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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2018

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) 790-0000

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 July 30, 2018, there were 191,414,891 Class A Shares and 303,839,478 Class B Shares outstanding.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
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Defined Terms

2007 Offerings	Refers collectively to our IPO and the concurrent private offering of approximately 38.1 million Class A Shares to DIC Sahir Limited, a wholly owned indirect subsidiary of Dubai Holdings LLC
active executive managing directors	Executive managing directors who remain active in our business
Annual Report	Our annual report on Form 10-K for the year ended December 31, 2017, dated February 23, 2018 and filed with the SEC
Class A Shares	Our Class A Shares, representing Class A limited liability company interests of Och-Ziff Capital Management Group LLC, which are publicly traded and listed on the NYSE
Class B Shares	Class B Shares of Och-Ziff Capital Management Group LLC, which are not publicly traded, are currently held solely by our executive managing directors and have no economic rights but entitle the holders thereof to one vote per share together with the holders of our Class A Shares
CLOs	Collateralized loan obligations
Exchange Act	Securities Exchange Act of 1934, as amended
executive managing directors	The current limited partners of the Oz Operating Partnerships other than our intermediate holding companies, including our founder, Daniel S. Och, and, except where the context requires otherwise, include certain limited partners who are no longer active in our business
funds	The multi-strategy funds, dedicated credit funds, including opportunistic credit funds and Institutional Credit Strategies products, real estate funds and other alternative investment vehicles for which we provide asset management services
GAAP	U.S. generally accepted accounting principles
Group A Units	Refers collectively to one Class A operating group unit in each of the Oz Operating Partnerships. Group A Units are equity interests held by our executive managing directors
Group B Units	Refers collectively to one Class B operating group unit in each of the Oz Operating Partnerships. Group B Units are equity interests held by our intermediate holding companies
Group D Units	Refers collectively to one Class D operating group unit in each of the Oz Operating Partnerships. Group D Units are non-equity, limited partner profits interests held by our executive managing directors
Group P Units	Refers collectively to one Class P operating group unit in each of the Oz Operating Partnerships. Group P Units are equity interests held by our executive managing directors
Institutional Credit Strategies	Our asset management platform that invests in performing credits, including leveraged loans, high-yield bonds, private credit/ bespoke financing and investment grade credit via CLOs and other customized solutions
intermediate holding companies	Refers collectively to Oz Corp and Oz Holding, both of which are wholly owned subsidiaries of Och-Ziff Capital Management Group LLC
IPO	Our initial public offering of 36.0 million Class A Shares that occurred in November 2007

<i>NYSE</i>	New York Stock Exchange
<i>the Company, the firm, we, us, our</i>	Refers, unless the context requires otherwise, to Och-Ziff Capital Management Group LLC, a Delaware limited liability company, and its consolidated subsidiaries, including the Oz Operating Group
<i>Oz Corp</i>	Och-Ziff Holding Corporation, a Delaware corporation
<i>Oz Holding</i>	Och-Ziff Holding LLC, a Delaware limited liability company
<i>Oz Operating Group</i>	Refers collectively to the Oz Operating Partnerships and their consolidated subsidiaries
<i>Oz Operating Partnerships</i>	Refers collectively to OZ Management LP, OZ Advisors LP and OZ Advisors II LP
<i>Partner Equity Units</i>	Refers collectively to the Group A Units and Group P Units
<i>Preferred Units</i>	One Class A cumulative preferred unit in each of the Oz Operating Partnerships collectively represents one “Preferred Unit.” Certain of our executive managing directors collectively own 100% of the Preferred Units
<i>PSUs</i>	Class A performance-based RSUs
<i>Registrant</i>	Och-Ziff Capital Management Group LLC, a Delaware limited liability company
<i>RSUs</i>	Class A restricted share units
<i>SEC</i>	U.S. Securities and Exchange Commission
<i>Securities Act</i>	Securities Act of 1933, as amended
<i>Special Investments</i>	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
<i>Ziffs</i>	Refers collectively to Ziff Investors Partnership, L.P. II and certain of its affiliates and control persons

Available Information

We file annual, quarterly and current reports, proxy statements and other information required by the Exchange Act with the SEC. We make available free of charge on our website (www.ozm.com) our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and any amendments to those filings as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. We also use our website to distribute company information, and such information may be deemed material. Accordingly, investors should monitor our website, in addition to our press releases, SEC filings and public conference calls and webcast. The contents of our website are not, however, a part of this report.

Also posted on our website in the “Public Investors – Governance” section are charters for our Audit Committee; Compensation Committee; Nominating, Corporate Governance and Conflicts Committee and Corporate Responsibility and Compliance Committee, as well as our Corporate Governance Guidelines and Code of Business Conduct and Ethics governing our directors, officers and employees. Information on, or accessible through, our website is not a part of, and is not incorporated into, this report or any other SEC filing. Copies of our SEC filings or corporate governance materials are available without charge upon written request to Och-Ziff Capital Management Group LLC, 9 West 57 th Street, New York, New York 10019, Attention: Office of the Secretary.

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

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

Forward-Looking Statements

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

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

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

If one or more of these or other risks or uncertainties materialize, or if our assumptions or estimates prove to be incorrect, our actual results may vary materially from those indicated in these statements. These factors are not and should not be

construed as exhaustive and should be read in conjunction with the other cautionary statements and risks that are included in our filings with the SEC, including but not limited to our Annual Report.

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
CONSOLIDATED BALANCE SHEETS — UNAUDITED

	June 30, 2018	December 31, 2017
(dollars in thousands)		
Assets		
Cash and cash equivalents	\$ 183,968	\$ 469,513
Investments (includes assets measured at fair value of \$398,917 and \$224,722 as of June 30, 2018 and December 31, 2017, respectively)	433,111	238,974
Income and fees receivable	59,172	354,456
Due from related parties	32,252	28,202
Deferred income tax assets	365,519	375,230
Other assets, net	83,455	116,361
<i>Assets of consolidated funds:</i>		
Investments of consolidated funds, at fair value	80,006	43,366
Other assets of consolidated funds	45,021	13,331
Total Assets	\$ 1,282,504	\$ 1,639,433
Liabilities and Shareholders' (Deficit) Equity		
Liabilities		
Compensation payable	\$ 47,571	\$ 208,639
Unearned incentive	57,255	143,710
Due to related parties	281,722	281,555
Debt obligations	307,567	569,379
Other liabilities	65,242	75,122
<i>Liabilities of consolidated funds:</i>		
Other liabilities of consolidated funds	51,093	11,340
Total Liabilities	810,450	1,289,745
Commitments and Contingencies (Note 15)		
Redeemable Noncontrolling Interests (Note 3)	473,507	445,617
Shareholders' (Deficit) Equity		
Class A Shares, no par value, 1,000,000,000 shares authorized, 191,269,585 and 189,573,210 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	—	—
Class B Shares, no par value, 750,000,000 shares authorized, 303,839,478 and 339,339,478 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	—	—
Paid-in capital	3,119,464	3,102,074
Accumulated deficit	(3,540,803)	(3,555,905)
Shareholders' deficit attributable to Class A Shareholders	(421,339)	(453,831)
Shareholders' equity attributable to noncontrolling interests	419,886	357,902
Total Shareholders' (Deficit) Equity	(1,453)	(95,929)
Total Liabilities, Redeemable Noncontrolling Interests and Shareholders' (Deficit) Equity	\$ 1,282,504	\$ 1,639,433

See notes to consolidated financial statements.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) — UNAUDITED

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
(dollars in thousands)				
Revenues				
Management fees	\$ 70,593	\$ 80,082	\$ 143,043	\$ 166,337
Incentive income	34,656	66,115	85,490	117,741
Other revenues	3,867	1,781	8,409	2,557
Income of consolidated funds	650	968	1,234	1,463
Total Revenues	109,766	148,946	238,176	288,098
Expenses				
Compensation and benefits	74,502	69,679	143,426	139,622
Interest expense	7,505	5,152	14,103	11,432
General, administrative and other	48,509	35,165	86,359	81,093
Expenses of consolidated funds	24	460	108	544
Total Expenses	130,540	110,456	243,996	232,691
Other (Loss) Income				
Net losses on early retirement of debt	(14,303)	—	(14,303)	—
Net (losses) gains on investments in funds and joint ventures	(785)	65	(473)	786
Net (losses) gains of consolidated funds	(26)	385	466	620
Total Other (Loss) Income	(15,114)	450	(14,310)	1,406
(Loss) Income Before Income Taxes	(35,888)	38,940	(20,130)	56,813
Income taxes	(2,524)	3,244	488	15,300
Consolidated and Comprehensive Net (Loss) Income	(33,364)	35,696	(20,618)	41,513
Less: Loss (Income) attributable to noncontrolling interests	21,440	(22,142)	12,805	(31,920)
Less: Income attributable to redeemable noncontrolling interests	(332)	(456)	(953)	(806)
Net (Loss) Income Attributable to Och-Ziff Capital Management Group LLC	(12,256)	13,098	(8,766)	8,787
Less: Change in redemption value of Preferred Units	—	—	—	(2,853)
Net (Loss) Income Attributable to Class A Shareholders	\$ (12,256)	\$ 13,098	\$ (8,766)	\$ 5,934
(Loss) Earnings per Class A Share				
(Loss) Income per Class A Share - basic	\$ (0.06)	\$ 0.07	\$ (0.05)	\$ 0.03
(Loss) Income per Class A Share - diluted	\$ (0.06)	\$ 0.07	\$ (0.05)	\$ 0.03
Weighted-average Class A Shares outstanding - basic	192,562,459	186,142,576	192,397,606	186,183,971
Weighted-average Class A Shares outstanding - diluted	192,562,459	186,142,576	192,397,606	186,183,971
Dividends Paid per Class A Share	\$ 0.02	\$ 0.02	\$ 0.09	\$ 0.03

See notes to consolidated financial statements.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' (DEFICIT) EQUITY — UNAUDITED

Och-Ziff Capital Management Group LLC							
	Number of Class A Shares	Number of Class B Shares	Paid-in Capital	Accumulated Deficit	Shareholders' Deficit Attributable to Class A Shareholders	Shareholders' Equity Attributable to Noncontrolling Interests	Total Shareholders' Equity (Deficit)
(dollars in thousands)							
As of December 31, 2017	189,573,210	339,339,478	\$ 3,102,074	\$ (3,555,905)	\$ (453,831)	\$ 357,902	\$ (95,929)
Impact of adoption of ASU 2014-09	—	—	—	41,922	41,922	75,062	116,984
Capital contributions	—	—	—	—	—	878	878
Capital distributions	—	—	—	—	—	(24,483)	(24,483)
Cash dividends declared on Class A Shares	—	—	—	(17,177)	(17,177)	—	(17,177)
Dividend equivalents on Class A restricted share units	—	—	877	(877)	—	—	—
Equity-based compensation, net of taxes	1,696,375	(35,500,000)	16,828	—	16,828	23,017	39,845
Impact of changes in Oz Operating Group ownership (Note 3)	—	—	(315)	—	(315)	315	—
Comprehensive net loss, excluding amounts attributable to redeemable noncontrolling interests	—	—	—	(8,766)	(8,766)	(12,805)	(21,571)
As of June 30, 2018	191,269,585	303,839,478	\$ 3,119,464	\$ (3,540,803)	\$ (421,339)	\$ 419,886	\$ (1,453)

See notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2018	2017
	(dollars in thousands)	
Cash Flows from Operating Activities		
Consolidated net (loss) income	\$ (20,618)	\$ 41,513
<i>Adjustments to reconcile consolidated net (loss) income to net cash provided by operating activities:</i>		
Amortization of equity-based compensation	45,537	41,438
Depreciation, amortization and net gains and losses on fixed assets	5,166	5,456
Net losses on early retirement of debt	14,303	—
Deferred income taxes	(1,653)	12,206
Net losses (gains) on investments in funds and joint ventures, net of dividends	1,941	(786)
<i>Operating cash flows due to changes in:</i>		
Income and fees receivable	324,119	95,518
Due from related parties	(4,049)	(9,519)
Other assets, net	33,070	(14,447)
Compensation payable	(164,122)	(158,639)
Unearned incentive income	12,967	11,395
Due to related parties	167	333
Other liabilities	(9,799)	8,120
<i>Consolidated funds related items:</i>		
Net gains of consolidated funds	(466)	(620)
Purchases of investments	(170,149)	(189,826)
Proceeds from sale of investments	133,992	96,664
Other assets of consolidated funds	(31,706)	(14,597)
Other liabilities of consolidated funds	39,752	6,420
Cash Provided by (Used in) Operating Activities	208,452	(69,371)
Cash Flows from Investing Activities		
Purchases of fixed assets	(2,360)	(3,292)
Proceeds from sale of fixed assets	—	57,599
Purchases of United States government obligations	(250,555)	(99,468)
Maturities of United States government obligations	13,000	—
Investments in funds	(127,279)	(23,609)
Proceeds from sales and maturities in investments in funds	166,383	2,647
Cash Used in Investing Activities	(200,811)	(66,123)

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS — (continued)

	Six Months Ended June 30,	
	2018	2017
	(dollars in thousands)	
Cash Flows from Financing Activities		
Issuance and sale of Preferred Units, net of issuance costs	—	150,054
Contributions from noncontrolling and redeemable noncontrolling interests	38,163	2,842
Distributions to noncontrolling and redeemable noncontrolling interests	(34,832)	(10,197)
Dividends on Class A Shares	(17,177)	(5,552)
Proceeds from debt obligations, net of issuance costs	301,678	17,466
Repayment of debt obligations, including prepayment fees	(577,759)	(167,319)
Proceeds from debt obligations of consolidated CLO	—	94,882
Other	(3,259)	(630)
Cash (Used in) Provided by Financing Activities	(293,186)	81,546
Net Change in Cash and Cash Equivalents	(285,545)	(53,948)
Cash and Cash Equivalents, Beginning of Period	469,513	329,813
Cash and Cash Equivalents, End of Period	\$ 183,968	\$ 275,865

Supplemental Disclosure of Cash Flow Information

Cash paid during the period:

Interest	\$ 18,199	\$ 10,958
Income taxes	\$ 1,636	\$ 2,180

Non-cash transactions:

Assets related to the initial consolidation of CLO	\$ —	\$ 100,156
Liabilities related to the initial consolidation of CLO	\$ —	\$ 99,878

See notes to consolidated financial statements.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
JUNE 30, 2018

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, Shanghai and Houston. The Company provides asset management services to its investment funds, which pursue a broad range of global investment opportunities. The Company currently manages multi-strategy funds, dedicated credit funds, including opportunistic credit funds and Institutional Credit Strategies products, real estate funds and other alternative investment vehicles (collectively the “funds”). Through Institutional Credit Strategies, the Company’s asset management platform that invests in performing credits, the Company manages collateralized loan obligations (“CLOs”) and other customized solutions for clients.

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

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

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

The Company conducts its operations through OZ Management LP, OZ Advisors LP and OZ Advisors II LP and their consolidated subsidiaries (collectively, the “Oz 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 Company’s intermediate holding companies, and include the Company’s founder, Daniel S. Och, and, except where the context requires otherwise, include certain limited partners who are no longer active in the business of the Company. References to the Company’s “active executive managing directors” refer to executive managing directors who remain active in the Company’s business. References to the “Ziffs” refer collectively to Ziff Investors Partnership, L.P. II and certain of its affiliates and control persons. References to the Company’s “intermediate holding companies” refer, collectively, to Och-Ziff Holding Corporation (“Oz Corp”) and Och-Ziff Holding LLC, each 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, 2017 (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. All significant intercompany transactions and balances have been eliminated in consolidation.

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. For example, incentive income for the majority of the Company’s multi-strategy assets under management is recognized in the fourth quarter each year, based on full year investment performance.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
JUNE 30, 2018

Revenue Recognition Policies

The Company provides asset management services to its customers, including certain administrative services related to the funds' operations, in exchange for management and incentive fees, which are included in the Company's agreements with its customers. The services provided in connection with the identified performance obligations are satisfied over time. The agreements are generally automatically renewed on an annual basis unless the agreements are terminated by the general partner or directors of the respective funds.

Management Fees

Management fees for the Company's multi-strategy funds typically range from 0.98% to 2.25% annually of assets under management based on the net asset value of these funds. For the Company's opportunistic credit funds, management fees typically range from 0.75% to 1.75% annually based on the net asset value of these funds. Management fees for Institutional Credit Strategies, which relate primarily to the Company's CLOs, generally range from 0.35% to 0.50% annually, and for CLOs are based on the par value of the collateral and cash held in the CLOs. Management fees for the Company's real estate funds typically range from 0.75% to 1.50% annually based on the amount of capital committed or invested during the investment period, and on the amount of invested capital after the investment period. Management fees are recognized over the period during which the related services are performed.

Management fees are generally calculated and paid to the Company 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 the Company's 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.

The Company considers management fees to be a form of variable consideration, as the amount earned each quarter may depend on various contingencies, such as the value of assets under management, capital inflows and outflows during the period, or changes in committed or invested capital. Management fees, however, are generally crystallized at the end of each reporting period and are not subject to clawback and, therefore, the value of the management fees the Company is entitled to receive at the end of each quarter is generally no longer subject to the constraint.

Incentive Income

The Company earns incentive income based on the cumulative performance of the funds over a commitment period. Prior to the adoption of new revenue recognition accounting guidance in 2018, incentive income was recognized at the end of the applicable commitment period when the amounts were contractually payable, or "crystallized," and when no longer subject to clawback. Beginning in 2018, as a result of the adoption of the new revenue recognition accounting guidance, the Company recognizes incentive income when such amounts are probable of not significantly reversing.

Incentive income is typically equal to 20% of the realized and unrealized profits, net of management fees, attributable to each fund investor in the Company's multi-strategy funds, open-end opportunistic credit funds and certain other funds. Incentive income excludes unrealized gains and losses attributable to investments that the Company, as investment manager, believes lack a readily ascertainable market value, are illiquid or should be held until the resolution of a special event or circumstance ("Special Investments"). For the Company's closed-end opportunistic credit funds, real estate funds and certain other funds, incentive income is typically equal to 20% of the realized profits, net of management fees, attributable to each fund investor. For CLOs, incentive income is typically 20% of the excess cash flows available to the holders of the subordinated notes.

The Company's ability to earn incentive income from some of its funds may be impacted by hurdle rates, whereby the Company is not entitled to incentive income until the investment returns exceed an agreed upon benchmark. For a portion of

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
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these assets subject to hurdle rates, once the investment performance has exceeded the hurdle rate, the Company may receive a preferential “catch-up” allocation, equal to a full 20% of the net profits attributable to investors in these assets.

All of the Company’s multi-strategy funds and open-end opportunistic credit funds are subject to a perpetual loss carry forward, or perpetual “high-water mark,” meaning the Company will not be able to earn incentive income with respect to positive investment performance it generates 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. The Company earns incentive income on any profits, net of management fees, in excess of the high-water mark.

The commitment period for most of the Company’s multi-strategy assets under management is for a period of one year on a calendar-year basis with income recognized annually, and therefore it generally crystallizes incentive income annually on December 31. The Company may also recognize incentive income related to fund investor redemptions at other times during the year, as well as on assets under management subject to commitment periods that are longer than one year. The Company may also recognize incentive income for tax distributions related to these assets. Such distributions are amounts distributed to the Company to cover tax liabilities related to incentive income that has been accrued at the fund level but would otherwise not be recognized by the Company until it is probable that a significant reversal will not occur. These distributions are not subject to clawback once distributed to the Company.

Incentive income is considered variable consideration, the recognition of which is subject to constraint. Incentive income is no longer constrained when it is probable that a significant reversal will not occur. Determining the amount of incentive income to record is subject to qualitative and quantitative factors including, where a fund is in its life-cycle, whether the Company has received or is entitled to receive incentive income distributions and potential sales of fund investments. The Company continuously evaluates whether there are additional considerations that could potentially impact the recognition of incentive income. To the extent that distributions have been received, but for which the recognition of incentive income is not appropriate, the Company will recognize a liability for unearned incentive income.

See Note 9 for additional information regarding the Company’s revenues.

Other Revenues

Other revenues consist primarily of interest income on investments in CLOs and cash and cash equivalents. Interest income is recognized on an effective yield basis. Additionally, prior to the sale of the Company’s aircraft in the first half of 2017, revenue related to non-business use of the corporate aircraft by certain executive managing directors was also included within other revenues. Revenue earned from non-business use of the corporate aircraft was recognized on an accrual basis based on actual flight hours.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*, and most industry-specific revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company adopted ASU 2014-09 using a modified retrospective application approach as of the beginning of the first quarter of 2018 to all contracts within the scope of the standard as of the date of adoption. As a result of the adoption of ASU 2014-09, the Company recognized certain incentive income earlier than as prescribed under guidance in effect for fiscal year 2017, as the threshold for recognition of incentive income under ASU 2014-09 is lower than under the previous standard. The Company recognized an opening adjustment to shareholders’ equity of \$117.0 million, which is net of \$11.3 million of income tax, of which \$41.9 million was attributable to Class A shareholders.

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The following table details the post-tax impact on the Company's opening shareholders' equity, by fund type, upon the adoption of ASU 2014-09:

	(dollars in thousands)	
Multi-strategy funds	\$	2,727
Opportunistic credit funds		24,462
Real estate funds		89,795
Total	\$	116,984

The adoption of this guidance resulted in a decrease to the liability for unearned incentive income of \$99.4 million and an increase in income and fees receivable of \$28.8 million.

None of the other changes to GAAP that went into effect in the six months ended June 30, 2018 had a material effect on the Company's consolidated financial statements.

Future Adoption of Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 significantly changes accounting for lease arrangements, in particular from the perspective of the lessee. The Company has determined that most of its operating leases will be reported as lease obligations, along with offsetting right to use assets on its consolidated balance sheet at their present value, and will continue to recognize associated expenses within consolidated net income (loss) in a manner similar to the existing accounting for leases (i.e., on a straight-line basis over the lease term). Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The requirements of ASU 2016-02 are effective for the Company beginning in the first quarter of 2019. See Note 15 of the Company's Annual Report for details related to the Company's existing operating lease obligations.

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

3. NONCONTROLLING INTERESTS AND OZ OPERATING GROUP OWNERSHIP

Noncontrolling interests represent ownership interests in the Company's subsidiaries held by parties other than the Company, and primarily relate to the Group A Units held by the Company's executive managing directors. Net (loss) income attributable to the Group A Units is driven by the earnings of the Oz Operating Group.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Group A Units	\$ (21,915)	\$ 22,010	\$ (13,545)	\$ 31,645
Other	475	132	740	275
	\$ (21,440)	\$ 22,142	\$ (12,805)	\$ 31,920

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

	June 30, 2018	December 31, 2017
	(dollars in thousands)	
Group A Units	\$ 415,066	\$ 353,791
Other	4,820	4,111
	\$ 419,886	\$ 357,902

The Preferred Units and fund investors' interests in certain consolidated funds are redeemable outside of the Company's control. These interests are classified within redeemable noncontrolling interests in the consolidated balance sheets. The following table presents the activity in redeemable noncontrolling interests:

	Six Months Ended June 30, 2018		
	Consolidated Funds	Preferred Units	Total
	(dollars in thousands)		
Beginning balance	\$ 25,617	\$ 420,000	\$ 445,617
Capital contributions	37,285	—	37,285
Capital distributions	(10,348)	—	(10,348)
Comprehensive income	953	—	953
Ending Balance	\$ 53,507	\$ 420,000	\$ 473,507

Oz Operating Group Ownership

The Company's equity interest in the Oz Operating Group increased to 42.2% as of June 30, 2018, from 41.5% as of December 31, 2017, (excluding Group P Units, as they are not yet participating in the economics of the Oz Operating Group). Changes in the Company's interest in the Oz Operating Group have historically been, and in the future may be, driven by the following: (i) the exchange of Group A Units and Group P Units for an equal number of Class A Shares, at which time the related Class B Shares are also canceled; (ii) the issuance of Class A Shares under the Company's Amended and Restated 2007 Equity Incentive Plan and 2013 Incentive Plan related to the settlement of Class A restricted share units (the "RSUs") or Class A performance-based RSUs (the "PSUs"); (iii) the forfeiture of Group A Units and participating Group P Units by a departing executive managing director; and (iv) the repurchase of Class A Shares and Group A Units. The Company's interest in the Oz Operating Group is expected to continue to increase over time as additional Class A Shares are issued upon the exchange of Group A Units and Group P Units, as well as the settlement of vested RSUs or PSUs. These increases will be offset upon any conversion by an executive managing director of Group D Units, which are not considered equity for GAAP purposes, into Group A Units, at which time an equal number of Class B Shares is also issued to the executive managing director. Additionally, the Company's economic interest in the Oz Operating Group will decline when Group P Units begin to participate, as described in Note 10 in the Annual Report.

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4. INVESTMENTS AND FAIR VALUE DISCLOSURES

The following table presents the components of the Company’s investments as reported in the consolidated balance sheets:

	June 30, 2018	December 31, 2017
	(dollars in thousands)	
United States government obligations, at fair value ⁽¹⁾	\$ 250,790	\$ 12,973
CLOs, at fair value	148,127	211,749
Other funds and joint ventures, equity method	34,194	14,252
Total Investments	\$ 433,111	\$ 238,974

(1) Held by the Oz Operating Group with balances maturing between August 16, 2018 and June 20, 2019.

In the second quarter of 2018, as a result of a recent court decision that vacates application of U.S. risk retention rules in certain CLO transactions, the Company sold certain of its investments in CLOs. The Company is still subject to EU risk retention rules, and therefore continues to hold investments in those CLOs.

Fair Value Disclosures

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

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

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

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

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debt securities, certain commercial real estate debt, certain OTC derivatives, residential and commercial mortgage-backed securities, asset-backed securities, collateralized debt obligations and investments in affiliated credit funds.

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

Fair Value Measurements Categorized within the Fair Value Hierarchy

The following table summarizes the Company's investments measured at fair value on a recurring basis within the fair value hierarchy as of June 30, 2018 :

	As of June 30, 2018			
	Level I	Level II	Level III	Total
(dollars in thousands)				
Assets, at Fair Value				
<i>Included within cash and cash equivalents:</i>				
United States government obligations	\$ 32,719	\$ —	\$ —	\$ 32,719
<i>Included within investments:</i>				
United States government obligations	\$ 250,790	\$ —	\$ —	\$ 250,790
CLOs ⁽¹⁾	\$ —	\$ —	\$ 148,127	\$ 148,127
<i>Investments of consolidated funds:</i>				
Bank debt	\$ —	\$ 47,491	\$ 32,515	\$ 80,006

(1) As of June 30, 2018, investments in CLOs had contractual principal amounts of \$136.1 million outstanding, which excludes the Company's investments in subordinated tranches of the notes, as these do not have contractual principal payments.

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The following table summarizes the Company's investments measured at fair value on a recurring basis within the fair value hierarchy as of December 31, 2017 :

	As of December 31, 2017			
	Level I	Level II	Level III	Total
(dollars in thousands)				
Assets, at Fair Value				
<i>Included within cash and cash equivalents:</i>				
United States government obligations	\$ 99,704	\$ —	\$ —	\$ 99,704
<i>Included within investments:</i>				
United States government obligations	\$ 12,973	\$ —	\$ —	\$ 12,973
CLOs (1)	\$ —	\$ —	\$ 211,749	\$ 211,749
<i>Investments of consolidated funds:</i>				
Bank debt	\$ —	\$ 24,559	\$ 18,807	\$ 43,366

(1) As of December 31, 2017, investments in CLOs had contractual principal amounts of \$189.2 million outstanding, which excludes the Company's investments in subordinated tranches of the notes, as these do not have contractual principal payments.

Reconciliation of Fair Value Measurements Categorized within Level III

The Company assumes that any transfers between Level I, Level II or Level III occur at the beginning of the reporting period presented. Gains and losses, excluding those of the consolidated funds are recorded within net (losses) gains on investments in funds and joint ventures in the consolidated statements of comprehensive income (loss), and gains and losses of the consolidated funds are recorded within net (losses) gains of consolidated funds. Foreign exchange gains and losses on non-U.S. Dollar investments are also included within gains and losses in the tables below.

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The following table summarizes the changes in the Company's Level III investments for the three months ended June 30, 2018 :

	<u>March 31, 2018</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Investment Purchases</u>	<u>Investment Sales / Settlements</u>	<u>Gains / Losses</u>	<u>June 30, 2018</u>
(dollars in thousands)							
Assets, at Fair Value							
<i>Included within investments:</i>							
CLOs	\$ 286,970	\$ —	\$ —	\$ 29,827	\$ (162,145)	\$ (6,525)	\$ 148,127
<i>Investments of consolidated funds:</i>							
Bank debt	\$ 19,134	\$ 9,410	\$ (2,705)	\$ 42,537	\$ (35,986)	\$ 125	\$ 32,515

The following table summarizes the changes in the Company's Level III investments for the three months ended June 30, 2017 :

	<u>March 31, 2017</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Investment Purchases</u>	<u>Investment Sales / Settlements</u>	<u>Gains / Losses</u>	<u>June 30, 2017</u>
(dollars in thousands)							
Assets, at Fair Value							
<i>Included within investments:</i>							
CLOs	\$ 22,048	\$ —	\$ —	\$ 20,200	\$ —	\$ 1,475	\$ 43,723
<i>Investments of consolidated funds:</i>							
Bank debt	\$ 16,663	\$ 5,207	\$ (13,255)	\$ 37,771	\$ (8,122)	\$ 1,074	\$ 39,338

In addition, in the second quarter of 2017, the Company consolidated a CLO, the amounts related to the initial consolidation of the CLO are reflected in the investment purchases in the tables above.

