary who would consolidate such 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 and the additional 20-year loss carryforward period available to us. 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 \$48.5 million for the first three months of 2014 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 \$2.1 billion over the remaining 10-year weighted-average amortization period and the additional 20-year loss carryforward period available to us in order to fully realize the deferred income tax assets. In this regard, Reorganization expenses and certain other expenses are considered permanent book to tax differences, and therefore do not impact taxable income. Accordingly, while we reported annual net losses on a GAAP basis through 2012, we generated income before the amortization of goodwill and other intangible assets on a tax basis over these prior periods. 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 \$2.1 billion in taxable income over the remaining amortization and loss carryforward periods available to us, we estimated that, based on assets under management of \$42.7 billion as of April 1, 2014, 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 March 31, 2014, we had \$63.4 million of net operating losses available to offset future taxable income for federal income tax purposes that will expire between 2029 and 2032, and \$173.7 million of net operating losses available to offset future taxable income for state income tax purposes and \$154.6 million for local income tax purposes that will expire between 2028 and 2032. Based on the analysis set forth above, as of March 31, 2014, 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 deferred state income tax credits. Accordingly, a valuation allowance for \$10.5 million has been established for these credits.

Impact of Recently Adopted Accounting Pronouncements on Recent and Future Trends

None of the changes to GAAP that went into effect during the first three months of 2014 is expected to have an impact on our future trends.

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

None of the changes to GAAP that are not yet effective is expected to have an impact on our future trends.

Economic Income Reconciliations

Economic Income

The following tables present the reconciliations of Economic Income to our GAAP net income allocated to Class A Shareholders for the periods presented in this MD&A:

	Three Months Ended March 31, 2014		
	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Net income (loss) allocated to Class A Shareholders—GAAP	\$ 24,445	\$ (593)	\$ 23,852
Net income allocated to the Och-Ziff Operating Group A Units	73,581	-	73,581
Income taxes	33,591	-	33,591
Equity-based compensation	27,130	-	27,130
Incentive income allocations from consolidated funds subject to clawback	(7,644)	(673)	(8,317)
Allocations to Och-Ziff Operating Group D Units	5,157	-	5,157
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	1,101	3,265	4,366
Reorganization expenses	4,021	-	4,021
Changes in tax receivable agreement liability	(3,815)	-	(3,815)
Depreciation and amortization	1,643	185	1,828
Other adjustments	(612)	58	(554)
Economic Income—Non-GAAP	\$ 158,598	\$ 2,242	\$ 160,840

	Three Months Ended March 31, 2013 (Restated)		
	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Net income allocated to Class A Shareholders—GAAP	\$ 20,348	\$ 9,687	\$ 30,035
Net income allocated to the Och-Ziff Operating Group A Units	105,879	-	105,879
Income taxes	25,295	-	25,295
Equity-based compensation	22,718	-	22,718
Incentive income allocations from consolidated funds subject to clawback	(12,293)	(11,153)	(23,446)
Allocations to Och-Ziff Operating Group D Units	4,200	-	4,200
Reorganization expenses	4,021	-	4,021
Depreciation and amortization	2,135	185	2,320
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	1,003	-	1,003
Changes in tax receivable agreement liability	19	-	19
Other adjustments	(90)	2,261	2,171
Economic Income—Non-GAAP	\$ 173,235	\$ 980	\$ 174,215

Economic Income Revenues

The following tables present the reconciliations of Economic Income revenues and its components to the respective GAAP measure for the periods presented in this MD&A:

	Three Months Ended March 31, 2014		
	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Management fees—GAAP	\$ 156,096	\$ 2,674	\$ 158,770
Adjustment to management fees ⁽¹⁾	(4,210)	-	(4,210)
Management Fees—Economic Income Basis—Non-GAAP	151,886	2,674	154,560
Incentive income—GAAP	52,093	-	52,093
Adjustment to incentive income ⁽²⁾	6,915	-	6,915
Incentive Income—Economic Income Basis—Non-GAAP	59,008	-	59,008
Other revenues ⁽³⁾	439	7	446
Total Revenues—Economic Income Basis—Non-GAAP	\$ 211,333	\$ 2,681	\$ 214,014

	Three Months Ended March 31, 2013 (Restated)		
	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Management fees—GAAP	\$ 125,921	\$ 2,877	\$ 128,798
Adjustment to management fees ⁽¹⁾	(2,406)	-	(2,406)
Management Fees—Economic Income Basis—Non-GAAP	123,515	2,877	126,392
Incentive income—GAAP	100,160	-	100,160
Adjustment to incentive income ⁽²⁾	1,114	-	1,114
Incentive Income—Economic Income Basis—Non-GAAP	101,274	-	101,274
Other revenues ⁽³⁾	957	4	961
Total Revenues—Economic Income Basis—Non-GAAP	\$ 225,746	\$ 2,881	\$ 228,627

(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.

(3) These items are presented on a GAAP basis. Accordingly, no adjustments to or reconciliations of these items are presented.

Economic Income Expenses

The following tables present the reconciliations of Economic Income expenses and its components to the respective GAAP measure for the periods presented in this MD&A:

	Three Months Ended March 31, 2014		
	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Compensation and benefits—GAAP	\$ 61,513	\$ 4,342	\$ 65,855
Adjustment to compensation and benefits ⁽¹⁾	(33,389)	(3,265)	(36,654)
Compensation and Benefits—Economic Income Basis—Non-GAAP	\$ 28,124	\$ 1,077	\$ 29,201
Interest expense and general, administrative and other expenses—GAAP	\$ 38,031	\$ (453)	\$ 37,578
Adjustment to interest expense and general, administrative and other expenses ⁽²⁾	(8,545)	(185)	(8,730)
Non-Compensation Expenses—Economic Income Basis—Non-GAAP	\$ 29,486	\$ (638)	\$ 28,848

	Three Months Ended March 31, 2013 (Restated)		
	Och-Ziff	Other	Total
	Funds Segment	Operations	Company
	(dollars in thousands)		
Compensation and benefits—GAAP	\$ 50,353	\$ 1,062	\$ 51,415
Adjustment to compensation and benefits ⁽¹⁾	(27,920)	-	(27,920)
Compensation and Benefits—Economic Income Basis—Non-GAAP	\$ 22,433	\$ 1,062	\$ 23,495
Interest expense and general, administrative and other expenses—GAAP	\$ 39,007	\$ 596	\$ 39,603
Adjustment to interest expense and general, administrative and other expenses ⁽²⁾	(8,687)	(185)	(8,872)
Non-Compensation Expenses—Economic Income Basis—Non-GAAP	\$ 30,320	\$ 411	\$ 30,731

- (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 performance measurement 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 substantially all of 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

The following tables present the reconciliations of other items included in Economic Income to the respective GAAP measure for the periods presented in this MD&A:

	Three Months Ended March 31, 2014		
	Och-Ziff	Other	Total
	Funds Segment	Operations	Company
	(dollars in thousands)		
Net gains on investments in Och-Ziff funds and joint ventures—GAAP	\$ 5,483	\$ -	\$ 5,483
Adjustment to net gains on investments in Och-Ziff funds and joint ventures ⁽¹⁾	(609)	-	(609)
Net Gains on Joint Ventures—GAAP	\$ 4,874	\$ -	\$ 4,874
Net income allocated to noncontrolling interests—GAAP	\$ 96,229	\$ 35,836	\$ 132,065
Adjustment to net income allocated to noncontrolling interests ⁽²⁾	(96,230)	(35,836)	(132,066)
Net Loss Allocated to Noncontrolling Interests—Economic Income Basis—Non-GAAP	\$ (1)	\$ -	\$ (1)

	Three Months Ended March 31, 2013 (Restated)		
	Och-Ziff	Other	Total
	Funds Segment	Operations	Company
	(dollars in thousands)		
Net gains on investments in Och-Ziff funds and joint ventures—GAAP	\$ 305	\$ -	\$ 305
Adjustment to net gains on investments in Och-Ziff funds and joint ventures ⁽¹⁾	(70)	-	(70)
Net Gains on Joint Ventures—GAAP	\$ 235	\$ -	\$ 235
Net income allocated to noncontrolling interests—GAAP	\$ 149,680	\$ 76,112	\$ 225,792
Adjustment to net income allocated to noncontrolling interests ⁽²⁾	(149,687)	(75,684)	(225,371)
Net Income (Loss) Allocated to Noncontrolling Interests—Economic Income Basis—Non-GAAP	\$ (7)	\$ 428	\$ 421

- (1) Adjustment to exclude net gains on investments in Och-Ziff funds, as management does not consider these gains to be reflective of our operating performance.
- (2) Adjustment to exclude amounts allocated to our executive managing directors and the Ziffs 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 (losses) of consolidated Och-Ziff funds in our consolidated statements of comprehensive income; however, substantially all 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 hedge 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 our 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

Our incentive income is generally based on a percentage of annual profits generated by our funds, 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 primarily based on the net asset value of each of our hedge funds and committed or invested capital for our real estate and certain other funds. A 10% change in the fair value of the net assets held by our funds as of March 31, 2014 and December 31, 2013, would have resulted in a change of approximately \$ 3.7 billion and \$3.6 billion, respectively, in our assets under management.

A 10% change in the fair value of the net assets held by our funds as of April 1, 2014 (the date management fees are calculated for the second quarter of 2014) would impact management fees charged on that day by approximately \$14.3 million. A 10% change in the fair value of the net assets held by our funds as of January 1, 2014, would have impacted management fees charged on that day by approximately \$14.0 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 by a corresponding amount, 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 March 31, 2014 and December 31, 2013, 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 Delayed Draw Term Loan and Aircraft Loan bear interest at rates indexed to LIBOR. We estimate that as of March 31, 2014 and December 31, 2013, a 10% increase or decrease in LIBOR would not have a 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 tied to LIBOR, were to increase by 10% over LIBOR as of March 31, 2014 and December 31, 2013, 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(c) of 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 March 31, 2014, 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 March 31, 2014.

Changes in Internal Control over Financial Reporting

During the first quarter of 2014, we implemented the remedial actions described in "Item 9A. Controls and Procedures—Management's Remedial Measures" of our Annual Report. These actions included providing our in-house accounting personnel with additional research and subject matter training to ensure the correct application of accounting guidance related to the consolidation of our CLOs.

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—Risks Related to Our Business—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” and “Item 1A. Risk Factors—Risks Related to Our Business—Increased regulatory focus could result in additional burdens on our business” in our Annual Report. See Note 14 to our consolidated financial statements included in this Form 10-Q for additional information.

Item 1A. Risk Factors

None.

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

During the first quarter of 2014, we issued 700,000 Class A Shares to the Ziffs in connection with the Ziffs’ exchange of an equal number of Och-Ziff Operating Group A Units. The Och-Ziff Operating Group A Units surrendered by the Ziffs were automatically canceled upon the exchange. The issuance of the Class A Shares and cancellation of the surrendered Och-Ziff Operating Group A Units were pursuant to the terms of the exchange agreement by and among Och-Ziff Capital Management Group LLC, Och-Ziff Corp, Och-Ziff Holding, OZ Management, OZ Advisors, OZ Advisors II, our executive managing directors and the Ziffs. The Class A Shares were issued without registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Amendment and Waiver to Credit and Guaranty Agreement, dated as of March 13, 2014, among OZ Management LP, the guarantors named therein, Goldman Sachs Lending Partners LLC, as administrative agent, and various lenders named therein.
10.2	Partner Agreement between OZ Management LP and James Levin, dated as of November 10, 2010.
10.3	Partner Agreement between OZ Advisors LP and James Levin, dated as of November 10, 2010.
10.4	Partner Agreement between OZ Advisors II LP and James Levin, dated as of November 10, 2010.
10.5	Partner Agreement between OZ Management LP and James Levin, dated as of June 22, 2011.
10.6	Partner Agreement between OZ Advisors LP and James Levin, dated as of June 22, 2011.
10.7	Partner Agreement between OZ Advisors II LP and James Levin, dated as of June 22, 2011.
10.8	Partner Agreement between OZ Management LP and James Levin, dated as of December 13, 2011.
10.9	Partner Agreement between OZ Advisors LP and James Levin, dated as of December 13, 2011.
10.10	Partner Agreement between OZ Advisors II LP and James Levin, dated as of December 13, 2011.
10.11	Partner Agreement between OZ Management LP and James Levin, dated as of January 28, 2013.
10.12	Partner Agreement between OZ Advisors LP and James Levin, dated as of January 28, 2013.
10.13	Partner Agreement between OZ Advisors II LP and James Levin, dated as of January 28, 2013.
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: May 2, 2014

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

By: /s/ Joel M. Frank

Joel M. Frank
Chief Financial Officer, Senior Chief Operating
Officer and Executive Managing Director

**AMENDMENT AND WAIVER
TO
CREDIT AND GUARANTY AGREEMENT**

This **AMENDMENT AND WAIVER TO CREDIT AND GUARANTY AGREEMENT** (this “**Amendment**”) is dated as of March 13, 2014 and is entered into by and among **OZ MANAGEMENT LP**, a Delaware limited partnership (“**Borrower**”), the **GUARANTORS** listed on the signature pages hereto (together with Borrower, the “**Credit Parties**”), **GOLDMAN SACHS LENDING PARTNERS LLC**, as Administrative Agent (together with its permitted successors in such capacity, “**Administrative Agent**”), and the **LENDERS** listed on the signature pages hereto, and is made with reference to the Credit Agreement, dated as of November 15, 2011 (as amended, amended and restated, supplemented or otherwise modified through the date hereof, the “**Credit Agreement**”), among Borrower, the Guarantors, Administrative Agent, the Collateral Administrative Agent, the Lenders and the other parties thereto. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement (as modified by this Amendment).

RECITALS

WHEREAS, Och-Ziff Capital Management Group LLC (the “**Issuer**”) has undertaken a review of its accounting policies in response to comments that the Issuer received from the staff of the Securities and Exchange Commission’s Division of Corporation Finance (the “**Staff**”), predominately focused on the Issuer’s accounting policies related to the nonconsolidation of the collateralized loan obligation vehicles it manages and deferral of certain income attributable to its consolidated funds;

WHEREAS, based upon this ongoing review, the Issuer has determined to make certain changes in respect of these accounting policies and as a result of such changes the Issuer’s Annual Report on Form 10-K for the Fiscal Year ending December 31, 2013 will reflect a restatement of the Issuer’s previously issued financial statements for each period inclusive of September 30, 2012 through September 30, 2013, and the Issuer is making certain other adjustments to all prior periods reflected therein to conform to the changes in these accounting policies (each as described in the notes to financial statements set forth on Exhibit A hereto and as further described in the Issuer’s Annual Report on Form 10-K for the Fiscal Year ending 2013, the “**Restatements**”); and

WHEREAS, the Borrower and the other Credit Parties have requested that the Lenders waive any breach or violation of any provision, and agree to amend certain provisions, of the Credit Agreement or any other Credit Document that may result from the Restatements, including any Defaults or Events of Default that might result therefrom (including by way of cross-default) and the Requisite Lenders have agreed, subject to the terms and conditions hereinafter set forth, to grant such waivers;

WHEREAS, subject to the terms and conditions set forth herein, Requisite Lenders are willing to agree to such amendments and waivers to the Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

SECTION I. WAIVER

Upon the Amendment Effective Date (defined below), each of the Lenders party hereto hereby waives any breach or violation of any provision of the Credit Agreement or any other Credit Document that may result from the Restatements (including, without limitation, any inaccuracy contained in Issuer’s previously issued financial statements or the financial calculations or the Financial Officer Certifications based upon such financial statements), including any Defaults or Events of Default that might result therefrom (including by way of cross-default).

SECTION II. AMENDMENTS

The first sentence of Section 5.1(d) is hereby amended by amending and restating such sentence in its entirety as follows:

“(d) Statements of Reconciliation. If, as a result of any change in accounting principles and policies from those used in the preparation of the Historical Financial Statements, the consolidated financial statements of Issuer delivered pursuant to Section 5.1(a) or 5.1(b) will differ in any material respect from the consolidated financial statements that would have been delivered pursuant to such subdivisions had no such change in accounting principles and policies been made, then, together with the first delivery of such financial statements, and for each subsequent delivery pursuant to Section 5.1(a) or 5.1(b), after such change, one or more statements of reconciliation with respect to “Economic Income”, in form and substance satisfactory to Administrative Agent.”

SECTION III. LIMITATION OF WAIVERS AND AMENDMENTS

This Amendment shall be limited precisely as written and relate solely to the amendment and waiver of the provisions of the Credit Agreement in the manner and to the extent described in Section I and Section II above, and nothing in this Amendment, nor any actions taken or not taken by any Administrative Agent or any Lender pursuant to this Amendment or any other Credit Document, shall or shall be deemed to:

- (i) constitute an amendment or waiver of compliance by Borrower or any other Credit Party with respect to any other term, provision or condition of the Credit Agreement, any other Credit Document or any other instrument or agreement referred to therein; or
- (ii) except as expressly waived hereby, prejudice any right or remedy that any Agent or Lender may now have or may have in the future under or in connection with the Credit Agreement, any other Credit Document or any other instrument or agreement referred to therein.

Except as expressly set forth herein, the terms, provisions and conditions of the Credit Agreement and the other Credit Documents shall remain in full force and effect and in all other respects are hereby ratified and confirmed.

SECTION IV. CONDITIONS TO EFFECTIVENESS

This Amendment shall become effective as of the date hereof only upon Administrative Agent having received a counterpart signature page of this Amendment duly executed by Borrower, each of the other Credit Parties party hereto and Lenders comprising Requisite Lenders (the date of such effectiveness being the “**Amendment Effective Date**”).

SECTION V. REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Amendment and to amend and waive certain provisions of the Credit Agreement in the manner provided herein, each Credit Party that is a party hereto represents and warrants to each Lender that the following statements are true and correct in all material respects:

A. Requisite Power and Authority. Each Credit Party has all requisite power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, this Amendment, the Credit Agreement (as modified by this Amendment) and the other Credit Documents.

B. Authorization of Agreements. The execution and delivery by each Credit Party of this Amendment, and the performance by each Credit Party of its obligations under this Amendment, the Credit Agreement (as modified by this Amendment) and the other Credit Documents, have been duly authorized by all necessary action on the part of each Credit Party.

C. No Conflict. The execution and delivery by each Credit Party of this Amendment, the performance by each Credit Party of its obligations under this Amendment, under the Credit Agreement (as modified by this Amendment) and under the other Credit Documents to which they are parties and the consummation of the transactions contemplated by this Amendment, the Credit Agreement (as modified by this Amendment) and the other Credit Documents do not and will not violate (a) any provision of any law or any governmental rule or regulation applicable to such Credit Party, (b) any of the Organizational Documents of such Credit Party, or (c) any order, judgment or decree of any court or other agency of government binding such Credit Party, in each case, except to the extent such violation would not reasonably be expected to have a Material Adverse Effect.

D. Binding Obligation. This Amendment has been duly executed and delivered by each Credit Party that is a party hereto and thereto, and is the legally valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors’ rights generally or by equitable principles relating to enforceability.

E. Absence of Default. Except as waived hereby, no event has occurred and is continuing that would constitute an Event of Default or a Default.

F. Material Indebtedness. No Credit Party is obligated under any Indebtedness in an aggregate principal amount of \$50,000,000 or more with respect to which a material default could reasonably be expected to result from the Restatements (including, without limitation, any inaccuracy contained in Issuer’s previously issued financial statements or the financial calculations or the Financial Officer Certifications based upon such financial statements), other than Indebtedness under the Credit Agreement and permitted or arising under Sections 6.1(n) and 6.1(o) of the Credit Agreement.

SECTION VI. ACKNOWLEDGMENT AND CONSENT

Each Guarantor hereby acknowledges that it has reviewed the terms and provisions of the Credit Agreement and this Amendment and consents to the amendment and waiver of the Credit Agreement effected pursuant to this Amendment. Each "Grantor" under and as defined in the applicable Collateral Documents and each Guarantor hereby confirms that each Credit Document to which it is a party or by which it is otherwise bound and all Collateral encumbered thereby will continue to guarantee or secure, as the case may be, to the fullest extent possible in accordance with the Credit Documents the payment and performance of all "Obligations" under each of the Credit Documents to which it is a party (in each case as such terms are defined in the applicable Credit Document).

Each Guarantor acknowledges and agrees that, except as specifically modified by this Amendment, each of the Credit Documents to which it is a party or by which it is otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment.

Each Guarantor acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Guarantor is not required by the terms of the Credit Agreement or any other Credit Document to consent to the amendments and waivers to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Credit Document shall be deemed to require the consent of such Guarantor to any amendments or any future waivers to the Credit Agreement.

SECTION VII. MISCELLANEOUS

A. Effect on the Credit Agreement and the Other Credit Documents.

(i) Except as specifically (and solely to the limited extent) modified by this Amendment, the Credit Agreement and the other Credit Documents (including any exhibits, schedules and annexes thereto) shall remain in full force and effect and are hereby ratified and confirmed.

(ii) Except as expressly set forth in Section I hereof, the execution, delivery and performance of this Amendment shall not constitute an amendment or waiver of any provision of, or operate as an amendment or waiver of any right, power or remedy of the Administrative Agent or any Lender under, the Credit Agreement or any of the other Credit Documents.

(iii) This Amendment is a Credit Document.

B. Headings. Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

C. Applicable Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF.

D. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

E. Confidentiality. The parties hereto hereby acknowledge and agree that this Amendment and the transactions contemplated hereby shall be subject to the confidentiality provisions of the Credit Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

OZ MANAGEMENT LP

By: Och-Ziff Holding Corporation,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OZ ADVISORS LP

By: Och-Ziff Holding Corporation,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OZ ADVISORS II LP

By: Och-Ziff Holding LLC,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OCH-ZIFF HOLDING II LLC

By: OZ Management LP, its member

By: Och-Ziff Holding Corporation,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OZ MANAGEMENT II LP

By: Och-Ziff Holding II LLC,
its general partner

By: OZ Management LP, its member

By: Och-Ziff Holding Corporation,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OZSC GP, LLC

By: OZ Advisors LP, its member

By: Och-Ziff Holding Corporation,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OZSC GP, L.P.

By: OZSC GP, LLC, its general partner

By: OZ Advisors LP, its member

By: Och-Ziff Holding Corporation,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OZ EUREKA FUND GP, L.P.

By: OZ Eureka Fund GP, LLC,

its general partner

By: OZ Advisors LP, its member

By: Och-Ziff Holding Corporation,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OZ STRUCTURED PRODUCTS OVERSEAS FUND GP, L.P.

By: OZ Structured Products Overseas Fund GP, LLC,

its general partner

By: OZ Advisors II LP, its member

By: Och-Ziff Holding LLC,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OZ STRUCTURED PRODUCTS FUND GP, L.P.

By: OZ Structured Products Fund GP, LLC,

its general partner

By: OZ Advisors LP, its member

By: Och-Ziff Holding Corporation,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OCH-ZIFF ENERGY FUND GP, L.P.

By: Och-Ziff Energy Fund GP, LLC,
its general partner
By: OZ Advisors LP, its managing member
By: Och-Ziff Holding Corporation,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank
Title: Chief Financial Officer

OZ STRUCTURED PRODUCTS FUND II GP, L.P.

By: OZ Structured Products Fund II GP, LLC,
its general partner
By: OZ Advisors LP, its member
By: Och-Ziff Holding Corporation,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank
Title: Chief Financial Officer

OZ STRUCTURED PRODUCTS OVERSEAS FUND II GP, L.P.

By: OZ Structured Products Overseas Fund II GP, LLC,
its general partner
By: OZ Advisors II LP, its member
By: Och-Ziff Holding LLC,
its general partner

By: /s/ Joel M. Frank

Name: Joel M. Frank
Title: Chief Financial Officer

OZ AGC GP II, L.P.

By: AGC GP II, LLC, its general partner

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Secretary and Treasurer

OZ CREDIT OPPORTUNITIES OVERSEAS FUND GP, L.P.

By: OZ Credit Opportunities Overseas Fund GP, LLC,
its general partner

By: OZ Advisors II LP, its member

By: Och-Ziff Holding LLC,
its general partner

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer

CH MEZZANINE INVESTMENT GP, LTD.

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Secretary & Treasurer

OZ PARTNER AI FEEDER GP, LTD.

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Director

OZ INDIA REAL ESTATE FUND GP LTD.

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Secretary & Treasurer

OCH-ZIFF LOAN MANAGEMENT LP

By: OCH-ZIFF LOAN MANAGEMENT LLC
its General Partner

By: OZ Management LP, its Member

By: Och-Ziff Holding Corporation,
its General Partner

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer

**OZ EUROPEAN CREDIT OPPORTUNITIES
FUND GP, L.P.**

By: OZ EUROPEAN CREDIT OPPORTUNITIES FUND GP, LLC
its General Partner

By: OZ Advisors LP, its Member

By: Och-Ziff Holding Corporation,
its General Partner

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer

**OZ EUROPEAN CREDIT OPPORTUNITIES OVERSEAS FUND GP,
L.P.**

By: OZ EUROPEAN CREDIT OPPORTUNITIES
OVERSEAS FUND GP, LLC
its General Partner

By: OZ Advisors II LP, its Member

By: Och-Ziff Holding LLC,
its General Partner

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer

GOLDMAN SACHS LENDING PARTNERS LLC,
as a Lender

By: /s/ Ashwin Ramakrishna
Name: Ashwin Ramakrishna
Title: Authorized Signatory

GOLDMAN SACHS LENDING PARTNERS LLC,
as Administrative Agent

By: /s/ Douglas Tansey
Name: Douglas Tansey
Title: Authorized Signatory

Bank of America, N.A., as a Lender

By: /s/ Matthew G. Frankle

Name: Matthew G. Frankle

Title: Director

Morgan Stanley Senior Funding, Inc., as a Lender

By: /s/ Penny Tsekouras

Name: Penny Tsekouras

Title: Vice President

NOTES TO FINANCIAL STATEMENTS

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements are prepared in accordance with GAAP as set forth in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC"). All intercompany transactions and balances have been eliminated in consolidation.

Restatements

Following a periodic review performed by the staff of the U.S. Securities and Exchange Commission (the "Staff"), the Company determined that it should have been consolidating the CLOs it manages. The Company launched its first CLO in the third quarter of 2012. Consolidating the CLOs has resulted in material adjustments to the Company's previously issued annual and interim financial statements from the third quarter of 2012 through the third quarter of 2013. The consolidation of these CLOs resulted in an increase in the assets and liabilities of consolidated Och-Ziff funds in the consolidated balance sheets for these periods, as well as an increase in the income, expenses and net gains of consolidated Och-Ziff funds in the consolidated statements of comprehensive income (loss), but did not impact net income (loss) allocated to Class A Shareholders.

In addition, the Company determined that amounts previously deferred related to incentive income allocations from the consolidated Och-Ziff funds that remained subject to clawback, to the extent there are future losses, should have been allocated to the Company and to noncontrolling interests based on the contractual terms of the relevant fund documents rather than deferring these amounts until clawback contingencies were resolved. The Company has adjusted the prior periods to conform to the current period presentation. Specifically, amounts previously reported within the change in deferred income of consolidated Och-Ziff funds in the statements of comprehensive income (loss) have been reclassified to consolidated net income (loss) allocated to noncontrolling interests and consolidated net income (loss) allocated to Class A Shareholders. The Company also adjusted the related deferred income of consolidated Och-Ziff funds liability previously included within other liabilities in the consolidated balance sheets to shareholders' equity attributable to noncontrolling interests and shareholders' deficit attributable to Class A Shareholders.

The tables below present the effect of these corrections, as well as the reclassifications discussed below in "—Reclassifications," on the affected line items in the Company's consolidated balance sheet and statements of comprehensive income (loss) as reported in the Company's annual report on Form 10-K for the year ended December 31, 2012.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

Consolidated Balance Sheet

	December 31, 2012		
	As Previously		As Restated
	Reported	Adjustments	
	(dollars in thousands)		
Income and fees receivable	\$ 593,504	\$ (1,553)	\$ 591,951
Deferred income tax assets	920,877	(3,776)	917,101
<i>Assets of consolidated Och-Ziff funds:</i>			
Investments, at fair value	1,744,626	1,034,832	2,779,458
Other assets of Och-Ziff funds	38,188	33,108	71,296
Total assets	3,535,065	1,062,611	4,597,676
Due to related parties	741,773	(7)	741,766
Other liabilities	119,529	(78,994)	40,535
<i>Liabilities of consolidated Och-Ziff funds:</i>			
Notes payable of consolidated CLOs, at fair value	-	1,061,545	1,061,545
Other liabilities of Och-Ziff funds	3,538	8,470	12,008
Total liabilities	1,686,481	991,014	2,677,495
Redeemable noncontrolling interests	-	8,692	8,692
Paid-in capital	2,900,109	138	2,900,247
Appropriated retained earnings (deficit)	-	(3,627)	(3,627)
Accumulated deficit	(3,150,644)	5,103	(3,145,541)
Shareholders' deficit attributable to Class A Shareholders	(250,535)	1,614	(248,921)
Shareholders' equity attributable to noncontrolling interests	2,099,119	61,291	2,160,410
Total shareholders' equity	1,848,584	62,905	1,911,489
Total liabilities, redeemable noncontrolling interests and shareholders' equity	3,535,065	1,062,611	4,597,676

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

Consolidated Statements of Operations

	Year Ended December 31, 2012		
	As Previously		
	Reported	Adjustments	As Restated
	(dollars in thousands)		
Management fees	\$ 505,948	\$ (1,553)	\$ 504,395
Income of consolidated Och-Ziff funds	108,684	16,758	125,442
General, administrative and other	116,880	(7)	116,873
Expenses of consolidated Och-Ziff funds	10,440	20,869	31,309
Change in deferred income of consolidated Och-Ziff funds	(52,256)	52,256	-
Net gains of consolidated Och-Ziff funds	215,081	(2,371)	212,710
Income taxes	79,085	3,776	82,861
Consolidated net loss	(624,006)	40,452	(583,554)
Total comprehensive loss	(623,777)	40,452	(583,325)
<i>Allocation of Consolidated Net Income (Loss)</i>			
Class A Shareholders	(315,826)	5,103	(310,723)
Noncontrolling interests	(308,180)	33,657	(274,523)
Redeemable noncontrolling interests	-	1,692	1,692
<i>Allocation of Total Comprehensive Income (Loss)</i>			
Class A Shareholders	(315,777)	5,103	(310,674)
Noncontrolling interests	(308,000)	33,657	(274,343)
Redeemable noncontrolling interests	-	1,692	1,692
<i>Earnings (Loss) Per Class A Share</i>			
Basic	\$ (2.21)	\$ 0.04	\$ (2.17)
Diluted	\$ (2.21)	\$ 0.04	\$ (2.17)

	Year Ended December 31, 2011		
	As Previously		
	Reported	Adjustments	As Restated
	(dollars in thousands)		
Change in deferred income of consolidated Och-Ziff funds	\$ (7,117)	\$ 7,117	\$ -
Consolidated net loss	(1,470,805)	7,117	(1,463,688)
Total comprehensive loss	(1,470,800)	7,117	(1,463,683)
Allocation of consolidated net loss to noncontrolling interests	(1,051,815)	7,117	(1,044,698)
Allocation of total comprehensive loss to noncontrolling interests	(1,051,811)	7,117	(1,044,694)

Reclassifications

The Company consolidates a credit hedge fund that allows fund investors to redeem their interests upon the expiration of a lockup period. These amounts were deemed immaterial for separate presentation as redeemable noncontrolling interests in 2012, and therefore were included within noncontrolling interests in the consolidated balance sheets and statements of comprehensive income (loss). Due to growth in this consolidated fund in 2013, the Company started to report these amounts separately in the consolidated balance sheets and statements of comprehensive income (loss). As a result, the Company has reclassified the 2012 amounts to conform to the current period presentation.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
SUPPLEMENTAL FINANCIAL INFORMATION
QUARTERLY RESULTS — UNAUDITED

The following tables present the Company's unaudited, summarized quarterly results and balance sheet information for the years ended December 31, 2013 and 2012:

	Year Ended December 31, 2013			
	First (Restated)	Second (Restated)	Third (Restated)	Fourth
	(dollars in thousands, except per share amounts)			
Selected Operating Statement Data				
Total revenues	\$ 286,211	\$ 229,164	\$ 279,767	\$ 1,100,781
Total expenses	120,383	150,259	142,455	442,321
Total other income	107,555	36,180	43,612	95,121
Income taxes	25,295	13,103	11,996	45,293
Consolidated Net Income	\$ 248,088	\$ 101,982	\$ 168,928	\$ 708,288
Allocation of Consolidated Net Income				
Class A Shareholders	\$ 30,035	\$ 3,818	\$ 28,852	\$ 199,062
Noncontrolling interests	215,774	97,734	137,643	506,133
Redeemable noncontrolling interests	2,279	430	2,433	3,093
	\$ 248,088	\$ 101,982	\$ 168,928	\$ 708,288
Earnings Per Class A Share				
Basic	\$ 0.20	\$ 0.03	\$ 0.18	\$ 1.21
Diluted	\$ 0.20	\$ 0.02	\$ 0.15	\$ 1.13
Weighted-Average Class A Shares Outstanding				
Basic	150,646,754	152,016,631	156,752,496	164,402,184
Diluted	151,625,895	155,900,015	475,281,312	478,231,474
Selected Balance Sheet Data				
Cash and cash equivalents	\$ 225,072	\$ 242,181	\$ 283,241	\$ 189,974
Assets of consolidated Och-Ziff funds	3,565,272	4,346,853	4,299,177	4,711,189
Total assets	4,876,877	5,599,317	5,676,873	6,869,274
Debt obligations	387,073	386,105	385,140	384,177
Liabilities of consolidated Och-Ziff funds	2,011,924	2,644,240	2,608,218	3,042,395
Total liabilities	3,192,475	3,829,921	3,846,721	4,577,667
Redeemable noncontrolling interests	29,709	42,973	67,675	76,583
Shareholders' deficit attributable to Class A Shareholders	(317,965)	(352,146)	(318,934)	(133,721)
Shareholders' equity attributable to noncontrolling interests	1,972,658	2,078,569	2,081,411	2,348,745
Total shareholders' equity	1,654,693	1,726,423	1,762,477	2,215,024

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
SUPPLEMENTAL FINANCIAL INFORMATION
QUARTERLY RESULTS — UNAUDITED

	Year Ended December 31, 2012			
	First (Restated)	Second (Restated)	Third (Restated)	Fourth (Restated)
	(dollars in thousands, except per share amounts)			
Selected Operating Statement Data				
Total revenues	\$ 140,924	\$ 178,422	\$ 172,545	\$ 734,711
Total expenses	471,589	476,140	486,797	505,753
Total other income	76,506	8,482	56,775	71,221
Income taxes	15,134	14,175	19,920	33,632
Consolidated Net Income (Loss)	\$ (269,293)	\$ (303,411)	\$ (277,397)	\$ 266,547
Allocation of Consolidated Net Income (Loss)				
Class A Shareholders	\$ (121,732)	\$ (113,957)	\$ (126,475)	\$ 51,441
Noncontrolling interests	(147,561)	(189,454)	(151,742)	214,234
Redeemable noncontrolling interests	-	-	820	872
	\$ (269,293)	\$ (303,411)	\$ (277,397)	\$ 266,547
Earnings (Loss) Per Class A Share				
Basic	\$ (0.86)	\$ (0.80)	\$ (0.88)	\$ 0.35
Diluted	\$ (0.86)	\$ (0.80)	\$ (0.88)	\$ 0.35
Weighted-Average Class A Shares Outstanding				
Basic	140,894,185	141,722,881	143,477,776	145,751,664
Diluted	140,894,185	141,722,881	143,477,776	445,740,036
Selected Balance Sheet Data				
Cash and cash equivalents	\$ 149,667	\$ 171,207	\$ 185,333	\$ 162,485
Assets of consolidated Och-Ziff funds	943,910	1,106,705	1,911,592	2,850,754
Total assets	2,140,550	2,337,765	3,136,980	4,597,676
Debt obligations	381,793	389,990	389,015	388,043
Liabilities of consolidated Och-Ziff funds	125,406	183,849	693,697	1,297,096
Total liabilities	1,299,282	1,371,402	1,896,646	2,677,495
Redeemable noncontrolling interests	-	-	7,820	8,692
Shareholders' deficit attributable to Class A Shareholders	(352,005)	(345,472)	(357,526)	(248,921)
Shareholders' equity attributable to noncontrolling interests	1,193,273	1,311,835	1,590,040	2,160,410
Total shareholders' equity	841,268	966,363	1,232,514	1,911,489

These results were prepared in accordance with GAAP and reflect all normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results.