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The following tables summarize the changes in the Company's Level III assets and liabilities for the six months ended June 30, 2018 :

	December 31, 2017	Transfers In	Transfers Out	Investment Purchases	Investment Sales / Settlements	Gains / Losses	June 30, 2018
(dollars in thousands)							
Assets, at Fair Value							
<i>Included within investments:</i>							
CLOs	\$ 211,749	\$ —	\$ —	\$ 106,449	\$ (164,920)	\$ (5,151)	\$ 148,127
<i>Investments of consolidated funds:</i>							
Bank debt	\$ 18,807	\$ 3,642	\$ (415)	\$ 71,816	\$ (61,669)	\$ 334	\$ 32,515

The following tables summarize the changes in the Company's Level III assets and liabilities for the six months ended June 30, 2017 :

	December 31, 2016	Transfers In	Transfers Out	Investment Purchases	Investment Sales / Settlements	Gains / Losses	June 30, 2017
(dollars in thousands)							
Assets, at Fair Value							
<i>Included within investments:</i>							
CLOs	\$ 21,341	\$ —	\$ —	\$ 20,200	\$ —	\$ 2,182	\$ 43,723
<i>Investments of consolidated funds:</i>							
Bank debt	\$ 18,127	\$ 4,323	\$ (16,478)	\$ 65,268	\$ (33,242)	\$ 1,340	\$ 39,338

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

The table below summarizes the net change in unrealized gains and losses on the Company's Level III investments held as of the reporting date:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
(dollars in thousands)				
Assets, at Fair Value				
<i>Included within investments:</i>				
CLOs	\$ (4,729)	\$ 1,475	\$ (3,368)	\$ 2,182
<i>Investments of consolidated funds:</i>				
Bank debt	\$ 4	\$ 272	\$ 76	\$ 385

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

Investments in CLOs and bank debt are valued using independent pricing services and thus there are no unobservable valuation inputs used in determining their fair value to disclose.

The Company elected to measure its investments in CLOs at fair value through consolidated net income (loss) in order to simplify its accounting for these instruments. Changes in fair value of these investments are included within net gains on investments in funds and joint ventures in the consolidated statements of comprehensive income (loss). The Company accrues interest income on its investments in CLOs using the effective interest method.

Valuation Process for Fair Value Measurements Categorized within Level III

The Company has established a Valuation Committee to provide oversight of the monthly valuation results of the investments held by the Company and the funds. The Valuation Committee has assigned the responsibility of performing price verification and related quality controls in accordance with the Valuation Policy to the Valuation Controls Group. The Valuation Controls Group performs price verification procedures on all of the investments which include, but are not limited to the following: reviewing independent pricing provided by third-party valuation vendors, reviewing and collecting broker quotes and reviewing valuation models. The Valuation Controls Group performs additional quality controls to support valuation techniques including but not limited to: back testing, stale pricing reviews, and vendor due diligence. When pricing or verification sources cannot be obtained from external sources or if external prices are deemed unreliable, additional procedures are performed by the Valuation Controls Group, which may include comparing unobservable inputs to observable inputs for similar positions, reviewing subsequent market activities, performing comparisons of actual versus projected performance indicators, and reviewing the valuation methodology and key inputs. Independent third party valuation firms may be used to corroborate internal valuations.

Fair Value of Other Financial Instruments

Management estimates that the carrying value of the Company's other financial instruments, including its debt obligations, approximated their fair values as of June 30, 2018 . The 2018 Term Loan and the CLO Investments Loans (each as defined in Note 8) are categorized as Level III within the fair value hierarchy. The fair value of the 2018 Term Loan and the CLO Investments Loans were determined using independent pricing services.

Loans Sold to CLOs Managed by the Company

During the six months ended June 30, 2018 and June 30, 2017 , the Company sold \$29.8 million and \$10.3 million of loans to CLOs managed by the Company, respectively. These loans were previously purchased by the Company in the open market, and were sold for cash at cost to the CLOs. The loans were accounted for as transfers of financial assets and met the criteria for derecognition under GAAP.

The Company invests in senior secured and subordinated notes issued by certain CLOs to which it sold the loans discussed above. These investments represent retained interests to the Company and are in the form of a 5% vertical strip (i.e., 5% of each of the senior and subordinated tranches of notes issues by each CLO). The retained interests are reported within investments on the Company's consolidated balance sheet. During the six months ended June 30, 2018 , the Company made investments of \$24.9 million related to these retained interests. As of June 30, 2018 and December 31, 2017 , the Company's investments in these retained interests had a fair value of \$93.2 million and \$70.4 million , respectively. The Company is subject to risks associated with the performance of the underlying collateral and the market yield of the assets. The Company's risk of loss from retained interest is limited to its investments in these interests. The Company receives quarterly payments of interest and principal, as applicable, on these retained interests. In the six months ended June 30, 2018 , the Company received \$4.3 million of interest and principal payments related to the retained interests. In the six months ended June 30, 2017 , the Company received no interest or principal payments related to the retained interests.

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The Company uses independent pricing services to value its investments in the CLOs, including the retained interests, and therefore the only key assumption is the price provided by such service. A corresponding adverse change of 10% or 20% on price would have a corresponding impact on the fair value of the Company's investments in CLOs.

5. VARIABLE INTEREST ENTITIES

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

The table below presents the assets and liabilities of VIEs consolidated by the Company:

	June 30, 2018	December 31, 2017
(dollars in thousands)		
Assets		
<i>Assets of consolidated funds:</i>		
Investments of consolidated funds, at fair value	\$ 80,006	\$ 43,366
Other assets of consolidated funds	45,021	13,331
Total Assets	\$ 125,027	\$ 56,697
Liabilities		
<i>Liabilities of consolidated funds:</i>		
Other liabilities of consolidated funds	51,093	11,340
Total Liabilities	\$ 51,093	\$ 11,340

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

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

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The table below presents the net assets of VIEs in which the Company has variable interests along with the maximum risk of loss as a result of the Company's involvement with VIEs:

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
	(dollars in thousands)	
Net assets of unconsolidated VIEs in which the Company has a variable interest	\$ 9,964,144	\$ 8,300,163
<i>Maximum risk of loss as a result of the Company's involvement with VIEs:</i>		
Unearned revenues	57,616	144,124
Income and fees receivable	11,844	24,953
Investments in funds	159,356	222,192
Maximum Exposure to Loss	\$ 228,816	\$ 391,269

6. OTHER ASSETS, NET

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

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
	(dollars in thousands)	
<i>Fixed Assets:</i>		
Leasehold improvements	\$ 54,269	\$ 53,419
Computer hardware and software	46,727	44,190
Furniture, fixtures and equipment	8,595	8,571
Accumulated depreciation and amortization	(63,181)	(58,671)
Fixed assets, net	46,410	47,509
Goodwill	22,691	22,691
Prepaid expenses	9,339	12,862
Loans held for sale	—	29,110
Other	5,015	4,189
Total Other Assets, Net	\$ 83,455	\$ 116,361

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7. OTHER LIABILITIES

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

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
	(dollars in thousands)	
Accrued expenses	\$ 24,404	\$ 21,955
Legal provision (1)	13,000	—
Deferred rent credit	7,238	8,283
Uncertain tax positions	7,000	7,000
Interest payable	4,214	2,970
Loan trades payable	—	29,110
Other	9,386	5,804
Total Other Liabilities	\$ 65,242	\$ 75,122

(1) Legal provision represents accruals for certain contingencies discussed in Note 15 .

8. DEBT OBLIGATIONS

As of June 30, 2018 , the Company’s indebtedness outstanding was primarily comprised of the 2018 Term Loan and the CLO Investments Loans (each as defined below).

2018 Term Loan and Revolving Credit Facility

On April 10, 2018 (the “Closing Date”), OZ Management LP, as borrower, (the “Borrower”), and certain other subsidiaries of the Company, as guarantors, entered into a senior secured credit and guaranty agreement (the “Senior Credit Agreement”) consisting of (i) a \$250.0 million term loan (the “2018 Term Loan”) and (ii) a \$100.0 million revolving credit facility (the “2018 Revolving Credit Facility”). As of June 30, 2018 , \$200.0 million remained outstanding under the 2018 Term Loan. The Company has not made any drawn-downs under the 2018 Revolving Credit Facility.

The 2018 Term Loan matures April 10, 2023 , and the 2018 Revolving Credit Facility initially matures October 10, 2022. The maturity date of both the 2018 Term Loan and the 2018 Revolving Credit Facility may be extended pursuant to the terms of the Senior Credit Agreement. The proceeds from the 2018 Term Loan together with cash on hand were used to redeem the \$400.0 million Senior Notes (as defined in the Company’s Annual Report) that were due in 2019. In connection with entry into the 2018 Senior Credit Agreement, the Company also terminated all commitments under the Company’s 2014 revolving credit facility.

The 2018 Term Loan bears interest at a per annum rate equal to, at the Company’s option, one, three or six month (or twelve months with the consent of each lender) LIBOR plus 4.75% , or a base rate plus 3.75% . Borrowings under the 2018 Revolving Credit Facility bear interest at a per annum rate equal to, at the Company’s option, one, three or six month (or twelve months with the consent of each lender), LIBOR plus 1.75% to 2.75% , or a base rate plus 0.75% to 1.75% .

The Company is required to pay an undrawn commitment fee at a rate per annum equal to 0.20% to 0.75% of the undrawn portion of the commitments under the 2018 Revolving Credit Facility, computed on a daily basis. The LIBOR and base rate margins under the 2018 Revolving Credit Facility, as well as the amount of the commitment fee owed by the Company under the 2018 Revolving Credit Facility, are based on the Company’s corporate rating.

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The obligations under the Senior Credit Agreement are guaranteed by the Oz Operating Partnerships and are secured by a lien on substantially all of the Oz Operating Partnerships' assets, subject to certain exclusions.

The Senior Credit Agreement contains two financial maintenance covenants. The first financial maintenance covenant states that the Company's total fee-paying assets under management as of the last day of any fiscal quarter must be greater than \$20.0 billion, and the second states that the total net leverage ratio (as defined in the agreement) as of the last day of any fiscal quarter must be less than (i) 3.00 to 1.00, or (ii) following the third anniversary of the Closing Date, 2.50 to 1.00. As of June 30, 2018, the Company was in compliance with the financial maintenance covenants.

The Senior Credit Agreement contains customary events of default. If an event of default under the Senior Credit Agreement occurs and is continuing, then, at the request (or with the consent) of the lenders holding a majority of the commitments and loans, upon notice by the administrative agent to the Borrower, the obligations under the Senior Credit Agreement shall become immediately due and payable. In addition, if the Borrower or any of its material subsidiaries becomes the subject of voluntary or involuntary proceedings under any bankruptcy, insolvency or similar law, then any outstanding obligations under the Senior Credit Agreement will automatically become immediately due and payable.

CLO Investments Loans

The Company entered into loans to finance portions of investments in certain CLOs (collectively, the "CLO Investments Loans"). These loans are collateralized by the related investments in CLOs held by the Company. In general, the Company will make interest and principal payments on the loans at such time interest payments are received on its investments in the CLOs, and will make principal payments on the loans to the extent principal payments are received on its investments in the CLOs, with any remaining balance due upon maturity.

The loans are subject to customary events of default and covenants and include terms that require the Company's continued involvement with the CLOs. The CLO Investments Loans do not have any financial maintenance covenants.

The table below presents information related to CLO Investments Loans as of June 30, 2018 and December 31, 2017. Carrying values presented below are net of discounts, if any, and unamortized deferred financing costs. The maturity date for each CLO Investments Loan is the earlier of the final maturity date presented in the table below or the date at which the Company no longer holds a risk retention investment in the respective CLO. As a result of a recent court decision that vacates application of U.S. risk retention rules in certain CLO transactions, the Company sold certain investments in CLOs and paid off the associated CLO Investments Loans.

Borrowing Date	Contractual Rate	Final Maturity Date	Carrying Value	
			June 2018	December 2017
(dollars in thousands)				
November 28, 2016	EURIBOR plus 2.23%	December 15, 2023	\$ 17,540	\$ 18,041
June 7, 2017	LIBOR plus 1.48%	November 16, 2029	17,213	17,217
July 21, 2017	LIBOR plus 1.43%	January 22, 2029	—	21,709
August 2, 2017	LIBOR plus 1.41%	January 21, 2030	21,671	21,686
August 17, 2017	LIBOR plus 1.43%	April 30, 2030	—	22,922
September 14, 2017	LIBOR plus 1.41%	April 22, 2030	—	25,468
September 14, 2017	EURIBOR plus 2.21%	September 14, 2024	18,959	19,561
November 21, 2017	LIBOR plus 1.34%	May 15, 2030	—	26,202
January 26, 2018	EURIBOR plus 1.62%	January 31, 2025	17,725	—
February 21, 2018	LIBOR plus 1.27%	February 21, 2019	21,102	—
			\$ 114,210	\$ 172,806

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CLO Financing Facility

On May 29, 2018, the Company, entered into a €100.0 million master credit facility agreement (the “CLO Financing Facility”) to facilitate secured borrowing transactions in the form of repurchase agreements to finance a portion of the risk retention investments in European CLOs managed by the Company. The borrowings will bear interest rates of the average effective interest rates of each class of securities comprising the securities sold under the repurchase agreements, plus a spread to be determined upon each borrowing. Each borrowing will have a set scheduled maturity date that will also be determined upon each borrowing. As of June 30, 2018, the CLO Financing Facility was undrawn.

9. REVENUES

The following table presents management fees and incentive income recognized as revenues for the three and six months ended June 30, 2018 :

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
	Management Fees	Incentive Income	Management Fees	Incentive Income
	(dollars in thousands)			
Multi-strategy funds	\$ 44,394	\$ 31,094	\$ 88,800	\$ 42,926
Credit				
Opportunistic credit funds (1)	7,997	(3,704)	19,104	30,531
Institutional Credit Strategies	12,555	—	23,748	—
Real estate funds	5,077	6,324	9,841	11,091
Other	570	942	1,550	942
Total	\$ 70,593	\$ 34,656	\$ 143,043	\$ 85,490

(1) Revenues for opportunistic credit funds is reflective of a contract modification that resulted in an offset to previously recognized revenues.

A liability for unearned incentive income is generally recognized when the Company receives incentive income distributions from its funds, primarily its real estate funds, for which incentive income has not yet met the recognition threshold of being probable that a significant reversal of cumulative revenue will not occur. The following table presents the activity in the Company’s unearned incentive income for the six months ended June 30, 2018 :

	Unearned Incentive Income
	(dollars in thousands)
Balance as of December 31, 2017	\$ 143,710
Effects of adoption of ASU 2014-09	(99,422)
Amounts collected during the period	23,336
Amounts recognized during the period	(10,369)
Balance as of June 30, 2018	\$ 57,255

The Company recognizes management fees over the period in which the performance obligation is satisfied. The Company records incentive income when it is probable that a significant reversal of income will not occur. The majority of management fees and incentive income receivable at each balance sheet date is generally collected during the following quarter.

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The following table presents the composition of the Company's income and fees receivable as of June 30, 2018 and December 31, 2017 :

	June 30, 2018	December 31, 2017
	(dollars in thousands)	
Management fees	\$ 25,378	\$ 21,242
Incentive income	33,794	333,214
Income and Fees Receivable	\$ 59,172	\$ 354,456

10. EQUITY-BASED COMPENSATION EXPENSES

The Company grants equity-based compensation in the form of RSUs, PSUs (as defined below), Group A Units, Group P Units and Class A Shares to its executive managing directors, employees and the independent members of the Board under the terms of the 2007 Equity Incentive Plan and the 2013 Incentive Plan.

The following table presents information regarding the impact of equity-based compensation grants on the Company's consolidated statements of comprehensive income (loss):

	Six Months Ended June 30,	
	2018	2017
	(dollars in thousands)	
Expense recorded within compensation and benefits	\$ 45,537	\$ 41,438
Corresponding tax benefit	\$ 3,820	\$ 3,658

The following tables present activity related to the Company's unvested equity awards for the six months ended June 30, 2018 :

	Equity-Classified Awards		Liability-Classified Awards		Equity-Classified Awards	
	Unvested RSUs	Weighted-Average Grant-Date Fair Value	Unvested RSUs	Weighted-Average Grant-Date Fair Value	Unvested PSUs	Weighted-Average Grant-Date Fair Value
December 31, 2017	14,530,602	\$ 4.67	—	\$ —	—	\$ —
Granted	31,306,251	\$ 2.45	72,017	\$ 2.04	10,000,000	\$ 1.18
Vested	(2,463,747)	\$ 4.43	—	\$ —	—	\$ —
Canceled or forfeited	(7,084,279)	\$ 3.18	—	\$ —	—	\$ —
Modified from Group A Units and Group P Units	6,407,968	\$ 6.36	7,345,991	\$ 6.36	—	\$ —
June 30, 2018	42,696,795	\$ 3.56	7,418,008	\$ 6.32	10,000,000	\$ 1.18

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	Group A Units		Group P Units	
	Unvested Group A Units	Weighted-Average Grant-Date Fair Value	Unvested Group P Units	Weighted-Average Grant-Date Fair Value
December 31, 2017	8,410,663	\$ 9.77	71,850,000	\$ 1.25
Vested	(1,574,811)	\$ 9.93	—	\$ —
Canceled or forfeited	—	\$ —	(500,000)	\$ 1.25
Modified to RSUs	(6,000,000)	\$ 9.75	(29,000,000)	\$ 1.25
June 30, 2018	835,852	\$ 9.67	42,350,000	\$ 1.25

Restricted Share Units (RSUs)

In the three months ended March 31, 2018, a certain executive managing director forfeited 6,000,000 Group A Units and 29,000,000 Group P Units for RSUs and certain other profit-sharing interests. The forfeiture of the Partner Equity Units was accounted for as a modification to 6,407,968 equity-classified RSUs and 7,345,991 liability-classified RSUs, and other awards. The fair value of the modified awards was \$6.36 per RSU and was based on the fair value of the original awards immediately before they were modified. The Company will continue to recognize at least the minimum compensation expense that would have been previously recognized prior to the modification.

As of June 30, 2018, total unrecognized compensation expense related to equity-classified awards totaled \$114.2 million with a weighted-average amortization period of 3.0 years. As of June 30, 2018, total unrecognized compensation expense related to liability-classified awards totaled \$37.9 million with a weighted-average amortization period of 3.92 years. See the Company's Annual Report for additional information regarding RSUs.

The following table presents information related to the settlement of RSUs:

	Six Months Ended June 30,	
	2018	2017
	(dollars in thousands)	
Fair value of RSUs settled in Class A Shares	\$ 4,133	\$ 918
Fair value of RSUs settled in cash	\$ 276	\$ —
Fair value of RSUs withheld to satisfy tax withholding obligations	\$ 2,364	\$ 630
Number of RSUs withheld to satisfy tax withholding obligations	1,075,925	276,648

PSUs

In 2018, the Company began granting PSUs. A PSU entitles the holder to receive a Class A Share, or cash equal to the fair value of a Class A Share at the election of the Board of Directors, upon completion of the requisite service period, as well as satisfying certain performance conditions based on achievement of targeted total shareholder return on Class A Shares. PSUs do not begin to accrue dividend equivalents until the requisite service period has been completed and performance conditions have been achieved.

In the six months ended June 30, 2018, the Company granted 10,000,000 of PSUs, at the weighted average grant date fair value \$1.18 per unit. The fair value was determined using the Monte-Carlo simulation valuation model, with the following assumptions: volatility of 35%, dividend rate of 10%, and risk-free discount rate of 2.6%. The Company used historical volatility in its estimate of the expected volatility. As of June 30, 2018, total unrecognized compensation expense related to these units totaled \$10.3 million with a weighted-average amortization period of 2.7 years.

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The PSUs granted to-date vest subject to continued and uninterrupted service (“PSU Service Condition”) until the third anniversary of the grant date and the meeting of a market performance threshold of the total shareholder return on Class A Shares of the Company (“PSU Performance Condition”). The PSU Performance Condition is defined as follows: 20% of PSUs vest if a total shareholder return of 25% is achieved; an additional 40% of PSUs vest if a total shareholder return of 50% is achieved; an additional 20% of PSUs vest if a total shareholder return of 75% is achieved; and the final 20% of PSUs vest if a total shareholder return of 125% is achieved. In each case, the PSU Performance Condition must be met for each threshold by the sixth anniversary of the grant date. If the PSU grant has not satisfied both the PSU Service Condition and the PSU Performance Condition by the sixth anniversary of the grant date, it will be forfeited and canceled immediately.

Group A Units

As of June 30, 2018, total unrecognized compensation expense related to these units totaled \$7.2 million with a weighted-average amortization period of 1.8 years. See the Company’s Annual Report for additional information regarding the Group A Units.

Group P Units

As of June 30, 2018, total unrecognized compensation expense related to the Group P Units totaled \$33.2 million with a weighted-average amortization period of 2.3 years. See the Company’s Annual Report for additional information regarding the Group P Units.

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 amount of incentive income and discretionary cash bonuses recorded in any given quarter can have a significant impact on the Company’s effective tax rate. 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 Oz Operating Partnerships 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 7.0% and 8.3% for the three months ended June 30, 2018 and 2017, respectively, and -2.4% and 26.9% for the six months ended June 30, 2018 and 2017, respectively. The reconciling items from the Company’s statutory rate to the effective tax rate were driven primarily by the following: (i) a portion of the Company’s consolidated net income is not subject to federal, state and local corporate income taxes in the United States, as these amounts are allocated to the executive managing directors on their Group A Units; (ii) a portion of the income earned by the Company is subject to the New York City unincorporated business tax; and (iii) certain foreign subsidiaries are subject to foreign corporate income taxes.

On December 22, 2017, the Tax Cuts and Jobs Act (“TCJA”) was signed into law. The TCJA includes a broad range of tax reforms including a reduction in the corporate income tax rate to 21% from 35%, effective January 1, 2018. The Company considers all amounts recorded as a result of the TCJA to be provisional and subject to revision. The Company’s provisional amounts, including the remeasurement of the Company’s deferred income tax assets and related tax receivable agreement liability, are based on reasonable and supportable assumptions as of June 30, 2018. Any revisions will be treated in accordance with the measurement period guidance allowing for a period of up to one year after the enactment date of the TCJA to finalize the recording of the impact. There were no measurement period adjustments recognized during the six months ended June 30, 2018.

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

As of June 30, 2018 and December 31, 2017, the Company had a liability for unrecognized tax benefits of \$7.0 million. As of and for the six months ended June 30, 2018, the Company did not accrue interest or penalties related to uncertain tax positions. As of June 30, 2018, the Company does not believe that there will be a significant change to the uncertain tax positions during the next 12 months. The Company’s total unrecognized tax benefits that, if recognized, would affect its effective tax rate was \$4.3 million as of June 30, 2018.

12. 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 June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Professional services	\$ 9,035	\$ 8,608	\$ 22,506	\$ 21,756
Occupancy and equipment	7,830	7,574	14,295	18,477
Information processing and communications	6,607	7,182	13,401	14,211
Recurring placement and related service fees	4,161	5,217	8,510	10,661
Insurance	1,835	1,924	3,687	3,884
Business development	1,163	2,213	2,253	4,970
Other expenses	4,878	2,447	8,707	7,134
	35,509	35,165	73,359	81,093
Legal provision (1)	13,000	—	13,000	—
Total General, Administrative and Other	\$ 48,509	\$ 35,165	\$ 86,359	\$ 81,093

(1) Legal provision represents accruals for certain contingencies discussed in Note 15.

13. (LOSS) EARNINGS PER CLASS A SHARE

Basic (loss) earnings per Class A Share is computed by dividing the net (loss) income attributable to Class A Shareholders by the weighted-average number of Class A Shares outstanding for the period.

For the three months ended June 30, 2018 and 2017 the Company included 1,379,658 and 978,294 RSUs respectively, that have vested but have not been settled in Class A Shares in the weighted-average Class A Shares outstanding used to calculate basic and diluted (loss) earnings per Class A Share. For the six months ended June 30, 2018 and 2017, the Company included 1,609,216 and 1,150,924 RSUs respectively, that have vested but have not been settled in Class A Shares in the weighted-average Class A Shares outstanding used to calculate basic and diluted (loss) earnings per Class A Share.

The Company did not include the Group P Units or PSUs in the calculations of dilutive (loss) earnings per Class A Share, as the applicable market performance conditions have not yet been met as of June 30, 2018.

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

Three Months Ended June 30, 2018	Net Loss Attributable to Class A Shareholders	Weighted- Average Class A Shares Outstanding	Loss Per Class A Share	Number of Antidilutive Units Excluded from Diluted Calculation
	(dollars in thousands, except per share amounts)			
Basic	\$ (12,256)	192,562,459	\$ (0.06)	
<i>Effect of dilutive securities:</i>				
Group A Units	—	—		261,489,478
RSUs	—	—		48,864,653
Diluted	\$ (12,256)	192,562,459	\$ (0.06)	
Three Months Ended June 30, 2017	Net Income Attributable 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	\$ 13,098	186,142,576	\$ 0.07	
<i>Effect of dilutive securities:</i>				
Group A Units	—	—		267,489,478
RSUs	—	—		22,901,428
Diluted	\$ 13,098	186,142,576	\$ 0.07	
Six Months Ended June 30, 2018	Net Loss Attributable to Class A Shareholders	Weighted- Average Class A Shares Outstanding	Loss Per Class A Share	Number of Antidilutive Units Excluded from Diluted Calculation
	(dollars in thousands, except per share amounts)			
Basic	\$ (8,766)	192,397,606	\$ (0.05)	
<i>Effect of dilutive securities:</i>				
Group A Units	—	—		263,014,340
RSUs	—	—		41,849,870
Diluted	\$ (8,766)	192,397,606	\$ (0.05)	
Six Months Ended June 30, 2017	Net Income Attributable 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	\$ 5,934	186,183,971	\$ 0.03	
<i>Effect of dilutive securities:</i>				
Group A Units	—	—		277,193,212
RSUs	—	—		21,324,651
Diluted	\$ 5,934	186,183,971	\$ 0.03	

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14. RELATED PARTY TRANSACTIONS

Due from Related Parties

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

Due to Related Parties

Amounts due to related parties relate primarily to future payments owed to the Company's executive managing directors under the tax receivable agreement, as discussed further in Note 15. The Company made no payments under the tax receivable agreement in the six months ended June 30, 2018 and 2017.

The Company earns substantially all of its management fees and incentive income from the 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

As of June 30, 2018 and 2017, respectively, approximately \$2.4 billion and \$2.6 billion of the Company's assets under management represented investments by the Company, its executive managing directors, employees and certain other related parties in the Company's funds. As of June 30, 2018 and 2017, approximately 28% and 67%, of these affiliated assets under management were not charged management fees and were not subject to an incentive income calculation.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
<i>Fees charged on investments held by related parties:</i>				
Management fees	\$ 4,391	\$ 2,643	\$ 6,473	\$ 5,334
Incentive income	\$ 1,190	\$ 457	\$ 2,454	\$ 2,335

Corporate Aircraft

The Company's corporate aircraft were used for business purposes. From time to time, certain executive managing directors used the aircraft for personal use. For the three and six months ended June 30, 2017, the Company charged \$69 thousand and \$360 thousand, respectively, for personal use of the aircraft by certain executive managing directors. The Company sold its aircraft during the year ended December 31, 2017.

15. COMMITMENTS AND CONTINGENCIES

Tax Receivable Agreement

The purchase of 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 Partner Equity 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 Oz 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.

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

In connection with the departure of certain former executive managing directors since the IPO, the right to receive payments under the tax receivable agreement by those former executive managing directors was contributed to the Oz Operating Group. As a result, the Company expects to pay to the remaining executive managing directors and the Ziffs approximately 78% (from 85% at the time of the IPO) 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 Oz Corp will have sufficient taxable income in the relevant tax years to utilize the tax benefits that would give rise to an obligation to make payments. The actual timing and amount of any actual payments under the tax receivable agreement will vary based upon these and a number of other factors. As of June 30, 2018, the estimated future payment under the tax receivable agreement was \$280.0 million, which is recorded in due to related parties on the consolidated balance sheets.

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, Shanghai, Houston and other locations, expiring on various dates through 2024. The Company recognizes expense related to its operating leases on a straight-line basis over the lease term taking into account any rent holiday periods. The related lease commitments have not changed materially since December 31, 2017.