The Company generally does not recognize incentive income during the first three quarters of the year other than amounts earned as a result of fund investor redemptions during the period or amounts earned from fund investors with measurement periods longer than one year. Additionally, compensation and benefits generally comprise a significant portion of total expenses, with discretionary cash bonuses comprising a large portion of total compensation and benefits expense. These cash bonuses are based on total annual revenues, which are significantly influenced by incentive income earned by the Company at the end of the year. Annual discretionary bonuses are generally determined and expensed in the fourth quarter each year.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
SUPPLEMENTAL FINANCIAL INFORMATION
QUARTERLY RESULTS — UNAUDITED

Restatements and Reclassifications

As discussed in Note 2 to the Company's consolidated financial statements included in this annual report, the Company restated the quarterly amounts previously reported in its 2012 third quarter and 2013 first through third quarters Form 10-Qs and in its 2012 Form 10-K due to material adjustments necessary to give effect to the consolidation of the Company's CLOs. In addition, due to a change related to the accounting for previously deferred incentive income allocations from the consolidated Och-Ziff funds that remained subject to clawback, as well as the presentation of redeemable noncontrolling interests, the Company adjusted the prior period amounts presented above to conform to the current period presentation. See Note 2 for additional information.

**Partner Agreement Between
OZ Management LP and James Levin**

This Partner Agreement dated as of November 10, 2010 (the "Admission Date") (as amended, modified, supplemented or restated from time to time, this "Agreement") reflects the agreement of OZ Management LP (the "Partnership") and James Levin (the "Limited Partner") with respect to certain matters concerning (i) the admission of the Limited Partner to the Partnership upon the Admission Date, (ii) the grant by the Partnership to the Limited Partner on the date hereof of Class D-4 Common Units (as defined below) under the Amended and Restated Och-Ziff Capital Management Group LLC 2007 Equity Incentive Plan (as amended, modified, supplemented or restated from time to time, the "Plan"), (iii) the provision for discretionary payments to be made by the Partnership to the Limited Partner in Class A restricted share units ("RSUs") under the Plan and in cash, and (iv) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of September 30, 2009 (as amended, modified, supplemented or restated from time to time, the "Limited Partnership Agreement"). This Agreement shall be a "Partner Agreement" (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement.

1. Admission of the Limited Partner and Discretionary Payments.

(a) Admission of the Limited Partner. Pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement, the General Partner hereby designates a new series of Class D Common Units, which shall be "Class D-4 Common Units." The award of Class D-4 Common Units has been approved under the Plan. The Limited Partner shall be deemed admitted as a limited partner of the Partnership at the time the Limited Partner and the General Partner have each executed this Agreement and the signature page of the Limited Partnership Agreement attached hereto and the General Partner shall cause the Limited Partner to be named as a Limited Partner in the books of the Partnership and the Partnership shall issue to the Limited Partner the number of Class D-4 Common Units set forth on Schedule A hereto pursuant to and subject to the Plan. Upon such admission, the Limited Partner's initial Capital Account balance shall be as set forth on Schedule A hereto. The Limited Partner is hereby designated as an "Original Partner" (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner under the Limited Partnership Agreement following his admission to the Partnership shall, except to the extent modified by the terms of this Agreement, be the same as those of the previously admitted Original Partners thereunder. Following the Admission Date, the Limited Partner shall be eligible to participate in any benefit plans or programs sponsored or maintained by the Partnership and its Affiliates (including, without limitation, any life insurance, disability insurance and liability insurance), on the same general terms provided to other Individual Limited Partners. The Limited Partner acknowledges and agrees that he will not participate in any distributions to be made to the Limited Partners under the Limited Partnership Agreement with respect to the third quarter of 2010.

(b) Discretionary Payments. Prior to the Limited Partner's Special Withdrawal or Withdrawal, the Limited Partner shall be eligible to receive a discretionary payment with respect to each fiscal year (the "Discretionary Payment"), which may be paid as a guaranteed payment or a distribution of Net Income allocated to a Class C Non-Equity Interest in accordance with the Limited Partnership Agreement or pursuant to a different arrangement structured by the General Partner in its sole discretion; provided, however, that, in order to be eligible for any Discretionary Payment, the Limited Partner shall not have been subject to a Withdrawal or Special Withdrawal as of the last day of the fiscal year to which the Discretionary Payment relates. All decisions relating to any Discretionary Payments to the Limited Partner, including, without limitation, the amount of the Limited Partner's Discretionary Payment, if any, for any fiscal year, shall be determined in the sole discretion of the Partnership, and any such determination shall be final. Any such determinations to make a Discretionary Payment in respect of a fiscal year shall not create or imply any obligation to pay a Discretionary Payment for any other fiscal year.

(c) Cash Payments. Subject to Section 1(b) above, the Limited Partner shall be entitled to receive 70% of any Discretionary Payment in cash, payable on or before March 15 of the year immediately following the fiscal year to which the Discretionary Payment relates.

(d) Award of RSUs.

(i) Subject to Section 1(b) above, 30% of any Discretionary Payment (the "Vesting Amount") payable for fiscal year 2010 and fiscal years thereafter shall be settled by an award to the Limited Partner on or about December 31 of each such fiscal year of a number of RSUs under the Plan equal to the RSU Equivalent Amount (as defined in Section 1(d)(iii) below); provided that the Limited Partner shall not have been subject to a Withdrawal or Special Withdrawal as of such date and has entered into an Award Agreement (as defined in Section 1(d)(ii) below) with respect to each such award. Thirty-three and one-third percent (33-1/3%) of the number of RSUs under each award will vest on each of the first three anniversaries of the date of the relevant award; provided that the Limited Partner will have no right to any unvested RSUs on any such anniversary dates if the Limited Partner has been subject to a Withdrawal (but not a Special Withdrawal) prior to such anniversary dates. Notwithstanding the immediately preceding sentence, if, prior to any such anniversary date, the Limited Partner has (x) been subject to a Withdrawal (other than a Withdrawal for Cause pursuant to clause (A) of Section 8.3(a)(i) of the Limited Partnership Agreement) and the Limited Partner has not engaged in any of the activities described in Section 2.13(b) of the Limited Partnership Agreement prior to the relevant vesting date or (y) been subject

to a Special Withdrawal or a Withdrawal as a result of the Limited Partner's death or Disability, in the case of either clause (x) or (y), then any unvested RSUs shall become nonforfeitable and shall vest on the date they otherwise would have vested. Each vested RSU shall be settled, in the sole discretion of the Board of Directors (the "Board") of Och-Ziff Capital Management Group LLC, either by the delivery of (1) one Class A Share (as defined in the Plan) or (2) cash equal to the Fair Market Value (as defined in the Plan) of one Class A Share.

(ii) Upon each annual award of RSUs in respect of the Vesting Amount, the Limited Partner and the Partnership will enter into an RSU Award Agreement substantially in the form of Schedule B hereto (the "Award Agreement"). As set forth in the Award Agreement, the Limited Partner will be credited with Distribution Equivalents (as defined in the Plan) with respect to the RSUs, calculated as described in the Award Agreement. The Distribution Equivalents shall be settled on the same date as the RSUs in respect of which such Distribution Equivalents are awarded. Additionally, at the sole discretion of the Board, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

(iii) For purposes of this Section 1(d):

(1) the term "Discounted Fair Market Value" shall mean the RSU Fair Market Value reduced by ten percent (10%) thereof.

(2) the term "RSU Equivalent Amount" shall mean the quotient of the Vesting Amount divided by the Discounted Fair Market Value, rounded to the nearest whole number.

(3) the term "RSU Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange of Och-Ziff Capital Management Group LLC's Class A Shares for the ten trading day period beginning (and including) December 11 (or the next trading day in the event that December 11 is not a trading day) of the year to which the award relates.

For example, if the Limited Partner's Discretionary Payment for a fiscal year is \$100,000, and the average closing price of Class A Shares for the ten trading day period beginning December 11 of such fiscal year is \$25 per share, then the Limited Partner would receive an award of 1,333 RSUs ($(\$100,000 \cdot .3) = \$30,000$; $(\$30,000 / \$22.50) = 1,333$ RSUs).

2. Withdrawal, Vesting and Non-Compete Provisions.

(a) Withdrawal and Vesting Provisions. The following changes shall apply to the provisions of Sections 2.13(g), 8.3(a)(ii) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited Partner and his Related Trusts, if any, and his or their Common Units: (i) references therein to the Closing Date shall be deemed to refer to the Admission Date, (ii) their Common Units shall be treated as Class A Common Units thereunder, and (iii) if any Class D-4 Common Units are reallocated thereunder, each Class D-4 Common Unit shall automatically convert into a Class A Common Unit upon such reallocation but will remain subject to the same vesting requirements as the Class D-4 Common Units of the Limited Partner had been before his Withdrawal.

(b) Non-Competition Covenant. Notwithstanding any provisions hereof or of the Limited Partnership Agreement to the contrary, the Restricted Period with respect to the Limited Partner shall, solely for purposes of Section 2.13(b)(i) of the Limited Partnership Agreement, conclude on the last day of the 12-month period immediately following the date of the Limited Partner's Special Withdrawal or Withdrawal.

(c) Cross-References. References in the Limited Partnership Agreement to Sections thereof (including Sections 2.13(b), 2.13(g), 8.3(a)(ii) and 8.4(b)) that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

3. Termination of Rights and Obligations under Existing Agreements. On the Admission Date, the Managing Director Agreement between the Limited Partner and the Partnership dated as of August 1, 2009 (as amended, modified, supplemented or restated from time to time, the "MD Agreement"), together with any other oral or written agreements between the Limited Partner and the Partnership or its Affiliates (collectively, together with the MD Agreement, the "Limited Partner's MD Agreements"), shall automatically terminate with immediate effect and without the need for notice by either party and shall be of no further force or effect and, for the avoidance of doubt, but not by way of limitation, no further payment or benefit whatsoever shall be due or payable to the Limited Partner under the terms of the Limited Partner's MD Agreements, and this Agreement (and any other agreements entered into on the date hereof between the Limited Partner and the Partnership or its Affiliates) shall supersede and replace the Limited Partner's MD Agreements, except that, notwithstanding the foregoing, the Limited Partner, in his capacity as a limited partner of the Partnership, will be entitled to receive any unvested compensation (including cash and RSUs) granted under the Limited Partner's MD Agreements that remains unpaid as of the Admission Date, provided that the Limited Partner's entitlement to and receipt of such compensation shall be subject to the same terms and restrictions (including with respect to vesting and forfeiture) as under the Limited Partner's MD Agreements, taking into account the Limited Partner's change of status from employee to limited partner of the Partnership, which compensation shall be treated as guaranteed payments described in Section 707(c) of the Code.

4. Estate & Tax Planning. The Partnership will pay for the costs of the Limited Partner's estate and tax planning to the same extent as it has generally paid for the estate and tax planning costs of the other Individual Original Partners.

5. Acknowledgment. The Limited Partner acknowledges that he has been given the opportunity to ask questions of the Partnership and has consulted with counsel concerning this Agreement to the extent the Limited Partner deems necessary in order to be fully informed with respect thereto.

6. Miscellaneous.

(a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto.

(c) This Agreement and any amendment hereto made in accordance with Section 6(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(f) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement.

IN WITNESS WHEREOF, this Partner Agreement is executed and delivered as of the date first written above by the undersigned, and the undersigned do hereby agree to be bound by the terms and provisions set forth in this Partner Agreement.

GENERAL PARTNER:

OCH-ZIFF HOLDING CORPORATION,
a Delaware corporation

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

THE LIMITED PARTNER:

/s/ James Levin

Name: James Levin

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
OZ MANAGEMENT LP
SIGNATURE PAGE

IN WITNESS WHEREOF, this Agreement is executed and delivered as of the date first written above by the undersigned and the undersigned, do hereby agree to be bound by the terms and provisions set forth in this Agreement.

GENERAL PARTNER:

OCH-ZIFF HOLDING CORPORATION,
a Delaware corporation

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

/s/ James Levin

Name: James Levin

Schedule A: The Limited Partner's Interest in the Partnership

Common Units	Number issued to the Limited Partner upon the Admission Date	Initial Capital Account Balance
Class D-4 Common Units	1,500,000	\$ 0

Schedule B
FORM OF
CLASS A RESTRICTED SHARE UNIT AWARD AGREEMENT
UNDER THE AMENDED AND RESTATED OCH-ZIFF CAPITAL
MANAGEMENT GROUP LLC 2007 EQUITY INCENTIVE PLAN
VESTING AMOUNT AWARD

This CLASS A RESTRICTED SHARE UNIT AWARD AGREEMENT (this "Award Agreement"), dated as of _____ (the "Date of Grant"), is made by and between OZ Management LP, a Delaware limited partnership (the "Partnership"), and James Levin (the "Participant"). Capitalized terms not defined herein shall have the meaning ascribed to them in the Amended and Restated Och-Ziff Capital Management Group LLC 2007 Equity Incentive Plan (the "Plan"). Where the context permits, references to the Partnership shall include any successor to the Partnership.

1. Grant of Restricted Share Units.

(a) Subject to all of the terms and conditions of this Award Agreement, the Plan, and the OZM Partner Agreement (as defined in Section 1(b) below), the Partnership hereby grants to the Participant _____ Class A restricted share units (the "RSUs"). This grant is being made pursuant to Section 1(d) of the OZM Partner Agreement in satisfaction of the Vesting Amount (as defined in the OZM Partner Agreement) for the fiscal year ended December 31, ____.

(b) For purposes of this Award Agreement, "OZM Partner Agreement" means the Partner Agreement (as defined in the Amended and Restated Limited Partnership Agreement of the Partnership (as amended, modified, supplemented or restated from time to time, the "Limited Partnership Agreement")) between the Partnership and the Participant, as amended and supplemented from time to time.

2. Form of Payment.

(a) Except as otherwise provided in this Award Agreement or the Plan, each RSU granted hereunder shall represent the right to receive, in the sole discretion of the Board of Directors (the "Board") of Och-Ziff Capital Management Group LLC, either (i) one Class A Share (ii) or cash equal to the Fair Market Value of one Class A Share, in either case, on the third business day following the date such RSU becomes vested and nonforfeitable in accordance with the vesting schedule set forth in Exhibit A hereto.

(b) In addition, the Participant will be credited with Distribution Equivalents with respect to the RSUs, calculated as follows: with respect to any RSUs granted on or prior to the record date applicable to a cash distribution, on each date that any such cash distribution is paid to all holders of Class A Shares while the RSUs are outstanding, the Participant's account shall be credited, in the sole discretion of the Board, with one of the following: (i) the right to receive an amount of cash equal to the amount of such Distribution Equivalents or (ii) an additional number of RSUs equal to the number of whole Class A Shares (valued at Fair Market Value on such date) that could be purchased on such date with the aggregate dollar amount of the cash distribution that would have been paid on the RSUs had the RSUs been issued as Shares. The right to receive cash or additional RSUs credited under this Section shall be subject to the same terms and conditions applicable to the RSUs originally awarded hereunder and will be settled on the same date as the RSUs in respect of which such Distribution Equivalents are awarded. Any RSUs credited as Distribution Equivalents to the Participant's account may, in the sole discretion of the Board as determined at the time such Distribution Equivalent is credited to the Participant's account, be eligible to receive additional Distribution Equivalents.

3. Restrictions.

(a) The RSUs may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of or encumbered and shall be subject to a risk of forfeiture as described in Section 3(c) until the lapse of the Restricted Period (as defined below) and any additional requirements or restrictions contained in this Award Agreement or in the Plan have been otherwise satisfied, terminated or expressly waived by the Partnership in writing.

(b) Unless the Restricted Period is previously terminated in accordance with Section 3(c) below, the RSUs shall become vested in accordance with the vesting schedule set forth in Exhibit A hereto (the "Restricted Period") and the Class A Shares to which such vested RSUs relate shall become issuable hereunder on the third business day thereafter (provided, that such issuance is otherwise in accordance with federal and state securities laws).

(c) Except as otherwise provided under the terms of the Plan or in the vesting schedule attached hereto, in the event of a Withdrawal, but not a Special Withdrawal (each as defined in the Limited Partnership Agreement), of the Participant, then this Award Agreement shall terminate and all rights of the Participant with respect to RSUs that have not vested shall immediately terminate. Except as otherwise provided under the terms of the Plan or in the vesting schedule attached hereto, the RSUs that are subject to restrictions upon the date of Withdrawal shall be forfeited without payment of any consideration, and neither the Participant nor any of his or her successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such RSUs.

4. Voting and Other Rights. Participant shall have no rights of a shareholder (including the right to distributions) unless and until Class A Shares are issued following vesting of Participant's RSUs.

5. Award Agreement Subject to Plan. This Award Agreement is made pursuant to all of the provisions of the Plan, which is incorporated herein by this reference, and is intended, and shall be interpreted in a manner, to comply therewith. In the event of any conflict between the provisions of this Award Agreement and the provisions of the Plan, the provisions of the Plan shall govern.

6. No Rights to Continuation of Active Involvement in the Business. Nothing in the Plan or this Award Agreement shall confer upon Participant any right to continue as a limited partner of the Partnership or shall interfere with or restrict the right of the Partnership or its equityholders (or of a Subsidiary or its equityholders, as the case may be) to terminate Participant's active involvement with the Partnership at any time for any reason whatsoever, with or without cause.

7. Section 409A Compliance. The intent of the parties is that payments and benefits under this Award Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Award Agreement shall be interpreted and be administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have terminated employment or service for purposes of this Award Agreement until the Participant would be considered to have incurred a "separation from service" within the meaning of Section 409A of the Code. Any payments described in this Award Agreement or the Plan that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the contrary in this Award Agreement or the Plan, to the extent that any RSUs are payable upon a separation from service and such payment would result in the imposition of any penalty tax imposed under Section 409A of the Code, the settlement and payment of such awards shall instead be made on the first business day after the date that is six (6) months following such separation from service (or death, if earlier).

8. Governing Law. This Award Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choices of laws, of the State of Delaware applicable to agreements made and to be performed wholly within the State of Delaware.

9. Award Agreement Binding on Successors. The terms of this Award Agreement shall be binding upon Participant and upon Participant's heirs, executors, administrators, personal representatives, permitted transferees, assignees and successors in interest, and upon the Partnership and its successors and assignees, subject to the terms of the Plan.

10. No Assignment. Notwithstanding anything to the contrary in this Award Agreement, neither this Award Agreement nor any rights granted herein shall be assignable by Participant.

11. Necessary Acts. Participant hereby agrees to perform all acts, and to execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Award Agreement, including but not limited to all acts and documents related to compliance with federal and/or state securities and/or tax laws.

12. Severability. Should any provision of this Award Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Award Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Award Agreement. Moreover, if one or more of the provisions contained in this Award Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

13. Entire Award Agreement. This Award Agreement, the OZM Partner Agreement, the Limited Partnership Agreement and the Plan contain the entire agreement and understanding among the parties as to the subject matter hereof.

14. Headings. Headings are used solely for the convenience of the parties and shall not be deemed to be a limitation upon or descriptive of the contents of any such Section.

15. Counterparts. This Award Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

16. Amendment. No amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement as of the date first set forth above.

OZ MANAGEMENT LP

By: Och-Ziff Holding Corporation, its General Partner

By: _____
Name:
Title:

The undersigned hereby accepts and agrees to all the terms and provisions of the foregoing Award Agreement.

PARTICIPANT

Signature _____

Print Name: _____

Address: _____

1. General Vesting Schedule.

Subject to Section 2 below, thirty-three and one-third percent (33-1/3%) of the RSUs shall vest on each of the first three anniversaries of the Date of Grant, provided that the Participant shall have no right to the unvested RSUs if the Participant has been subject to a Withdrawal (but not a Special Withdrawal) prior to the relevant vesting date(s). Upon a Withdrawal (but not a Special Withdrawal), all of the Participant's unvested RSUs shall cease to vest and shall be forfeited pursuant to Section 3(c) of the Award Agreement. Notwithstanding the above, if the Participant has (x) been subject to a Withdrawal (other than a Withdrawal for Cause pursuant to clause (A) of Section 8.3(a)(i) of the Limited Partnership Agreement) and the Participant has not engaged in any of the activities described in Section 2.13(b) of the Limited Partnership Agreement prior to the relevant vesting date or (y) been subject to a Special Withdrawal or a Withdrawal as a result of the Participant's death or Disability, then in the case of either clause (x) or (y), any unvested RSUs shall become nonforfeitable and shall vest on the date they otherwise would have vested.

2. Accelerated Vesting.

Except as otherwise set forth in the vesting schedule above, upon the Participant's termination by the Partnership without Cause within the one year period following a Change of Control, each RSU shall become vested and nonforfeitable and the Participant shall be entitled to receive one Class A Share on the first business day following the date such RSU would have otherwise become vested and nonforfeitable in accordance with the vesting schedule set forth in Section 1 above.

**Partner Agreement Between
OZ Advisors LP and James Levin**

This Partner Agreement dated as of November 10, 2010 (the "Admission Date") (as amended, modified, supplemented or restated from time to time, this "Agreement") reflects the agreement of OZ Advisors LP (the "Partnership") and James Levin (the "Limited Partner") with respect to certain matters concerning (i) the admission of the Limited Partner to the Partnership upon the Admission Date, (ii) the grant by the Partnership to the Limited Partner on the date hereof of Class D-4 Common Units (as defined below) under the Amended and Restated Och-Ziff Capital Management Group LLC 2007 Equity Incentive Plan (as amended, modified, supplemented or restated from time to time, the "Plan"), and (iii) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of September 30, 2009 (as amended, modified, supplemented or restated from time to time, the "Limited Partnership Agreement"). This Agreement shall be a "Partner Agreement" (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement.

1. Admission of the Limited Partner. Pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement, the General Partner hereby designates a new series of Class D Common Units, which shall be "Class D-4 Common Units." The award of Class D-4 Common Units has been approved under the Plan. The Limited Partner shall be deemed admitted as a limited partner of the Partnership at the time the Limited Partner and the General Partner have each executed this Agreement and the signature page of the Limited Partnership Agreement attached hereto and the General Partner shall cause the Limited Partner to be named as a Limited Partner in the books of the Partnership and the Partnership shall issue to the Limited Partner the number of Class D-4 Common Units set forth on Schedule A hereto pursuant to and subject to the Plan. Upon such admission, the Limited Partner's initial Capital Account balance shall be as set forth on Schedule A hereto. The Limited Partner is hereby designated as an "Original Partner" (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner under the Limited Partnership Agreement following his admission to the Partnership shall, except to the extent modified by the terms of this Agreement, be the same as those of the previously admitted Original Partners thereunder. Following the Admission Date, the Limited Partner shall be eligible to participate in any benefit plans or programs sponsored or maintained by the Partnership and its Affiliates (including, without limitation, any life insurance, disability insurance and liability insurance), on the same general terms provided to other Individual Limited Partners.

2. Withdrawal, Vesting and Non-Compete Provisions.

(a) Withdrawal and Vesting Provisions. The following changes shall apply to the provisions of Sections 2.13(g), 8.3(a)(ii) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited Partner and his Related Trusts, if any, and his or their Common Units: (i) references therein to the Closing Date shall be deemed to refer to the Admission Date, (ii) their Common Units shall be treated as Class A Common Units thereunder, and (iii) if any Class D-4 Common Units are reallocated thereunder, each Class D-4 Common Unit shall automatically convert into a Class A Common Unit upon such reallocation but will remain subject to the same vesting requirements as the Class D-4 Common Units of the Limited Partner had been before his Withdrawal.

(b) Non-Competition Covenant. Notwithstanding any provisions hereof or of the Limited Partnership Agreement to the contrary, the Restricted Period with respect to the Limited Partner shall, solely for purposes of Section 2.13(b)(i) of the Limited Partnership Agreement, conclude on the last day of the 12-month period immediately following the date of the Limited Partner's Special Withdrawal or Withdrawal.

(c) Cross-References. References in the Limited Partnership Agreement to Sections thereof (including Sections 2.13(b), 2.13(g), 8.3(a)(ii) and 8.4(b)) that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

3. Acknowledgment. The Limited Partner acknowledges that he has been given the opportunity to ask questions of the Partnership and has consulted with counsel concerning this Agreement to the extent the Limited Partner deems necessary in order to be fully informed with respect thereto.

4. Miscellaneous.

(a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto.

(c) This Agreement and any amendment hereto made in accordance with Section 4(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(f) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement.

IN WITNESS WHEREOF, this Partner Agreement is executed and delivered as of the date first written above by the undersigned, and the undersigned do hereby agree to be bound by the terms and provisions set forth in this Partner Agreement.

GENERAL PARTNER:

OCH-ZIFF HOLDING CORPORATION,
a Delaware corporation

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

THE LIMITED PARTNER:

/s/ James Levin

Name: James Levin

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
OZ ADVISORS LP
SIGNATURE PAGE

IN WITNESS WHEREOF, this Agreement is executed and delivered as of the date first written above by the undersigned and the undersigned, do hereby agree to be bound by the terms and provisions set forth in this Agreement.

GENERAL PARTNER:

OCH-ZIFF HOLDING CORPORATION,
a Delaware corporation

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer

/s/ James Levin
Name: James Levin

Schedule A: The Limited Partner's Interest in the Partnership

Common Units	Number issued to the Limited Partner upon the Admission Date	Initial Capital Account Balance
Class D-4 Common Units	1,500,000	\$ 0

**Partner Agreement Between
OZ Advisors II LP and James Levin**

This Partner Agreement dated as of November 10, 2010 (the "Admission Date") (as amended, modified, supplemented or restated from time to time, this "Agreement") reflects the agreement of OZ Advisors II LP (the "Partnership") and James Levin (the "Limited Partner") with respect to certain matters concerning (i) the admission of the Limited Partner to the Partnership upon the Admission Date, (ii) the grant by the Partnership to the Limited Partner on the date hereof of Class D-4 Common Units (as defined below) under the Amended and Restated Och-Ziff Capital Management Group LLC 2007 Equity Incentive Plan (as amended, modified, supplemented or restated from time to time, the "Plan"), and (iii) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of September 30, 2009 (as amended, modified, supplemented or restated from time to time, the "Limited Partnership Agreement"). This Agreement shall be a "Partner Agreement" (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement.

1. Admission of the Limited Partner. Pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement, the General Partner hereby designates a new series of Class D Common Units, which shall be "Class D-4 Common Units." The award of Class D-4 Common Units has been approved under the Plan. The Limited Partner shall be deemed admitted as a limited partner of the Partnership at the time the Limited Partner and the General Partner have each executed this Agreement and the signature page of the Limited Partnership Agreement attached hereto and the General Partner shall cause the Limited Partner to be named as a Limited Partner in the books of the Partnership and the Partnership shall issue to the Limited Partner the number of Class D-4 Common Units set forth on Schedule A hereto pursuant to and subject to the Plan. Upon such admission, the Limited Partner's initial Capital Account balance shall be as set forth on Schedule A hereto. The Limited Partner is hereby designated as an "Original Partner" (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner under the Limited Partnership Agreement following his admission to the Partnership shall, except to the extent modified by the terms of this Agreement, be the same as those of the previously admitted Original Partners thereunder. Following the Admission Date, the Limited Partner shall be eligible to participate in any benefit plans or programs sponsored or maintained by the Partnership and its Affiliates (including, without limitation, any life insurance, disability insurance and liability insurance), on the same general terms provided to other Individual Limited Partners.

2. Withdrawal, Vesting and Non-Compete Provisions.

(a) Withdrawal and Vesting Provisions. The following changes shall apply to the provisions of Sections 2.13(g), 8.3(a)(ii) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited Partner and his Related Trusts, if any, and his or their Common Units: (i) references therein to the Closing Date shall be deemed to refer to the Admission Date, (ii) their Common Units shall be treated as Class A Common Units thereunder, and (iii) if any Class D-4 Common Units are reallocated thereunder, each Class D-4 Common Unit shall automatically convert into a Class A Common Unit upon such reallocation but will remain subject to the same vesting requirements as the Class D-4 Common Units of the Limited Partner had been before his Withdrawal.

(b) Non-Competition Covenant. Notwithstanding any provisions hereof or of the Limited Partnership Agreement to the contrary, the Restricted Period with respect to the Limited Partner shall, solely for purposes of Section 2.13(b)(i) of the Limited Partnership Agreement, conclude on the last day of the 12-month period immediately following the date of the Limited Partner's Special Withdrawal or Withdrawal.

(c) Cross-References. References in the Limited Partnership Agreement to Sections thereof (including Sections 2.13(b), 2.13(g), 8.3(a)(ii) and 8.4(b)) that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

3. Acknowledgment. The Limited Partner acknowledges that he has been given the opportunity to ask questions of the Partnership and has consulted with counsel concerning this Agreement to the extent the Limited Partner deems necessary in order to be fully informed with respect thereto.

4. Miscellaneous.

(a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto.

(c) This Agreement and any amendment hereto made in accordance with Section 4(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(f) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement.

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
OZ ADVISORS II LP
SIGNATURE PAGE

IN WITNESS WHEREOF, this Agreement is executed and delivered as of the date first written above by the undersigned and the undersigned, do hereby agree to be bound by the terms and provisions set forth in this Agreement.

GENERAL PARTNER:

OCH-ZIFF HOLDING LLC,
a Delaware limited liability company

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

/s/ James Levin

Name: James Levin

Schedule A: The Limited Partner's Interest in the Partnership

<u>Common Units</u>	<u>Number issued to the Limited Partner upon the Admission Date</u>	<u>Initial Capital Account Balance</u>
Class D-4 Common Units	1,500,000	\$ 0

**Partner Agreement Between
OZ Management LP and James Levin**

This Partner Agreement dated as of June 22, 2011 (the “Reallocation Date”) (as amended, modified, supplemented or restated from time to time, this “Agreement”) reflects the agreement of OZ Management LP (the “Partnership”) and James Levin (the “Limited Partner”) with respect to certain matters concerning the reallocation from the Partnership to the Limited Partner of the unvested Class A Common Units described herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of September 30, 2009 (as amended, modified, supplemented or restated from time to time, the “Limited Partnership Agreement”). This Agreement shall be a “Partner Agreement” (as defined in the Limited Partnership Agreement).

WHEREAS, the Partner Management Committee (the “Committee”), pursuant to the Limited Partnership Agreement, has determined to reallocate certain unvested Class A Common Units (the “Reallocable Units”) from a certain other Limited Partner who has been subject to a Withdrawal to the Partnership and thereafter a certain number of the Reallocable Units shall be reallocated from the Partnership to the Limited Partner on the Reallocation Date; and

WHEREAS, the Committee has determined that the Reallocable Units to be reallocated to the Limited Partner shall convert to Class D-5 Common Units immediately prior to the receipt by the Limited Partner of such Reallocable Units.

1. Conversion and Vesting of the Reallocable Units received by the Limited Partner. With respect to the Limited Partner and the Reallocable Units to be reallocated to him, the Limited Partner acknowledges that (i) each Reallocable Unit reallocated to him as described above shall have converted into one Class D-5 Common Unit in the Partnership immediately prior to receipt of each such Common Unit by him and (ii) the Limited Partner will have such rights and obligations with respect to the Reallocable Units reallocated to him as provided by the Limited Partnership Agreement with respect to Common Units of the relevant series of Class D Common Units, except as provided in this Section 1. Notwithstanding the provisions of Sections 8.3(a)(ii) and 8.4 of the Limited Partnership Agreement, the Reallocated Units reallocated to the Limited Partner shall vest in equal installments on each anniversary of the Limited Partner’s admission to the Partnership occurring after the Reallocation Date for five years, beginning on November 10, 2011. If any of the Class D-5 Common Units of the Limited Partner or his Related Trusts, if any, are reallocated pursuant to the provisions of this Agreement and the Limited Partnership Agreement, each such Class D-5 Common Unit shall automatically convert into one Class A Common Unit upon such reallocation but will remain subject to the same vesting requirements as the Class D-5 Common Units of the Limited Partner had been before his Withdrawal. References in the Limited Partnership Agreement to Sections thereof that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

2. Miscellaneous.

(a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto.

(c) This Agreement and any amendment hereto made in accordance with Section 2(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(f) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement.

IN WITNESS WHEREOF, this Partner Agreement is executed and delivered as of the date first written above by the undersigned, and the undersigned do hereby agree to be bound by the terms and provisions set forth in this Partner Agreement.

GENERAL PARTNER:

OCH-ZIFF HOLDING CORPORATION,
a Delaware corporation

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

LIMITED PARTNER:

/s/ James Levin

Name: James Levin

**Partner Agreement Between
OZ Advisors LP and James Levin**

This Partner Agreement dated as of June 22, 2011 (the “Reallocation Date”) (as amended, modified, supplemented or restated from time to time, this “Agreement”) reflects the agreement of OZ Advisors LP (the “Partnership”) and James Levin (the “Limited Partner”) with respect to certain matters concerning the reallocation from the Partnership to the Limited Partner of the unvested Class A Common Units described herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of September 30, 2009 (as amended, modified, supplemented or restated from time to time, the “Limited Partnership Agreement”). This Agreement shall be a “Partner Agreement” (as defined in the Limited Partnership Agreement).

WHEREAS, the Partner Management Committee (the “Committee”), pursuant to the Limited Partnership Agreement, has determined to reallocate certain unvested Class A Common Units (the “Reallocable Units”) from a certain other Limited Partner who has been subject to a Withdrawal to the Partnership and thereafter a certain number of the Reallocable Units shall be reallocated from the Partnership to the Limited Partner on the Reallocation Date; and

WHEREAS, the Committee has determined that the Reallocable Units to be reallocated to the Limited Partner shall convert to Class D-5 Common Units immediately prior to the receipt by the Limited Partner of such Reallocable Units.

1. Conversion and Vesting of the Reallocable Units received by the Limited Partner. With respect to the Limited Partner and the Reallocable Units to be reallocated to him, the Limited Partner acknowledges that (i) each Reallocable Unit reallocated to him as described above shall have converted into one Class D-5 Common Unit in the Partnership immediately prior to receipt of each such Common Unit by him and (ii) the Limited Partner will have such rights and obligations with respect to the Reallocable Units reallocated to him as provided by the Limited Partnership Agreement with respect to Common Units of the relevant series of Class D Common Units, except as provided in this Section 1. Notwithstanding the provisions of Sections 8.3(a)(ii) and 8.4 of the Limited Partnership Agreement, the Reallocated Units reallocated to the Limited Partner shall vest in equal installments on each anniversary of the Limited Partner’s admission to the Partnership occurring after the Reallocation Date for five years, beginning on November 10, 2011. If any of the Class D-5 Common Units of the Limited Partner or his Related Trusts, if any, are reallocated pursuant to the provisions of this Agreement and the Limited Partnership Agreement, each such Class D-5 Common Unit shall automatically convert into one Class A Common Unit upon such reallocation but will remain subject to the same vesting requirements as the Class D-5 Common Units of the Limited Partner had been before his Withdrawal. References in the Limited Partnership Agreement to Sections thereof that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

2. Miscellaneous.

(a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto.