Litigation

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

On May 5, 2014, a purported class of shareholders filed a lawsuit against the Company in the U.S. District Court for the Southern District of New York (*Menaldi v. Och-Ziff Capital Mgmt., et al.*). The amended complaint asserted claims under the Securities Exchange Act of 1934 on behalf of all purchasers of Company securities from February 9, 2012 to August 22, 2014. Daniel Och, Joel Frank and Michael Cohen were also named as defendants. On March 16, 2015, all defendants moved to dismiss the amended complaint. On February 17, 2016, the court entered an order granting in part the motion to dismiss filed by the Company and Messrs. Och and Frank and dismissing Mr. Cohen from the action. On March 23, 2016, the Company and Messrs. Och and Frank filed their answer to the amended complaint. On November 18, 2016, plaintiffs filed a second amended complaint asserting claims under the Securities Exchange Act of 1934 on behalf of all purchasers of Company securities from November 18, 2011 to April 11, 2016. The second amended complaint alleges, among other things, breaches of certain disclosure obligations with respect to matters that were under investigation by the SEC and the DOJ, and names the Company and Messrs. Och, Frank and Cohen as defendants. On November 23, 2016, Mr. Cohen objected to being named as a defendant in the second amended complaint on procedural grounds. On December 21, 2016, the court directed the plaintiffs to file a motion for permission to renew their claims against Mr. Cohen. Plaintiffs filed their motion on January 7, 2017. On January 11, 2017, the Company filed a motion to dismiss those portions of the second amended complaint that seek to revive dismissed claims or assert new claims against it, and Messrs. Och and Frank filed motions to dismiss as well. On September 29, 2017, the Court granted the Company's motion to dismiss in its entirety and dismissed Plaintiffs' revived claims and new claims against the Company and Messrs. Och and Frank. The Court also dismissed Mr. Cohen from the case entirely and denied Plaintiffs' request to file a further amended complaint. The Company believes the pending case is without merit and we are defending it vigorously.

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During the second quarter of 2018, the Company recorded a \$10.0 million legal provision accrual, and an additional \$18.8 million of loss is deemed reasonably possible, but not probable, and has not been accrued for as of June 30, 2018.

In addition, in *U.S. v. Oz Africa Management GP, LLC*, Cr. No. 16-515 (NGG) (EDNY), certain former shareholders of a Canadian mining company filed a letter with the court stating they plan to seek restitution at the sentencing hearing for Oz Africa Management GP, LLC. The Company believes the threatened claim is without merit and intends to defend it vigorously. The Company is unable to reasonably estimate an amount, if any, of loss or range of loss possible for this matter.

Investment Commitments

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

The Company has unfunded capital commitments of \$25.5 million to certain funds it manages. It expects to fund these commitments over the next three years. In addition, certain related parties of the Company, collectively, have unfunded capital commitments to funds managed by the Company of up to \$70.1 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

During the second quarter of 2018, the Company recorded a \$3.0 million legal provision accrual to resolve a commercial dispute. The Company does not believe that it will incur any additional loss related to this matter.

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

16. SEGMENT INFORMATION

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

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

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

- Income allocations to the Company's executive managing directors on their direct interests in the Oz Operating Group. Management reviews operating performance at the Oz Operating Group level, where substantially all of the Company's operations are performed, prior to making any income allocations.
- Equity-based compensation expenses, depreciation and amortization expenses, changes in the tax receivable agreement liability, net losses on early retirement of debt, gains and losses on fixed assets, and gains and losses on investments in funds, as management does not consider these items 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.
- Amounts related to the consolidated 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.

In addition, expenses related to incentive income profit-sharing arrangements are generally recognized at the same time the related incentive income revenue is recognized, as management reviews the total compensation expense related to these arrangements in relation to any incentive income earned by the relevant fund. Further, deferred cash compensation is expensed in full in the year granted for Economic Income, rather than over the service period for GAAP.

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 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. Substantially all interest income and all interest expense related to indebtedness outstanding is allocated to the Oz Funds segment.

Oz Funds Segment Results

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
<i>Oz Funds Segment:</i>				
Economic Income Revenues	\$ 93,738	\$ 134,885	\$ 207,385	\$ 261,609
Economic Income	\$ 5,618	\$ 64,677	\$ 56,893	\$ 108,123

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED
JUNE 30, 2018

Reconciliation of Oz Funds Segment Revenues to Consolidated Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Total consolidated revenues	\$ 109,766	\$ 148,946	\$ 238,176	\$ 288,098
Adjustment to management fees (1)	(4,477)	(5,217)	(9,218)	(10,661)
Adjustment to other revenues (2)	—	(1,258)	(39)	(1,258)
Other Operations revenues	(10,901)	(6,618)	(20,300)	(13,107)
Income of consolidated funds	(650)	(968)	(1,234)	(1,463)
Economic Income Revenues - Oz Funds Segment	\$ 93,738	\$ 134,885	\$ 207,385	\$ 261,609

- (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 funds is also removed.
- (2) Adjustment to exclude realized gains on sale of fixed assets.

Reconciliation of Oz Funds Segment Economic Income to Net (Loss) Income Attributable to Class A Shareholders

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Net (Loss) Income Attributable to Class A Shareholders—GAAP	\$ (12,256)	\$ 13,098	\$ (8,766)	\$ 5,934
Change in redemption value of Preferred Units	—	—	—	2,853
Net (Loss) Income Attributable to Och-Ziff Capital Management Group LLC—GAAP	\$ (12,256)	\$ 13,098	\$ (8,766)	\$ 8,787
Net (loss) income attributable to Group A Units	(21,915)	22,010	(13,545)	31,645
Equity-based compensation, net of RSUs settled in cash	23,366	22,960	45,261	41,438
Adjustment to recognize deferred cash compensation in the period of grant	1,974	(274)	14,757	(412)
Income taxes	(2,524)	3,244	488	15,300
Net losses on early retirement of debt	14,303	—	14,303	—
Allocations to Group D Units	887	—	2,277	3,360
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	555	3,793	393	5,772
Depreciation, amortization and net gains and losses on fixed assets	2,794	1,244	5,166	5,456
Other adjustments	1,010	(324)	602	(1,197)
Other Operations	(2,576)	(1,074)	(4,043)	(2,026)
Economic Income - Oz Funds Segment	\$ 5,618	\$ 64,677	\$ 56,893	\$ 108,123

17. SUBSEQUENT EVENTS

Dividend

On August 2, 2018, the Company announced a cash dividend of \$0.02 per Class A Share. The dividend is payable on August 20, 2018, to holders of record as of the close of business on August 13, 2018.

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

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

Overview

Changes in Debt Obligations

In the second quarter of 2018, we repaid our \$400.0 million senior notes issued in 2014 (the “Senior Notes”) and entered into a new credit and guarantee agreement (the “Senior Credit Agreement”) that includes a \$250.0 million term loan facility (the “2018 Term Loan”) and a \$100.0 million revolving credit facility which remained undrawn (the “2018 Revolving Credit Facility”). We voluntarily pre-paid \$50.0 million of the 2018 Term Loan during the second quarter. As of June 30, 2018 , the balance outstanding under the 2018 Term Loan was \$200.0 million .

In addition, as a result of a recent court decision that vacates application of U.S. risk retention rules in certain CLO transactions, we sold a net of \$134.8 million of risk retention investments in certain of our U.S. CLOs and repaid \$118.2 million of related financing during the second quarter of 2018.

Effects of Adoption of Revenue Recognition Standard

In the first quarter of 2018, we adopted new revenue recognition accounting guidance, which resulted in the acceleration of \$128.3 million of previously accrued but unrecognized incentive income through an adjustment to opening equity. As it relates to Economic Income, amounts related to the Company’s real estate funds were partially offset by related compensation and benefits expense of \$43.7 million on an Economic Income basis. As it relates to GAAP, the adoption of the accounting guidance did not impact the recognition of compensation and benefits as such amounts have already been recognized as expense.

Overview of Our Financial Results

We reported GAAP net loss attributable to Class A Shareholders of \$12.3 million for the second quarter of 2018 , compared to net income of \$13.1 million for the second quarter of 2017 , and GAAP net loss of \$8.8 million for the first half of 2018 , compared to income of \$5.9 million for the first half of 2017 .

The quarter-to-date and year-to-date periods losses were primarily due to lower incentive income and management fees, as well as net losses incurred on early retirement of debt and a legal provision accrual for certain matters, as well as higher compensation and benefits. These decreases in earnings were partially offset by lower income tax expense and higher interest income earned on investments in CLOs.

Economic Income was \$8.2 million for the second quarter of 2018 , compared to \$65.8 million for the second quarter of 2017 . The quarter-to-date decline was primarily due to lower incentive income and management fees, a legal provision accrual for certain matters, as well as an increase in compensation and benefits expenses. These decreases in earnings were partially offset by higher interest income earned on investments in CLOs.

Economic Income was \$60.9 million for the first half of 2018 , compared to \$110.1 million for the first half of 2017 . The year-to-date decline was primarily due to lower incentive income and management fees, as well as a legal provision accrual for certain matters. These decreases were partially offset by lower compensation and benefits expenses and higher interest income earned on investments in CLOs.

Economic Income is a non-GAAP measure. For additional information regarding non-GAAP measures, as well as for a discussion of the drivers of the year over year change in Economic Income, please see “—Economic Income Analysis.”

Overview of Assets Under Management and Fund Performance

Assets under management totaled \$33.9 billion as of June 30, 2018 . Longer-dated assets under management, which are those subject to initial commitment periods of three years or longer, were \$19.6 billion , comprising 58% of our total assets under management as of June 30, 2018 . Assets under management in our dedicated credit, real estate and other strategy-specific funds were \$21.2 billion , comprising 63% of assets under management as of June 30, 2018 .

Assets under management in our multi-strategy funds totaled \$12.7 billion as of June 30, 2018 , decreasing \$3.4 billion , or 21% , year-over-year. This change was driven by net capital outflows of \$3.8 billion , primarily in the Oz Master Fund, our largest multi-strategy fund, partially offset by performance-related appreciation of \$1.0 billion . Also contributing to the decrease was \$595.0 million of distributions to investors in certain smaller funds that we have decided to close.

Oz Master Fund generated a gross return of 6.2% and a net return of 4.4% year-to-date through June 30, 2018 . Oz Master Fund's return was broad based, with positive performance in all of its major strategies. Please see “—Assets Under Management and Fund Performance—Multi-Strategy Funds” for additional information regarding the returns of the Oz Master Fund.

Assets under management in our dedicated credit products totaled \$18.3 billion as of June 30, 2018 , increasing \$4.4 billion , or 32% , year-over-year. This change was driven by capital net inflows of \$4.0 billion and performance-related appreciation of \$560.9 million , partially offset by \$157.0 million of distributions and other reductions primarily in our closed-end opportunistic credit funds.

Assets under management in our opportunistic credit funds totaled \$5.5 billion as of June 30, 2018 , increasing \$177.9 million , or 3% , year-over-year. This change was driven by \$582.5 million of performance-related appreciation , partially offset by \$247.6 million of net outflows and \$157.0 million of distributions in our closed-end opportunistic credit funds.

Oz Credit Opportunities Master Fund, our global opportunistic credit fund, generated a gross return of 8.9% and a net return of 6.2% year-to-date through June 30, 2018 . Performance was broad-based with gains across both the corporate and structured credit strategies. Assets under management for the fund were \$1.8 billion as of June 30, 2018 .

Assets under management in Institutional Credit Strategies totaled \$12.7 billion as of June 30, 2018 , increasing \$4.2 billion , or 50% , year-over-year. The increase was driven primarily by the closing of additional CLOs. Additionally, in June 2018, in partnership with GE Capital Aviation Services, we closed a \$696.0 million aircraft securitization, STARR 2018-1, where we will serve as the asset manager.

Assets under management in our real estate funds totaled \$2.5 billion as of June 30, 2018 , decreasing \$78.5 million , or 3% , year-over-year. Since inception through June 30, 2018 , the gross internal rate of return (“IRR”) was 33.1% and 21.8% net for Och-Ziff Real Estate Fund II (for which the investment period ended in 2014), and 25.1% gross and 15.9% net for Och-Ziff Real Estate Fund I (for which the investment period ended in 2010).

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 multi-strategy and our open-end opportunistic credit funds (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 reduce assets under management 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 reduce management fees in the following 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.

Investors in our closed-end credit funds, CLOs, real estate and certain other funds are not able to redeem their investments. In those funds, investors generally make a commitment that is funded over an investment period (or at launch for our CLOs). Upon the expiration of the investment period, the investments are then sold or realized over time, and distributions are made to the investors in the fund.

In a declining market, during periods when the hedge fund industry generally experiences outflows, or in response to specific company events, we could experience increased redemptions and a consequent reduction in our assets under management. Over the past couple of years, our assets under management have declined and this trend may continue to some extent for some period of time in light of the 2016 settlements and the related inability to rely on Regulation D. However, throughout the latter part of 2017 and into early 2018, net outflows from our multi-strategy funds began to normalize and were partially offset by growth in our CLOs business, as well as positive fund performance. We believe that strong fund performance should translate to inflows, although we cannot pinpoint the timing.

Information with respect to our assets under management throughout this report, including the tables set forth below, includes investments by us, our executive managing directors, employees and certain other related parties. As of June 30, 2018, approximately 7% of our assets under management represented investments by us, our executive managing directors, employees and certain other related parties in our funds. As of that date, approximately 28% 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 a fund is an investor in another fund, we waive or rebate a corresponding portion of the management fees charged to the fund.

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

Appreciation (depreciation) in the tables below reflects the aggregate net capital appreciation (depreciation) for the entire period and is presented on a total return basis, net of all fees and expenses (except incentive income on Special Investments), and includes the reinvestment of all dividends and other income. Management fees and incentive income vary by product. CLOs included within Institutional Credit Strategies are reflected at principal value and any change in appreciation/(depreciation) reflects a change in the par value of the underlying collateral within the CLOs or foreign currency translation changes in the measurement of assets under management of our European CLOs.

Summary of Changes in Assets Under Management

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

	Three Months Ended June 30, 2018				
	March 31, 2018	Inflows / (Outflows)	Distributions / Other Reductions	Appreciation / (Depreciation)	June 30, 2018
	(dollars in thousands)				
Multi-strategy funds	\$ 13,325,230	\$ (366,710)	\$ (491,023)	\$ 235,571	\$ 12,703,068
Credit					
Opportunistic credit funds	5,424,991	(51,237)	(2,801)	148,468	5,519,421
Institutional Credit Strategies	11,176,106	1,621,887	—	(50,666)	12,747,327
Real estate funds	2,471,498	77,804	(9,917)	(33)	2,539,352
Other	438,734	(34,599)	(5,087)	169	399,217
Total	\$ 32,836,559	\$ 1,247,145	\$ (508,828)	\$ 333,509	\$ 33,908,385

	Three Months Ended June 30, 2017				
	March 31, 2017	Inflows / (Outflows)	Distributions / Other Reductions	Appreciation / (Depreciation)	June 30, 2017
	(dollars in thousands)				
Multi-strategy funds	\$ 17,702,471	\$ (2,205,158)	\$ —	\$ 593,729	\$ 16,091,042
Credit					
Opportunistic credit funds	5,284,848	(27,660)	—	84,334	5,341,522
Institutional Credit Strategies	8,014,361	510,198	—	(9,748)	8,514,811
Real estate funds	2,231,786	417,184	(31,166)	28	2,617,832
Other	684,368	(70,960)	—	19,044	632,452
Total	\$ 33,917,834	\$ (1,376,396)	\$ (31,166)	\$ 687,387	\$ 33,197,659

	Six Months Ended June 30, 2018				
	December 31, 2017	Inflows / (Outflows)	Distributions / Other Reductions	Appreciation / (Depreciation)	June 30, 2018
	(dollars in thousands)				
Multi-strategy funds	\$ 13,695,040	\$ (918,380)	\$ (594,991)	\$ 521,399	\$ 12,703,068
Credit					
Opportunistic credit funds	5,513,618	(150,077)	(118,786)	274,666	5,519,421
Institutional Credit Strategies	10,136,991	2,653,517	—	(43,181)	12,747,327
Real estate funds	2,495,190	77,804	(33,593)	(49)	2,539,352
Other	587,723	(35,169)	(159,258)	5,921	399,217
Total	\$ 32,428,562	\$ 1,627,695	\$ (906,628)	\$ 758,756	\$ 33,908,385

	Six Months Ended June 30, 2017				
	December 31, 2016	Inflows / (Outflows)	Distributions / Other Reductions	Appreciation / (Depreciation)	June 30, 2017
	(dollars in thousands)				
Multi-strategy funds	\$ 21,084,548	\$ (6,364,276)	\$ —	\$ 1,370,770	\$ 16,091,042
Credit					
Opportunistic credit funds	5,376,080	(239,581)	(19,769)	224,792	5,341,522
Institutional Credit Strategies	8,019,510	513,651	—	(18,350)	8,514,811
Real estate funds	2,213,364	451,397	(47,599)	670	2,617,832
Other	1,186,801	(566,008)	(30,016)	41,675	632,452
Total	\$ 37,880,303	\$ (6,204,817)	\$ (97,384)	\$ 1,619,557	\$ 33,197,659

In the six months ended June 30, 2018, our funds experienced performance-related appreciation of \$758.8 million and net inflows of \$1.6 billion. The net inflows were comprised of \$3.5 billion of gross inflows, primarily due to launches of new CLOs, and \$1.9 billion of gross outflows due to redemptions. We also had \$906.6 million in distributions and other reductions related to closed-end funds that are in the process of realizing investments and making distributions to investors in those funds, as well as to certain smaller funds that we have decided to close. Our outflows in the first half of 2018 started to normalize. In the first half of 2018, excluding Institutional Credit Strategies products, our largest source of gross inflows was from pensions, related parties, and corporate, institutional, while related parties and pensions were our largest sources of gross outflows.

As of August 1, 2018, assets under management decreased to an estimated \$33.5 billion from June 30, 2018, reflecting estimated performance-related depreciation of approximately \$213.4 million, capital net outflows of approximately \$200.5 million and distributions of \$18.8 million since the end of the quarter.

In the six months ended June 30, 2017, our funds experienced performance-related appreciation of \$1.6 billion and net outflows of \$6.2 billion, which was comprised of \$1.2 billion of gross inflows and \$7.4 billion of gross outflows due to redemptions. We also had \$97.4 million in distributions and other reductions related to investors in our other funds, closed-end opportunistic credit and real estate funds. We experienced elevated redemptions and reduced inflows in our multi-strategy funds during 2016 and early 2017 as a result of the investigation matter and the related inability to rely on Regulation D. In the first half of 2017, excluding Institutional Credit Strategies products, corporate, institutional and other, as well as pensions were the largest sources of our gross inflows, while pensions and private banks were our largest sources of gross outflows.

Weighted-Average Assets Under Management and Average Management Fee Rates

The table below presents our weighted-average assets under management and average management fee rates. Weighted-average assets under management exclude the impact of second quarter investment performance for the periods presented, as these amounts generally do not impact management fees calculated for those periods. The average management fee rates presented below take into account the effect of non-fee paying assets under management. Please see the respective sections below for average management fee rates by fund type.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Weighted-average assets under management	\$ 32,680,905	\$ 31,929,871	\$ 32,515,304	\$ 32,543,110
Average management fee rates	0.81%	0.94%	0.83%	0.96%

The decline in our average management fee rate for the periods presented occurred primarily because of a change in the mix of products that comprise our assets under management. Our average management fee will vary from period to period based on the mix of products that comprise our assets under management.

Fund Performance Information

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

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

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

Multi-Strategy Funds

The table below presents assets under management and investment performance for our multi-strategy funds. Assets under management are generally based on the net asset value of these products. Management fees generally range from 0.98% to 2.25% of assets under management. For the second quarter of 2018, our multi-strategy funds had an average management fee rate of 1.29%.

We generally crystallize incentive income from the majority of our multi-strategy funds on an annual basis. Incentive income is generally equal to 20% of the realized and unrealized profits attributable to each investor. A portion of the assets under management in each of the Oz Master Fund and our other multi-strategy funds is subject to initial commitment periods of three years, and for certain of these assets, we only earn incentive income once profits attributable to an investor exceed a preferential return, or “hurdle rate,” which is generally equal to the 3-month T-bill or LIBOR rate for our multi-strategy funds. Once the investment performance has exceeded the hurdle rate for these assets, we may receive a “catch-up” allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these assets.

Fund	Assets Under Management as of June 30,		Returns for the Six Months Ended June 30,				Annualized Returns Since Inception Through June 30, 2018	
	2018	2017	2018		2017		Gross	Net
			Gross	Net	Gross	Net		
	(dollars in thousands)							
Oz Master Fund (1)	\$ 11,104,223	\$ 13,126,322	6.2%	4.4%	10.2%	7.5%	16.7% ⁽¹⁾	11.7% ⁽¹⁾
Oz Enhanced Master Fund	683,444	661,351	9.2%	6.7%	17.0%	12.7%	15.5%	10.6%
Other funds	915,401	2,303,369	n/m	n/m	n/m	n/m	n/m	n/m
	\$ 12,703,068	\$ 16,091,042						

n/m not meaningful

- (1) The annualized returns since inception are those of the Oz Multi-Strategy Composite, which represents the composite performance of all accounts that were managed in accordance with our broad multi-strategy mandate that were not subject to portfolio investment restrictions or other factors that limited our investment discretion since inception on April 1, 1994. Performance is calculated using the total return of all such accounts net of all investment fees and expenses of such accounts, except incentive income on unrealized gains attributable to Special Investments that could reduce returns in these investments at the time of realization, and the returns include the reinvestment of all dividends and other income. The performance calculation for the Oz Master Fund excludes realized and unrealized gains and losses attributable to currency hedging specific to certain investors investing in Oz Master Fund in currencies other than the U.S. Dollar. For the period from April 1, 1994 through December 31, 1997, the returns are gross of certain overhead expenses that were reimbursed by the accounts. Such reimbursement arrangements were terminated at the inception of the Oz Master Fund on January 1, 1998. The size of the accounts comprising the composite during the time period shown vary materially. Such differences impacted our investment decisions and the diversity of the investment strategies followed. Furthermore, the composition of the investment strategies we follow is subject to our discretion, has varied materially since inception and is expected to vary materially in the future. As of June 30, 2018, the gross and net annualized returns since the Oz Master Fund's inception on January 1, 1998 were 13.1% and 8.9%, respectively.

The \$3.4 billion, or 21%, year-over-year decrease in assets under management in our multi-strategy funds was primarily due to capital net outflows of \$3.8 billion, primarily from the Oz Master Fund, our largest multi-strategy fund, and distributions of \$595.0 million in certain other multi-strategy funds that we have decided to close. These decreases were partially offset by performance-related appreciation of \$1.0 billion. In 2018, the largest sources of gross outflows from our multi-strategy funds were attributable to related parties and pensions.

For the first half of 2018, the Oz Master Fund generated a gross return of 6.2% and a net return of 4.4%. Oz Master Fund's return was broad based, with positive performance in all of its major strategies.

For the first half of 2017, the Oz Master Fund generated a gross return of 10.2% and a net return of 7.5%. Each of the five core investment strategies in the multi-strategy funds - long/short equity special situations, merger arbitrage, corporate credit, structured credit and convertible and derivative arbitrage - generated positive returns this period. Strong performance in Oz Master Fund continued in the second quarter of 2017, resulting in its best first-half calendar year since 2009. Long/short equity special situations and merger arbitrage had a solid first half, achieving gains across all three geographies, and combined have contributed 7.2% gross year-to-date. The fund's global credit business also had a strong first half, achieving gains in both structured and corporate credit across geographies, contributing 2.3% gross year-to-date.

Credit

	Assets Under Management as of June 30,	
	2018	2017
	(dollars in thousands)	
Opportunistic credit funds	\$ 5,519,421	\$ 5,341,522
Institutional Credit Strategies	12,747,327	8,514,811
	\$ 18,266,748	\$ 13,856,333

Opportunistic Credit Funds

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

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

Assets under management for our opportunistic credit funds are generally based on the net asset value of those funds plus any unfunded commitments. Management fees for our opportunistic credit funds generally range from 0.75% to 1.75% of the net asset value of these funds. For the second quarter of 2018, our opportunistic credit funds had an average management fee rate of 0.60%.

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

Fund	Assets Under Management as of June 30,		Returns for the Six Months Ended June 30,				Annualized Returns Since Inception Through June 30, 2018	
	2018	2017	2018		2017		Gross	Net
			Gross	Net	Gross	Net		
	(dollars in thousands)							
Oz Credit Opportunities Master Fund	\$ 1,764,733	\$ 1,704,647	8.9%	6.2%	8.3%	5.7%	17.5%	12.8%
Customized Credit Focused Platform	3,081,947	2,862,409	7.5%	5.6%	5.7%	4.2%	19.2%	14.5%
Closed-end opportunistic credit funds	224,081	311,341	See below for return information on our closed-end opportunistic credit funds.					
Other funds	448,660	463,125	n/m	n/m	n/m	n/m	n/m	n/m
	<u>\$ 5,519,421</u>	<u>\$ 5,341,522</u>						

n/m not meaningful

Assets under management in our opportunistic credit funds increased by \$177.9 million, or 3%, year-over-year. This change was driven by \$582.5 million of performance-related appreciation, partially offset by \$247.6 million of net outflows and \$157.0 million of distributions in the Company’s closed-end opportunistic credit funds.

For the first half of 2018, the Oz Credit Opportunities Master Fund, our global opportunistic credit fund, generated a gross return of 8.9% and a net return of 6.2%. For the first half of 2017, the OZ Credit Opportunities Master Fund, generated a gross return of 8.3% and a net return of 5.7%. Performance was broad-based with gains across both the corporate and structured credit strategies.

The table below presents assets under management, investment performance and other information for our closed-end opportunistic credit funds. Our closed-end opportunistic credit funds follow a European-style waterfall, whereby incentive income may be paid to us only after a fund investor receives distributions in excess of their total contributed capital and a preferential return, which is generally 6%. Incentive income related to these funds is generally equal to 20% of the cumulative realized profits in excess of the preferential return attributable to each investor over the life of the fund. Once the investment performance has exceeded the preferential return, we may receive a “catch-up” allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these funds. These funds have concluded their investment periods, and therefore we expect assets under management for these funds to decrease as investments are sold and the related proceeds are distributed to the investors in these funds.

Fund (Investment Period)	Assets Under Management as of June 30,		Inception to Date as of June 30, 2018				
	2018	2017	Total Commitments	Total Invested Capital (1)	IRR		Gross MOIC (4)
					Gross (2)	Net (3)	
	(dollars in thousands)						
Oz European Credit Opportunities Fund (2012-2015)	\$ 46,090	\$ 70,301	\$ 459,600	\$ 305,487	16.3%	12.4%	1.5x
Oz Structured Products Domestic Fund II (2011-2014)	82,023	114,516	326,850	326,850	20.2%	15.9%	2.1x
Oz Structured Products Offshore Fund II (2011-2014)	84,196	112,978	304,531	304,531	17.8%	13.9%	1.9x
Oz Structured Products Offshore Fund I (2010-2013)	6,109	5,358	155,098	155,098	23.9%	19.2%	2.1x
Oz Structured Products Domestic Fund I (2010-2013)	5,486	4,770	99,986	99,986	22.8%	18.2%	2.0x
Other funds	177	3,418	168,250	168,250	n/m	n/m	n/m
	<u>\$ 224,081</u>	<u>\$ 311,341</u>	<u>\$ 1,514,315</u>	<u>\$ 1,360,202</u>			

n/m not meaningful

- Represents funded capital commitments net of recallable distributions to investors.
- Gross IRR for our closed-end opportunistic credit funds represents the estimated, unaudited, annualized return based on the timing of cash inflows and outflows for the fund as of June 30, 2018, including the fair value of unrealized investments as of such date, together with any appreciation or depreciation from related hedging activity. Gross IRR does not include the effects of management fees or incentive income, which would reduce the return, and includes the reinvestment of all fund income.
- Net IRR is calculated as described in footnote (2), but is reduced by all management fees, as well as paid incentive and accrued incentive income that will be payable upon the distribution of each fund’s capital in accordance with the terms of the relevant fund. Accrued incentive income may be higher or lower at such time. The net IRR represents a composite rate of return for a fund and does not reflect the net IRR specific to any individual investor.
- Gross MOIC for our closed-end opportunistic credit funds is calculated by dividing the sum of the net asset value of the fund, accrued incentive income, life-to-date incentive income and management fees paid and any non-recallable distributions made from the fund by the invested capital.

Institutional Credit Strategies

Institutional Credit Strategies is our asset management platform that invests in performing credits, including leveraged loans, high-yield bonds, private credit/bespoke financing and investment grade credit via CLOs and other customized solutions for clients.

Assets under management for Institutional Credit Strategies, which are primarily comprised of our CLOs, are generally based on the par value of the collateral and cash held in the CLOs. However, assets under management are reduced for any investments in our CLOs held by our other funds in order to avoid double counting these assets. Management fees for Institutional Credit Strategies generally range from 0.35% to 0.50% of assets under management. For the second quarter of 2018, Institutional Credit Strategies had an average management fee rate of 0.41%.

Incentive income from our CLOs is generally equal to 20% of the excess cash flows due to the holders of the subordinated notes issued by the CLOs, and is generally subject to a 12% hurdle rate. Because of the hurdle rate and structure of

our CLOs, we do not expect to earn a meaningful amount of incentive income from these entities, and therefore no return information is presented for these vehicles.