(c) This Agreement and any amendment hereto made in accordance with Section 2(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(f) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement.

**Partner Agreement Between
OZ Advisors II LP and James Levin**

This Partner Agreement dated as of June 22, 2011 (the “Reallocation Date”) (as amended, modified, supplemented or restated from time to time, this “Agreement”) reflects the agreement of OZ Advisors II LP (the “Partnership”) and James Levin (the “Limited Partner”) with respect to certain matters concerning the reallocation from the Partnership to the Limited Partner of the unvested Class A Common Units described herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of September 30, 2009 (as amended, modified, supplemented or restated from time to time, the “Limited Partnership Agreement”). This Agreement shall be a “Partner Agreement” (as defined in the Limited Partnership Agreement).

WHEREAS, the Partner Management Committee (the “Committee”), pursuant to the Limited Partnership Agreement, has determined to reallocate certain unvested Class A Common Units (the “Reallocable Units”) from a certain other Limited Partner who has been subject to a Withdrawal to the Partnership and thereafter a certain number of the Reallocable Units shall be reallocated from the Partnership to the Limited Partner on the Reallocation Date; and

WHEREAS, the Committee has determined that the Reallocable Units to be reallocated to the Limited Partner shall convert to Class D-5 Common Units immediately prior to the receipt by the Limited Partner of such Reallocable Units.

1. Conversion and Vesting of the Reallocable Units received by the Limited Partner. With respect to the Limited Partner and the Reallocable Units to be reallocated to him, the Limited Partner acknowledges that (i) each Reallocable Unit reallocated to him as described above shall have converted into one Class D-5 Common Unit in the Partnership immediately prior to receipt of each such Common Unit by him and (ii) the Limited Partner will have such rights and obligations with respect to the Reallocable Units reallocated to him as provided by the Limited Partnership Agreement with respect to Common Units of the relevant series of Class D Common Units, except as provided in this Section 1. Notwithstanding the provisions of Sections 8.3(a)(ii) and 8.4 of the Limited Partnership Agreement, the Reallocated Units reallocated to the Limited Partner shall vest in equal installments on each anniversary of the Limited Partner’s admission to the Partnership occurring after the Reallocation Date for five years, beginning on November 10, 2011. If any of the Class D-5 Common Units of the Limited Partner or his Related Trusts, if any, are reallocated pursuant to the provisions of this Agreement and the Limited Partnership Agreement, each such Class D-5 Common Unit shall automatically convert into one Class A Common Unit upon such reallocation but will remain subject to the same vesting requirements as the Class D-5 Common Units of the Limited Partner had been before his Withdrawal. References in the Limited Partnership Agreement to Sections thereof that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

2. Miscellaneous.

(a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto.

(c) This Agreement and any amendment hereto made in accordance with Section 2(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(f) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement.

**Partner Agreement Between
OZ Management LP and James Levin**

This Partner Agreement dated as of December 13, 2011 (the “Reallocation Date”) (as amended, modified, supplemented or restated from time to time, this “Agreement”) reflects the agreement of OZ Management LP (the “Partnership”) and James Levin (the “Limited Partner”) with respect to certain matters concerning the reallocation from the Partnership to the Limited Partner of the unvested Class A Common Units described herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of September 30, 2009 (as amended, modified, supplemented or restated from time to time, the “Limited Partnership Agreement”). This Agreement shall be a “Partner Agreement” (as defined in the Limited Partnership Agreement).

WHEREAS, the Partner Management Committee (the “Committee”), pursuant to the Limited Partnership Agreement, has determined to reallocate certain unvested Class A Common Units (the “Reallocable Units”) from certain other Limited Partners who have been subject to a Withdrawal to the Partnership and thereafter a certain number of the Reallocable Units shall be reallocated from the Partnership to the Limited Partner on the Reallocation Date; and

WHEREAS, the Committee has determined that the Reallocable Units to be reallocated to the Limited Partner shall convert to Class D-6 Common Units immediately prior to the receipt by the Limited Partner of such Reallocable Units.

1. Conversion and Vesting of the Reallocable Units received by the Limited Partner. With respect to the Limited Partner and the Reallocable Units to be reallocated to him, the Limited Partner acknowledges that (i) each Reallocable Unit reallocated to him as described above shall have converted into one Class D-6 Common Unit in the Partnership immediately prior to receipt of each such Common Unit by him and (ii) the Limited Partner will have such rights and obligations with respect to the Reallocable Units reallocated to him as provided by the Limited Partnership Agreement with respect to Common Units of the relevant series of Class D Common Units, except as provided in this Section 1. Notwithstanding the provisions of Sections 8.3(a)(ii) and 8.4 of the Limited Partnership Agreement, the Reallocable Units reallocated to the Limited Partner shall vest in equal installments on each anniversary of the Limited Partner’s admission to the Partnership occurring after the Reallocation Date for four years, beginning on November 10, 2012. If any of the Class D-6 Common Units of the Limited Partner or his Related Trusts, if any, are reallocated pursuant to the provisions of this Agreement and the Limited Partnership Agreement, each such Class D-6 Common Unit shall automatically convert into one Class A Common Unit upon such reallocation but will remain subject to the same vesting requirements as the Class D-6 Common Units of the Limited Partner had been before his Withdrawal. References in the Limited Partnership Agreement to Sections thereof that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

2. Miscellaneous.

(a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto.

(c) This Agreement and any amendment hereto made in accordance with Section 2(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(f) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement.

IN WITNESS WHEREOF, this Partner Agreement is executed and delivered as of the date first written above by the undersigned, and the undersigned do hereby agree to be bound by the terms and provisions set forth in this Partner Agreement.

GENERAL PARTNER:

OCH-ZIFF HOLDING CORPORATION,
a Delaware corporation

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

LIMITED PARTNER:

/s/ James Levin

Name: James Levin

**Partner Agreement Between
OZ Advisors LP and James Levin**

This Partner Agreement dated as of December 13, 2011 (the “Reallocation Date”) (as amended, modified, supplemented or restated from time to time, this “Agreement”) reflects the agreement of OZ Advisors LP (the “Partnership”) and James Levin (the “Limited Partner”) with respect to certain matters concerning the reallocation from the Partnership to the Limited Partner of the unvested Class A Common Units described herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of September 30, 2009 (as amended, modified, supplemented or restated from time to time, the “Limited Partnership Agreement”). This Agreement shall be a “Partner Agreement” (as defined in the Limited Partnership Agreement).

WHEREAS, the Partner Management Committee (the “Committee”), pursuant to the Limited Partnership Agreement, has determined to reallocate certain unvested Class A Common Units (the “Reallocable Units”) from certain other Limited Partners who have been subject to a Withdrawal to the Partnership and thereafter a certain number of the Reallocable Units shall be reallocated from the Partnership to the Limited Partner on the Reallocation Date; and

WHEREAS, the Committee has determined that the Reallocable Units to be reallocated to the Limited Partner shall convert to Class D-6 Common Units immediately prior to the receipt by the Limited Partner of such Reallocable Units.

1. Conversion and Vesting of the Reallocable Units received by the Limited Partner. With respect to the Limited Partner and the Reallocable Units to be reallocated to him, the Limited Partner acknowledges that (i) each Reallocable Unit reallocated to him as described above shall have converted into one Class D-6 Common Unit in the Partnership immediately prior to receipt of each such Common Unit by him and (ii) the Limited Partner will have such rights and obligations with respect to the Reallocable Units reallocated to him as provided by the Limited Partnership Agreement with respect to Common Units of the relevant series of Class D Common Units, except as provided in this Section 1. Notwithstanding the provisions of Sections 8.3(a)(ii) and 8.4 of the Limited Partnership Agreement, the Reallocable Units reallocated to the Limited Partner shall vest in equal installments on each anniversary of the Limited Partner’s admission to the Partnership occurring after the Reallocation Date for four years, beginning on November 10, 2012. If any of the Class D-6 Common Units of the Limited Partner or his Related Trusts, if any, are reallocated pursuant to the provisions of this Agreement and the Limited Partnership Agreement, each such Class D-6 Common Unit shall automatically convert into one Class A Common Unit upon such reallocation but will remain subject to the same vesting requirements as the Class D-6 Common Units of the Limited Partner had been before his Withdrawal. References in the Limited Partnership Agreement to Sections thereof that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

2. Miscellaneous.

- (a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.
 - (b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto.
 - (c) This Agreement and any amendment hereto made in accordance with Section 2(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.
 - (d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.
 - (e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.
 - (f) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement.
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IN WITNESS WHEREOF, this Partner Agreement is executed and delivered as of the date first written above by the undersigned, and the undersigned do hereby agree to be bound by the terms and provisions set forth in this Partner Agreement.

GENERAL PARTNER:

OCH-ZIFF HOLDING CORPORATION,
a Delaware corporation

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer

LIMITED PARTNER:

/s/ James Levin
Name: James Levin

**Partner Agreement Between
OZ Advisors II LP and James Levin**

This Partner Agreement dated as of December 13, 2011 (the “Reallocation Date”) (as amended, modified, supplemented or restated from time to time, this “Agreement”) reflects the agreement of OZ Advisors II LP (the “Partnership”) and James Levin (the “Limited Partner”) with respect to certain matters concerning the reallocation from the Partnership to the Limited Partner of the unvested Class A Common Units described herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of September 30, 2009 (as amended, modified, supplemented or restated from time to time, the “Limited Partnership Agreement”). This Agreement shall be a “Partner Agreement” (as defined in the Limited Partnership Agreement).

WHEREAS, the Partner Management Committee (the “Committee”), pursuant to the Limited Partnership Agreement, has determined to reallocate certain unvested Class A Common Units (the “Reallocable Units”) from certain other Limited Partners who have been subject to a Withdrawal to the Partnership and thereafter a certain number of the Reallocable Units shall be reallocated from the Partnership to the Limited Partner on the Reallocation Date; and

WHEREAS, the Committee has determined that the Reallocable Units to be reallocated to the Limited Partner shall convert to Class D-6 Common Units immediately prior to the receipt by the Limited Partner of such Reallocable Units.

1. Conversion and Vesting of the Reallocable Units received by the Limited Partner. With respect to the Limited Partner and the Reallocable Units to be reallocated to him, the Limited Partner acknowledges that (i) each Reallocable Unit reallocated to him as described above shall have converted into one Class D-6 Common Unit in the Partnership immediately prior to receipt of each such Common Unit by him and (ii) the Limited Partner will have such rights and obligations with respect to the Reallocable Units reallocated to him as provided by the Limited Partnership Agreement with respect to Common Units of the relevant series of Class D Common Units, except as provided in this Section 1. Notwithstanding the provisions of Sections 8.3(a)(ii) and 8.4 of the Limited Partnership Agreement, the Reallocable Units reallocated to the Limited Partner shall vest in equal installments on each anniversary of the Limited Partner’s admission to the Partnership occurring after the Reallocation Date for four years, beginning on November 10, 2012. If any of the Class D-6 Common Units of the Limited Partner or his Related Trusts, if any, are reallocated pursuant to the provisions of this Agreement and the Limited Partnership Agreement, each such Class D-6 Common Unit shall automatically convert into one Class A Common Unit upon such reallocation but will remain subject to the same vesting requirements as the Class D-6 Common Units of the Limited Partner had been before his Withdrawal. References in the Limited Partnership Agreement to Sections thereof that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

2. Miscellaneous.

(a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto.

(c) This Agreement and any amendment hereto made in accordance with Section 2(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(f) The Limited Partner acknowledges and agrees that, in the event of any conflict between the terms of the Limited Partnership Agreement and the terms of this Agreement with respect to the rights and obligations of the Limited Partner, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement.

IN WITNESS WHEREOF, this Partner Agreement is executed and delivered as of the date first written above by the undersigned, and the undersigned do hereby agree to be bound by the terms and provisions set forth in this Partner Agreement.

GENERAL PARTNER:

OCH-ZIFF HOLDING LLC,
a Delaware limited liability company

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer

LIMITED PARTNER:

/s/ James Levin
Name: James Levin

**Partner Agreement Between
OZ Management LP and James Levin**

This Partner Agreement dated as of January 28, 2013 (as amended, modified, supplemented or restated from time to time, this “Agreement”) reflects the agreement of OZ Management LP (the “Partnership”) and James Levin (the “Limited Partner”) with respect to certain matters concerning (i) the conditional grant by the Partnership to the Limited Partner as of the date hereof (the “Retention Grant Date”) of Class D Common Units under the Amended and Restated Och-Ziff Capital Management Group LLC 2007 Equity Incentive Plan (as amended, modified, supplemented or restated from time to time, the “Plan”) as a retention and long-term compensation award, (ii) the provision for a further conditional grant by the Partnership to the Limited Partner of Class D Common Units under the Plan or a successor plan on or about January 1, 2014 (the “Additional Retention Grant Date”) as an additional element of such retention and long-term compensation award, and (iii) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of August 1, 2012 (as amended, modified, supplemented or restated from time to time, the “Limited Partnership Agreement”), the Partner Agreement dated as of November 10, 2010 that was entered into between the Limited Partner and the Partnership in connection with his admission to the Partnership (as amended, modified, supplemented or restated from time to time, his “Initial Partner Agreement”), the First Amended and Restated Registration Rights Agreement, dated as of August 1, 2012 (as amended, modified, supplemented or restated from time to time, the “Registration Rights Agreement”) and any other Partner Agreements entered into between the Limited Partner and the Partnership prior to the date hereof (such Partner Agreements, together with the Initial Partner Agreement, the “Existing Partner Agreements”). This Agreement shall be a “Partner Agreement” (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement. The Compensation Committee of the Board of Directors of Och-Ziff Capital Management Group LLC (the “Compensation Committee”) has approved the conditional awards of Class D Common Units described in Sections 1 and 2 of this Agreement.

1. Grant of Class D Common Units to the Limited Partner. The Partnership shall conditionally issue to the Limited Partner 12,000,000 Class D Common Units (the “Retention Bonus Units”) pursuant to and subject to the Plan on the Retention Grant Date. Upon such conditional issuance, the General Partner shall designate the Retention Bonus Units as a new series of Class D Common Units pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement and the General Partner shall cause the Limited Partner to be named as the holder of the Retention Bonus Units in the books of the Partnership. Upon issuance, the portion of the Limited Partner's Capital Account balance attributable to the Retention Bonus Units shall be \$0 (zero dollars). Upon issuance, the Retention Bonus Units shall be designated as “Original Common Units” of the Limited Partner (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner with respect to the Retention Bonus Units under the Limited Partnership Agreement shall, except to the extent modified by the terms of this Agreement, be the same as those applicable thereunder to the Common Units he owns immediately prior to the Retention Grant Date.

2. Additional Grant of Class D Common Units to the Limited Partner. The Partnership shall conditionally issue to the Limited Partner 7,000,000 Class D Common Units (the “Additional Retention Bonus Units” and, together with the Retention Bonus Units, the “Retention Units”) pursuant to and subject to the Plan or a successor plan on the Additional Retention Grant Date; provided, however, that, in order to be eligible to receive the Additional Retention Bonus Units, the Limited Partner shall not have been subject to a Withdrawal or Special Withdrawal on or prior to the Additional Retention Grant Date. Upon such conditional issuance, the General Partner shall designate the Additional Retention Bonus Units as a new series of Class D Common Units pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement and the General Partner shall cause the Limited Partner to be named as the holder of the Additional Retention Bonus Units in the books of the Partnership. Upon issuance, the portion of the Limited Partner's Capital Account balance attributable to the Additional Retention Bonus Units shall be \$0 (zero dollars). Upon issuance, the Additional Retention Bonus Units shall be designated as “Original Common Units” of the Limited Partner (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner with respect to the Additional Retention Bonus Units under the Limited Partnership Agreement shall, except to the extent modified by the terms of this Agreement, be the same as those applicable thereunder to the Retention Bonus Units.