The OZLM CLOs presented below are our U.S. CLOs, whereas the OZLME CLO are our European CLOs.

CLOs	Initial Closing Date (Most Recent Refinance Date)	Deal Size	Assets Under Management as of June 30,	
			2018	2017
(dollars in thousands)				
OZLM I	July 19, 2012 (July 24, 2017)	\$ 523,550	\$ 496,421	\$ 496,498
OZLM II	November 1, 2012 (October 31, 2016)	560,100	508,227	509,060
OZLM III	February 20, 2013 (December 15, 2016)	653,250	607,892	608,724
OZLM IV	June 27, 2013 (September 15, 2017)	615,500	539,585	538,856
OZLM V	December 17, 2013 (March 16, 2017)	501,250	—	467,866
OZLM VI	April 16, 2014 (April 17, 2018)	621,250	594,290	595,776
OZLM VII	June 26, 2014 (April 17, 2017)	824,750	792,034	795,428
OZLM VIII	September 9, 2014 (May 30, 2017)	622,250	593,984	595,685
OZLM IX	December 22, 2014 (March 2, 2017)	510,208	498,264	498,995
OZLM XI	March 12, 2015 (August 18, 2017)	541,532	515,151	489,818
OZLM XII	May 28, 2015	565,650	548,200	548,902
OZLM XIII	August 6, 2015	511,600	494,418	495,051
OZLM XIV	December 21, 2015 (June 4, 2018)	507,420	500,992	502,048
OZLM XV	December 20, 2016	409,250	395,505	396,489
OZLME I	December 15, 2016	430,490	465,059	455,766
OZLM XVI	June 8, 2017	410,250	400,021	401,172
OZLM XVII	August 3, 2017	512,000	497,830	—
OZLME II	September 14, 2017	494,708	462,407	—
OZLM XIX	November 21, 2017	610,800	600,329	—
OZLM XXI	January 26, 2018	510,600	500,956	—
OZLME III	January 31, 2018	509,118	466,138	—
OZLM XXII	February 22, 2018	509,200	466,967	—
OZLM XXVIII	April 4, 2018	508,000	499,622	—
OZLM XX	May 11, 2018	464,150	447,813	—
		12,926,876	11,892,105	8,396,134
STARR 2018-1	June 27, 2018	696,000	680,231	—
Other funds	n/a	n/a	174,991	118,677
		\$ 13,622,876	\$ 12,747,327	\$ 8,514,811

Assets under management in Institutional Credit Strategies totaled \$12.7 billion as of June 30, 2018, increasing \$4.2 billion, or 50%, year-over-year. The year-over-year increase in assets under management in Institutional Credit Strategies was driven primarily by the closing of additional CLOs. Additionally, in June 2018, in partnership with GE Capital Aviation Services, we closed a \$696.0 million aircraft securitization, STARR 2018-1, where we will serve as the asset manager.

Real Estate Funds

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

Assets under management for our real estate funds are generally based on the amount of capital committed by our fund investors during the investment period and the amount of actual capital invested for periods following the investment period. However, assets under management are reduced for unfunded commitments by our executive managing directors that will be funded through transfers from other funds in order to avoid double counting these assets. Management fees for our real estate funds generally range from 0.75% to 1.50% of assets under management; however, management fees for Och-Ziff Real Estate Credit Fund I are based on invested capital. For the second quarter of 2018, our real estate funds had an average management fee rate of 0.82%.

The table below presents assets under management, investment performance and other information for our real estate funds. Our real estate funds generally follow an American-style waterfall, whereby incentive income may be paid to us after a fund investment is realized if a fund investor receives distributions in excess of the capital contributed for such investment, as well as a preferential return on such investment, which is generally 6% to 10%. Upon each subsequent realization, incentive income, which is generally 20% of realized profits, is recalculated based on the cumulative realized profits in excess of the preferential return attributable to each investor over the life of the fund. Once the investment performance has exceeded the hurdle rate, we may receive a “catch-up” allocation, resulting in a potential recognition by us of a full 20% of the realized net profits attributable to investors in these funds.

Due to the recalculation of cumulative realized profits upon each realization, the fund may clawback incentive income previously paid to us. As a result, we record incentive income paid to us by the real estate funds as unearned revenue in our consolidated balance sheets until the criteria for revenue recognition has been met.

Fund	Assets Under Management as of June 30,	
	2018	2017
	(dollars in thousands)	
Och-Ziff Real Estate Fund I	\$ 13,478	\$ 12,966
Och-Ziff Real Estate Fund II	143,803	294,066
Och-Ziff Real Estate Fund III	1,462,161	1,461,769
Och-Ziff Real Estate Credit Fund I	697,704	699,059
Other funds	222,206	149,972
	\$ 2,539,352	\$ 2,617,832

Fund (Investment Period)	Inception to Date as of June 30, 2018									
	Total Commitments	Total Investments					Realized/Partially Realized Investments ⁽¹⁾			
		Invested Capital ⁽²⁾	Total Value ⁽³⁾	Gross IRR ⁽⁴⁾	Net IRR ⁽⁵⁾	Gross MOIC ⁽⁶⁾	Invested Capital	Total Value	Gross IRR ⁽⁴⁾	Gross MOIC ⁽⁶⁾
	(dollars in thousands)									
Och-Ziff Real Estate Fund I ⁽⁷⁾ (2005-2010)	\$ 408,081	\$ 386,198	\$ 821,318	25.1%	15.9%	2.1x	\$ 372,720	\$ 817,196	26.6%	2.2x
Och-Ziff Real Estate Fund II ⁽⁷⁾ (2011-2014)	839,508	762,588	1,489,371	33.1%	21.8%	2.0x	597,465	1,268,929	37.3%	2.1x
Och-Ziff Real Estate Fund III (2014-2019)	1,500,000	884,669	1,358,779	33.9%	23.5%	1.5x	352,704	678,601	43.3%	1.9x
Och-Ziff Real Estate Credit Fund I ⁽⁸⁾ (2015-2019)	736,225	124,381	152,176	n/m	n/m	n/m	48,771	61,212	n/m	n/m
Other funds	291,991	196,352	270,818	n/m	n/m	n/m	58,018	107,117	n/m	n/m
	\$ 3,775,805	\$ 2,354,188	\$ 4,092,462				\$ 1,429,678	\$ 2,933,055		

Fund (Investment Period)	Unrealized Investments as of June 30, 2018		
	Invested Capital	Total Value	Gross MOIC ⁽⁶⁾
	(dollars in thousands)		
Och-Ziff Real Estate Fund I (2005-2010) ⁽⁷⁾	\$ 13,478	\$ 4,122	0.3x
Och-Ziff Real Estate Fund II (2011-2014) ⁽⁷⁾	165,123	220,442	1.3x
Och-Ziff Real Estate Fund III (2014-2019)	531,965	680,178	1.3x
Och-Ziff Real Estate Credit Fund I (2015-2019) ⁽⁸⁾	75,610	90,964	n/m
Other funds	138,334	163,701	n/m
	\$ 924,510	\$ 1,159,407	

n/m not meaningful

- (1) An investment is considered partially realized when the total amount of proceeds received, including dividends, interest or other distributions of income and return of capital, represents at least 50% of invested capital.
- (2) Invested capital represents total aggregate contributions made for investments by the fund.
- (3) Total value represents the sum of realized distributions and the fair value of unrealized and partially realized investments as of June 30, 2018. Total value will be impacted (either positively or negatively) by future economic and other factors. Accordingly, the total value ultimately realized will likely be higher or lower than the amounts presented as of June 30, 2018.
- (4) Gross IRR for our real estate funds represents the estimated, unaudited, annualized return based on the timing of cash inflows and outflows for the aggregated investments as of June 30, 2018, including the fair value of unrealized and partially realized investments as of such date, together with any unrealized appreciation or depreciation from related hedging activity. Gross IRR is not adjusted for estimated management fees, incentive income or other fees or expenses to be paid by the fund, which would reduce the return.
- (5) Net IRR is calculated as described in footnote (4), but is reduced by all management fees and other fund-level fees and expenses not adjusted for in the calculation of gross IRR. Net IRR is further reduced by paid incentive and accrued incentive income that will be payable upon the distribution of each fund's capital in accordance with the terms of the relevant fund. Accrued incentive income may be higher or lower at such time. The net IRR represents a composite rate of return for a fund and does not reflect the net IRR specific to any individual investor.
- (6) Gross MOIC for our real estate funds is calculated by dividing the value of a fund's investments by the invested capital, prior to adjustments for incentive income, management fees or other expenses to be paid by the fund.
- (7) These funds have concluded their investment periods, and therefore we expect assets under management for these funds to decrease as investments are sold and the related proceeds are distributed to the investors in these funds.
- (8) This fund has invested less than half of its committed capital; therefore, IRR and MOIC information is not presented, as it is not meaningful.

Assets under management in our real estate funds decreased \$78.5 million, or 3%, year-over-year. We continue to deploy capital in our real estate funds, while also realizing investments. In the first half of 2018, the real estate funds invested over \$37 million and had full or partial realizations of two investments with MOICs of 2.1x and 2.2x. In total, we have committed approximately 65% of Och-Ziff Real Estate Fund III generating a 23.5% net return for investors since inception. Our Och-Ziff Real Estate Credit Fund I is currently 20% deployed.

Other

Our other assets under management are comprised of funds that are generally strategy-specific, including our equity and energy funds. Management fees for these funds range from 0.75% to 1.50% of assets under management, generally based on the amount of capital committed to these platforms by our fund investors. For the second quarter of 2018, our other funds had an average management fee rate of 0.56%.

Incentive income for our equity funds is generally 20% of realized and unrealized annual profits attributable to each investor. Incentive income related to the energy funds is generally 20% of cumulative realized profits attributable to each investor. Incentive income for these funds is subject to hurdle rates generally 3% to 8%.

Longer-Term Assets Under Management

As of June 30, 2018, approximately 58% of our assets under management were subject to initial commitment periods of three years or longer. Incentive income on these assets, if any, is based on the cumulative investment performance generated over this commitment period. The table below presents the amount of these assets under management, as well as the amount of incentive income accrued at the fund level but that has not yet been recognized in our revenues. Further, these amounts may

ultimately not be recognized as revenue by us in the event of future losses in the respective funds. See “—Understanding Our Results—Incentive Income” for additional information.

	June 30, 2018	
	Longer-Term Assets Under Management	Accrued Unrecognized Incentive Income
	(dollars in thousands)	
Multi-strategy funds	\$ 495,831	\$ 11,361
Credit		
Opportunistic credit funds	3,594,829	213,114
Institutional Credit Strategies	12,663,019	—
Real estate funds	2,539,351	114,567
Other	278,380	1,276
	\$ 19,571,410	\$ 340,318

We generally recognize incentive income on our longer-term assets under management in multi-strategy funds and open-end opportunistic credit funds at or near the end of their respective commitment periods, which are generally three to five years, when such amounts are probable of not significantly reversing. We may begin recognizing incentive income related to assets under management in its closed-end opportunistic credit funds and real estate funds after the conclusion of their respective investment period, when such amounts are probable of not significantly reversing. However, these investment periods may generally be extended for an additional one to two years.

Upon adoption of new revenue accounting guidance on January 1, 2018, we recognized \$128.3 million of previously accrued unrecognized incentive income through an adjustment to opening equity.

Understanding Our Results

Revenues

Our operations historically 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 1% management fee would generally increase or decrease annual management fees by \$10 million. If profits, net of management fees, attributable to a fee-paying fund investor were \$10 million in a given year, we generally would earn incentive income equal to \$2 million, assuming a 20% incentive income rate, a one-year commitment period, no hurdle rate and no high-water marks from prior years.

For any given quarter, our revenues are influenced by the combination of assets under management and the investment performance of our funds. For example, incentive income for the majority of our multi-strategy assets under management is recognized in the fourth quarter each year, based on full year investment performance.

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

average management fee rate. See Note 9 to our consolidated financial statements included in this quarterly report for additional information regarding management fees.

Incentive Income. We earn incentive income based on the cumulative performance of our funds over a commitment period. Prior to the adoption of new revenue recognition accounting guidance in 2018, incentive income was recognized at the end of the applicable commitment period when the amounts were contractually payable, or “crystallized,” and when no longer subject to clawback. Beginning in 2018, as a result of the adoption of the new revenue recognition accounting guidance, we recognize incentive income when such amounts are probable of not significantly reversing. See Note 2 to our consolidated financial statements included in this quarterly report for additional information regarding incentive income.

Other Revenues. Other revenues consist primarily of interest income on investments in CLOs and cash and cash equivalents. Interest income is recognized on an effective yield basis. Additionally, prior to the sale of our aircraft in the first half of 2017, revenue related to non-business use of the corporate aircraft by certain executive managing directors was also included within other revenues. Revenue earned from non-business use of the corporate aircraft was recognized on an accrual basis based on actual flight hours.

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

Expenses

Compensation and Benefits. Compensation and benefits consist of salaries, benefits, payroll taxes, and discretionary and guaranteed cash bonus expenses. We generally recognize compensation and benefits expenses over the related service period.

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. We accrue minimum annual discretionary cash bonus on a straight-line basis during the year. The total amount of discretionary cash bonuses ultimately recognized for the full year, which is determined in the fourth quarter of each year, could differ materially from the minimum amount accrued, as the total discretionary cash bonus is dependent upon a variety of factors, including fund performance for the year. Prior to 2017, annual discretionary bonuses were generally determined and expensed in the fourth quarter of each year.

Compensation and benefits also includes equity-based compensation expense, which is primarily in the form of RSUs granted to our independent board members, employees and executive managing directors, as well as Partner Equity Units granted to executive managing directors. In February 2018, we also issued PSUs.

We also issue Group D Units to executive managing directors. Group D Units are not considered equity under GAAP, and therefore no equity-based compensation expense is recognized related to these units when they are granted. Distributions to holders of Group D Units are included within compensation and benefits in the consolidated statements of comprehensive (loss) income. These distributions are accrued in the quarter in which the related income was earned and are paid out the following quarter at the same time distributions on the Group A Units and dividends on the Company’s Class A Shares are paid. A Group D Unit converts into a Group A Unit to the extent the Company determines that it has become economically equivalent to a Group A Unit, at which point it is considered a grant of equity-based compensation for GAAP purposes. Upon the conversion of Group D Units into 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 Group D Units are converted into Group A Units in the future, we may see increasing non-cash equity-based compensation expense related to these units, and these non-cash expenses could be material.

We also have profit-sharing arrangements whereby certain employees or executive managing directors are entitled to a share of incentive income distributed by certain funds. This incentive income is typically paid to us, and a portion is paid to the participant, as investments held by these funds are realized. 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.

Deferred cash interest (“DCIs”) are also granted to certain employees and executive managing directors as a form of compensation. DCIs reflect notional fund investments made by us on behalf of an employee or executive managing director. DCIs generally vest over a three year period, subject to an employee’s or executive managing director’s continued service. Upon vesting, we pay the employee or executive managing director an amount in cash equal to the notional investment represented by the DCIs, as adjusted for notional fund performance. Except as otherwise provided in the relevant deferred cash interest plan or in an award agreement, in the event of a termination of the employee’s or executive managing director’s service, any portion of the DCIs that are unvested as of the date of termination will be forfeited.

Interest Expense. Amounts included within interest expense relate primarily to indebtedness outstanding. See “—Liquidity and Capital Resources—Debt Obligations” and Note 8 to our consolidated financial statements included in this report for a summary of the terms related to these borrowings.

General, Administrative and Other. General, administrative and other expenses are comprised of professional services, occupancy and equipment, information processing and communications, recurring placement and related service fees, business development, insurance and other miscellaneous expenses.

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

Other (Loss) Income

Changes in Tax Receivable Agreement Liability. Changes in tax receivable agreement liability consists of changes in our estimate of the future payments related to the tax receivable agreement that result from changes in future income tax savings due to changes in tax rates. See Note 15 to our consolidated financial statements included in this report for additional information.

Net Losses on Early Retirement of Debt. Net losses on early retirement of debt consist of net losses realized upon the early retirement of the amounts outstanding under our Senior Notes and certain CLO Investments Loans in the second quarter of 2018. These losses include the write-off of unamortized debt discounts and issuance costs, as well as other fees incurred in connection with the early retirement of debt.

Net (Losses) Gains on Investments in Funds and Joint Ventures. Net (losses) gains on investments in funds and joint ventures primarily consist of net gains and losses on investments in our funds.

Net (Losses) Gains of Consolidated Funds. Net (losses) gains of consolidated funds consist of net realized and unrealized gains and losses on investments held by the consolidated 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 bases. 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 bases 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 Oz Operating Partnerships are partnerships for U.S. federal income tax purposes. Due to our legal structure, only a portion of the income we earn is subject to corporate-level income taxes in the United States and foreign jurisdictions. The amount of incentive income we earn in a given year, the resultant flow of revenues and expenses through our legal entity structure, the effect that changes in our Class A Share price may have on the ultimate deduction we are able to take related to the settlement of RSUs, and any changes in future enacted income tax rates may have a significant impact on our income tax provision and effective income tax rate.

Net (Loss) Income Attributable to Noncontrolling Interests

Noncontrolling interests represent ownership interests in our subsidiaries held by parties other than us and are primarily made up of Group A Units. Increases or decreases in net (loss) income attributable to the Group A Units are driven by the earnings of the Oz Operating Group. See Note 3 for additional information regarding our ownership interest in the Oz Operating Group.

We also consolidate certain of our opportunistic credit funds, wherein investors are able to redeem their interests after an initial lock-up period of up to three years. Allocations of earnings to these interests are reflected within net income attributable to redeemable noncontrolling interests in the consolidated statements of comprehensive income (loss). Increases or decreases in the net income attributable to fund investors' interests in consolidated funds are driven by the earnings of those funds as allocated under the contractual terms of the relevant fund agreements.

Results of Operations

Three and Six Months Ended June 30, 2018 Compared to Three and Six Months Ended June 30, 2017

Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Management fees	\$ 70,593	\$ 80,082	\$ 143,043	\$ 166,337
Incentive income	34,656	66,115	85,490	117,741
Other revenues	3,867	1,781	8,409	2,557
Income of consolidated funds	650	968	1,234	1,463
Total Revenues	\$ 109,766	\$ 148,946	\$ 238,176	\$ 288,098

Total revenues for the quarter-to-date period decreased by \$39.2 million, primarily due to the following:

- A \$9.5 million decrease in management fees, driven primarily by a \$9.9 million decrease in management fees from our multi-strategy funds and a \$3.1 million decrease from our opportunistic credit funds, primarily due to a contract modification that resulted in an offset to previously recognized management fees in the current quarter. These decreases were partially offset by an increase of \$4.2 million in Institutional Credit Strategies due to the launches of new CLOs and STARR 2018-01. See "Assets Under Management and Fund Performance—Weighted-Average Assets Under Management and Average Management Fee Rate" above for information regarding our average management fee rate.
- A \$31.5 million decrease in incentive income, primarily due to the following:
 - *Multi-strategy funds.* A \$30.3 million decrease in incentive income from our multi-strategy funds, primarily due to: (i) a \$31.8 million decrease due to lower amounts earned from longer-term assets under management; and (ii) a \$15.8 million decrease due to crystallization of incentive related to fund investor redemptions during the quarter. These decreases were partially offset by a \$17.3 million increase related to assets subject to a one-year measurement period.
 - *Opportunistic credit funds.* A \$5.9 million decrease in incentive income from our opportunistic credit funds, primarily due to a \$7.1 million decrease due to a contract modification that resulted in an offset to previously recognized incentive income in the current quarter. The decrease was partially offset by a \$1.1 million increase related to longer-term assets under management.
 - *Real estate funds.* A \$4.7 million increase in incentive income from our real estate funds, as certain funds past their investment periods continue to harvest assets.

Total revenues for the year-to-date period decreased by \$49.9 million , primarily due to the following:

- A \$23.3 million decrease in management fees, driven primarily by a \$26.3 million decrease in management fees from our multi-strategy funds and a \$2.8 million decrease from our opportunistic credit funds, primarily due to the impacts of a modification in terms requiring an offset to previously recognized management fees in the current quarter. These decreases were partially offset by an increase of \$7.3 million related in Institutional Credit Strategies due to the launches of new CLOs. See “Assets Under Management and Fund Performance—Weighted-Average Assets Under Management and Average Management Fee Rate” above for information regarding our average management fee rate.
- A \$32.3 million decrease in incentive income, primarily due to the following:
 - *Multi-strategy funds.* A \$36.3 million decrease in incentive income from our multi-strategy funds, primarily due to: (i) a \$36.7 million decrease due to lower amounts earned from longer-term assets under management; (ii) a \$13.5 million decrease related to crystallization of incentive related to fund investor redemptions during the period; and (iii) a \$1.7 million decrease due to tax distributions taken to cover tax liabilities on incentive income that has been accrued on certain longer-term assets under management. These decreases were partially offset by a \$15.7 million increase related to assets subject to a one-year measurement period.
 - *Opportunistic credit funds.* A \$1.8 million decrease in incentive income from our opportunistic credit funds, primarily due to: (i) a \$14.4 million decrease due to tax distributions taken to cover tax liabilities on incentive income that has been accrued on certain longer-term assets under management; and (ii) a \$7.1 million decrease related to the impacts of a modification in terms requiring an offset to previously recognized incentive income in the current quarter. These decreases were partially offset by an \$18.7 million increase in incentive from longer-term assets under management.
 - *Real estate funds.* A \$7.8 million increase in incentive income from our real estate funds, as certain funds past their investment periods continue to harvest assets.

Expenses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Compensation and benefits	\$ 74,502	\$ 69,679	\$ 143,426	\$ 139,622
Interest expense	7,505	5,152	14,103	11,432
General, administrative and other	48,509	35,165	86,359	81,093
Expenses of consolidated funds	24	460	108	544
Total Expenses	\$ 130,540	\$ 110,456	\$ 243,996	\$ 232,691

Total expenses for the quarter-to-date period increased by \$20.1 million , primarily due to the following:

- A \$13.3 million increase in general, administrative and other expenses primarily due to a \$13.0 million legal provision accrual related to certain matters described in Note 15 .
- A \$4.8 million increase in compensation and benefits expenses, which was driven by a \$4.8 million increase in bonus expense, primarily due to higher minimum bonus accruals, partially offset by a \$1.2 million decrease in salaries and benefits expense, which was driven by lower headcount. Our global headcount decreased to 442 as of June 30, 2018 from 495 as of June 30, 2017 . The remaining variance was driven by a combination of equity based compensation expenses and expenses related to distributions accrued on Group D Units.
- A \$2.4 million increase in interest expense driven by additional CLO Investments Loans entered into since the second quarter of 2017.

Total expenses for the year-to-date period increased by \$11.3 million , primarily due to the following:

- A \$5.3 million increase in general, administrative and other expenses primarily due to a \$13.0 million legal provision accrual related to certain matters described in Note 15 , partially offset by reductions across various operating expenses as a result of expense savings initiatives.
- A \$3.8 million increase in compensation and benefits expenses, primarily driven by: (i) a \$4.1 million increase in equity based compensation due to a higher average number of awards outstanding in the current year period; and (ii) a \$3.6 million increase in bonus expense driven by higher minimum bonus accruals. These increases were partially offset by: (i) a \$2.8 million decrease in salary and benefits due to a lower headcount, as described above; and (ii) a \$1.1 million decrease in expenses related to distributions accrued on Group D Units, as fewer Group D Units were outstanding in the current year period.
- A \$2.7 million increase in interest expense driven primarily by expense incurred on additional CLO Investments Loans entered into since the second quarter of 2017, partially offset by a decrease in interest expense from the revolving credit facility we entered into in 2014 (the “2014 Revolving Credit Facility”) and the loan to finance installment payments towards the purchase of a corporate aircraft (the “Aircraft Loan”) that were repaid in the first quarter of 2017.

Other (Loss) Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Net losses on early retirement of debt	\$ (14,303)	\$ —	\$ (14,303)	\$ —
Net (losses) gains on investments in funds and joint ventures	(785)	65	(473)	786
Net (losses) gains of consolidated funds	(26)	385	466	620
Total Other (Loss) Income	\$ (15,114)	\$ 450	\$ (14,310)	\$ 1,406

Total other loss increased for the both quarter-to-date and year-to-date periods, primarily due to the \$14.3 million loss recognized on early retirement of our Senior Notes and certain CLO Investments Loans.

Income Taxes

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Income taxes	\$ (2,524)	\$ 3,244	\$ 488	\$ 15,300

Income tax expense for the quarter-to-date and year-to-date periods decreased by \$5.8 million and \$14.8 million , respectively. Tax expense was higher in 2017 for both the quarter-to-date and year-to-date periods primarily due to an increase in the valuation allowance in 2017, a decrease in pre-tax income in 2018 and a decrease in the U.S. statutory tax rate in 2018 to 21% from 35% as a result of the enactment of the TCJA.

Net (Loss) Income Allocated to Noncontrolling Interests

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Group A Units	\$ (21,915)	\$ 22,010	\$ (13,545)	\$ 31,645
Other	475	132	740	275
Total	\$ (21,440)	\$ 22,142	\$ (12,805)	\$ 31,920
Redeemable noncontrolling interests	\$ 332	\$ 456	\$ 953	\$ 806

Net loss allocated to noncontrolling interests increased by \$43.6 million and \$44.7 million for the quarter-to-date and year-to-date periods, respectively. These increases were driven primarily by amounts attributable to the Group A Units due to lower profitability of the Oz Operating Group, primarily due to lower incentive income and management fees, net losses incurred on early retirement of debt and a legal provision accrual for certain matters, as well as higher compensation and benefits. These decreases in earnings were partially offset by higher interest income earned on investments in CLOs.

Net (Loss) Income Attributable to Class A Shareholders

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Net (Loss) Income Attributable to Class A Shareholders	\$ (12,256)	\$ 13,098	\$ (8,766)	\$ 5,934

Net loss attributable to Class A Shareholders increased by \$25.4 million and \$14.7 million for the quarter-to-date and year-to-date periods, respectively. These increases were primarily due to lower incentive income and management fees, as well as net losses incurred on early retirement of debt and a legal provision accrual for certain matters, as well as higher compensation and benefits. These decreases in earnings were partially offset by lower income tax expense and higher interest income earned on investments in CLOs.

In addition, the year-over-year decrease was partially offset by an adjustment to the redemption value of Preferred Units taken in the first half of 2017 in the amount \$2.9 million that reduced the net income attributable to Class A Shareholders in that period.

Economic Income Analysis

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

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

- Income allocations to our executive managing directors on their direct interests in the Oz Operating Group. Management reviews operating performance at the Oz Operating Group level, where substantially all of our operations are performed, prior to making any income allocations.

- Equity-based compensation expenses, depreciation and amortization expenses, changes in the tax receivable agreement liability, net losses on early retirement of debt, gains and losses on fixed assets, and net gains and losses on investments in funds, as management does not consider these items 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.
- Amounts related to the consolidated 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.

In addition, expenses related to incentive income profit-sharing arrangements are generally recognized at the same time the related incentive income revenue is recognized, as management reviews the total compensation expense related to these arrangements in relation to any incentive income earned by the relevant fund. Further, deferred cash compensation is expensed in full in the year granted for Economic Income, rather than over the service period for GAAP.

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, other revenues, 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. For reconciliations of our non-GAAP measures to the respective GAAP measures, please see “—Economic Income Reconciliations” at the end of this MD&A.

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

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

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017

Economic Income Revenues (Non-GAAP)

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company	Oz Funds Segment	Other Operations	Total Company
(dollars in thousands)						
Economic Income Basis						
Management fees	\$ 61,067	\$ 5,049	\$ 66,116	\$ 69,581	\$ 5,284	\$ 74,865
Incentive income	28,921	5,735	34,656	64,821	1,294	66,115
Other revenues	3,750	117	3,867	483	40	523
Total Economic Income Revenues	\$ 93,738	\$ 10,901	\$ 104,639	\$ 134,885	\$ 6,618	\$ 141,503

Economic Income revenues for the quarter-to-date period decreased by \$36.9 million, primarily due to the following:

- An \$8.7 million decrease in management fees, driven primarily by an \$8.8 million decrease in management fees from multi-strategy funds due to lower assets under management and a \$3.1 million decrease from our opportunistic credit funds, primarily due to a contract modification that resulted in an offset to previously recognized management fees in the current quarter. These decreases were partially offset by an increase of \$3.9 million in Institutional Credit Strategies due to the launches of new CLOs and STARR 2018-01. See “Assets Under Management and Fund Performance—Weighted-Average Assets Under Management and Average Management Fee Rate” above for information regarding our average management fee rate.

- A \$31.5 million decrease in incentive income, primarily due to the following:
 - *Multi-strategy funds.* A \$30.3 million decrease in incentive income from our multi-strategy funds, primarily due to: (i) a \$31.8 million decrease due to lower amounts earned from longer-term assets under management; and (ii) a \$15.8 million decrease due to crystallization of incentive related to fund investor redemptions during the quarter. These decreases were partially offset by a \$17.3 million increase related to assets subject to a one-year measurement period.
 - *Opportunistic credit funds.* A \$5.9 million decrease in incentive income from our opportunistic credit funds, primarily due to a \$7.1 million decrease due to a contract modification that resulted in an offset to previously recognized incentive income in the current quarter. The decrease was partially offset by a \$1.1 million increase related to longer-term assets under management.
 - *Real estate funds.* A \$4.7 million increase in incentive income from our real estate funds, as certain funds past their investment periods continue to harvest assets.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company	Oz Funds Segment	Other Operations	Total Company
(dollars in thousands)						
Economic Income Basis						
Management fees	\$ 124,042	\$ 9,783	\$ 133,825	\$ 145,133	\$ 10,543	\$ 155,676
Incentive income	75,160	10,330	85,490	115,243	2,498	117,741
Other revenues	8,183	187	8,370	1,233	66	1,299
Total Economic Income Revenues	\$ 207,385	\$ 20,300	\$ 227,685	\$ 261,609	\$ 13,107	\$ 274,716

Economic Income revenues for the year-to-date period decreased by \$47.0 million, primarily due to the following:

- A \$21.9 million decrease in management fees, driven primarily by a \$24.2 million decrease in management fees from our multi-strategy funds due to lower assets under management and a \$2.8 million decrease from our opportunistic credit funds, primarily due to a contract modification that resulted in an offset to previously recognized management fees in the current quarter. These decreases were partially offset by an increase of \$6.6 million in Institutional Credit Strategies due to the launches of new CLOs. See “Assets Under Management and Fund Performance—Weighted-Average Assets Under Management and Average Management Fee Rate” above for information regarding our average management fee rate.
- A \$32.3 million decrease in incentive income, primarily due to the following:
 - *Multi-strategy funds.* A \$36.3 million decrease in incentive income from our multi-strategy funds, primarily due to: (i) a \$36.7 million decrease due to lower amounts earned from longer-term assets under management; (ii) a \$13.5 million decrease related to crystallization of incentive related to fund investor redemptions during the period; and (iii) a \$1.7 million decrease due to tax distributions taken to cover tax liabilities on incentive income that has been accrued on certain longer-term assets under management. These decreases were partially offset by a \$15.7 million increase related to assets subject to a one-year measurement period.
 - *Opportunistic credit funds.* A \$1.8 million decrease in incentive income from our opportunistic credit funds, primarily due to: (i) a \$14.4 million decrease due to tax distributions taken to cover tax liabilities on incentive income that has been accrued on certain longer-term assets under management; and (ii) a \$7.1 million decrease related to the impacts of a modification in terms requiring an offset to previously recognized incentive income in the current quarter. These decreases were partially offset by an \$18.7 million increase in incentive from longer-term assets under management.

- *Real estate funds.* A \$7.8 million increase in incentive income from our real estate funds, as certain funds past their investment periods continue to harvest assets.

Economic Income Expenses (Non-GAAP)

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company	Oz Funds Segment	Other Operations	Total Company
(dollars in thousands)						
Economic Income Basis						
Compensation and benefits	\$ 39,890	\$ 7,832	\$ 47,722	\$ 38,303	\$ 4,898	\$ 43,201
Non-compensation expenses	48,232	493	48,725	31,905	646	32,551
Total Economic Income Expenses	\$ 88,122	\$ 8,325	\$ 96,447	\$ 70,208	\$ 5,544	\$ 75,752

Economic Income expenses for the quarter-to-date period increased by \$20.7 million , primarily due to the following:

- A \$16.2 million increase in non-compensation expenses was primarily due to a \$13.0 million legal provision accrual for certain matters described in Note 15 , as well as higher interest expense.
- A \$4.5 million increase in compensation and benefit expenses primarily due to a \$5.8 million increase in bonus expense, driven by higher discretionary bonus accruals and higher real estate incentive income profit sharing expense. The increase was partially offset by a \$1.2 million decrease in salaries and benefits expense, which was driven by lower headcount.

	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company	Oz Funds Segment	Other Operations	Total Company
(dollars in thousands)						
Economic Income Basis						
Compensation and benefits	\$ 65,688	\$ 15,053	\$ 80,741	\$ 79,668	\$ 9,797	\$ 89,465
Non-compensation expenses	84,817	1,204	86,021	73,818	1,284	75,102
Total Economic Income Expenses	\$ 150,505	\$ 16,257	\$ 166,762	\$ 153,486	\$ 11,081	\$ 164,567

Economic Income expenses for the year-to-date period increased by \$2.2 million , primarily due to the following:

- A \$10.9 million increase in non-compensation expenses was primarily due to a \$13.0 million legal provision accrual related to certain matters described in Note 15 , as well as higher interest expense, partially offset by reductions across various operating expenses as a result of expense savings initiatives.
- An \$8.7 million decrease in compensation and benefit expenses primarily due to a \$5.9 million decrease in bonus expense, primarily due to deferred cash compensation forfeiture reversals in the first quarter of 2018. The remainder is due to a \$2.8 million decrease in salaries and benefits expense, which was driven by lower headcount.

Economic Income (Non-GAAP)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
(dollars in thousands)				
<i>Economic Income:</i>				
Oz Funds Segment	\$ 5,618	\$ 64,677	\$ 56,893	\$ 108,123
Other Operations	2,576	1,074	4,043	2,026
Total Company	\$ 8,194	\$ 65,751	\$ 60,936	\$ 110,149

Economic Income was \$8.2 million for the second quarter of 2018, compared to \$65.8 million for the second quarter of 2017. The quarter-to-date decline was primarily due to lower incentive income and management fees, a legal provision accrual for certain matters, as well as an increase in compensation and benefits expenses. These decreases in earnings were partially offset by higher interest income earned on investments in CLOs.

Economic Income was \$60.9 million for the first half of 2018, compared to \$110.1 million for the first half of 2017. The year-to-date decline was primarily due to lower incentive income and management fees, as well as a legal provision accrual for certain matters. These decreases were partially offset by lower compensation and benefits expenses and higher interest income earned on investments in CLOs.

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 Oz Operating Group from our funds, as well as other sources of liquidity noted above and below.

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

- Pay our operating expenses, primarily consisting of compensation and benefits and non-compensation expenses.
- Pay interest and principal on our debt obligations.
- Provide capital to facilitate the growth of our business, including making risk retention investments in CLOs managed by us that are subject to EU risk retention rules.
- Pay income taxes as well as compensation-related tax withholding obligations.
- Make cash distributions in accordance with our distribution policy as discussed below under “—Dividends and Distributions.”

Historically, management fees have been sufficient to cover all of our “fixed” operating expenses, which we define as salaries, benefits, a minimum discretionary bonus and our non-compensation costs incurred in the ordinary course of business. Rate reductions in our multi-strategy funds combined with year-over-year net capital outflows have resulted in lower management fees, and while we are making every effort to scale our operations so that management fees are sufficient to cover our fixed operating expenses, our current management fees do not cover our current fixed operating expenses. No assurances can be given that our management fees ultimately will be sufficient for these purposes in future periods.

In the event that management fees do not cover fixed operating expenses, we would rely on cash on hand and incentive income to cover any shortfall, as well as to fund any other liabilities. We cannot predict the amount of incentive income, if any, that we may earn in any given year. Total annual revenues, which are heavily influenced by the amount of incentive income we earn, historically have been sufficient to fund both our fixed operating expenses and 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.

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.

Historically, we have determined the amount of discretionary cash bonuses during the fourth quarter of each year, based on our total annual revenues. We have historically funded these amounts 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. To the extent our funds generate incentive income in the fourth quarter, we may elect to increase the amount of cash bonuses paid to employees over the amount already accrued throughout the year, with any incremental amounts recognized as expense in the fourth quarter. Although we cannot predict the amount, if any, of incentive income we may earn, we are able to regularly monitor expected management fees and we believe that we will be able to adjust our expense infrastructure, including discretionary cash bonuses, as needed to meet the requirements of our business and in order to maintain positive operating cash flows. Nevertheless, if we generate insufficient cash flows from operations to meet our short-term liquidity needs, we may have to borrow funds or sell assets, subject to existing contractual arrangements.

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

Since the CLO risk retention requirements went into effect, we have used a combination of cash on hand and CLO Investments Loans to fund our 5% risk retention investments in newly launched and recently refinanced CLOs. Currently, we expect to continue relying on a combination of cash on hand and CLO Investments Loans to fund future CLO risk retention investments. As a result of a recent court decision that vacates application of U.S. risk retention rules in certain CLO transactions, in the second quarter of 2018, we sold our investments in certain U.S. CLOs and paid off any related CLO Investments Loans. We are still subject to the EU risk retention rules.

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

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

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

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

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

Debt Obligations

See Note 8 to our consolidated financial statements included in this report for a description of the changes in our debt obligations from what was reported in our Annual Report.

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 Oz Operating Partnerships of Group A Units from our executive managing directors and the Ziffs with proceeds from the IPO and concurrent private Class A Share offering in 2007 (collectively, the “2007 Offerings”), and subsequent taxable exchanges by them of 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 Oz Operating Partnerships 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 Oz Operating Partnerships, and we will derive our tax benefits principally through amortization of these intangibles over a 15-year period from the date of the 2007 Offerings or the date of any subsequent exchange. Consequently, these tax basis adjustments will increase, for tax purposes, our depreciation and amortization expenses and will therefore reduce the amount of tax that Oz Corp and any other corporate taxpaying entities that hold 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 IPO, the right to receive payments under the tax receivable agreement by those former executive managing directors was contributed to the Oz Operating Partnerships. 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 IPO) 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 June 30, 2018, 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 \$280.0 million as a result of the cash savings to our intermediate holding companies from the purchase of Group A Units from our executive managing directors and the Ziffs with proceeds from the 2007 Offerings and the exchange of 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 Oz Corp, and any other corporate taxpaying entities that hold Group B Units, and not of the Oz Operating Group. We may need to incur debt to finance payments under the tax receivable agreement to the extent the Oz Operating Partnerships 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 Oz Operating Partnerships 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 Oz Corp will impact the payments to be made under the tax receivable agreement. To the extent that Oz Corp does not have sufficient taxable income to utilize the amortization deductions available as a result of the increased tax basis in the Oz Operating Partnerships' 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 Oz Operating Partnerships' 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 Oz Operating Partnerships' assets at the time of any exchange will determine the extent to which Oz 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 Oz Corp will receive an increase in tax basis of the Oz Operating Partnerships' assets as a result of such exchanges, and thus will impact the benefit derived by Oz 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 table below presents the cash dividends paid on our Class A Shares in 2018, and the related cash distributions to our executive managing directors on their Group A Units and Group D Units.

Payment Date	Class A Shares		Related Distributions to Executive Managing Directors (dollars in thousands)
	Record Date	Dividend per Share	
May 21, 2018	May 14, 2018	\$ 0.02	\$ 6,016
March 5, 2018	February 26, 2018	\$ 0.07	\$ 20,771

We intend to distribute to our Class A Shareholders substantially all of their pro rata share of our annual Economic Income (as described above under “—Economic Income Analysis”) in excess of amounts determined by us to be necessary or appropriate to provide for the conduct of our business, to pay income taxes, to pay any amounts owed under the tax receivable agreement, to make appropriate investments in our business and our funds, to make payments on any of our other obligations, to fund the repurchase of Class A Shares or interests in the Oz Operating Group, as well as to fund distributions on the Preferred Units starting in 2020. Subject to certain exceptions, unless distributions on the Preferred Units are declared and paid in cash for the then current distribution period and all preceding periods after the initial closing of the Preferred Units, the Oz Operating Partnerships may not declare or pay distributions on or repurchase any of their equity securities that rank equal with or junior to the Preferred Units. See Note 10 to our consolidated financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2017 for additional information regarding the terms of the Preferred Units.

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

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

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

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

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

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 Oz Operating Group's cash flows from operations are insufficient to enable it to make required minimum tax distributions discussed above, the Oz Operating Group may have to borrow funds or sell assets, and thus our liquidity and financial condition could be materially adversely affected. Furthermore, by paying cash distributions rather than investing that cash in our businesses, we might risk slowing the pace of our growth, or not having a sufficient amount of cash to fund our obligations, operations, new investments or unanticipated capital expenditures, should the need arise. In such event, we may not be able to execute our business and growth strategy to the extent intended.

Our Funds' Liquidity and Capital Resources

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

Our funds' current liquidity position could be adversely impacted by any substantial, unanticipated investor redemptions from our funds that are made within a short time period. As discussed above in "—Assets Under Management and Fund Performance," capital contributions from investors in our multi-strategy and open-end opportunistic credit funds generally are

subject to initial lock-up periods of one to three years. Following the expiration of these lock-up periods, subject to certain limitations, investors may redeem capital generally on a quarterly or annual basis upon giving 30 to 90 days' prior written notice. These lock-ups and redemption notice periods help us to manage our liquidity position. However, upon the payment of a redemption fee to the applicable fund and upon giving 30 days' prior written notice, certain investors may redeem capital during the lock-up period. Investors in our other funds are generally not allowed to redeem until the end of the life of the fund.

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

Cash Flows Analysis

Operating Activities. Net cash from operating activities for the six months ended June 30, 2018 and 2017 was \$208.5 million and \$(69.4) million, respectively. Our net cash flows from operating activities are generally comprised of current-year management fees, the collection of incentive income earned during the fourth quarter of the previous year, interest income collected on our investments in CLO's, less cash used for operating expenses, including interest paid on our debt obligations. Additionally, net cash from operating activities also includes the investment activities of the funds we consolidate.

The net cash inflows from operating activities for the six months ended June 30, 2018 and 2017 increased due to higher incentive income earned in 2017 and paid in 2018 as compared to incentive earned in 2016 and paid in 2017. The increase in operating cash flow was partially offset by higher discretionary bonuses paid in 2018 as compared to 2017. The majority of our incentive income is generally collected and the related bonus payments are paid out during the first quarter of the following year. Additionally contributing to higher cash inflows in 2018 were 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.

Investing Activities. Net cash from investing activities for the six months ended June 30, 2018 and 2017 was \$(200.8) million and \$(66.1) million, respectively. Investing cash outflows in the first half of 2018 primarily related to purchases of U.S. government obligations and investments in CLOs, partially offset by maturities of proceeds from sales of investments in CLOs and U.S. government obligations. Investment-related cash flows of the consolidated funds are classified within operating activities. Investing cash outflows in the first half of 2017 primarily related to purchases of U.S. government obligations and investments in CLOs, partially offset by the proceeds from the sale of our corporate aircraft.

Financing Activities. Net cash from financing activities for the six months ended June 30, 2018 and 2017 was \$(293.2) million and \$81.5 million, respectively. Our net cash from financing activities is generally comprised of dividends paid to our Class A Shareholders and borrowings and repayments related to our debt obligations, as well as proceeds from Preferred Units offerings. Contributions from noncontrolling interests, which relate to fund investor contributions into the consolidated funds, and distributions to noncontrolling interests, which relate to fund investor redemptions and distributions to our executive managing directors on their Group A Units, are also included in net cash from financing activities.

In the second quarter of 2018, we repaid our \$400.0 million Senior Notes and entered into our 2018 Term Loan borrowing \$250 million and repaying \$50 million of the balance in the period. We also entered into the 2018 Revolving Credit Facility which remains undrawn with a borrowing capacity of \$100.0 million.

In addition, we made borrowings on our CLO Investments Loans in the first half of 2018, as well as repaid \$118.2 million of borrowings made in connection with the sale of certain CLO risk retention investments in the second quarter of 2018.

We paid dividends of \$17.2 million to our Class A Shareholders and \$23.6 million of distributions to our executive managing directors on their Group A Units in the six months ended June 30, 2018. In the six months ended June 30, 2017, we paid dividends of \$5.6 million to our Class A Shareholders and \$8.3 million of distributions to our executive managing directors on their Group A Units in the first half of 2017. Additionally, in March 2017, we repaid \$120.0 million outstanding on our 2014 Revolving Credit Facility using proceeds from the second offering of Preferred Units, as well we repaid \$46.4 million outstanding on our Aircraft Loan using proceeds from the sale of one of our corporate aircraft.

Contractual Obligations

See Note 8 to our consolidated financial statements included in this report for a description of the changes in our debt obligations from what was reported in our Annual Report. There were no other significant changes in contractual obligations from what was reported in our Annual Report.

Off-Balance Sheet Arrangements

In the normal course of business, we enter into various off-balance sheet arrangements including sponsoring and owning general partner interests in our funds and retained interests in a CLO we manage. We also have ongoing capital commitment arrangements with certain of our funds. None of our off-balance sheet arrangements require us to fund losses or guarantee target returns to investors in any of our other investment funds. See Notes 4 and 5 of our consolidated financial statements included in this report for information on our retained and variable interests in our funds and CLOs.

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 this 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 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 June 30, 2018, the absolute values of our funds' invested assets and liabilities (excluding the notes and loans payable of our CLOs) were classified within the fair value hierarchy as follows: approximately 38% within Level I; approximately 38% within Level II; and approximately 24% within Level III. As of December 31, 2017, the absolute values of our funds' invested assets and liabilities (excluding the notes and loans payable of our CLOs) were classified within the fair value hierarchy as follows: approximately 43% within Level I; approximately 35% within Level II; and approximately 22% 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. We, as the investment manager of our 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 the following: 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 the investment that is an indication of value; obtaining information provided by third parties; and evaluating financial information provided by the management of these investments.

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

We have established an internal control infrastructure over the valuation of financial instruments that includes ongoing oversight by our Valuations 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 establishing the valuation policy and monitors compliance with the policy, ensuring that all of the funds' investments reflect fair value, as well as providing oversight of the valuation process. The valuation policy includes, but is not limited to the following: determining the pricing sources used to value specific investment classes; the selection of independent pricing services; performing due diligence of independent pricing services; and the classification of investments within the fair value hierarchy. The Valuation Committee reviews a variety of reports on a monthly basis, which include 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; methodology changes and variance reports that compare the values of investments to independent pricing services. The Valuation Committee is independent from the investment professionals and may obtain input from investment professionals for consideration in carrying out its responsibilities.

The Valuation Committee has assigned the responsibility of performing price verification and related quality controls in accordance with the valuation policy to the Valuation Controls Group. The Valuation Controls Group's other responsibilities include the following: overseeing the collection and evaluation of counterparty prices, broker-dealer quotations, exchange prices and pricing information provided by independent pricing services. Additionally, the Valuation Control Group is responsible for performing back testing by comparing prices observed in executed transactions to valuations and valuations provided by independent pricing service providers on a bi-weekly and monthly basis; performing stale pricing analysis on a monthly basis; performing due diligence reviews on independent pricing services on an annual basis; and recommending changes in valuation policies to the Valuation Committee. The Valuation Controls Group also verifies that indicative broker quotations used to value certain investments are representative of fair value 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.

Investment professionals and members of the Valuation 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.

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

Company's Board of Directors to evaluate and provide guidance on the existing risk framework and control environment assessments.

For 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."

Recognition of Incentive Income

The determination of whether to recognize incentive income under GAAP requires a significant amount judgment regarding whether it is probable that a significant revenue reversal of incentive income that we are potentially entitled to as of a point in time will not occur in future periods, which would preclude the recognition of such amounts as incentive income. Management considers a variety of factors when evaluating whether the recognition of incentive income is appropriate, including: the performance of the fund, whether we have received or are entitled to receive incentive income distributions and whether such amounts are restricted, the investment period and expected term of the fund, where the fund is in its life-cycle, the volatility and liquidity of investments held by the fund, our team's experience with similar investments and potential sales of investments within the fund. Management continuously evaluates whether there are additional considerations that could potentially impact the recognition of incentive income and notes that the recognition, and potential reversal, of incentive income is subject to potentially significant variability due to changes to the aforementioned considerations.

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 whether we are the primary beneficiary and are therefore required to consolidate the entity. Management continually reconsiders whether we should consolidate a variable interest entity. Upon the occurrence of certain events, such as investor redemptions or modifications to fund organizational documents and investment management agreements, management will reconsider its conclusion regarding the status of an entity as a variable interest entity.

Income Taxes

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

Substantially all of our deferred income tax assets relate to the goodwill and other intangible assets deductible for tax purposes by Oz Corp that arose in connection with the purchase of Group A Units from our executive managing directors and the Ziffs with proceeds from the 2007 Offerings, subsequent exchanges of 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 subsequent exchanges, as well as an additional 20-year loss carryforward period available to us for net operating losses generated prior to 2018 and indefinite carryforward period for net operating losses generated beginning 2018, in order to fully realize the deferred income tax assets. Our analysis of whether we expect to have sufficient future taxable income to realize these deductions is based solely on estimates over this period.

Oz Corp generated taxable income of \$10.0 million for the six months ended June 30, 2018, before taking into account deductions related to the amortization of the goodwill and other intangible assets. We determined that we would need to generate taxable income of at least \$1.3 billion over the remaining five-year weighted-average amortization period, as well as an additional 20-year loss carryforward period available, in order to fully realize the deferred income tax assets. Using the estimates and assumptions discussed below, we expect to generate sufficient taxable income over the remaining amortization and loss carryforward periods available to us in order to fully realize these deferred income tax assets.

To generate \$1.3 billion in taxable income over the remaining amortization and loss carryforward periods available to us, we estimated that, based on estimated assets under management of \$33.3 billion as of July 1, 2018, we would need to generate a minimum compound annual growth rate in assets under management of approximately 2% 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 Oz Operating Partnerships, 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 (loss) 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 June 30, 2018, we had \$329.6 million of net operating losses available to offset future taxable income for federal income tax purposes that will expire between 2030 and 2038, and \$163.4 million of net operating losses available to offset future taxable income for state income tax purposes and \$161.2 million for local income tax purposes that will expire between 2035 and 2038. Based on the analysis set forth above, as of June 30, 2018, we have determined that it is not necessary to record a valuation allowance with respect to our deferred income tax assets related to the goodwill and other intangible assets deductible for tax purposes, and any related net operating loss carryforward. However, we have determined that we may not realize certain foreign income tax credits and accordingly, a valuation allowance of \$11.5 million has been established for these items.

Impact of Recently Adopted Accounting Pronouncements on Recent and Future Trends

The Financial Accounting Standards Board (the “FASB”) has issued various Accounting Standards Updates (“ASUs”) that could impact our future trends. For additional details regarding these ASUs, including methods of adoption, see Note 2 to our consolidated financial statements included in this report for additional information.

ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605—*Revenue Recognition* and most industry-specific revenue recognition guidance throughout the ASC. We adopted ASU 2014-09 using a modified retrospective application approach in the first quarter of 2018. We generally expect to recognize incentive income from certain funds in periods earlier than under the revenue recognition guidance in effect prior to the adoption of ASU 2014-09. See Note 2 to our consolidated financial statements included in this report for additional information on the adoption.

None of the other changes to GAAP that went into effect during the six months ended June 30, 2018 are expected to impact our future trends.

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

Listed below are ASUs that have been issued but that we have not yet adopted that may impact our future trends. For additional details regarding these ASUs, including methods of adoption, see Note 2 to our consolidated financial statements included in this report.

ASU 2016-02, *Leases*. ASU 2016-02 significantly changes accounting for lease arrangements, in particular from the perspective of the lessee. Upon adoption of the ASU, where we are the lessee, we will likely be required to recognize certain lease arrangements on our balance sheet for the first time, but will continue to recognize associated expenses on our statement of comprehensive income in a manner similar to existing accounting principles. The requirements of ASU 2016-02 are effective for us beginning in the first quarter of 2019. We have determined that most of our operating leases will be reported on our consolidated balance sheet at their present values. We do not expect the adoption of ASU 2016-02 to have a material effect on our future expense trends. See Note 15 to our consolidated financial statements included in this report for details related to our existing operating lease obligations as of June 30, 2018.

None of the other changes to GAAP that have been issued but that we have not yet adopted are expected to impact our future trends.

Economic Income Reconciliations

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

Economic Income

	Three Months Ended June 30, 2018		
	Oz Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Net (Loss) Income Attributable to Class A Shareholders—GAAP	\$ (13,673)	\$ 1,417	\$ (12,256)
Change in redemption value of Preferred Units	—	—	—
Net (Loss) Income Allocated to Och-Ziff Capital Management Group LLC—GAAP	(13,673)	1,417	(12,256)
Net loss allocated to Group A Units	(21,915)	—	(21,915)
Equity-based compensation, net of RSUs settled in cash	22,710	656	23,366
Adjustment to recognize deferred cash compensation in the period of grant	1,974	—	1,974
Income taxes	(2,553)	29	(2,524)
Net losses on early retirement of debt	14,303	—	14,303
Allocations to Group D Units	862	25	887
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	—	555	555
Depreciation, amortization and net gains and losses on fixed assets	2,794	—	2,794
Other adjustments	1,116	(106)	1,010
Economic Income—Non-GAAP	\$ 5,618	\$ 2,576	\$ 8,194

	Three Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Net Income (Loss) Attributable to Class A Shareholders—GAAP	\$ 16,454	\$ (3,356)	\$ 13,098
Change in redemption value of Preferred Units	—	—	—
Net Income (Loss) Allocated to Och-Ziff Capital Management Group LLC—GAAP	16,454	(3,356)	13,098
Net income allocated to Group A Units	22,010	—	22,010
Equity-based compensation	22,287	673	22,960
Adjustment to recognize deferred cash compensation in the period of grant	(274)	—	(274)
Income taxes	3,244	—	3,244
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	—	3,793	3,793
Depreciation, amortization and net gains and losses on fixed assets	1,244	—	1,244
Other adjustments	(288)	(36)	(324)
Economic Income—Non-GAAP	\$ 64,677	\$ 1,074	\$ 65,751

	Six Months Ended June 30, 2018		
	Oz Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Net (Loss) Income Attributable to Class A Shareholders—GAAP	\$ (11,198)	\$ 2,432	\$ (8,766)
Change in redemption value of Preferred Units	—	—	—
Net (Loss) Income Allocated to Class A Shareholders—GAAP	(11,198)	2,432	(8,766)
Net loss allocated to Group A Units	(13,545)	—	(13,545)
Equity-based compensation	43,959	1,302	45,261
Adjustment to recognize deferred cash compensation in the period of grant	14,757	—	14,757
Income taxes	536	(48)	488
Net losses on early retirement of debt	14,303	—	14,303
Allocations to Group D Units	2,202	75	2,277
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	(155)	548	393
Depreciation, amortization and net gains and losses on fixed assets	5,166	—	5,166
Other adjustments	868	(266)	602
Economic Income—Non-GAAP	\$ 56,893	\$ 4,043	\$ 60,936

	Six Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Net Income (Loss) Attributable to Class A Shareholders—GAAP	\$ 10,974	\$ (5,040)	\$ 5,934
Change in redemption value of Preferred Units	2,853	—	2,853
Net Income (Loss) Allocated to Och-Ziff Capital Management Group LLC—GAAP	13,827	(5,040)	8,787
Net income allocated to Group A Units	31,645	—	31,645
Equity-based compensation	39,985	1,453	41,438
Adjustment to recognize deferred cash compensation in the period of grant	(412)	—	(412)
Income taxes	15,296	4	15,300
Allocations to Group D Units	3,310	50	3,360
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	—	5,772	5,772
Depreciation, amortization and net gains and losses on fixed assets	5,456	—	5,456
Other adjustments	(984)	(213)	(1,197)
Economic Income—Non-GAAP	\$ 108,123	\$ 2,026	\$ 110,149

Economic Income Revenues

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company	Oz Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Management fees—GAAP	\$ 65,544	\$ 5,049	\$ 70,593	\$ 74,798	\$ 5,284	\$ 80,082
Adjustment to management fees (1)	(4,477)	—	(4,477)	(5,217)	—	(5,217)
Management Fees—Economic Income Basis—Non-GAAP	61,067	5,049	66,116	69,581	5,284	74,865
Incentive Income—Economic Income Basis—GAAP and Non-GAAP	28,921	5,735	34,656	64,821	1,294	66,115
Other revenues—GAAP	3,750	117	3,867	1,741	40	1,781
Adjustment to other revenues (2)	—	—	—	(1,258)	—	(1,258)
Other Revenues—Economic Income Basis—Non-GAAP	3,750	117	3,867	483	40	523
Total Revenues—Economic Income Basis—Non-GAAP	\$ 93,738	\$ 10,901	\$ 104,639	\$ 134,885	\$ 6,618	\$ 141,503
	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company	Oz Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Management fees—GAAP	\$ 133,260	\$ 9,783	\$ 143,043	\$ 155,794	\$ 10,543	\$ 166,337
Adjustment to management fees (1)	(9,218)	—	(9,218)	(10,661)	—	(10,661)
Management Fees—Economic Income Basis—Non-GAAP	124,042	9,783	133,825	145,133	10,543	155,676
Incentive Income—Economic Income Basis—GAAP and Non-GAAP	75,160	10,330	85,490	115,243	2,498	117,741
Other revenues—GAAP	8,222	187	8,409	2,491	66	2,557
Adjustment to other revenues (2)	(39)	—	(39)	(1,258)	—	(1,258)
Other Revenues—Economic Income Basis—Non-GAAP	8,183	187	8,370	1,233	66	1,299
Total Revenues—Economic Income Basis—Non-GAAP	\$ 207,385	\$ 20,300	\$ 227,685	\$ 261,609	\$ 13,107	\$ 274,716

(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 funds is also removed.

(2) Adjustment to exclude gains on fixed assets.