3. Withdrawal, Vesting, Non-Compete, Tag-Along Rights and Drag-Along Rights Provisions.

(a) Withdrawal and Vesting Provisions. The following changes shall apply to the provisions of Sections 2.13(g), 8.3(a)(ii) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited Partner and any Related Trusts and their Retention Units:

- (i) the Retention Units shall be treated as Class A Common Units under such Sections of the Limited Partnership Agreement;
 - (ii) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b) of the Limited Partnership Agreement in respect of the Retention Units shall be as set forth in Section 3(b)(ii) below;
 - (iii) the Retention Bonus Units shall, subject to the other terms hereof, conditionally vest in equal installments on each anniversary of January 1, 2013 for ten years, commencing on January 1, 2014 and ending on January 1, 2023;
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(iv) the Additional Retention Bonus Units shall, subject to the other terms hereof, conditionally vest in ten equal installments, with the first such conditional vesting date being the Additional Retention Grant Date and the remaining nine conditional vesting dates being each anniversary of January 1, 2014 for nine years, commencing on January 1, 2015 and ending on January 1, 2023; and

(v) After issuance, the Retention Units shall cease to vest in the event of a Withdrawal prior to January 1, 2023. In addition and notwithstanding the foregoing vesting schedule, if, prior to January 1, 2023, the Limited Partner is subject to a Withdrawal (i) for Cause pursuant to clause (A) of Section 8.3(a)(i) of the Limited Partnership Agreement (a “Withdrawal for Cause”) or (ii) pursuant to clause (C) of Section 8.3(a)(i) of the Limited Partnership Agreement (a “Resignation or Retirement”), then the Limited Partner and his Related Trusts shall only be entitled to retain a number of their conditionally vested Retention Units equal to the product of the Retention Percentage (as defined below) and the number of Retention Units that had become conditionally vested prior to such Withdrawal pursuant to this Section 3(a). All Retention Units that had become conditionally vested but which the Limited Partner and his Related Trusts are not entitled to retain pursuant to the foregoing sentence shall become unvested. The retention of any conditionally vested Retention Units by the Limited Partner and his Related Trusts shall be subject to (i) the Limited Partner complying in all respects with the Limited Partnership Agreement including, without limitation, the restrictions regarding Confidentiality, Intellectual Property, Non-Solicitation, Non-Disparagement, Non-Interference, Short Selling, Hedging Transactions, and Compliance with Policies, set forth in Sections 2.12, 2.13, 2.18, and 2.19 of the Limited Partnership Agreement, and (ii) the Limited Partner executing and not revoking a general release agreement in a form acceptable to the General Partner. Upon a Withdrawal prior to January 1, 2023, all unvested Retention Units of the Limited Partner and his Related Trusts shall be reallocated, as otherwise set forth in Section 8.3(a)(ii) of the Limited Partnership Agreement. If any conditionally vested Retention Units (or any Class A Common Units acquired in respect thereof) are reallocated under this Section 3(a) or Section 3(b)(ii) below, any such reallocated Common Units shall remain conditionally vested. If the Limited Partner is subject to a Withdrawal without Cause (other than a Resignation or Retirement), then the Limited Partner and his Related Trusts shall be entitled to retain 100% of his conditionally vested Retention Units. The “Retention Percentage” shall mean: (i) with respect to a Withdrawal for Cause, 50% and (ii) with respect to a Resignation or Retirement, 70%.

(b) Non-Competition Provisions.

(i) Non-Competition Covenant. Notwithstanding any provisions of the Initial Partner Agreement to the contrary, the Restricted Period with respect to the Limited Partner shall, for purposes of Section 2.13(b) of the Limited Partnership Agreement, conclude on the last day of the 24-month period immediately following the date of the Limited Partner's Special Withdrawal or Withdrawal.

(ii) Consequences of Breach. The grants of Retention Units hereunder shall be conditionally granted subject to the Limited Partner's compliance with the covenants set forth in Section 2.13(b) of the Limited Partnership Agreement. Without limitation or contradiction of the foregoing, and in addition to the applicability of Section 2.13(g) of the Limited Partnership Agreement as described in Section 3(a) above, the Limited Partner agrees that it would be impossible to compute the actual damages resulting from a breach of any such covenants, and that the amounts set forth in this Section 3(b)(ii) are reasonable and do not operate as a penalty, but are a genuine pre-estimate of the anticipated loss that the Partnership and other members of the Och-Ziff Group would suffer from any such covenants. In the event the Limited Partner breaches any such covenants, then the Limited Partner shall have failed to satisfy the condition subsequent to the grants of Retention Units and the Limited Partner agrees that:

(A) on or after the date of such breach, any Retention Units (or any Class A Common Units acquired in respect thereof) received by the Limited Partner and all allocations and distributions on such Common Units that would otherwise have been received by the Limited Partner on or after the date of such breach shall thereafter be reallocated from the Limited Partner in accordance with Section 2.13(g) of the Limited Partnership Agreement, provided that any such Class D Common Units shall be treated as Class A Common Units thereunder;

(B) on or after the date of such breach, no allocations shall be made to the Limited Partner's Capital Accounts and no distributions shall be made to the Limited Partner in respect of any Retention Units (or any Class A Common Units acquired in respect thereof);

(C) on or after the date of such breach, no Transfer (including any exchange pursuant to the Exchange Agreement) of any Retention Units (or any Class A Common Units acquired in respect thereof) of the Limited Partner shall be permitted under any circumstances notwithstanding anything to the contrary in any other agreement;

(D) on or after the date of such breach, no sale, exchange, assignment, pledge, hypothecation, bequeath, creation of an encumbrance, or any other transfer or disposition of any kind may be made of any of the Class A Shares acquired by the Limited Partner through an exchange pursuant to the Exchange Agreement of any Class A Common Units acquired by the Limited Partner in respect of any Retention Units (“Exchanged Class A Shares”); and

(E) on the Reallocation Date, the Limited Partner shall immediately:

- (x) pay to the Continuing Partners, in accordance with Section 2.13(g) of the Limited Partnership Agreement, a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Exchanged Class A Shares that were transferred during the 24-month period prior to the date of such breach; and (ii) any distributions received by the Limited Partner during such 24-month period on Exchanged Class A Shares;
- (y) transfer any Exchanged Class A Shares held by the Limited Partner on and after the date of such breach to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement; and
- (z) pay to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Exchanged Class A Shares that were transferred on or after the date of such breach; and (ii) all distributions received by the Limited Partner on or after the date of such breach on Exchanged Class A Shares.

(c) Tag-Along Rights. Notwithstanding the provisions of Section 8.5 of the Limited Partnership Agreement and the related definitions in Section 1.1 of the Limited Partnership Agreement, with respect to any Tag-Along Offer that:

(i) is for 50% or less of the Class A Shares and Common Units, then, for purposes of applying Section 8.5 of the Limited Partnership Agreement with respect to such Tag-Along Offer and calculating the number of each Potential Tag-Along Seller's Common Units that may participate in such Tag-Along Sale pursuant to the definition of "Tag-Along Securities," only 10% of the unvested Class A Common Units owned by the Limited Partner and any Related Trusts at the time of such calculation that were acquired in respect of the Retention Units shall be taken into account (in addition to all unvested Class A Common Units not acquired in respect of Retention Units and all vested Class A Common Units that they own at such time).

(ii) is for more than 50% of the Class A Shares and Common Units, then, at the option of the Tag-Along Purchaser, (A) all of the vested and unvested Class A Common Units of the Limited Partner and any Related Trusts shall be taken into account for all purposes of the definition of "Tag-Along Securities" and the application of Section 8.5 of the Limited Partnership Agreement with respect to such Tag-Along Sale or (B) all such Class A Common Units other than any unvested Class A Common Units of the Limited Partner and any Related Trusts that were acquired in respect of the Retention Units shall be taken into account for all purposes of the definition of "Tag-Along Securities" and the application of Section 8.5 of the Limited Partnership Agreement and the Limited Partner shall be entitled to a position in the successor entity that is, in the good faith determination of the General Partner and the Limited Partner, substantially similar to his position with the Och-Ziff Group including, without limitation, in respect of ownership (including substantially similar economic rights with respect to ownership of the successor entity as described herein), vesting, responsibilities and title; and the terms of the Limited Partner's position with such successor entity shall be adjusted so that the terms and conditions of such position, including the opportunity for the Limited Partner to receive annual distributions or other compensation from the successor entity, provide the Limited Partner with a substantially similar opportunity to receive the annual distributions or compensation that the Limited Partner had received in the prior year in respect of his ownership; provided that the Limited Partner acknowledges that there can be no assurances that he will receive any specified level of distributions or other compensation in respect of such ownership; provided, further, however, that in the event that the Tag-Along Purchaser requires the other Individual Limited Partners to enter into employment contracts or other agreements extending beyond January 1, 2023 as a condition to the Tag-Along Sale, the application of the foregoing provisions of this Section 3(c)(ii) shall be conditional upon the Limited Partner entering into an employment contract or other agreement with terms that are, in the good faith determination of the General Partner, substantially similar to those executed by other Individual Limited Partners except as provided for above.

(d) Drag-Along Rights Provisions. Notwithstanding the provisions of Section 8.6 of the Limited Partnership Agreement and the related definitions in Section 1.1 of the Limited Partnership Agreement, with respect to any proposed Drag-Along Sale, at the option of the General Partner, (A) all of the vested and unvested Common Units of the Limited Partner and any Related Trusts shall be included for all purposes of the definition of "Drag-Along Securities" and the application of Section 8.6 of the Limited Partnership Agreement; or (B) all such Common Units other than any unvested Retention Units (or any unvested Class A Common Units acquired in respect thereof) shall be included for all purposes of the definition of "Drag-Along Securities" and the application of Section 8.6 of the Limited Partnership Agreement and the Limited Partner shall be entitled to a position in the successor entity that is, in the good faith determination of the General Partner and the Limited Partner, substantially similar to his position with the Och-Ziff Group including, without limitation, in respect of ownership (including substantially similar economic rights with respect to ownership of the successor entity as described herein), vesting, responsibilities and title; and the terms of the Limited Partner's position with such successor entity shall be adjusted so that the terms and conditions of such position, including the opportunity for the Limited Partner to receive annual distributions or other compensation from the successor entity, provide the Limited Partner with a substantially similar opportunity to receive the annual distributions or compensation that the Limited Partner had received in the prior year in respect of his ownership; provided that the Limited Partner acknowledges that there can be no assurances that he will receive any specified level of distributions or other compensation in respect of such ownership; provided, further, however, that in the event that the Drag-Along Purchaser requires the other Individual Limited Partners to enter into employment contracts or other agreements

extending beyond January 1, 2023 as a condition to the Drag-Along Sale, the application of the foregoing provisions of this Section 3(d) shall be conditional upon the Limited Partner entering into an employment contract or other agreement with terms that are, in the good faith determination of the General Partner, substantially similar to those executed by other Individual Limited Partners except as provided for above.

(e) Cross-References. References in the Limited Partnership Agreement to Sections thereof (including Sections 2.13(b), 2.13(g), 8.3(a), 8.4(b), 8.5 and 8.6) (as modified by the Existing Partner Agreements, if applicable) that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

(f) Minimum Retention Requirements. Notwithstanding any provisions of the Limited Partnership Agreement, any Existing Partner Agreement or this Agreement to the contrary, prior to January 1, 2023, neither you nor your Related Trusts shall be permitted to Transfer any Retention Units unless, following the date of such Transfer, you and your Related Trusts continue to hold in the aggregate at least 70% of the Retention Units that have conditionally vested on or before the date of such Transfer (without regard to dispositions, other than dispositions pursuant to Sections 8.5 or 8.6 of the Limited Partnership Agreement (as amended by Sections 3(c) and 3(d) above)).

4. Discretionary Payments under the Initial Partner Agreement. Notwithstanding any provisions of the Initial Partner Agreement to the contrary, the Limited Partner shall not be entitled to receive any Discretionary Payment (as defined in the Initial Partner Agreement) pursuant to the Initial Partner Agreement for fiscal years after fiscal year 2012.

5. Distributions. Notwithstanding any provisions of the Limited Partnership Agreement to the contrary, the Limited Partner shall only be entitled to receive distributions from the Partnership (i) in respect of his Retention Bonus Units beginning with distributions with respect to the income earned by the Partnership in the first quarter of 2013 and (ii) in respect of his Additional Retention Bonus Units beginning with distributions with respect to the income earned by the Partnership in the first quarter of 2014, in each case that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units.

6. Compensation Clawback Policy. As a highly regulated, global alternative asset management firm, Och-Ziff has had a long-standing commitment to ensure that its partners, officers and employees adhere to the highest professional and personal standards. Och-Ziff has long held that under current law fraud, misconduct and malfeasance by any of its partners, officers and employees that leads to a restatement of Och-Ziff's financial results or other fraud or malfeasance committed by the Limited Partner could subject such individuals to a disgorgement of prior compensation and, in light of the highly regulated nature of Och-Ziff's business, that the Compensation Committee would likely pursue such remedy, among others, where appropriate based on the facts and circumstances surrounding the restatement and existing laws. The Compensation Committee will amend its clawback policy, as needed, to the extent that the United States Securities and Exchange Commission adopts the final implementing rules regarding compensation clawbacks mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

7. Registration Rights. The parties hereto acknowledge that the Limited Partner is a Covered Person (as defined in the Registration Rights Agreement) and agree that, upon his Retention Units becoming Registrable Securities (as defined in the Registration Rights Agreement), the Limited Partner shall be entitled to the same rights and preferences granted under the Registration Rights Agreement to all Covered Persons in respect of their Registrable Securities.

8. Acknowledgment. The Limited Partner acknowledges that he has been given the opportunity to ask questions of the Partnership and has consulted with counsel concerning this Agreement to the extent the Limited Partner deems necessary in order to be fully informed with respect thereto.

9. Miscellaneous.

(a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto. Daniel S. Och (or, following the death, Disability or Withdrawal of Daniel S. Och, the Partner Management Committee) in his (or their) sole discretion may amend the provisions of this Agreement relating to the Retention Units or the terms of any Existing Partner Agreements, in whole or in part, at any time, if he (or they) determine in his (or their) sole discretion that the adoption of any such amendments are necessary or desirable to comply with applicable law; provided, however, that, if any such amendment would require the approval of the Compensation Committee, then any such determinations or amendments shall be made by the Compensation Committee in its sole discretion, based on recommendations from Daniel S. Och (or, following the death, Disability or Withdrawal of Daniel S. Och, the Partner Management Committee).

(c) This Agreement and any amendment hereto made in accordance with Section 9(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(f) This Agreement amends the Limited Partnership Agreement and the Existing Partner Agreements to the extent specifically provided herein. The Limited Partner acknowledges and agrees that, in the event of any conflict with respect to the rights and obligations of the Limited Partner between (i) the terms of the Limited Partnership Agreement and the Existing Partner Agreements and (ii) the terms of this Agreement, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement or the Existing Partner Agreements.

(g) Any remedies provided for in this Agreement shall be cumulative in nature and shall be in addition to any other remedies whatsoever (whether by operation of law, equity, contract or otherwise) which any party may otherwise have.

IN WITNESS WHEREOF, this Partner Agreement is executed and delivered as of the date first written above by the undersigned, and the undersigned do hereby agree to be bound by the terms and provisions set forth in this Partner Agreement.

GENERAL PARTNER:

OCH-ZIFF HOLDING CORPORATION,
a Delaware corporation

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer

THE LIMITED PARTNER:

/s/ James Levin
Name: James Levin

**Partner Agreement Between
OZ Advisors LP and James Levin**

This Partner Agreement dated as of January 28, 2013 (as amended, modified, supplemented or restated from time to time, this “Agreement”) reflects the agreement of OZ Advisors LP (the “Partnership”) and James Levin (the “Limited Partner”) with respect to certain matters concerning (i) the conditional grant by the Partnership to the Limited Partner as of the date hereof (the “Retention Grant Date”) of Class D Common Units under the Amended and Restated Och-Ziff Capital Management Group LLC 2007 Equity Incentive Plan (as amended, modified, supplemented or restated from time to time, the “Plan”) as a retention and long-term compensation award, (ii) the provision for a further conditional grant by the Partnership to the Limited Partner of Class D Common Units under the Plan or a successor plan on or about January 1, 2014 (the “Additional Retention Grant Date”) as an additional element of such retention and long-term compensation award, and (iii) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of August 1, 2012 (as amended, modified, supplemented or restated from time to time, the “Limited Partnership Agreement”), the Partner Agreement dated as of November 10, 2010 that was entered into between the Limited Partner and the Partnership in connection with his admission to the Partnership (as amended, modified, supplemented or restated from time to time, his “Initial Partner Agreement”), the First Amended and Restated Registration Rights Agreement, dated as of August 1, 2012 (as amended, modified, supplemented or restated from time to time, the “Registration Rights Agreement”) and any other Partner Agreements entered into between the Limited Partner and the Partnership prior to the date hereof (such Partner Agreements, together with the Initial Partner Agreement, the “Existing Partner Agreements”). This Agreement shall be a “Partner Agreement” (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement. The Compensation Committee of the Board of Directors of Och-Ziff Capital Management Group LLC (the “Compensation Committee”) has approved the conditional awards of Class D Common Units described in Sections 1 and 2 of this Agreement.

1. Grant of Class D Common Units to the Limited Partner. The Partnership shall conditionally issue to the Limited Partner 12,000,000 Class D Common Units (the “Retention Bonus Units”) pursuant to and subject to the Plan on the Retention Grant Date. Upon such conditional issuance, the General Partner shall designate the Retention Bonus Units as a new series of Class D Common Units pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement and the General Partner shall cause the Limited Partner to be named as the holder of the Retention Bonus Units in the books of the Partnership. Upon issuance, the portion of the Limited Partner's Capital Account balance attributable to the Retention Bonus Units shall be \$0 (zero dollars). Upon issuance, the Retention Bonus Units shall be designated as “Original Common Units” of the Limited Partner (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner with respect to the Retention Bonus Units under the Limited Partnership Agreement shall, except to the extent modified by the terms of this Agreement, be the same as those applicable thereunder to the Common Units he owns immediately prior to the Retention Grant Date.

2. Additional Grant of Class D Common Units to the Limited Partner. The Partnership shall conditionally issue to the Limited Partner 7,000,000 Class D Common Units (the “Additional Retention Bonus Units” and, together with the Retention Bonus Units, the “Retention Units”) pursuant to and subject to the Plan or a successor plan on the Additional Retention Grant Date; provided, however, that, in order to be eligible to receive the Additional Retention Bonus Units, the Limited Partner shall not have been subject to a Withdrawal or Special Withdrawal on or prior to the Additional Retention Grant Date. Upon such conditional issuance, the General Partner shall designate the Additional Retention Bonus Units as a new series of Class D Common Units pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement and the General Partner shall cause the Limited Partner to be named as the holder of the Additional Retention Bonus Units in the books of the Partnership. Upon issuance, the portion of the Limited Partner's Capital Account balance attributable to the Additional Retention Bonus Units shall be \$0 (zero dollars). Upon issuance, the Additional Retention Bonus Units shall be designated as “Original Common Units” of the Limited Partner (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner with respect to the Additional Retention Bonus Units under the Limited Partnership Agreement shall, except to the extent modified by the terms of this Agreement, be the same as those applicable thereunder to the Retention Bonus Units.