Economic Income Expenses

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company	Oz Funds Segment	Other Operations	Total Company
(dollars in thousands)						
Compensation and benefits—GAAP	\$ 65,437	\$ 9,065	\$ 74,502	\$ 60,315	\$ 9,364	\$ 69,679
Adjustment to compensation and benefits (1)	(25,547)	(1,233)	(26,780)	(22,012)	(4,466)	(26,478)
Compensation and Benefits—Economic Income Basis—Non-GAAP	\$ 39,890	\$ 7,832	\$ 47,722	\$ 38,303	\$ 4,898	\$ 43,201
Interest expense and general, administrative and other expenses—GAAP	\$ 55,521	\$ 493	\$ 56,014	\$ 39,671	\$ 646	\$ 40,317
Adjustment to interest expense and general, administrative and other expenses (2)	(7,289)	—	(7,289)	(7,766)	—	(7,766)
Non-Compensation Expenses—Economic Income Basis—Non-GAAP	\$ 48,232	\$ 493	\$ 48,725	\$ 31,905	\$ 646	\$ 32,551
(dollars in thousands)						
	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company	Oz Funds Segment	Other Operations	Total Company
Compensation and benefits—GAAP	\$ 126,450	\$ 16,976	\$ 143,426	\$ 122,550	\$ 17,072	\$ 139,622
Adjustment to compensation and benefits (1)	(60,762)	(1,923)	(62,685)	(42,882)	(7,275)	(50,157)
Compensation and Benefits—Economic Income Basis—Non-GAAP	\$ 65,688	\$ 15,053	\$ 80,741	\$ 79,668	\$ 9,797	\$ 89,465
Interest expense and general, administrative and other expenses—GAAP	\$ 99,258	\$ 1,204	\$ 100,462	\$ 91,241	\$ 1,284	\$ 92,525
Adjustment to interest expense and general, administrative and other expenses (2)	(14,441)	—	(14,441)	(17,423)	—	(17,423)
Non-Compensation Expenses—Economic Income Basis—Non-GAAP	\$ 84,817	\$ 1,204	\$ 86,021	\$ 73,818	\$ 1,284	\$ 75,102

- (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. In addition, expenses related to incentive income profit-sharing arrangements are generally recognized at the same time the related incentive income revenue is recognized, as management reviews the total compensation expense related to these arrangements in relation to any incentive income earned by the relevant fund. Further, deferred cash compensation is expensed in full in the year granted for Economic Income, rather than over the service period for GAAP. Distributions to the Group D Units are also excluded, as management reviews operating performance at the Oz Operating Group level, where substantially all of our operations are performed, prior to making any income allocations.
- (2) Adjustment to exclude depreciation, amortization and losses on fixed assets as management does not consider these items to be reflective of our operating performance. Additionally, recurring placement and related service fees are excluded, as management considers these fees a reduction in management fees, not an expense.

Other Economic Income Items

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company	Oz Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Net (loss) income attributable to noncontrolling interests—GAAP	\$ (21,826)	\$ 386	\$ (21,440)	\$ 21,956	\$ 186	\$ 22,142
Adjustment to net (loss) income attributable to noncontrolling interests ⁽¹⁾	21,824	(386)	21,438	(21,956)	(186)	(22,142)
Net Loss Attributable to Noncontrolling Interests—Economic Income Basis—Non-GAAP	\$ (2)	\$ —	\$ (2)	\$ —	\$ —	\$ —
	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Oz Funds Segment	Other Operations	Total Company	Oz Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Net (loss) income attributable to noncontrolling interests—GAAP	\$ (13,497)	\$ 692	\$ (12,805)	\$ 31,579	\$ 341	\$ 31,920
Adjustment to net (loss) income attributable to noncontrolling interests ⁽¹⁾	13,484	(692)	12,792	(31,579)	(341)	(31,920)
Net Loss Attributable to Noncontrolling Interests—Economic Income Basis—Non-GAAP	\$ (13)	\$ —	\$ (13)	\$ —	\$ —	\$ —

(1) Adjustment to exclude amounts allocated to our executive managing directors on their interests in the Oz Operating Group, as management reviews operating performance at the Oz Operating Group level. We conduct substantially all of our activities through the Oz Operating Group.

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 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 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 funds may affect the management fees and incentive income we may earn from the funds.

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

Impact on Management Fees

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

Impact on Incentive Income

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

Market Risk

The amount of our assets under management is generally based on the net asset value of multi-strategy and opportunistic credit funds (plus unfunded commitments for certain closed-end opportunistic credit funds), and committed or invested capital for our real estate funds and certain other funds. A 10% change in the fair value of the net assets held by our funds as of June 30, 2018 and December 31, 2017, would have resulted in a change of approximately \$1.8 billion and \$1.9 billion in our assets under management.

A 10% change in the fair value of the net assets held by our funds as of July 1, 2018 (the date management fees are calculated for the third quarter of 2018) would impact management fees charged on that day by approximately \$4.7 million. A 10% change in the fair value of the net assets held by our funds as of January 1, 2018, would have impacted management fees charged on that day by approximately \$5.1 million.

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

Exchange Rate Risk

Our funds hold investments denominated in non-U.S. dollar currencies, which may be affected by movements in the rate of exchange between the U.S. dollar and foreign currencies. We estimate that as of June 30, 2018 and December 31, 2017, 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 attributable to Class A Shareholders or Economic Income.

Interest Rate Risk

Any borrowings under the CLO Investments Loans, the 2018 Term Loan and the 2018 Revolving Credit Facility, if any, and as well as our investments in CLOs accrue interest at variable rates. Our funds also have financing arrangements and hold credit instruments that accrue interest at variable rates. Interest rate changes may therefore impact the amount of interest income and interest expense, future earnings and cash flows.

We estimate that as of June 30, 2018 and December 31, 2017, a 100 basis point increase or decrease in variable rates would not have a material effect on our annual interest income, interest expense, net income attributable to Class A Shareholders or Economic Income. A tightening of credit and an increase in prevailing interest rates could make it more difficult for us to raise capital and sustain the growth rate of the funds.

Credit Risk

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

Item 4. Controls and Procedures

Effectiveness of Disclosure Controls and Procedures

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

As of June 30, 2018, 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 June 30, 2018.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, that occurred in the second quarter of 2018 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

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

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Please see “Item 1A. Risk Factors” in our Annual Report for a discussion of the risks material to our business.

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

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

2018 Partner Incentive Pool

Three of our Named Executive Officers, Wayne Cohen, David Levine and Thomas Sipp, along with certain other of our active executive managing directors, will participate in a cash incentive pool for fiscal year 2018. This will be in addition to the compensation they are entitled to receive under their existing partnership agreements. The pool will be calculated based on (1) the gross profit and loss of certain Oz funds multiplied by (2) a percentage of the pool size, which is subject to a minimum amount of 25 basis points (which is equal to 0.25%). The Chief Executive Officer (CEO) in his sole discretion will make the determination on each of these two factors. The CEO will also determine which active executive managing directors will participate in the plan and in what percentages. The pool was approved by the Compensation Committee in July 2018 and all awards to executive officers will be subject to approval by the Compensation Committee.

Item 6. Exhibits

Exhibit No.	Description
<u>10.1</u>	<u>The 2018 Partner Incentive Pool</u>
<u>10.2</u>	<u>Amended and Restated By-Laws of Och-Ziff Holding Corporation, effective May 3, 2018.</u>
<u>10.3</u>	<u>Third Amended and Restated Operating Agreement of Och-Ziff Holding LLC, dated May 3, 2018.</u>
<u>10.4</u>	<u>Partner Agreement between OZ Management LP and Thomas Sipp, dated July 19, 2018 and effective May 3, 2018.</u>
<u>10.5</u>	<u>Partner Agreement between OZ Advisors LP and Thomas Sipp, dated July 19, 2018, and effective May 3, 2018.</u>
<u>10.6</u>	<u>Partner Agreement Between OZ Advisors II LP and Thomas Sipp, dated July 19, 2018, and effective May 3, 2018.</u>
<u>10.7</u>	<u>CFO Sign-on RSU Agreement between OZ Management LP and Thomas Sipp, dated as of July 19, 2018.</u>
<u>31.1</u>	<u>Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.</u>
<u>31.2</u>	<u>Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.</u>
<u>32.1</u>	<u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101	Interactive data files pursuant to Rule 405 of Regulation S-T (XBRL)

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: August 2, 2018

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

By: /s/ Thomas M. Sipp

Thomas M. Sipp

Chief Financial Officer and Executive Managing Director

The 2018 Partner Incentive Pool

- **Purposes of the Pool.** The 2018 Partner Incentive Pool (the “Pool”) provides for cash awards to participants and is intended to compensate and incentivize each participant for his or her services, contributions and leadership provided to the Och-Ziff Operating Group and to further align his or her interests with the interests of the Company's shareholders. Each participant will receive a cash award equal the product of such participant's cash award percentage and the incentive cash pool. The incentive cash pool will be a percentage of gross profits and losses, such gross profits and losses to be calculated in accordance with firm policy, as determined by the Chief Executive Officer.

Capitalized terms used but not defined herein have the meanings given to such terms in the limited partnership agreements of each of OZ Management LP, OZ Advisors LP, OZ Advisors II LP, and any other partnership or entity whose general partner (or equivalent) is Och-Ziff Holding Corporation and Och-Ziff Holding LLC and any other entity from time to time serving as general partner (or equivalent) of one of the Partnerships.

- **Pool Administration.** The Pool shall be administered by the CEO, and the CEO shall have the power and authority, without limitation to take all actions, steps or approvals, including the adoption of policies or procedures, as may be reasonably necessary to carry out the implementation and management of the Pool.

Each participant's cash award percentage and the incentive cash pool will be determined by the CEO and cash award percentages with respect to executive officers of the Company shall be based on the CEO's recommendation and shall be reviewed and approved by the Compensation Committee in their discretion.

No member of the Board, the Compensation Committee or the CEO, nor any officer or employee of the Company or any of its affiliates acting on behalf of the Board, the Compensation Committee or the CEO, shall be personally liable for any action taken with respect to the Pool.

- **Cash Awards.** Cash awards shall be conditionally granted to each participant in the form of an award agreement and shall be subject to the same clawback provisions that apply to the Active Individual LPs in the ordinary course.
- **Award Dates.** Cash awards shall be paid on or before March 15 of the year immediately following the year such cash awards are granted.
- **Termination.** Cash awards will be made to participants that are an Active Individual LP at the time of the award date, provided however that cash awards shall not be forfeited if the Limited Partner ceases to be an Active Individual LP due to death or Disability, or as a result of a Special Withdrawal or a Withdrawal pursuant to clause (B) (*PPC Termination*) of Section 8.3(a)(i) of the Limited Partnership Agreement of the Och-Ziff Operating Group entities.
- **Withholding.** Cash awards pursuant to the Pool shall be subject to any applicable tax withholding requirements.
- **Treatment of Cash Awards in Connection with a Change in Control.** In the event of a change in control, any outstanding cash award that is not assumed or continued, or for which an equivalent cash award is not substituted pursuant to the Change in Control transaction's governing document, shall be treated in a similar manner to the Class A Restricted Share Unit awards issued by the Company.
- **Section 409A.** This Pool and all cash awards are intended to comply with Code Section 409A, to the extent subject thereto, and, accordingly, to the maximum extent permitted, all cash awards hereunder shall be interpreted and be administered to be in compliance therewith.

AMENDED AND RESTATED BY-LAWS

OF

OCH-ZIFF HOLDING CORPORATION

A Delaware Corporation

Effective May 3, 2018

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AMENDED AND RESTATED BY-LAWS

OF

OCH-ZIFF HOLDING CORPORATION

(hereinafter called the "Corporation")

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that a meeting of the stockholders shall not be held at any place, but may instead be held solely by means of remote communication in the manner authorized by the General Corporation Law of the State of Delaware (the "DGCL").

Section 2. Annual Meetings. The Annual Meeting of Stockholders for the election of directors shall be held on such date and at such time as shall be designated from time to time by the Board of Directors. Any other proper business may be transacted at the Annual Meeting of Stockholders.

Section 3. Special Meetings. Unless otherwise required by law or by the certificate of incorporation of the Corporation, as amended and restated from time to time (the "Certificate of Incorporation"), Special Meetings of Stockholders, for any purpose or purposes, may be called by either (i) the Chairman of the Board of Directors, if there be one, (ii) the Chief Executive Officer, (iii) the President, (iv) any Vice President, if there be one, (v) the Secretary or (vi) any Assistant Secretary, if there be one, and shall be called by any such officer at the request in writing of (i) the Board of Directors, (ii) a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers and authority include the power to call such meetings or (iii) stockholders owning a majority of the capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting. At a Special Meeting of Stockholders, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto).

Section 4. Notice. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and, in the case of a Special Meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by law, written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to notice of and to vote at such meeting.

Section 5. Adjournments. Any meeting of the stockholders may be adjourned from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place, if any, thereof and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting in accordance with the requirements of Section 4 hereof shall be given to each stockholder of record entitled to notice of and to vote at the meeting.

Section 6. Quorum. Unless otherwise required by applicable law or the Certificate of Incorporation, the holders of a majority of the Corporation's capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, in the manner provided in Section 5 hereof, until a quorum shall be present or represented.

Section 7. Voting. Unless otherwise required by law, the Certificate of Incorporation or these Amended and Restated By-Laws (these “By-Laws”), any question brought before any meeting of the stockholders, other than the election of directors, shall be decided by the vote of the holders of a majority of the total number of votes of the Corporation’s capital stock represented and entitled to vote thereat, voting as a single class. Unless otherwise provided in the Certificate of Incorporation, and subject to Section 11(a) of this Article II, each stockholder represented at a meeting of the stockholders shall be entitled to cast one (1) vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy as provided in Section 8 of this Article II. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of the stockholders, in such officer’s discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 8. Proxies. Each stockholder entitled to vote at a meeting of the stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder as proxy, but no such proxy shall be voted upon after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, the following shall constitute a valid means by which a stockholder may grant such authority:

(i) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder’s authorized officer, director, employee or agent signing such writing or causing such person’s signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(ii) A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information on which they relied.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided, however, that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 9. Consent of Stockholders in Lieu of Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken at any Annual or Special Meeting of Stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered in the manner required by this Section 9 to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. A telegram, cablegram

or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this Section 9, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the Corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Delivery made to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation as provided above in this Section 9.

Section 10. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 11. Record Date.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the

Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 12. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 10 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of the stockholders.

Section 13. Conduct of Meetings. The Board of Directors of the Corporation may adopt by resolution such rules and regulations for the conduct of any meeting of the stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) the determination of

when the polls shall open and close for any given matter to be voted on at the meeting; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (vi) limitations on the time allotted to questions or comments by participants.

ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. The Board of Directors shall consist of not less than one nor more than five members, the exact number of which shall initially be fixed by the Incorporator and thereafter from time to time by the Board of Directors. Except as provided in Section 2 of this Article III, directors shall be elected by a plurality of the votes cast at each Annual Meeting of Stockholders and each director so elected shall hold office until the next Annual Meeting of Stockholders and until such director's successor is duly elected and qualified, or until such director's earlier death, resignation or removal. Directors need not be stockholders.

Section 2. Vacancies. Unless otherwise required by law or the Certificate of Incorporation, vacancies arising through death, resignation, removal, an increase in the number of directors or otherwise may be filled only by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, or until their earlier death, resignation or removal.

Section 3. Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

Section 4. Meetings. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, if there be one, the Chief Executive Officer, the President, or by any director. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone, telegram or electronic means on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 5. Organization. At each meeting of the Board of Directors, the Chairman of the Board of Directors, or, in his or her absence, a director chosen by a majority of the directors present, shall act as chairman. The Secretary of the Corporation shall act as secretary at each meeting of the Board of Directors. In case the Secretary shall be absent from any meeting of the Board of Directors, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 6. Resignations and Removals of Directors. Any director of the Corporation may resign at any time, by giving notice in writing or by electronic transmission to the Chairman of the Board of Directors, the Chief Executive Officer, the President or the Secretary of the Corporation. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise required by applicable law and subject to the rights, if any, of the holders of shares of preferred stock then outstanding, any director or the entire Board of Directors may be removed from office at any time by the affirmative vote of the holders of at least a majority in voting power of the issued and outstanding capital stock of the Corporation entitled to vote in the election of directors.

Section 7. Quorum. Except as otherwise required by law or the Certificate of Incorporation, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 8. Actions of the Board by Written Consent. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 9. Meetings by Means of Conference Telephone. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 9 shall constitute presence in person at such meeting.

Section 10. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of

Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 11. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary for service as director, payable in cash or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for service as committee members.

Section 12. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are

known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV

OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall include a Chief Executive Officer, a President and a Secretary. The Board of Directors, in its discretion, also may choose a Chairman of the Board of Directors (who must be a director), a Treasurer and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors, at its first meeting held after each Annual Meeting of Stockholders (or action by written consent of stockholders in lieu of the Annual Meeting of Stockholders), shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and each officer of the Corporation shall hold office until such officer's successor is elected and qualified, or until such officer's earlier death, resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chief Executive Officer, the President or any Vice President or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board of Directors shall be the Chief Executive Officer of the Corporation, unless the Board of Directors designates a different individual to serve as Chief Executive Officer. Except where by law the signature of Chief Executive Officer or the President is required, the Chairman of the Board of Directors shall possess the same power as the Chief Executive Officer or the President to sign all contracts, certificates and other instruments of the Corporation which may be authorized by the Board of Directors. During the absence or disability of the Chief Executive Officer or the President, the Chairman of the Board of Directors shall exercise all the powers and discharge all their respective duties. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as may from time to time be assigned by these By-Laws or by the Board of Directors.

Section 5. Chief Executive Officer. Subject to the control of the Board of Directors, the Chief Executive Officer shall have general executive charge, management and control of the properties, business and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; he or she may employ and discharge employees and agents of the Corporation except such as shall be appointed by the Board of Directors, and he or she may delegate these powers; he or she may agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation, and shall have such other powers and duties as designated in accordance with this Agreement and as from time to time may be assigned to him or her by the Board of Directors.

Section 6. President. The President shall, subject to the control of the Board of Directors and to the general or specific, written or oral authorization of the Chief Executive Officer, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors, the Chief Executive Officer or the President. In the absence or disability of the Chairman of the Board of Directors or the Chief Executive Officer, or if there be none, the President shall preside at all meetings of the stockholders and, provided the President is also a director, the Board of Directors. The President shall also perform such other duties and may exercise such other powers as may from time to time be assigned to such officer by these By-Laws or by the Board of Directors or the Chief Executive Officer.

Section 7. Vice Presidents. At the request of the President or in the President's absence or in the event of the President's inability or refusal to act (and if there be no Chairman of the Board of Directors), the Vice President, or the Vice Presidents if there are more than one (in the order designated by the Board of Directors), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 8. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer or the President, under whose supervision the Secretary shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then the Board of Directors, the Chief Executive Officer or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 9. Treasurer. The Treasurer, if there be one, shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer, the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of the Treasurer and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation.

Section 10. Assistant Secretaries. Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chief Executive Officer, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 11. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chief Executive Officer, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Assistant Treasurer and for the restoration to the Corporation, in case of the Assistant Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Assistant Treasurer's possession or under the Assistant Treasurer's control belonging to the Corporation.

Section 12. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V

STOCK

Section 1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation (i) by the Chairman of the Board of Directors, or the Chief Executive Officer, the President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such stockholder in the Corporation.

Section 2. Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by applicable law and in these By-Laws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; provided, however, that such surrender and endorsement or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. Every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5. Dividend Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 7. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

ARTICLE VI

NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under applicable law, the Certificate of Incorporation or these By-Laws shall be effective if given by a form of

electronic transmission if consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed to be revoked if (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices by the Corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given by electronic transmission, as described above, shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network, together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder. Notice to directors or committee members may be given personally or by telegram, telex, cable or by means of electronic transmission.

Section 2. Waivers of Notice. Whenever any notice is required by applicable law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to notice, or a waiver by electronic transmission by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or

represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any Annual or Special Meeting of Stockholders or any regular or special meeting of the directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these By-Laws.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the DGCL and the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 8 of Article III hereof), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal

action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to former directors and officers, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Section 1 or Section 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of

this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the

Corporation that indemnification of the persons specified in Section 1 and Section 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or Section 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the DGCL, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would

have with respect to such constituent corporation if its separate existence had continued. The term “another enterprise” as used in this Article VIII shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. For purposes of this Article VIII, references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 of this Article VIII), the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX

AMENDMENTS

Section 1. Amendments. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders or by the Board of Directors; provided, however, that notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such meeting of the stockholders or Board of Directors, as the case may be. All such amendments must be approved by either the holders of a majority of the outstanding capital stock entitled to vote thereon or by a majority of the entire Board of Directors then in office.

Section 2. Entire Board of Directors. As used in this Article IX and in these By-Laws generally, the term “entire Board of Directors” means the total number of directors which the Corporation would have if there were no vacancies.

* * *

Adopted as of: May 3, 2018

**THIRD AMENDED AND RESTATED
OPERATING AGREEMENT
OF
OCH-ZIFF HOLDING LLC**

This THIRD AMENDED AND RESTATED OPERATING AGREEMENT (this “Agreement”) of Och-Ziff Holding LLC (the “Company”) is made and entered into as of May 3, 2018.

WITNESSETH:

WHEREAS, the Company was formed pursuant to a Certificate of Formation, dated as of June 13, 2007, which was filed for recordation in the office of the Secretary of State of the State of Delaware on June 13, 2007 (the “Certificate of Formation”), and an Operating Agreement, dated as of June 13, 2007, which was amended and restated as of September 24, 2007 and then amended and restated again as of November 13, 2007 (the “A&R Operating Agreement”).

WHEREAS, the Board (as defined below) has determined to amend and restate the A&R Operating Agreement in accordance with its terms to make provision for certain affairs of the Company as set out in this Agreement.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree to amend and restate the A&R Operating Agreement in its entirety to read as follows:

1. Name. The name of the Company is Och-Ziff Holding LLC.

2. Purpose. The business of the Company is (a) acting as the general partner of a Delaware limited partnership, and (b) engaging in such additional or other activities and conducting such other transactions as the Board shall deem necessary or advisable, all upon the terms and conditions set forth in this Agreement.

3. Address; Registered Office and Agent. The principal place of business of the Company will initially be 9 West 57th Street, 39th Floor, New York, New York 10019. The address of the registered office in the State of Delaware is 1209 Orange Street, County of New Castle, in the City of Wilmington, Delaware 19801. The name of the Company’s registered agent for service of process at such address is The Corporation Trust Company.

4. Sole Member. The sole member of the Company is Och-Ziff Capital Management Group LLC (the “Member”), with a business address at 9 West 57th Street, 39th Floor, New York, New York 10019. The Member holds all outstanding limited liability company interests in the Company as of the date hereof. The Member and its officers and directors shall each be deemed to be an authorized person with full power and authority to execute the Certificate of Formation and any amendments thereto.

5. Management.

(a) Board. The business and affairs of the Company shall be managed by or under the direction of the board of managers (the “Board”), which may exercise all such powers of the Company and do all such lawful things as are not by statute or by this Agreement required to be

exercised or done by the Member; provided that the Board may delegate such power and authority to the Chief Executive Officer, who shall also be an Executive Managing Director, as it shall deem necessary, advisable or appropriate in its sole and absolute discretion from time to time, which delegation may be set forth in this Agreement, as an amendment hereto or in a resolution duly adopted by the Board, including the power and authority granted to the Chief Executive Officer as further set forth elsewhere in this Agreement. The Board shall consist of not less than one nor more than five individuals (each, a “Manager”), the exact number of which shall be fixed from time to time by the Board. The initial Board shall consist of Daniel S. Och (“Och”). Each Manager shall be a “manager” for purposes of the Delaware Limited Liability Company Act (6 Del. C. § 18-101 et seq.) (the “Act”).

Each Manager shall be elected by the Member and shall hold office until such Manager’s successor is duly elected and qualified, or until such Manager’s earlier death, resignation or removal by the Member at any time in the Member’s sole discretion. Vacancies arising through death, resignation, removal, an increase in the number of Managers or otherwise may be filled only by the Member.

(b) Procedure. The Board may elect one of its members as Chairman of the Board (the “Chairman”). Och shall initially serve as Chairman. At each meeting of the Board, the Chairman or, in the Chairman’s absence, a Manager chosen by a majority of the Managers present, shall act as chairman of the meeting. The chairman of the meeting may appoint any person to act as secretary of the meeting. Meetings of the Board shall be held at such time, at such place and in such manner as the Chairman shall determine (or, in the case of there being no Chairman, as a majority of the other Managers agree). All actions of the Board shall require the approval of a majority of the Managers then in office and the vote of Och shall break any deadlock. Managers may participate in a meeting of the Board by means of telephone, video conferencing or other communications technology by means of which all persons participating in the meeting can hear and be heard. Any Manager who is unable to attend a meeting of the Board may grant in writing to another Manager such Manager’s proxy to vote on any matter upon which action is to be taken at such meeting. No meeting may be held without the attendance of a majority of the Board, including the Chairman (if any). Any decision or action that may be approved by a vote of the Board in a meeting held in accordance with this Section 5(b) shall be equally valid if approved, without a meeting being held, by the written consent of Managers who could together have approved such decision or action by their votes at a meeting and such written consent may be signed or transmitted electronically, as the case may be, by all such Managers. The Board shall conduct its business by such other procedures as approved in writing by a majority of the Managers and that the Chairman (if any) considers appropriate.

(c) Officers; Employees. The Company may hire one or more employees having such titles and duties as may be specified in writing from time to time by the Chief Executive Officer. The officers of the Company shall be chosen by the Board and shall include a Chief Executive Officer, a Chief Financial Officer and one or more Executive Managing Directors. The officers shall have the power and authority as initially set forth in this Agreement, which power and authority may be modified from time to time by resolution of the Board. Any number of offices may be held by the same person. Each officer shall hold his office until such officer’s removal by the Board at any time in the Board’s sole discretion or such officer’s earlier death or resignation. Each officer of the Company shall be a “manager” for purposes of the Act.

(i) Subject to the control of the Board, the Chief Executive Officer shall have general executive charge, management and control of the properties, business and operations of the Company with all such powers as may be reasonably incident to such responsibilities; he or she may employ and discharge employees and agents of the Company except such as shall be appointed by the Board, and he or she may delegate these powers; he or she may agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Company, and shall have such other powers and duties as designated in accordance with this Agreement and as from time to time may be assigned to him or her by the Board.

(ii) The Chief Financial Officer, who shall also be an Executive Managing Director, shall have (a) the power and authority to take all necessary actions to carry out the ordinary course duties generally undertaken by a chief financial officer and (b) the power and authority to sign contracts, certificates and other instruments, subject in the case of each of clauses (a) and (b) to the general or specific, written or oral authorization of the Chief Executive Officer.

(iii) David Windreich as Executive Managing Director shall have the power and authority to sign contracts, certificates and other instruments, subject in each case to the general or specific, written or oral authorization of the Chief Executive Officer.

(iv) Each other Executive Managing Director shall have such power and authority as specifically designated by the Chief Executive Officer from time to time.

6. Issuances of Additional Interests. Subject to Section 11, the Company is authorized to issue additional interests in the Company in the future consisting of common interests (the “Common Interests”) and/or preferred interests (the “Preferred Interests”). The Company shall have the authority to issue 500,000,000 Common Interests and 250,000,000 Preferred Interests. All Common Interests shall be identical with each other in every respect. The Preferred Interests may be issued by the Company in one or more classes, with such designations, preferences, rights, powers and duties (which may be junior to, equivalent to, or senior or superior to, any existing Common Interests or Preferred Interests), as shall be fixed by the Board and reflected in a written action or actions approved by the Board (each, an “Interest Designation”), including, without limitation (i) the right to share Company profits and losses or items thereof; (ii) the right to share in Company distributions, the dates distributions will be payable and whether distributions with respect to such series will be cumulative or non-cumulative; (iii) rights upon dissolution and liquidation of the Company; (iv) whether, and the terms and conditions upon which, the Company may redeem the Preferred Interests; (v) whether such Preferred Interests are issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which each Preferred Interest will be issued, evidenced by certificates and assigned or transferred; (vii) the method for determining the percentage interest as to such Preferred Interest; (viii) the terms and amounts of any sinking fund provided for the purchase or redemption of Preferred Interests of the series; (ix) whether there will be restrictions on the issuance of Preferred Interests of the same series or any other class or series; and (x) the right, if any, of the holder of each such Preferred Interest to vote on Company matters, including matters relating to the relative rights, preferences and privileges of such Preferred Interest. An Interest Designation (or any resolution of the Board amending any Interest Designation) shall be effective when a duly executed original of the same is delivered to the Company for inclusion among the permanent records of the Company, and shall be annexed to, and constitute part of, this Agreement. Unless otherwise provided in the applicable Interest Designation, the Board may at any time increase or decrease the amount of Preferred Interests of any series, but not below the number of Preferred Interests of such series then outstanding.