3. Withdrawal, Vesting, Non-Compete, Tag-Along Rights and Drag-Along Rights Provisions.

(a) Withdrawal and Vesting Provisions. The following changes shall apply to the provisions of Sections 2.13(g), 8.3(a)(ii) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited Partner and any Related Trusts and their Retention Units:

- (i) the Retention Units shall be treated as Class A Common Units under such Sections of the Limited Partnership Agreement;
- (ii) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b) of the Limited Partnership Agreement in respect of the Retention Units shall be as set forth in Section 3(b)(ii) below;

(iii) the Retention Bonus Units shall, subject to the other terms hereof, conditionally vest in equal installments on each anniversary of January 1, 2013 for ten years, commencing on January 1, 2014 and ending on January 1, 2023;

(iv) the Additional Retention Bonus Units shall, subject to the other terms hereof, conditionally vest in ten equal installments, with the first such conditional vesting date being the Additional Retention Grant Date and the remaining nine conditional vesting dates being each anniversary of January 1, 2014 for nine years, commencing on January 1, 2015 and ending on January 1, 2023; and

(v) After issuance, the Retention Units shall cease to vest in the event of a Withdrawal prior to January 1, 2023. In addition and notwithstanding the foregoing vesting schedule, if, prior to January 1, 2023, the Limited Partner is subject to a Withdrawal (i) for Cause pursuant to clause (A) of Section 8.3(a)(i) of the Limited Partnership Agreement (a "Withdrawal for Cause") or (ii) pursuant to clause (C) of Section 8.3(a)(i) of the Limited Partnership Agreement (a "Resignation or Retirement"), then the Limited Partner and his Related Trusts shall only be entitled to retain a number of their conditionally vested Retention Units equal to the product of the Retention Percentage (as defined below) and the number of Retention Units that had become conditionally vested prior to such Withdrawal pursuant to this Section 3(a). All Retention Units that had become conditionally vested but which the Limited Partner and his Related Trusts are not entitled to retain pursuant to the foregoing sentence shall become unvested. The retention of any conditionally vested Retention Units by the Limited Partner and his Related Trusts shall be subject to (i) the Limited Partner complying in all respects with the Limited Partnership Agreement including, without limitation, the restrictions regarding Confidentiality, Intellectual Property, Non-Solicitation, Non-Disparagement, Non-Interference, Short Selling, Hedging Transactions, and Compliance with Policies, set forth in Sections 2.12, 2.13, 2.18, and 2.19 of the Limited Partnership Agreement, and (ii) the Limited Partner executing and not revoking a general release agreement in a form acceptable to the General Partner. Upon a Withdrawal prior to January 1, 2023, all unvested Retention Units of the Limited Partner and his Related Trusts shall be reallocated, as otherwise set forth in Section 8.3(a)(ii) of the Limited Partnership Agreement. If any conditionally vested Retention Units (or any Class A Common Units acquired in respect thereof) are reallocated under this Section 3(a) or Section 3(b)(ii) below, any such reallocated Common Units shall remain conditionally vested. If the Limited Partner is subject to a Withdrawal without Cause (other than a Resignation or Retirement), then the Limited Partner and his Related Trusts shall be entitled to retain 100% of his conditionally vested Retention Units. The "Retention Percentage" shall mean: (i) with respect to a Withdrawal for Cause, 50% and (ii) with respect to a Resignation or Retirement, 70%.

(b) Non-Competition Provisions.

(i) Non-Competition Covenant. Notwithstanding any provisions of the Initial Partner Agreement to the contrary, the Restricted Period with respect to the Limited Partner shall, for purposes of Section 2.13(b) of the Limited Partnership Agreement, conclude on the last day of the 24-month period immediately following the date of the Limited Partner's Special Withdrawal or Withdrawal.

(ii) Consequences of Breach. The grants of Retention Units hereunder shall be conditionally granted subject to the Limited Partner's compliance with the covenants set forth in Section 2.13(b) of the Limited Partnership Agreement. Without limitation or contradiction of the foregoing, and in addition to the applicability of Section 2.13(g) of the Limited Partnership Agreement as described in Section 3(a) above, the Limited Partner agrees that it would be impossible to compute the actual damages resulting from a breach of any such covenants, and that the amounts set forth in this Section 3(b)(ii) are reasonable and do not operate as a penalty, but are a genuine pre-estimate of the anticipated loss that the Partnership and other members of the Och-Ziff Group would suffer from any such covenants. In the event the Limited Partner breaches any such covenants, then the Limited Partner shall have failed to satisfy the condition subsequent to the grants of Retention Units and the Limited Partner agrees that:

(A) on or after the date of such breach, any Retention Units (or any Class A Common Units acquired in respect thereof) received by the Limited Partner and all allocations and distributions on such Common Units that would otherwise have been received by the Limited Partner on or after the date of such breach shall thereafter be reallocated from the Limited Partner in accordance with Section 2.13(g) of the Limited Partnership Agreement, provided that any such Class D Common Units shall be treated as Class A Common Units thereunder;

(B) on or after the date of such breach, no allocations shall be made to the Limited Partner's Capital Accounts and no distributions shall be made to the Limited Partner in respect of any Retention Units (or any Class A Common Units acquired in respect thereof);

(C) on or after the date of such breach, no Transfer (including any exchange pursuant to the Exchange Agreement) of any Retention Units (or any Class A Common Units acquired in respect thereof) of the Limited Partner shall be permitted under any circumstances notwithstanding anything to the contrary in any other agreement;

(D) on or after the date of such breach, no sale, exchange, assignment, pledge, hypothecation, bequeath, creation of an encumbrance, or any other transfer or disposition of any kind may be made of any of the Class A Shares acquired by the Limited Partner through an exchange pursuant to the Exchange Agreement of any Class A Common Units acquired by the Limited Partner in respect of any Retention Units (“Exchanged Class A Shares”); and

(E) on the Reallocation Date, the Limited Partner shall immediately:

- (x) pay to the Continuing Partners, in accordance with Section 2.13(g) of the Limited Partnership Agreement, a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Exchanged Class A Shares that were transferred during the 24-month period prior to the date of such breach; and (ii) any distributions received by the Limited Partner during such 24-month period on Exchanged Class A Shares;
- (y) transfer any Exchanged Class A Shares held by the Limited Partner on and after the date of such breach to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement; and
- (z) pay to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Exchanged Class A Shares that were transferred on or after the date of such breach; and (ii) all distributions received by the Limited Partner on or after the date of such breach on Exchanged Class A Shares.

(c) Tag-Along Rights. Notwithstanding the provisions of Section 8.5 of the Limited Partnership Agreement and the related definitions in Section 1.1 of the Limited Partnership Agreement, with respect to any Tag-Along Offer that:

(i) is for 50% or less of the Class A Shares and Common Units, then, for purposes of applying Section 8.5 of the Limited Partnership Agreement with respect to such Tag-Along Offer and calculating the number of each Potential Tag-Along Seller's Common Units that may participate in such Tag-Along Sale pursuant to the definition of “Tag-Along Securities,” only 10% of the unvested Class A Common Units owned by the Limited Partner and any Related Trusts at the time of such calculation that were acquired in respect of the Retention Units shall be taken into account (in addition to all unvested Class A Common Units not acquired in respect of Retention Units and all vested Class A Common Units that they own at such time).

(ii) is for more than 50% of the Class A Shares and Common Units, then, at the option of the Tag-Along Purchaser, (A) all of the vested and unvested Class A Common Units of the Limited Partner and any Related Trusts shall be taken into account for all purposes of the definition of “Tag-Along Securities” and the application of Section 8.5 of the Limited Partnership Agreement with respect to such Tag-Along Sale or (B) all such Class A Common Units other than any unvested Class A Common Units of the Limited Partner and any Related Trusts that were acquired in respect of the Retention Units shall be taken into account for all purposes of the definition of “Tag-Along Securities” and the application of Section 8.5 of the Limited Partnership Agreement and the Limited Partner shall be entitled to a position in the successor entity that is, in the good faith determination of the General Partner and the Limited Partner, substantially similar to his position with the Och-Ziff Group including, without limitation, in respect of ownership (including substantially similar economic rights with respect to ownership of the successor entity as described herein), vesting, responsibilities and title; and the terms of the Limited Partner’s position with such successor entity shall be adjusted so that the terms and conditions of such position, including the opportunity for the Limited Partner to receive annual distributions or other compensation from the successor entity, provide the Limited Partner with a substantially similar opportunity to receive the annual distributions or compensation that the Limited Partner had received in the prior year in respect of his ownership; provided that the Limited Partner acknowledges that there can be no assurances that he will receive any specified level of distributions or other compensation in respect of such ownership; provided, further, however, that in the event that the Tag-Along Purchaser requires the other Individual Limited Partners to enter into employment contracts or other agreements extending beyond January 1, 2023 as a condition to the Tag-Along Sale, the application of the foregoing provisions of this Section 3(c)(ii) shall be conditional upon the Limited Partner entering into an employment contract or other agreement with terms that are, in the good faith determination of the General Partner, substantially similar to those executed by other Individual Limited Partners except as provided for above.

(d) Drag-Along Rights Provisions. Notwithstanding the provisions of Section 8.6 of the Limited Partnership Agreement and the related definitions in Section 1.1 of the Limited Partnership Agreement, with respect to any proposed Drag-Along Sale, at the option of the General Partner, (A) all of the vested and unvested Common Units of the Limited Partner and any Related Trusts shall be included for all purposes of the definition of “Drag-Along Securities” and the application of Section 8.6 of the Limited Partnership Agreement; or (B) all such Common Units other than any unvested Retention Units (or any unvested Class A Common Units acquired in respect thereof) shall be included for all purposes of the definition of “Drag-Along Securities” and the application of Section 8.6 of the Limited Partnership Agreement and the Limited Partner shall be entitled to a position in the successor entity that is, in the good faith determination of the General Partner and the Limited Partner, substantially similar to his position with the Och-Ziff Group including, without limitation, in respect of ownership (including substantially similar economic rights with respect to ownership of the successor entity as described herein), vesting, responsibilities and title; and the terms of the Limited Partner’s

position with such successor entity shall be adjusted so that the terms and conditions of such position, including the opportunity for the Limited Partner to receive annual distributions or other compensation from the successor entity, provide the Limited Partner with a substantially similar opportunity to receive the annual distributions or compensation that the Limited Partner had received in the prior year in respect of his ownership; provided that the Limited Partner acknowledges that there can be no assurances that he will receive any specified level of distributions or other compensation in respect of such ownership; provided, further, however, that in the event that the Drag-Along Purchaser requires the other Individual Limited Partners to enter into employment contracts or other agreements extending beyond January 1, 2023 as a condition to the Drag-Along Sale, the application of the foregoing provisions of this Section 3(d) shall be conditional upon the Limited Partner entering into an employment contract or other agreement with terms that are, in the good faith determination of the General Partner, substantially similar to those executed by other Individual Limited Partners except as provided for above.

(e) Cross-References. References in the Limited Partnership Agreement to Sections thereof (including Sections 2.13(b), 2.13(g), 8.3(a), 8.4(b), 8.5 and 8.6) (as modified by the Existing Partner Agreements, if applicable) that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

(f) Minimum Retention Requirements. Notwithstanding any provisions of the Limited Partnership Agreement, any Existing Partner Agreement or this Agreement to the contrary, prior to January 1, 2023, neither you nor your Related Trusts shall be permitted to Transfer any Retention Units unless, following the date of such Transfer, you and your Related Trusts continue to hold in the aggregate at least 70% of the Retention Units that have conditionally vested on or before the date of such Transfer (without regard to dispositions, other than dispositions pursuant to Sections 8.5 or 8.6 of the Limited Partnership Agreement (as amended by Sections 3(c) and 3(d) above)).

4. Distributions. Notwithstanding any provisions of the Limited Partnership Agreement to the contrary, the Limited Partner shall only be entitled to receive distributions from the Partnership (i) in respect of his Retention Bonus Units beginning with distributions with respect to the income earned by the Partnership in the first quarter of 2013 and (ii) in respect of his Additional Retention Bonus Units beginning with distributions with respect to the income earned by the Partnership in the first quarter of 2014, in each case that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units.

5. Compensation Clawback Policy. As a highly regulated, global alternative asset management firm, Och-Ziff has had a long-standing commitment to ensure that its partners, officers and employees adhere to the highest professional and personal standards. Och-Ziff has long held that under current law fraud, misconduct and malfeasance by any of its partners, officers and employees that leads to a restatement of Och-Ziff's financial results or other fraud or malfeasance committed by the Limited Partner could subject such individuals to a disgorgement of prior compensation and, in light of the highly regulated nature of Och-Ziff's business, that the Compensation Committee would likely pursue such remedy, among others, where appropriate based on the facts and circumstances surrounding the restatement and existing laws. The Compensation Committee will amend its clawback policy, as needed, to the extent that the United States Securities and Exchange Commission adopts the final implementing rules regarding compensation clawbacks mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

6. Registration Rights. The parties hereto acknowledge that the Limited Partner is a Covered Person (as defined in the Registration Rights Agreement) and agree that, upon his Retention Units becoming Registrable Securities (as defined in the Registration Rights Agreement), the Limited Partner shall be entitled to the same rights and preferences granted under the Registration Rights Agreement to all Covered Persons in respect of their Registrable Securities.

7. Acknowledgment. The Limited Partner acknowledges that he has been given the opportunity to ask questions of the Partnership and has consulted with counsel concerning this Agreement to the extent the Limited Partner deems necessary in order to be fully informed with respect thereto.

8. Miscellaneous.

(a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto. Daniel S. Och (or, following the death, Disability or Withdrawal of Daniel S. Och, the Partner Management Committee) in his (or their) sole discretion may amend the provisions of this Agreement relating to the Retention Units or the terms of any Existing Partner Agreements, in whole or in part, at any time, if he (or they) determine in his (or their) sole discretion that the adoption of any such amendments are necessary or desirable to comply with applicable law; provided, however, that, if any such amendment would require the approval of the Compensation Committee, then any such determinations or amendments shall be made by the Compensation Committee in its sole discretion, based on recommendations from Daniel S. Och (or, following the death, Disability or Withdrawal of Daniel S. Och, the Partner Management Committee).

(c) This Agreement and any amendment hereto made in accordance with Section 8(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(f) This Agreement amends the Limited Partnership Agreement and the Existing Partner Agreements to the extent specifically provided herein. The Limited Partner acknowledges and agrees that, in the event of any conflict with respect to the rights and obligations of the Limited Partner between (i) the terms of the Limited Partnership Agreement and the Existing Partner Agreements and (ii) the terms of this Agreement, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement or the Existing Partner Agreements.

(g) Any remedies provided for in this Agreement shall be cumulative in nature and shall be in addition to any other remedies whatsoever (whether by operation of law, equity, contract or otherwise) which any party may otherwise have.

**Partner Agreement Between
OZ Advisors II LP and James Levin**

This Partner Agreement dated as of January 28, 2013 (as amended, modified, supplemented or restated from time to time, this “Agreement”) reflects the agreement of OZ Advisors II LP (the “Partnership”) and James Levin (the “Limited Partner”) with respect to certain matters concerning (i) the conditional grant by the Partnership to the Limited Partner as of the date hereof (the “Retention Grant Date”) of Class D Common Units under the Amended and Restated Och-Ziff Capital Management Group LLC 2007 Equity Incentive Plan (as amended, modified, supplemented or restated from time to time, the “Plan”) as a retention and long-term compensation award, (ii) the provision for a further conditional grant by the Partnership to the Limited Partner of Class D Common Units under the Plan or a successor plan on or about January 1, 2014 (the “Additional Retention Grant Date”) as an additional element of such retention and long-term compensation award, and (iii) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of August 1, 2012 (as amended, modified, supplemented or restated from time to time, the “Limited Partnership Agreement”), the Partner Agreement dated as of November 10, 2010 that was entered into between the Limited Partner and the Partnership in connection with his admission to the Partnership (as amended, modified, supplemented or restated from time to time, his “Initial Partner Agreement”), the First Amended and Restated Registration Rights Agreement, dated as of August 1, 2012 (as amended, modified, supplemented or restated from time to time, the “Registration Rights Agreement”) and any other Partner Agreements entered into between the Limited Partner and the Partnership prior to the date hereof (such Partner Agreements, together with the Initial Partner Agreement, the “Existing Partner Agreements”). This Agreement shall be a “Partner Agreement” (as defined in the Limited Partnership Agreement). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement. The Compensation Committee of the Board of Directors of Och-Ziff Capital Management Group LLC (the “Compensation Committee”) has approved the conditional awards of Class D Common Units described in Sections 1 and 2 of this Agreement.

1. Grant of Class D Common Units to the Limited Partner. The Partnership shall conditionally issue to the Limited Partner 12,000,000 Class D Common Units (the “Retention Bonus Units”) pursuant to and subject to the Plan on the Retention Grant Date. Upon such conditional issuance, the General Partner shall designate the Retention Bonus Units as a new series of Class D Common Units pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement and the General Partner shall cause the Limited Partner to be named as the holder of the Retention Bonus Units in the books of the Partnership. Upon issuance, the portion of the Limited Partner's Capital Account balance attributable to the Retention Bonus Units shall be \$0 (zero dollars). Upon issuance, the Retention Bonus Units shall be designated as “Original Common Units” of the Limited Partner (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner with respect to the Retention Bonus Units under the Limited Partnership Agreement shall, except to the extent modified by the terms of this Agreement, be the same as those applicable thereunder to the Common Units he owns immediately prior to the Retention Grant Date.