7. Capital Contributions. No initial contribution was made to the capital of the Company by the Member. From time to time, the Board may determine that the Company requires capital and may request the Member to make capital contribution(s) in an amount determined by the Board. A capital account shall be maintained for the Member, to which contributions and profits shall be credited and against which distributions and losses shall be charged.

8. Net Profits and Losses. For financial accounting and tax purposes, the Company's net profits or net losses shall be determined on an annual basis in accordance with the manner determined by the Board. In each year, profits and losses shall be allocated entirely to the Member.

9. Distributions. The Board shall determine profits available for distribution and the amount, if any, to be distributed to the Member, and shall authorize and distribute such amount when, as and if determined by the Board; provided, however, that no distribution shall be made to the extent that the Board, in its discretion, determines that any amount otherwise distributable should be retained by the Company to pay, or to establish a reserve for the payment of, any liability or obligation of the Company, whether liquidated, fixed, contingent or otherwise.

10. Transfers. The Member may sell, assign, transfer, convey, gift, exchange or otherwise dispose of any or all of its interest in the Company and, upon receipt by the Company of a written agreement executed by the person or entity to whom such interest is to be transferred agreeing to be bound by the terms of this Agreement, such person shall be admitted as a member.

11. New Members. One or more new members may be admitted to the Company upon the approval of the Board.

12. Indemnification. To the fullest extent permitted by applicable law, each Covered Person (as defined below) shall be indemnified and held harmless by the Company for and from any liabilities, demands, claims, actions or causes of action, regulatory, legislative or judicial proceedings or investigations, assessments, levies, judgments, fines, amounts paid in settlement, losses, fees, penalties, damages, costs and expenses, including, without limitation, reasonable attorneys', accountants', investigators', and experts' fees and expenses and interest on any of the foregoing (collectively, "Damages") sustained or incurred by such Covered Person by reason of any act performed or omitted by such Covered Person or by any other Covered Person in connection with the affairs of the Company unless such act or omission constitutes fraud, gross negligence or willful misconduct (the "Disabling Conduct"); provided, however, that any indemnity under this Section 12 shall be provided out of and to the extent of Company assets only, and neither the Member nor any Affiliate (as defined below) of the Member shall have any personal liability on account thereof. The right of indemnification pursuant to this Section 12 shall include the right of a Covered Person to have paid on his behalf, or be reimbursed by the Company for, the reasonable expenses incurred by such Covered Person with respect to any Damages, in each case in advance of a final disposition of any action, suit or proceeding, including expenses incurred in collecting such amounts from the Company; provided, however, that such Covered Person shall have given a written undertaking to reimburse the Company in the event it is subsequently determined that he, she or it is not entitled to such indemnification. "Covered Person" means the Member and its Affiliates and the Managers, directors, officers, shareholders, members, employees, representatives

and agents of the Company, the Member and their respective Affiliates, and any person who was at any time in question such a person. “Affiliate” means, with respect to any person, any other person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, the person in question, wherein “Control” means, in respect of any person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through ownership of voting securities, by contract or otherwise, and “Controlled by,” “Controls” and “under common Control with” have the correlative meanings.

The right of any Covered Person to the indemnification provided herein (i) shall be cumulative of, and in addition to, any and all rights to which such Covered Person may otherwise be entitled by contract or as a matter of law or equity, (ii) in the case of a Covered Person that is the Member, shall continue as to such Covered Person after such Covered Person has ceased to be a Member, and (iii) shall extend to such Covered Person’s successors, assigns and legal representatives.

The termination of any action, suit or proceeding relating to or involving a Covered Person by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such Covered Person committed an act or omission that constitutes Disabling Conduct.

For purposes of this Agreement, no action or failure to act on the part of any Covered Person in connection with the management or conduct of the business and affairs of such Covered Person and other activities of such Covered Person which involve a conflict of interest with the Company, any other Person in which the Company has a direct or indirect interest or any Member (or any of their respective Affiliates) or in which such Covered Person realizes a profit or has an interest shall constitute, per se, Disabling Conduct.

13. Exculpation. To the fullest extent permitted by applicable law, no Covered Person shall be liable to the Company or any Member or any Affiliate of any Member for any Damages incurred by reason of any act performed or omitted by such Covered Person unless such act or omission constitutes Disabling Conduct. In addition, no Covered Person shall be liable to the Company, any other Person in which the Company has a direct or indirect interest or any Member (or any Affiliate thereof) for any action taken or omitted to be taken by any other Covered Person.

A Covered Person shall be fully protected in relying upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person (other than such Covered Person) as to matters the Covered Person reasonably believes are within such other Person’s professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which distributions to the Member might properly be paid.

The right of a Covered Person that is the Member to the exculpation provided in this Section 13 shall continue as to such Covered Person after such Covered Person has ceased to be a member of the Company.

14. Dissolution. The Company shall be dissolved and its affairs wound up upon the determination of the Member or upon judicial dissolution of the Company under Section 18-802 of the Act.

15. Certificates. Upon the Company's issuance of Common Interests to any person or entity, the Company may in its discretion issue one or more certificates in the name of such person or entity evidencing the number of such Common Interests being so issued. Certificates shall be executed on behalf of the Company by any two officers. Initially the Common Interests shall be uncertificated.

16. Tax Treatment. Unless otherwise determined by the Member, the Company shall be a disregarded entity for U.S. federal income tax purposes (as well as for any analogous state or local tax purposes), and the Member and the Company shall timely make any and all necessary elections and filings for the Company to be treated as a disregarded entity for U.S. federal income tax purposes (as well as for any analogous state or local tax purposes).

17. Amendments. This Agreement may be amended with the consent of the Board.

18. Severability. If any provision of this Agreement is held to be invalid or unenforceable for any reason, such provision shall be ineffective to the extent of such invalidity or unenforceability; provided, however, that the remaining provisions will continue in full force without being impaired or invalidated in any way unless such invalid or unenforceable provision or clause shall be so significant as to materially affect the expectations of the Member regarding this Agreement. Otherwise, any invalid or unenforceable provision shall be replaced by the Member with a valid provision which most closely approximates the intent and economic effect of the invalid or unenforceable provision.

19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the principles of conflicts of laws thereof that would require the application of the law of another state.

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IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the day and year first written above.

OCH-ZIFF HOLDING LLC

By: /s/ Wayne N. Cohen

Name: Wayne N. Cohen

Title: Authorized Officer

*Signature Page to Third Amended and Restated Operating Agreement of
Och-Ziff Holding LLC*

**Partner Agreement Between
OZ Management LP and Thomas Sipp**

This Partner Agreement (as amended, modified, supplemented or restated from time to time, this “Agreement”) dated as of July 19, 2018 and effective as of May 3, 2018 (the “Admission Date”) reflects the agreement of OZ Management LP (the “Partnership”) and Thomas Sipp (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 Admission Date of one Class D-36 Common Unit (as defined below) under the Och-Ziff Incentive Plan; (iii) the provision for possible performance-based discretionary awards to be made on a subsequent date or dates by the Partnership to the Limited Partner in a combination of (A) additional grants of Class A restricted share units (“RSUs”) under the Och-Ziff Incentive Plan and (B) cash distributions, including both cash (“Current Cash”) and grants of Deferred Cash Interests under the DCI Plan (“Deferred Cash Interests”); (iv) a one-time, sign-on grant of RSUs under the Och-Ziff Incentive Plan; and (v) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of March 1, 2017 (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. References in this Agreement to actions of the General Partner refer to actions of the General Partner acting on behalf of the Partnership.

1. Admission of the Limited Partner; Title; Term; Reporting; Quarterly 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-36 Common Units”. The award of one Class D-36 Common Unit described in this Section 1(a) has been approved under the Och-Ziff Incentive Plan. The Limited Partner shall be admitted as a limited partner of the Partnership, the General Partner shall then 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 one Class D-36 Common Unit (the “Initial Class D Common Unit”) pursuant to and subject to the Och-Ziff Incentive Plan. The Limited Partner agrees that he shall be bound by the terms and provisions of the Limited Partnership Agreement as of the Admission Date and shall execute the signature page of the Limited Partnership Agreement attached hereto. Upon the Admission Date, the Limited Partner’s initial Capital Account balance will be \$0 (zero dollars). The Limited Partner is hereby designated 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. The Limited Partner hereby agrees not to exchange the Initial Class D Common Unit (or a Class A Common Unit into which it converts) for so long as the Limited Partner is an Active Individual LP and agrees that such Common Unit and any Units that the Limited Partner may receive in a reallocation from other Partners under the Limited Partnership Agreement shall automatically be forfeited and cancelled upon the Limited Partner ceasing to be an Active Individual LP.

(b) Title. Upon his admission to the Partnership, the Limited Partner will hold the title of Executive Managing Director with respect to the General Partner and will be appointed as the Chief Financial Officer of the Och-Ziff Group.

(c) Reporting; Responsibilities. As Chief Financial Officer, the Limited Partner shall report to the Chief Executive Officer of the Och-Ziff Group (the “Chief Executive Officer”) and to the Chairperson of the Audit Committee of the Board (as defined below). The Limited Partner shall serve as a member of any management committees of the Och-Ziff Group during the Term (as defined below) without compensation if requested by the Chief Executive Officer. The Limited Partner’s responsibilities shall be determined by the Chief Executive Officer and shall initially include oversight of Och-Ziff’s finance functions, including, without limitation, accounting, financial controls, financial and management reporting, budgeting and forecasting, financial planning, fund-level accounting, internal audit, systems and risk management, public company investor relations, treasury and capital markets, as well as active involvement in Och-Ziff’s corporate development and strategic initiatives.

(d) Term. The term of the Limited Partner’s services hereunder shall commence as of the Admission Date and continue through December 31, 2020 (the “Scheduled Expiration of the Term”) or such earlier date as the Limited Partner ceases to be an Active Individual LP (the “Term”). If the Partnership and the Limited Partner mutually wish to extend the Term, the parties agree to use reasonable efforts to begin negotiation of mutually agreeable terms at least three months prior to expiration of the Term; provided that no party is under any obligation to do so and either party may decline to extend the Term for any reason or for no reason. Any non-extension of the Term shall be treated as a Withdrawal effective as of the last day of the Term for all purposes of this Agreement.

(e) Quarterly Payments. Commencing with the Admission Date and while the Limited Partner is an Active Individual LP, OZ Management LP shall pay to the Limited Partner \$125,000 in cash with respect to each quarter of each Fiscal Year (a “Quarterly Payment”), with such Quarterly Payments being made in advance on the first Business Day of each such quarter; provided that, in the General Partner’s discretion and without duplication, some or all of the Operating Partnerships (as defined below) may pay any portion of any Quarterly Payment; and provided, further, that the Quarterly Payment in respect of the second quarter of Fiscal Year 2018 was prorated based on the number of days between the Admission Date and June 30, 2018.

(f) Benefits. During the Term, 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, as such terms may be amended from time to time by the Partnership and its Affiliates in their sole discretion.

2. Performance-Based Grants of Cash Distributions and RSUs.

(a) Performance Awards. Subject to the other terms of this Agreement, with

respect to each Fiscal Year commencing with Fiscal Year 2018 and while the Limited Partner is an Active Individual LP, the Limited Partner shall be eligible to receive conditional performance-based discretionary awards from the Partnership, OZ Advisors LP (“OZA”) and/or OZ Advisors II LP (“OZAI”) and, together with the Partnership and OZA, the “Operating Partnerships”) (in aggregate, the “Performance Award Amount,” and the sum of the Performance Award Amount for any Fiscal Year and the Quarterly Payments made during such Fiscal Year, the “Total Annual Amount” for such Fiscal Year), which may be provided in a combination of (x) cash distributions to be made to the Limited Partner by one or more of the Operating Partnerships consisting of both Current Cash and grants of Deferred Cash Interests (collectively, the “Performance Cash Distribution” and the percentages of the Performance Award Amount represented by Current Cash and Deferred Cash Interests, respectively, the “Current Cash Percentage” and the “DCI Percentage”), and (y) the Annual RSU Award (as defined below, and the percentage of the Performance Award Amount represented by the Annual RSU Award, the “Unit Percentage”).

(b) Target Allocations. Subject to Section 2(c) and unless determined otherwise in the sole discretion of the Compensation Committee of the Board (the “Compensation Committee”), the Current Cash Percentage, the DCI Percentage and the Unit Percentage of the Performance Award Amount for any Fiscal Year shall be determined by the Compensation Committee such that the percentages of the Total Annual Amount for such Fiscal Year represented by Current Cash (including Quarterly Payments), Deferred Cash Interests and the Annual RSU Award are as set forth below (the “Target Allocation Percentages”), or as close to such Target Allocation Percentages as possible, provided that Current Cash (including Quarterly Payments) shall represent not less than 60% of the Total Annual Amount for any Fiscal Year.

<u>Payments & Distributions comprising the Total Annual Amount</u>	<u>Target Allocation Percentage</u>
Current Cash (including Quarterly Payments)	60%
Deferred Cash Interests	15%
Annual RSU Award	25%

(c) Guaranteed Minimum Performance Award Amount. Subject to Section 2(d) but notwithstanding any other provisions of this Section 2 to the contrary, the Total Annual Amount in respect of: (i) Fiscal Year 2018 may be no less than \$1,831,043.96; and (ii) each of Fiscal Years 2019 and 2020 may be no less than \$2,000,000 (such minimum amount in respect of such Fiscal Year, the “Minimum Annual Amount”). The portions of the Performance Award Amount in respect of any Minimum Annual Amount to be distributed in the form of Current Cash, Deferred Cash Interests and an Annual RSU Award shall equal 60%, 15% and 25% of the Annual Minimum Amount, respectively, unless otherwise determined in the sole discretion of the Compensation Committee prior to the beginning of the Fiscal Year to which a Performance Award Amount pertains or, with respect to Fiscal Year 2018, within thirty (30) days following the Admission Date.

(d) Awards. Subject to Section 2(c), in order to be eligible for any portion of the Performance Award Amount in respect of any Fiscal Year, the Limited Partner shall not have ceased to be an Active Individual LP, in each case as of the applicable distribution date and must not have provided notice of his intention to become subject to a Withdrawal pursuant to clause (C) (*Resignation*) of Section 8.3(a)(i) of the Limited Partnership Agreement (a “Withdrawal due to Resignation”) on or before such date as provided in Sections 3 or 4, as applicable. All decisions relating to any Performance Award Amounts, including, without limitation, the amount of any such Performance Award Amount for such Fiscal Year, shall be determined in the sole discretion of the Compensation Committee based on a recommendation of the Chief Executive Officer and on any performance criteria or other considerations they determine to be appropriate, including, but not limited to, the Limited Partner’s performance, the overall performance and growth of Och-Ziff and the aggregate amount of distributions and Quarterly Payments made to the Limited Partner by the Operating Partnerships with respect to any Fiscal Year. All such determinations by the Compensation Committee shall be final. Subject to Section 2(c), any such determinations to award a Performance Award Amount in respect of a Fiscal Year shall not create or imply any obligation to award a Performance Award Amount for any other Fiscal Year.

(e) Withdrawal Without Cause Prior to Scheduled Expiration of Term.

(i) If the Term is terminated by the Partnership and the Limited Partner is subject to a Withdrawal pursuant to clause (B) (*PPC Termination*) of Section 8.3(a)(i) of the Limited Partnership Agreement or a Special Withdrawal (such Withdrawal or Special Withdrawal, a “Withdrawal without Cause”) prior to the Scheduled Expiration of the Term, the Limited Partner shall be entitled to receive a severance benefit (the “Severance Benefit”) in an amount equal to the product of:

(A) fifty percent (50%); and

(B) the difference between (1) an amount equal to the sum of (x) the pro-rated portion of the Quarterly Payment in respect of the second quarter of Fiscal Year 2018 and (y) \$5,750,000, less (2) the aggregate amount of Quarterly Payments and Performance Award Amounts paid or awarded (based on their grant date fair value as applicable) to the Limited Partner prior to the date of such Withdrawal; provided that, solely for purposes of this Section 2(e)(i), no Performance Award Amount shall be deemed to be more than \$1,500,000.

(ii) The Severance Benefit shall be paid by one or more of the Operating Partnerships in a lump sum in Current Cash on or prior to the sixtieth (60th) day following the date of Withdrawal or Special Withdrawal of the Limited Partner and any applicable six-month delay described in Section 14. The Operating Partnerships’ obligation to pay the Severance Benefit is subject to the Limited Partner’s compliance with Section 7 below.

3. Performance Cash Distributions. Unless determined otherwise in the sole discretion of the Compensation Committee and subject to Section 2, the Limited Partner may conditionally receive the portion of the Performance Award Amount to which he may be entitled in respect of any applicable Fiscal Year in the form of a Performance Cash Distribution as follows:

(a) as of January 15 of the subsequent Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships equal to the Current Cash Percentage of such Performance Award Amount (excluding for this purpose amounts previously paid as Quarterly Payments); and

(b) as of the 4Q Distribution Date relating to such Fiscal Year, the Limited Partner may conditionally receive a portion of the Performance Cash Distribution equal to the DCI Percentage of such Performance Award Amount in the form of a grant of Deferred Cash Interests relating to one or more OZ Funds (as defined in the DCI Plan) in accordance with the DCI Plan, such grant to be made by the Partnership and/or the other Operating Partnerships in the sole discretion of the General Partner.

Any distributions of Current Cash or Deferred Cash Interests to be made to the Limited Partner under this Section 3 may be made by one or more of the Operating Partnerships in the proportions determined by the General Partner in its sole discretion. Any portion of any Performance Cash Distribution (excluding any Deferred Cash Interests) or any other cash payment to be distributed or paid to the Limited Partner by the Partnership may be made as 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.

4. Award of RSUs.

(a) The Limited Partner will conditionally receive the Unit Percentage of such Performance Award Amount in the form of an award made by the Partnership to the Limited Partner on or about January 31 of the following Fiscal Year of a number of RSUs under the Och-Ziff Incentive Plan (an “Annual RSU Award”) equal to the RSU Equivalent Amount (as defined below); provided that, prior to receiving each such award, the Limited Partner has entered into an Award Document (as defined in the Och-Ziff Incentive Plan) with respect to each such award. The RSUs granted under each Annual RSU Award will vest as provided and subject to the conditions set forth in Section 6(a)(iii) below. Each vested RSU shall be settled, in the sole discretion of the Board of Directors of Och-Ziff (the “Board”), either by the delivery of (1) one Class A Share (as defined in the Och-Ziff Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Och-Ziff Incentive Plan) of one Class A Share.

(b) Upon any award of RSUs in respect of an Annual RSU Award, the Limited Partner and the Partnership will enter into an Award Document in the form prescribed by the Administrator (as defined in the Och-Ziff Incentive Plan) of the Och-Ziff Incentive Plan, consistent with the terms set forth herein. The Limited Partner will be credited with Distribution Equivalents (as defined in the Och-Ziff Incentive Plan) with respect to the RSUs, calculated as described in the Award Document. 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 Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

(c) RSU Equivalent Amount. For purposes of any RSUs to be awarded as part of a Performance Award Amount under this Section 4:

(i) the term “RSU Equivalent Amount” shall mean the quotient of the Unit Percentage of such Performance Award Amount divided by the RSU Fair Market Value, rounded to the nearest whole number; and

(ii) the term “RSU Fair Market Value” shall mean the average of the closing price on the New York Stock Exchange of Class A Shares for the ten (10) 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 Unit Percentage of such Performance Award Amount for a Fiscal Year is \$1,000,000, and the average closing price of Class A Shares for the ten (10) trading day period beginning December 11 of such Fiscal Year is \$25 per share, then the Limited Partner would receive an award of 40,000 RSUs ($(\$1,000,000 / \$25.00) = 40,000$ RSUs).

5. Sign-On RSU Grant.

(a) Upon the Admission Date, the Limited Partner shall be entitled to receive a grant of 3,000,000 RSUs made by the Partnership under the Och-Ziff Incentive Plan (the “Sign-On RSUs”), as generally provided in this Section 5, and subject in all events to the terms and conditions of the Och-Ziff Incentive Plan and the related Award Document. The Sign-On RSUs shall be granted as soon as practicable following the Admission Date; provided that the Limited Partner enters into an Award Document with respect to such grant.

(b) The Sign-On RSUs will vest in three equal annual installments on each of the first three anniversaries of the Admission Date; provided that the Limited Partner must be an Active Individual LP on each such vesting date and must not have provided notice of his intention to become subject to a Withdrawal due to Resignation on or before each such vesting date; provided, further, that: (i) if the Term is terminated by the Partnership and the Limited Partner is subject to a Withdrawal without Cause prior to the Scheduled Expiration of the Term, then 50% of any unvested Sign-On RSUs shall remain outstanding and continue to vest on the date (or dates) such Sign-On RSUs would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date (and the remaining 50% of any unvested Sign-On RSUs shall be forfeited) or (ii) if the Limited Partner ceases to be an Active Individual LP due to his death or Disability prior to the Scheduled Expiration of the Term or if the Term is not extended pursuant to Section 1(d), in either case, then any unvested Sign-On RSUs shall remain outstanding and continue to vest on the date (or dates) such Sign-On RSUs would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date. Any continued vesting of the Sign-On RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner’s (or the Limited Partner’s legal representative or estate, as applicable) compliance with Section 7 below. If the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii).

(c) Each vested Sign-On RSU shall be settled, in the sole discretion of the Administrator, either by the delivery of (1) one Class A Share (as defined in the Och-Ziff Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Och-Ziff Incentive Plan) of one Class A Share. As set forth in the applicable Award Document, the Limited Partner will be credited with Distribution Equivalents with respect to the Sign-On RSUs, as calculated and described in the Award Document. The Distribution Equivalents shall be settled on the same date as the Sign-On RSUs in respect of which such Distribution Equivalents are awarded. Additionally, at the sole discretion of the Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

6. Withdrawal, Vesting, Transfer, Exchange and Non-Compete Provisions.

(a) Withdrawal, Vesting, Transfer and Exchange.

(i) Initial Class D Common Unit. 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 his or their Initial Class D Common Unit: (A) the Initial Class D Common Unit shall be treated as a Class A Common Unit thereunder, (B) the Initial Class D Common Unit shall be conditionally vested upon issuance, subject to the other terms hereof, (C) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 6(b)(ii), and (D) if the Initial Class D Common Unit (or any Class A Common Unit acquired in respect thereof) is reallocated under Section 6(b)(ii) below, any such reallocated Common Units shall remain vested.

(ii) Deferred Cash Interests. Deferred Cash Interests shall vest as specified in the DCI Plan and any Award Agreement (as defined in the DCI Plan) entered into by the Limited Partner with respect to the grant of such Deferred Cash Interests, and additionally the consequences with respect to the Deferred Cash Interests of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 6(b)(ii); provided, that notwithstanding the terms of any Award Agreement to the contrary, if the Term is terminated by the Partnership and the Limited Partner is subject to a Withdrawal without Cause prior to the Scheduled Expiration of the Term, the Deferred Cash Interests thereunder will continue to vest on the date (or dates) the Deferred Cash Interests would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date; provided, further, that any continued vesting of Deferred Cash Interests permitted under the terms of this Agreement, the DCI Plan or any Award Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 7 below, and if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii). The benefits under this Section 6(a)(ii) shall not duplicate any other benefits provided under Section 2(e).

(iii) Annual RSU Awards. Thirty-three and one-third percent (33-1/3%) of the number of RSUs granted under any Annual RSU Award will vest on January 31 of the calendar

year following the grant date of the relevant award and, thereafter, on the first and second anniversaries of such initial vesting date (each, a “Vest Date”), provided that: (i) the Limited Partner will have no right to any unvested RSUs on any such Vest Date if the Limited Partner is not an Active Individual LP on such Vest Date, except that the unvested RSUs shall not be forfeited and shall vest on the date such RSUs would have otherwise vested if the Limited Partner ceases to be an Active Individual LP due to death or Disability, or as a result of a Withdrawal without Cause; (ii) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner’s compliance with Section 7 below; and (iii) if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii). The benefits under this Section 6(a)(iii) shall not duplicate any other benefits provided under Section 2(e).

(b) Non-Competition Provisions.

(i) 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.

(ii) Consequences of Breach. All grants of Performance Cash Distributions, the Initial Class D Common Unit, RSUs (including, for the avoidance of doubt, Sign-On RSUs) and Deferred Cash Interests hereunder shall be conditionally granted subject to the Limited Partner’s compliance with the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) 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, 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 6(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 the Limited Partner’s breach of 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 Performance Cash Distributions, the Initial Class D Common Unit, RSUs and Deferred Cash Interests and the Limited Partner agrees that:

(A) on or after the date of such breach, the Initial Class D Common Unit (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;

(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 the Initial Class D Common Unit (or any Class A Common Units acquired in respect thereof);

(C) on or after the date of such breach, any RSUs and Deferred Cash Interests held by the Limited Partner shall be forfeited by the Limited Partner and cancelled and all allocations and distributions in respect of such RSUs and Deferred Cash Interests that would otherwise have been received by the Limited Partner on or after the date of such breach shall not thereafter be made;

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

(E) 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 upon the settlement of any RSUs or through an exchange pursuant to the Exchange Agreement of any Class A Common Units acquired by the Limited Partner in respect of the Initial Class D Common Unit (collectively, "Received Class A Shares");

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

- (v) 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 Received Class A Shares that were transferred during the twenty-four (24) month period prior to the date of such breach; and (ii) any distributions received by the Limited Partner during such twenty-four (24) month period on Received Class A Shares;
- (w) transfer any Received 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;
- (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 Received 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 Received Class A Shares;

- (y) pay to the Continuing Partners in proportion to the total number of Original Common Units owned by each such Continuing Partner and its Original Related Trusts a lump-sum cash amount equal to the total after-tax amount received by the Limited Partner as Performance Cash Distributions (including any cash distributions in respect of Deferred Cash Interests) during the twenty-four (24) month period prior to the date of such breach; and
- (z) pay to the Partnership (or as it directs) a lump-sum cash amount equal to the amounts received by the Limited Partner in respect of any of the Severance Benefit prior to the date of such breach.

(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.

(d) Compensation Forfeiture. Notwithstanding anything contained herein to the contrary, upon the Limited Partner's Withdrawal for Cause, any equity awards (including without limitation, any Received Class A Shares, the Initial Class D Common Unit, any Class A Common Units and any RSUs), in each case, received by the Limited Partner in the twenty-four (24) month period prior to the date of Withdrawal shall be treated as provided in Section 6(b)(ii) as if the Limited Partner breached the covenants described in Section 6(b)(ii).

7. Conditions Precedent. As a condition precedent to (i) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP or (ii) any continued vesting of Deferred Cash Interests that may be permitted under the terms of this Agreement, the DCI Plan or any Award Agreement after the Limited Partner ceases to be an Active Individual LP, in either case the Limited Partner (or for purposes of clause (x), the Limited Partner's legal representative or estate, as applicable) must: (x) execute a general release agreement in compliance with Section 8.3(g) of the Limited Partnership Agreement and such general release must become effective as provided therein, and (y) continue to comply with all applicable obligations and restrictions set forth in this Agreement, the Limited Partnership Agreement, or any other agreement between the Limited Partner and the Partnership, including, without limitation, any restrictive covenants to which the Limited Partner is subject.

8. Distributions. The Limited Partner shall be entitled to receive distributions from the Partnership in respect of the Initial Class D Common Unit with respect to the income earned by the Partnership beginning in the fiscal quarter during which the Promotion Date occurred that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units. The amount of distributions per Common Unit made by each of the Operating Partnerships shall be determined by the General Partner in its discretion based on the services performed for the Operating Partnerships by all of the Individual Limited Partners, as such services are determinative of the performance of each of the Operating Partnerships.

9. Relocation. The Partnership shall reimburse the Limited Partner for reasonable costs associated with a relocation to the New York area, subject to the Partnership's policies on relocation benefits.

10. Entire Agreement. This Agreement, together with any other agreements entered into on the date hereof between the Limited Partner and the Partnership or its Affiliates, contains the entire agreement and understanding among the parties as to the subject matter hereof and supersedes and replaces any prior oral or written agreements between the Limited Partner and the Partnership or its Affiliates, including the CFO Term Sheet dated April 15, 2018 acknowledged and agreed by Och-Ziff and the Limited Partner.

11. Compensation Clawback. 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. In the case of fraud, misconduct or malfeasance by any of its partners, officers or employees, including, without limitation any fraud, misconduct or malfeasance that leads to a restatement of Och-Ziff's financial results, or as required by law, the Compensation Committee would consider and likely pursue a disgorgement of prior compensation, where appropriate based on the facts and circumstances. The Compensation Committee will adopt and amend clawback policies, as it determines to be appropriate, including, without limitation, to comply with the final implementing rules regarding compensation clawbacks mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and any other applicable law. The Compensation Committee may extend and apply such clawback provisions to similarly situated levels of partners that may not be required to be covered by applicable law as it determines to be necessary or appropriate in its discretion. The Limited Partner hereby consents to comply with all of the terms and conditions of any such compensation clawback policy adopted by the Compensation Committee which may apply to the Limited Partner and other similarly situated partners on or after the Admission Date, and also agrees to perform all further acts and execute, acknowledge and deliver any documents and to take any further action requested by Och-Ziff to give effect to the foregoing.

12. 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.