2. Additional Grant of Class D Common Units to the Limited Partner. The Partnership shall conditionally issue to the Limited Partner 7,000,000 Class D Common Units (the “Additional Retention Bonus Units” and, together with the Retention Bonus Units, the “Retention Units”) pursuant to and subject to the Plan or a successor plan on the Additional Retention Grant Date; provided, however, that, in order to be eligible to receive the Additional Retention Bonus Units, the Limited Partner shall not have been subject to a Withdrawal or Special Withdrawal on or prior to the Additional Retention Grant Date. Upon such conditional issuance, the General Partner shall designate the Additional Retention Bonus Units as a new series of Class D Common Units pursuant to the provisions of Section 3.1(f) of the Limited Partnership Agreement and the General Partner shall cause the Limited Partner to be named as the holder of the Additional Retention Bonus Units in the books of the Partnership. Upon issuance, the portion of the Limited Partner's Capital Account balance attributable to the Additional Retention Bonus Units shall be \$0 (zero dollars). Upon issuance, the Additional Retention Bonus Units shall be designated as “Original Common Units” of the Limited Partner (for purposes of the Limited Partnership Agreement) by the General Partner and the rights, duties and obligations of the Limited Partner with respect to the Additional Retention Bonus Units under the Limited Partnership Agreement shall, except to the extent modified by the terms of this Agreement, be the same as those applicable thereunder to the Retention Bonus Units.

3. Withdrawal, Vesting, Non-Compete, Tag-Along Rights and Drag-Along Rights Provisions.

(a) Withdrawal and Vesting Provisions. The following changes shall apply to the provisions of Sections 2.13(g), 8.3(a)(ii) and 8.4(b) of the Limited Partnership Agreement with respect to the Limited Partner and any Related Trusts and their Retention Units:

- (i) the Retention Units shall be treated as Class A Common Units under such Sections of the Limited Partnership Agreement;
- (ii) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b) of the Limited Partnership Agreement in respect of the Retention Units shall be as set forth in Section 3(b)(ii) below;

(iii) the Retention Bonus Units shall, subject to the other terms hereof, conditionally vest in equal installments on each anniversary of January 1, 2013 for ten years, commencing on January 1, 2014 and ending on January 1, 2023;

(iv) the Additional Retention Bonus Units shall, subject to the other terms hereof, conditionally vest in ten equal installments, with the first such conditional vesting date being the Additional Retention Grant Date and the remaining nine conditional vesting dates being each anniversary of January 1, 2014 for nine years, commencing on January 1, 2015 and ending on January 1, 2023; and

(v) After issuance, the Retention Units shall cease to vest in the event of a Withdrawal prior to January 1, 2023. In addition and notwithstanding the foregoing vesting schedule, if, prior to January 1, 2023, the Limited Partner is subject to a Withdrawal (i) for Cause pursuant to clause (A) of Section 8.3(a)(i) of the Limited Partnership Agreement (a “Withdrawal for Cause”) or (ii) pursuant to clause (C) of Section 8.3(a)(i) of the Limited Partnership Agreement (a “Resignation or Retirement”), then the Limited Partner and his Related Trusts shall only be entitled to retain a number of their conditionally vested Retention Units equal to the product of the Retention Percentage (as defined below) and the number of Retention Units that had become conditionally vested prior to such Withdrawal pursuant to this Section 3(a). All Retention Units that had become conditionally vested but which the Limited Partner and his Related Trusts are not entitled to retain pursuant to the foregoing sentence shall become unvested. The retention of any conditionally vested Retention Units by the Limited Partner and his Related Trusts shall be subject to (i) the Limited Partner complying in all respects with the Limited Partnership Agreement including, without limitation, the restrictions regarding Confidentiality, Intellectual Property, Non-Solicitation, Non-Disparagement, Non-Interference, Short Selling, Hedging Transactions, and Compliance with Policies, set forth in Sections 2.12, 2.13, 2.18, and 2.19 of the Limited Partnership Agreement, and (ii) the Limited Partner executing and not revoking a general release agreement in a form acceptable to the General Partner. Upon a Withdrawal prior to January 1, 2023, all unvested Retention Units of the Limited Partner and his Related Trusts shall be reallocated, as otherwise set forth in Section 8.3(a)(ii) of the Limited Partnership Agreement. If any conditionally vested Retention Units (or any Class A Common Units acquired in respect thereof) are reallocated under this Section 3(a) or Section 3(b)(ii) below, any such reallocated Common Units shall remain conditionally vested. If the Limited Partner is subject to a Withdrawal without Cause (other than a Resignation or Retirement), then the Limited Partner and his Related Trusts shall be entitled to retain 100% of his conditionally vested Retention Units. The “Retention Percentage” shall mean: (i) with respect to a Withdrawal for Cause, 50% and (ii) with respect to a Resignation or Retirement, 70%.

(b) Non-Competition Provisions.

(i) Non-Competition Covenant. Notwithstanding any provisions of the Initial Partner Agreement to the contrary, the Restricted Period with respect to the Limited Partner shall, for purposes of Section 2.13(b) of the Limited Partnership Agreement, conclude on the last day of the 24-month period immediately following the date of the Limited Partner's Special Withdrawal or Withdrawal.

(ii) Consequences of Breach. The grants of Retention Units hereunder shall be conditionally granted subject to the Limited Partner's compliance with the covenants set forth in Section 2.13(b) of the Limited Partnership Agreement. Without limitation or contradiction of the foregoing, and in addition to the applicability of Section 2.13(g) of the Limited Partnership Agreement as described in Section 3(a) above, the Limited Partner agrees that it would be impossible to compute the actual damages resulting from a breach of any such covenants, and that the amounts set forth in this Section 3(b)(ii) are reasonable and do not operate as a penalty, but are a genuine pre-estimate of the anticipated loss that the Partnership and other members of the Och-Ziff Group would suffer from any such covenants. In the event the Limited Partner breaches any such covenants, then the Limited Partner shall have failed to satisfy the condition subsequent to the grants of Retention Units and the Limited Partner agrees that:

(A) on or after the date of such breach, any Retention Units (or any Class A Common Units acquired in respect thereof) received by the Limited Partner and all allocations and distributions on such Common Units that would otherwise have been received by the Limited Partner on or after the date of such breach shall thereafter be reallocated from the Limited Partner in accordance with Section 2.13(g) of the Limited Partnership Agreement, provided that any such Class D Common Units shall be treated as Class A Common Units thereunder;

(B) on or after the date of such breach, no allocations shall be made to the Limited Partner's Capital Accounts and no distributions shall be made to the Limited Partner in respect of any Retention Units (or any Class A Common Units acquired in respect thereof);

(C) on or after the date of such breach, no Transfer (including any exchange pursuant to the Exchange Agreement) of any Retention Units (or any Class A Common Units acquired in respect thereof) of the Limited Partner shall be permitted under any circumstances notwithstanding anything to the contrary in any other agreement;

(D) on or after the date of such breach, no sale, exchange, assignment, pledge, hypothecation, bequeath, creation of an encumbrance, or any other transfer or disposition of any kind may be made of any of the Class A Shares acquired by the Limited Partner through an exchange pursuant to the Exchange Agreement of any Class A Common Units acquired by the Limited Partner in respect of any Retention Units (“Exchanged Class A Shares”); and

(E) on the Reallocation Date, the Limited Partner shall immediately:

- (x) pay to the Continuing Partners, in accordance with Section 2.13(g) of the Limited Partnership Agreement, a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Exchanged Class A Shares that were transferred during the 24-month period prior to the date of such breach; and (ii) any distributions received by the Limited Partner during such 24-month period on Exchanged Class A Shares;
- (y) transfer any Exchanged Class A Shares held by the Limited Partner on and after the date of such breach to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement; and
- (z) pay to the Continuing Partners in accordance with Section 2.13(g) of the Limited Partnership Agreement a lump-sum cash amount equal to the sum of: (i) the total after-tax proceeds received by the Limited Partner for any Exchanged Class A Shares that were transferred on or after the date of such breach; and (ii) all distributions received by the Limited Partner on or after the date of such breach on Exchanged Class A Shares.

(c) Tag-Along Rights. Notwithstanding the provisions of Section 8.5 of the Limited Partnership Agreement and the related definitions in Section 1.1 of the Limited Partnership Agreement, with respect to any Tag-Along Offer that:

(i) is for 50% or less of the Class A Shares and Common Units, then, for purposes of applying Section 8.5 of the Limited Partnership Agreement with respect to such Tag-Along Offer and calculating the number of each Potential Tag-Along Seller's Common Units that may participate in such Tag-Along Sale pursuant to the definition of “Tag-Along Securities,” only 10% of the unvested Class A Common Units owned by the Limited Partner and any Related Trusts at the time of such calculation that were acquired in respect of the Retention Units shall be taken into account (in addition to all unvested Class A Common Units not acquired in respect of Retention Units and all vested Class A Common Units that they own at such time).

(ii) is for more than 50% of the Class A Shares and Common Units, then, at the option of the Tag-Along Purchaser, (A) all of the vested and unvested Class A Common Units of the Limited Partner and any Related Trusts shall be taken into account for all purposes of the definition of “Tag-Along Securities” and the application of Section 8.5 of the Limited Partnership Agreement with respect to such Tag-Along Sale or (B) all such Class A Common Units other than any unvested Class A Common Units of the Limited Partner and any Related Trusts that were acquired in respect of the Retention Units shall be taken into account for all purposes of the definition of “Tag-Along Securities” and the application of Section 8.5 of the Limited Partnership Agreement and the Limited Partner shall be entitled to a position in the successor entity that is, in the good faith determination of the General Partner and the Limited Partner, substantially similar to his position with the Och-Ziff Group including, without limitation, in respect of ownership (including substantially similar economic rights with respect to ownership of the successor entity as described herein), vesting, responsibilities and title; and the terms of the Limited Partner’s position with such successor entity shall be adjusted so that the terms and conditions of such position, including the opportunity for the Limited Partner to receive annual distributions or other compensation from the successor entity, provide the Limited Partner with a substantially similar opportunity to receive the annual distributions or compensation that the Limited Partner had received in the prior year in respect of his ownership; provided that the Limited Partner acknowledges that there can be no assurances that he will receive any specified level of distributions or other compensation in respect of such ownership; provided, further, however, that in the event that the Tag-Along Purchaser requires the other Individual Limited Partners to enter into employment contracts or other agreements extending beyond January 1, 2023 as a condition to the Tag-Along Sale, the application of the foregoing provisions of this Section 3(c)(ii) shall be conditional upon the Limited Partner entering into an employment contract or other agreement with terms that are, in the good faith determination of the General Partner, substantially similar to those executed by other Individual Limited Partners except as provided for above.

(d) Drag-Along Rights Provisions. Notwithstanding the provisions of Section 8.6 of the Limited Partnership Agreement and the related definitions in Section 1.1 of the Limited Partnership Agreement, with respect to any proposed Drag-Along Sale, at the option of the General Partner, (A) all of the vested and unvested Common Units of the Limited Partner and any Related Trusts shall be included for all purposes of the definition of “Drag-Along Securities” and the application of Section 8.6 of the Limited Partnership Agreement; or (B) all such Common Units other than any unvested Retention Units (or any unvested Class A Common Units acquired in respect thereof) shall be included for all purposes of the definition of “Drag-Along Securities” and the application of Section 8.6 of the Limited Partnership Agreement and the Limited Partner shall be entitled to a position in the successor entity that is, in the good faith determination of the General Partner and the Limited Partner, substantially similar to his position with the Och-Ziff Group including, without limitation, in respect of ownership (including substantially similar economic rights with respect to ownership of the successor entity as described herein), vesting, responsibilities and title; and the terms of the Limited Partner’s position with such successor entity shall be adjusted so that the terms and conditions of such position, including the opportunity for the

Limited Partner to receive annual distributions or other compensation from the successor entity, provide the Limited Partner with a substantially similar opportunity to receive the annual distributions or compensation that the Limited Partner had received in the prior year in respect of his ownership; provided that the Limited Partner acknowledges that there can be no assurances that he will receive any specified level of distributions or other compensation in respect of such ownership; provided, further, however, that in the event that the Drag-Along Purchaser requires the other Individual Limited Partners to enter into employment contracts or other agreements extending beyond January 1, 2023 as a condition to the Drag-Along Sale, the application of the foregoing provisions of this Section 3(d) shall be conditional upon the Limited Partner entering into an employment contract or other agreement with terms that are, in the good faith determination of the General Partner, substantially similar to those executed by other Individual Limited Partners except as provided for above.

(e) Cross-References. References in the Limited Partnership Agreement to Sections thereof (including Sections 2.13(b), 2.13(g), 8.3(a), 8.4(b), 8.5 and 8.6) (as modified by the Existing Partner Agreements, if applicable) that are modified by this Agreement shall be deemed to refer to such Sections as modified hereby.

(f) Minimum Retention Requirements. Notwithstanding any provisions of the Limited Partnership Agreement, any Existing Partner Agreement or this Agreement to the contrary, prior to January 1, 2023, neither you nor your Related Trusts shall be permitted to Transfer any Retention Units unless, following the date of such Transfer, you and your Related Trusts continue to hold in the aggregate at least 70% of the Retention Units that have conditionally vested on or before the date of such Transfer (without regard to dispositions, other than dispositions pursuant to Sections 8.5 or 8.6 of the Limited Partnership Agreement (as amended by Sections 3(c) and 3(d) above)).

4. Distributions. Notwithstanding any provisions of the Limited Partnership Agreement to the contrary, the Limited Partner shall only be entitled to receive distributions from the Partnership (i) in respect of his Retention Bonus Units beginning with distributions with respect to the income earned by the Partnership in the first quarter of 2013 and (ii) in respect of his Additional Retention Bonus Units beginning with distributions with respect to the income earned by the Partnership in the first quarter of 2014, in each case that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units.

5. Compensation Clawback Policy. As a highly regulated, global alternative asset management firm, Och-Ziff has had a long-standing commitment to ensure that its partners, officers and employees adhere to the highest professional and personal standards. Och-Ziff has long held that under current law fraud, misconduct and malfeasance by any of its partners, officers and employees that leads to a restatement of Och-Ziff's financial results or other fraud or malfeasance committed by the Limited Partner could subject such individuals to a disgorgement of prior compensation and, in light of the highly regulated nature of Och-Ziff's business, that the Compensation Committee would likely pursue such remedy, among others, where appropriate based on the facts and circumstances surrounding the restatement and existing laws. The Compensation Committee will amend its clawback policy, as needed, to the extent that the United States Securities and Exchange Commission adopts the final implementing rules regarding compensation clawbacks mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

6. Registration Rights. The parties hereto acknowledge that the Limited Partner is a Covered Person (as defined in the Registration Rights Agreement) and agree that, upon his Retention Units becoming Registrable Securities (as defined in the Registration Rights Agreement), the Limited Partner shall be entitled to the same rights and preferences granted under the Registration Rights Agreement to all Covered Persons in respect of their Registrable Securities.

7. Acknowledgment. The Limited Partner acknowledges that he has been given the opportunity to ask questions of the Partnership and has consulted with counsel concerning this Agreement to the extent the Limited Partner deems necessary in order to be fully informed with respect thereto.

8. Miscellaneous.

(a) Any notice required or permitted under this Agreement shall be given in accordance with Section 10.10 of the Limited Partnership Agreement.

(b) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto. Daniel S. Och (or, following the death, Disability or Withdrawal of Daniel S. Och, the Partner Management Committee) in his (or their) sole discretion may amend the provisions of this Agreement relating to the Retention Units or the terms of any Existing Partner Agreements, in whole or in part, at any time, if he (or they) determine in his (or their) sole discretion that the adoption of any such amendments are necessary or desirable to comply with applicable law; provided, however, that, if any such amendment would require the approval of the Compensation Committee, then any such determinations or amendments shall be made by the Compensation Committee in its sole discretion, based on recommendations from Daniel S. Och (or, following the death, Disability or Withdrawal of Daniel S. Och, the Partner Management Committee).

(c) This Agreement and any amendment hereto made in accordance with Section 8(b) hereof shall be binding as to executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Limited Partner, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(d) If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable, and any limitations on the scope or duration of any such provision necessary to make it valid and enforceable shall be deemed to be part thereof, and no invalidity or unenforceability of any provision shall affect any other portion of this Agreement unless the provision deemed to be so invalid or unenforceable is a material element of this Agreement, taken as a whole.

(e) The failure by any party hereto to enforce at any time any provision of this Agreement, or to require at any time performance by any party hereto of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of any party hereto thereafter to enforce each and every such provision in accordance with its terms.

(f) This Agreement amends the Limited Partnership Agreement and the Existing Partner Agreements to the extent specifically provided herein. The Limited Partner acknowledges and agrees that, in the event of any conflict with respect to the rights and obligations of the Limited Partner between (i) the terms of the Limited Partnership Agreement and the Existing Partner Agreements and (ii) the terms of this Agreement, the terms of this Agreement shall control. Except as specifically provided herein, this Agreement shall not otherwise affect any of the terms of the Limited Partnership Agreement or the Existing Partner Agreements.

(g) Any remedies provided for in this Agreement shall be cumulative in nature and shall be in addition to any other remedies whatsoever (whether by operation of law, equity, contract or otherwise) which any party may otherwise have.

IN WITNESS WHEREOF, this Partner Agreement is executed and delivered as of the date first written above by the undersigned, and the undersigned do hereby agree to be bound by the terms and provisions set forth in this Partner Agreement.

GENERAL PARTNER:

OCH-ZIFF HOLDING LLC,
a Delaware limited liability company

By: /s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer

THE LIMITED PARTNER:

/s/ James Levin
Name: James Levin

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 15(d)-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: May 2, 2014

/s/ Daniel S. Och
Name: Daniel S. Och
Title: Chief Executive Officer and Executive Managing
Director

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 15(d)-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: May 2, 2014

/s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer, Senior Chief Operating
Officer and Executive Managing Director

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 March 31, 2014, 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: May 2, 2014

/s/ Daniel S. Och
Name: Daniel S. Och
Title: Chief Executive Officer and Executive Managing Director

Date: May 2, 2014

/s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer, Senior Chief Operating Officer and Executive Managing Director