13. Miscellaneous.

(a) Limited Partner Representations and Covenants. The Limited Partner hereby represents and warrants to the Partnership that the execution and delivery of this Agreement by the Limited Partner and the Partnership and the performance by the Limited Partner of his duties hereunder shall not constitute a breach of, or otherwise contravene or conflict with or cause a default under, the terms of any employment agreement or other contract, agreement, policy, instrument, order, judgment or decree to which the Limited Partner is a party or by which the Limited Partner is bound. The Limited Partner further represents and warrants that all information that he has provided to the Och-Ziff Group about himself in response to questionnaires or otherwise is true. The Limited Partner represents and warrants that he has not

previously engaged in, nor is currently engaging in, any activity that would violate any Och-Ziff Group policy on political contributions or conflicts of interest, determined as if he were an employee covered by each such policy, but disregarding in respect of the conflict of interest policy any investments disposed of prior to the Effective Date. In furtherance of this representation, the Limited Partner has fully disclosed on Exhibit A hereto his ownership and role in respect of the two fintech companies named thereon. The Limited Partner shall seek the prior written approval of the Chief Compliance Officer in the event that any such activities may be deemed to raise a potential or actual conflict of interest. The Limited Partner hereby represents and warrants to the Partnership that no commission or finder's fee, or any other amount of whatever nature or kind, was indirectly or directly incurred in connection with the recruitment of the Limited Partner.

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

(c) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto. The Compensation Committee in its sole discretion may amend the provisions of this Agreement relating to Performance Cash Distributions, RSUs or Deferred Cash Interests, or the terms of any such awards that have been granted, in whole or in part, at any time, if the Compensation Committee determines in its sole discretion that the adoption of any such amendments are necessary or desirable to comply with applicable law.

(d) This Agreement and any amendment hereto made in accordance with Section 13(c) hereof shall be binding as to the Limited Partner's executors, administrators, estates, heirs and legal successors, and nominees and representatives, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(e) This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, other than any provision, right or obligation in respect of Section 2.13 of the Limited Partnership Agreement, which shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of New York without regard to choice of law rules that would apply the law of any other jurisdiction. 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.

(f) 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.

(g) 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 or modify any of the terms of the Limited Partnership Agreement.

(h) 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.

(i) For all purposes under this Agreement, all references to any equity interests held by the Limited Partner shall be deemed to include equity interests held by his Related Trusts.

(j) Upon the Limited Partner ceasing to be an Active Individual LP for any reason (other than death), the Limited Partner hereby agrees to immediately resign from all positions (including, without limitation, any management, officer or director position) that the Limited Partner holds in the Och-Ziff Group (or with any entity in which the Och-Ziff Group has made any investment) as of the date the Limited Partner ceases to be an Active Individual LP, and to execute and deliver any such documentation reasonably required by the Och-Ziff Group as may be necessary or appropriate to enable the Och-Ziff Group (or any entity in which the Och-Ziff Group has made an investment) to effectuate such resignation(s). Notwithstanding the foregoing, the Limited Partner's execution of this Agreement shall be deemed the grant by the Limited Partner to the officers of each entity in the Och-Ziff Group, if applicable, of a limited power of attorney to sign in the Limited Partner's name and on the Limited Partner's behalf such documentation solely for the limited purposes of effectuating such resignation(s).

14. Section 409A. This Agreement as well as payments and benefits under this Agreement are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, the Limited Partner shall not be considered to have terminated employment with the Partnership for purposes of any payments under this Agreement which are subject to Section 409A until the Limited Partner has incurred a "separation from service" from the Partnership within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A and any payments described in this Agreement 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. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six (6)-month period immediately following the Limited Partner's separation from service shall instead be paid on the first business day after the date that is six (6) months following the Limited Partner's separation from service (or, if earlier, the Limited Partner's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to the Limited Partner shall be paid to the Limited

Partner on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Limited Partner) during one year may not affect amounts reimbursable or provided in any subsequent year.

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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/ Robert Shafir

Name: Robert Shafir

Title: Chief Executive Officer

THE LIMITED PARTNER:

/s/ Thomas M. Sipp

Thomas M. Sipp

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

OF

OZ MANAGEMENT LP

SIGNATURE PAGE

By his signature below, the undersigned hereby agrees that effective as of the Admission Date, the undersigned shall (i) be bound by each and every term and provision of the Agreement of Limited Partnership of OZ Management LP, as the same may be duly amended from time to time in accordance with the provisions thereof (the "Limited Partnership Agreement"), and (ii) become and be a party to the Limited Partnership Agreement.

/s/ Thomas M. Sipp
Thomas M. Sipp

Accepted and Agreed to on the Admission Date by:

OZ MANAGEMENT LP

By: Och-Ziff Holding Corporation,
its General Partner

By: /s/ Robert Shafir
Name: Robert Shafir
Title: Chief Executive Officer

Exhibit A

Magis Partners
Fiduciary Exchange

**Partner Agreement Between
OZ Advisors LP and Thomas Sipp**

This Partner Agreement (as amended, modified, supplemented or restated from time to time, this “Agreement”) dated as of July 19, 2018 and effective as of May 3, 2018 (the “Admission Date”) reflects the agreement of OZ Advisors LP (the “Partnership”) and Thomas Sipp (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 Admission Date of one Class D-36 Common Unit (as defined below) under the Och-Ziff Incentive Plan; (iii) the provision for possible performance-based discretionary awards to be made on a subsequent date or dates by the Partnership to the Limited Partner in a combination of (A) additional grants of Class A restricted share units (“RSUs”) under the Och-Ziff Incentive Plan and (B) cash distributions, including both cash (“Current Cash”) and grants of Deferred Cash Interests under the DCI Plan (“Deferred Cash Interests”); (iv) a one-time, sign-on grant of RSUs under the Och-Ziff Incentive Plan; and (v) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of March 1, 2017 (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. References in this Agreement to actions of the General Partner refer to actions of the General Partner acting on behalf of the Partnership.

1. Admission of the Limited Partner: Title; Term; Reporting; Quarterly 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-36 Common Units”. The award of one Class D-36 Common Unit described in this Section 1(a) has been approved under the Och-Ziff Incentive Plan. The Limited Partner shall be admitted as a limited partner of the Partnership, the General Partner shall then 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 one Class D-36 Common Unit (the “Initial Class D Common Unit”) pursuant to and subject to the Och-Ziff Incentive Plan. The Limited Partner agrees that he shall be bound by the terms and provisions of the Limited Partnership Agreement as of the Admission Date and shall execute the signature page of the Limited Partnership Agreement attached hereto. Upon the Admission Date, the Limited Partner’s initial Capital Account balance will be \$0 (zero dollars). The Limited Partner is hereby designated 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. The Limited Partner hereby agrees not to exchange the Initial Class D Common Unit (or a Class A Common Unit into which it converts) for so long as the Limited Partner is an Active Individual LP and agrees that such Common Unit and any Units that the Limited Partner may receive in a reallocation from other Partners under the Limited Partnership Agreement shall automatically be forfeited and cancelled upon the Limited Partner ceasing to be an Active Individual LP.

(b) Title. Upon his admission to the Partnership, the Limited Partner will hold the title of Executive Managing Director with respect to the General Partner and will be appointed as the Chief Financial Officer of the Och-Ziff Group.

(c) Reporting; Responsibilities. As Chief Financial Officer, the Limited Partner shall report to the Chief Executive Officer of the Och-Ziff Group (the "Chief Executive Officer") and to the Chairperson of the Audit Committee of the Board (as defined below). The Limited Partner shall serve as a member of any management committees of the Och-Ziff Group during the Term (as defined below) without compensation if requested by the Chief Executive Officer. The Limited Partner's responsibilities shall be determined by the Chief Executive Officer and shall initially include oversight of Och-Ziff's finance functions, including, without limitation, accounting, financial controls, financial and management reporting, budgeting and forecasting, financial planning, fund-level accounting, internal audit, systems and risk management, public company investor relations, treasury and capital markets, as well as active involvement in Och-Ziff's corporate development and strategic initiatives.

(d) Term. The term of the Limited Partner's services hereunder shall commence as of the Admission Date and continue through December 31, 2020 (the "Scheduled Expiration of the Term") or such earlier date as the Limited Partner ceases to be an Active Individual LP (the "Term"). If the Partnership and the Limited Partner mutually wish to extend the Term, the parties agree to use reasonable efforts to begin negotiation of mutually agreeable terms at least three months prior to expiration of the Term; provided that no party is under any obligation to do so and either party may decline to extend the Term for any reason or for no reason. Any non-extension of the Term shall be treated as a Withdrawal effective as of the last day of the Term for all purposes of this Agreement.

(e) Quarterly Payments. Commencing with the Admission Date and while the Limited Partner is an Active Individual LP, OZ Management LP shall pay to the Limited Partner \$125,000 in cash with respect to each quarter of each Fiscal Year (a "Quarterly Payment"), with such Quarterly Payments being made in advance on the first Business Day of each such quarter; provided that, in the General Partner's discretion and without duplication, some or all of the Operating Partnerships (as defined below) may pay any portion of any Quarterly Payment; and provided, further, that the Quarterly Payment in respect of the second quarter of Fiscal Year 2018 was prorated based on the number of days between the Admission Date and June 30, 2018.

2. Performance-Based Grants of Cash Distributions and RSUs.

(a) Performance Awards. Subject to the other terms of this Agreement, with respect to each Fiscal Year commencing with Fiscal Year 2018 and while the Limited Partner is an Active Individual LP, the Limited Partner shall be eligible to receive conditional performance-based discretionary awards from the Partnership, OZ Management LP ("OZM") and/or OZ Advisors II LP ("OZAI") and, together with the Partnership and OZM, the "Operating Partnerships") (in aggregate, the "Performance Award Amount," and the sum of the Performance Award Amount for any Fiscal Year and the Quarterly Payments made during such Fiscal Year, the "Total Annual Amount" for such Fiscal Year), which may be provided in a combination of

(x) cash distributions to be made to the Limited Partner by one or more of the Operating Partnerships consisting of both Current Cash and grants of Deferred Cash Interests (collectively, the “Performance Cash Distribution” and the percentages of the Performance Award Amount represented by Current Cash and Deferred Cash Interests, respectively, the “Current Cash Percentage” and the “DCI Percentage”), and (y) the Annual RSU Award (as defined below, and the percentage of the Performance Award Amount represented by the Annual RSU Award, the “Unit Percentage”).

(b) Target Allocations. Subject to Section 2(c) and unless determined otherwise in the sole discretion of the Compensation Committee of the Board (the “Compensation Committee”), the Current Cash Percentage, the DCI Percentage and the Unit Percentage of the Performance Award Amount for any Fiscal Year shall be determined by the Compensation Committee such that the percentages of the Total Annual Amount for such Fiscal Year represented by Current Cash (including Quarterly Payments), Deferred Cash Interests and the Annual RSU Award are as set forth below (the “Target Allocation Percentages”), or as close to such Target Allocation Percentages as possible, provided that Current Cash (including Quarterly Payments) shall represent not less than 60% of the Total Annual Amount for any Fiscal Year.

<u>Payments & Distributions comprising the Total Annual Amount</u>	<u>Target Allocation Percentage</u>
Current Cash (including Quarterly Payments)	60%
Deferred Cash Interests	15%
Annual RSU Award	25%

(c) Guaranteed Minimum Performance Award Amount. Subject to Section 2(d) but notwithstanding any other provisions of this Section 2 to the contrary, the Total Annual Amount in respect of: (i) Fiscal Year 2018 may be no less than \$1,831,043.96; and (ii) each of Fiscal Years 2019 and 2020 may be no less than \$2,000,000 (such minimum amount in respect of such Fiscal Year, the “Minimum Annual Amount”). The portions of the Performance Award Amount in respect of any Minimum Annual Amount to be distributed in the form of Current Cash, Deferred Cash Interests and an Annual RSU Award shall equal 60%, 15% and 25% of the Annual Minimum Amount, respectively, unless otherwise determined in the sole discretion of the Compensation Committee prior to the beginning of the Fiscal Year to which a Performance Award Amount pertains or, with respect to Fiscal Year 2018, within thirty (30) days following the Admission Date.

(d) Awards. Subject to Section 2(c), in order to be eligible for any portion of the Performance Award Amount in respect of any Fiscal Year, the Limited Partner shall not have ceased to be an Active Individual LP, in each case as of the applicable distribution date and must not have provided notice of his intention to become subject to a Withdrawal pursuant to clause (C) (*Resignation*) of Section 8.3(a)(i) of the Limited Partnership Agreement (a “Withdrawal due

to Resignation”) on or before such date as provided in Sections 3 or 4, as applicable. All decisions relating to any Performance Award Amounts, including, without limitation, the amount of any such Performance Award Amount for such Fiscal Year, shall be determined in the sole discretion of the Compensation Committee based on a recommendation of the Chief Executive Officer and on any performance criteria or other considerations they determine to be appropriate, including, but not limited to, the Limited Partner’s performance, the overall performance and growth of Och-Ziff and the aggregate amount of distributions and Quarterly Payments made to the Limited Partner by the Operating Partnerships with respect to any Fiscal Year. All such determinations by the Compensation Committee shall be final. Subject to Section 2(c), any such determinations to award a Performance Award Amount in respect of a Fiscal Year shall not create or imply any obligation to award a Performance Award Amount for any other Fiscal Year.

(e) Withdrawal Without Cause Prior to Scheduled Expiration of Term.

(i) If the Term is terminated by the Partnership and the Limited Partner is subject to a Withdrawal pursuant to clause (B) (*PPC Termination*) of Section 8.3(a)(i) of the Limited Partnership Agreement or a Special Withdrawal (such Withdrawal or Special Withdrawal, a “Withdrawal without Cause”) prior to the Scheduled Expiration of the Term, the Limited Partner shall be entitled to receive a severance benefit (the “Severance Benefit”) in an amount equal to the product of:

(A) fifty percent (50%); and

(B) the difference between (1) an amount equal to the sum of (x) the pro-rated portion of the Quarterly Payment in respect of the second quarter of Fiscal Year 2018 and (y) \$5,750,000, less (2) the aggregate amount of Quarterly Payments and Performance Award Amounts paid or awarded (based on their grant date fair value as applicable) to the Limited Partner prior to the date of such Withdrawal; provided that, solely for purposes of this Section 2(e)(i), no Performance Award Amount shall be deemed to be more than \$1,500,000.

(ii) The Severance Benefit shall be paid by one or more of the Operating Partnerships in a lump sum in Current Cash on or prior to the sixtieth (60th) day following the date of Withdrawal or Special Withdrawal of the Limited Partner and any applicable six-month delay described in Section 14. The Operating Partnerships’ obligation to pay the Severance Benefit is subject to the Limited Partner’s compliance with Section 7 below.

3. Performance Cash Distributions. Unless determined otherwise in the sole discretion of the Compensation Committee and subject to Section 2, the Limited Partner may conditionally receive the portion of the Performance Award Amount to which he may be entitled in respect of any applicable Fiscal Year in the form of a Performance Cash Distribution as follows:

(a) as of January 15 of the subsequent Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships equal to the Current Cash Percentage of such Performance Award Amount (excluding for this purpose amounts previously paid as Quarterly Payments); and

(b) as of the 4Q Distribution Date relating to such Fiscal Year, the Limited Partner may conditionally receive a portion of the Performance Cash Distribution equal to the DCI Percentage of such Performance Award Amount in the form of a grant of Deferred Cash Interests relating to one or more OZ Funds (as defined in the DCI Plan) in accordance with the DCI Plan, such grant to be made by the Partnership and/or the other Operating Partnerships in the sole discretion of the General Partner.

Any distributions of Current Cash or Deferred Cash Interests to be made to the Limited Partner under this Section 3 may be made by one or more of the Operating Partnerships in the proportions determined by the General Partner in its sole discretion. Any portion of any Performance Cash Distribution (excluding any Deferred Cash Interests) or any other cash payment to be distributed or paid to the Limited Partner by the Partnership may be made as 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.

4. Award of RSUs.

(a) The Limited Partner will conditionally receive the Unit Percentage of such Performance Award Amount in the form of an award made by OZM to the Limited Partner on or about January 31 of the following Fiscal Year of a number of RSUs under the Och-Ziff Incentive Plan (an “Annual RSU Award”) equal to the RSU Equivalent Amount (as defined below); provided that, prior to receiving each such award, the Limited Partner has entered into an Award Document (as defined in the Och-Ziff Incentive Plan) with respect to each such award. The RSUs granted under each Annual RSU Award will vest as provided and subject to the conditions set forth in Section 6(a)(iii) below. Each vested RSU shall be settled, in the sole discretion of the Board of Directors of Och-Ziff (the “Board”), either by the delivery of (1) one Class A Share (as defined in the Och-Ziff Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Och-Ziff Incentive Plan) of one Class A Share.

(b) Upon any award of RSUs in respect of an Annual RSU Award, the Limited Partner and OZM will enter into an Award Document in the form prescribed by the Administrator (as defined in the Och-Ziff Incentive Plan) of the Och-Ziff Incentive Plan, consistent with the terms set forth herein. The Limited Partner will be credited with Distribution Equivalents (as defined in the Och-Ziff Incentive Plan) with respect to the RSUs, calculated as described in the Award Document. 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 Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

(c) RSU Equivalent Amount. For purposes of any RSUs to be awarded as part of a Performance Award Amount under this Section 4:

(i) the term “RSU Equivalent Amount,” shall mean the quotient of the Unit Percentage of such Performance Award Amount divided by the RSU Fair Market Value, rounded to the nearest whole number; and

(ii) the term “RSU Fair Market Value” shall mean the average of the closing price on the New York Stock Exchange of Class A Shares for the ten (10) 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 Unit Percentage of such Performance Award Amount for a Fiscal Year is \$1,000,000, and the average closing price of Class A Shares for the ten (10) trading day period beginning December 11 of such Fiscal Year is \$25 per share, then the Limited Partner would receive an award of 40,000 RSUs ($\$1,000,000 / \$25.00 = 40,000$ RSUs).

5. Sign-On RSU Grant.

(a) Upon the Admission Date, the Limited Partner shall be entitled to receive a grant of 3,000,000 RSUs from OZM under the Och-Ziff Incentive Plan (the “Sign-On RSUs”), as generally provided in this Section 5, and subject in all events to the terms and conditions of the Och-Ziff Incentive Plan and the related Award Document. The Sign-On RSUs shall be granted as soon as practicable following the Admission Date; provided that the Limited Partner enters into an Award Document with respect to such grant.

(b) The Sign-On RSUs will vest in three equal annual installments on each of the first three anniversaries of the Admission Date; provided that the Limited Partner must be an Active Individual LP on each such vesting date and must not have provided notice of his intention to become subject to a Withdrawal due to Resignation on or before each such vesting date; provided, further, that: (i) if the Term is terminated by the Partnership and the Limited Partner is subject to a Withdrawal without Cause prior to the Scheduled Expiration of the Term, then 50% of any unvested Sign-On RSUs shall remain outstanding and continue to vest on the date (or dates) such Sign-On RSUs would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date (and the remaining 50% of any unvested Sign-On RSUs shall be forfeited) or (ii) if the Limited Partner ceases to be an Active Individual LP due to his death or Disability prior to the Scheduled Expiration of the Term or if the Term is not extended pursuant to Section 1(d), in either case, then any unvested Sign-On RSUs shall remain outstanding and continue to vest on the date (or dates) such Sign-On RSUs would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date. Any continued vesting of the Sign-On RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner’s (or the Limited Partner’s legal representative or estate, as applicable) compliance with Section 7 below. If the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii).

(c) Each vested Sign-On RSU shall be settled, in the sole discretion of the Administrator, either by the delivery of (1) one Class A Share (as defined in the Och-Ziff Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Och-Ziff Incentive Plan) of one Class A Share. As set forth in the applicable Award Document, the Limited Partner will be credited with Distribution Equivalents with respect to the Sign-On RSUs, as calculated and described in the Award Document. The Distribution Equivalents shall be settled on the same date as the Sign-On RSUs in respect of which such Distribution Equivalents are awarded. Additionally, at the sole discretion of the Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

6. Withdrawal, Vesting, Transfer, Exchange and Non-Compete Provisions.

(a) Withdrawal, Vesting, Transfer and Exchange.

(i) Initial Class D Common Unit. 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 his or their Initial Class D Common Unit: (A) the Initial Class D Common Unit shall be treated as a Class A Common Unit thereunder, (B) the Initial Class D Common Unit shall be conditionally vested upon issuance, subject to the other terms hereof, (C) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 6(b)(ii), and (D) if the Initial Class D Common Unit (or any Class A Common Unit acquired in respect thereof) is reallocated under Section 6(b)(ii) below, any such reallocated Common Units shall remain vested.

(ii) Deferred Cash Interests. Deferred Cash Interests shall vest as specified in the DCI Plan and any Award Agreement (as defined in the DCI Plan) entered into by the Limited Partner with respect to the grant of such Deferred Cash Interests, and additionally the consequences with respect to the Deferred Cash Interests of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 6(b)(ii); provided, that notwithstanding the terms of any Award Agreement to the contrary, if the Term is terminated by the Partnership and the Limited Partner is subject to a Withdrawal without Cause prior to the Scheduled Expiration of the Term, the Deferred Cash Interests thereunder will continue to vest on the date (or dates) the Deferred Cash Interests would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date; provided, further, that any continued vesting of Deferred Cash Interests permitted under the terms of this Agreement, the DCI Plan or any Award Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 7 below, and if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii). The benefits under this Section 6(a)(ii) shall not duplicate any other benefits provided under Section 2(e).

(iii) Annual RSU Awards. Thirty-three and one-third percent (33-1/3%) of the number of RSUs granted under any Annual RSU Award will vest on January 31 of the calendar year following the grant date of the relevant award and, thereafter, on the first and second anniversaries of such initial vesting date (each, a "Vest Date"), provided that: (i) the Limited Partner will have no right to any unvested RSUs on any such Vest Date if the Limited Partner is not an Active Individual LP on such Vest Date, except that the unvested RSUs shall not be forfeited and shall vest on the date such RSUs would have otherwise vested if the Limited Partner ceases to be an Active Individual LP due to death or Disability, or as a result of a

Withdrawal without Cause; (ii) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 7 below; and (iii) if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii). The benefits under this Section 6(a)(iii) shall not duplicate any other benefits provided under Section 2(e).

(b) Non-Competition Provisions.

(i) 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.

(ii) Consequences of Breach. All grants of Performance Cash Distributions, the Initial Class D Common Unit, RSUs (including, for the avoidance of doubt, Sign-On RSUs) and Deferred Cash Interests hereunder shall be conditionally granted subject to the Limited Partner's compliance with the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) 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, 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 6(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 the Limited Partner's breach of 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 Performance Cash Distributions, the Initial Class D Common Unit, RSUs and Deferred Cash Interests and the Limited Partner agrees that:

(A) on or after the date of such breach, the Initial Class D Common Unit (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;

(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 the Initial Class D Common Unit (or any Class A Common Units acquired in respect thereof);

(C) on or after the date of such breach, any RSUs and Deferred Cash Interests held by the Limited Partner shall be forfeited by the Limited Partner and cancelled and all allocations and distributions in respect of such RSUs and Deferred Cash Interests that would otherwise have been received by the Limited Partner on or after the date of such breach shall not thereafter be made;

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

(E) 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 upon the settlement of any RSUs or through an exchange pursuant to the Exchange Agreement of any Class A Common Units acquired by the Limited Partner in respect of the Initial Class D Common Unit (collectively, “Received Class A Shares”);

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

- (v) 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 Received Class A Shares that were transferred during the twenty-four (24) month period prior to the date of such breach; and (ii) any distributions received by the Limited Partner during such twenty-four (24) month period on Received Class A Shares;
- (w) transfer any Received 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;
- (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 Received 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 Received Class A Shares;
- (y) pay to the Continuing Partners in proportion to the total number of Original Common Units owned by each such Continuing Partner and its Original Related Trusts a lump-sum cash amount equal to the total after-tax amount received by the Limited Partner as Performance Cash Distributions (including any cash distributions in respect of Deferred Cash Interests) during the twenty-four (24) month period prior to the date of such breach; and

(z) pay to OZM (or as it directs) a lump-sum cash amount equal to the amounts received by the Limited Partner in respect of any of the Severance Benefit prior to the date of such breach.

(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.

(d) Compensation Forfeiture. Notwithstanding anything contained herein to the contrary, upon the Limited Partner's Withdrawal for Cause, any equity awards (including without limitation, any Received Class A Shares, the Initial Class D Common Unit, any Class A Common Units and any RSUs), in each case, received by the Limited Partner in the twenty-four (24) month period prior to the date of Withdrawal shall be treated as provided in Section 6(b)(ii) as if the Limited Partner breached the covenants described in Section 6(b)(ii).

7. Conditions Precedent. As a condition precedent to (i) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP or (ii) any continued vesting of Deferred Cash Interests that may be permitted under the terms of this Agreement, the DCI Plan or any Award Agreement after the Limited Partner ceases to be an Active Individual LP, in either case the Limited Partner (or for purposes of clause (x), the Limited Partner's legal representative or estate, as applicable) must: (x) execute a general release agreement in compliance with Section 8.3(g) of the Limited Partnership Agreement and such general release must become effective as provided therein, and (y) continue to comply with all applicable obligations and restrictions set forth in this Agreement, the Limited Partnership Agreement, or any other agreement between the Limited Partner and the Partnership, including, without limitation, any restrictive covenants to which the Limited Partner is subject.

8. Distributions. The Limited Partner shall be entitled to receive distributions from the Partnership in respect of the Initial Class D Common Unit with respect to the income earned by the Partnership beginning in the fiscal quarter during which the Promotion Date occurred that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units. The amount of distributions per Common Unit made by each of the Operating Partnerships shall be determined by the General Partner in its discretion based on the services performed for the Operating Partnerships by all of the Individual Limited Partners, as such services are determinative of the performance of each of the Operating Partnerships.

9. Relocation. OZM shall reimburse the Limited Partner for reasonable costs associated with a relocation to the New York area, subject to OZM's policies on relocation benefits.

10. Entire Agreement. This Agreement, together with any other agreements entered into on the date hereof between the Limited Partner and the Partnership or its Affiliates,

contains the entire agreement and understanding among the parties as to the subject matter hereof and supersedes and replaces any prior oral or written agreements between the Limited Partner and the Partnership or its Affiliates, including the CFO Term Sheet dated April 15, 2018 acknowledged and agreed by Och-Ziff and the Limited Partner.

11. Compensation Clawback. 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. In the case of fraud, misconduct or malfeasance by any of its partners, officers or employees, including, without limitation any fraud, misconduct or malfeasance that leads to a restatement of Och-Ziff's financial results, or as required by law, the Compensation Committee would consider and likely pursue a disgorgement of prior compensation, where appropriate based on the facts and circumstances. The Compensation Committee will adopt and amend clawback policies, as it determines to be appropriate, including, without limitation, to comply with the final implementing rules regarding compensation clawbacks mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and any other applicable law. The Compensation Committee may extend and apply such clawback provisions to similarly situated levels of partners that may not be required to be covered by applicable law as it determines to be necessary or appropriate in its discretion. The Limited Partner hereby consents to comply with all of the terms and conditions of any such compensation clawback policy adopted by the Compensation Committee which may apply to the Limited Partner and other similarly situated partners on or after the Admission Date, and also agrees to perform all further acts and execute, acknowledge and deliver any documents and to take any further action requested by Och-Ziff to give effect to the foregoing.

12. 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.

13. Miscellaneous.

(a) Limited Partner Representations and Covenants. The Limited Partner hereby represents and warrants to the Partnership that the execution and delivery of this Agreement by the Limited Partner and the Partnership and the performance by the Limited Partner of his duties hereunder shall not constitute a breach of, or otherwise contravene or conflict with or cause a default under, the terms of any employment agreement or other contract, agreement, policy, instrument, order, judgment or decree to which the Limited Partner is a party or by which the Limited Partner is bound. The Limited Partner further represents and warrants that all information that he has provided to the Och-Ziff Group about himself in response to questionnaires or otherwise is true. The Limited Partner represents and warrants that he has not previously engaged in, nor is currently engaging in, any activity that would violate any Och-Ziff Group policy on political contributions or conflicts of interest, determined as if he were an employee covered by each such policy, but disregarding in respect of the conflict of interest policy any investments disposed of prior to the Effective Date. In furtherance of this representation, the Limited Partner has fully disclosed on Exhibit A hereto his ownership and role in respect of the two fintech companies named thereon. The Limited Partner shall seek the

prior written approval of the Chief Compliance Officer in the event that any such activities may be deemed to raise a potential or actual conflict of interest. The Limited Partner hereby represents and warrants to the Partnership that no commission or finder's fee, or any other amount of whatever nature or kind, was indirectly or directly incurred in connection with the recruitment of the Limited Partner.

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

(c) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto. The Compensation Committee in its sole discretion may amend the provisions of this Agreement relating to Performance Cash Distributions, RSUs or Deferred Cash Interests, or the terms of any such awards that have been granted, in whole or in part, at any time, if the Compensation Committee determines in its sole discretion that the adoption of any such amendments are necessary or desirable to comply with applicable law.

(d) This Agreement and any amendment hereto made in accordance with Section 13(c) hereof shall be binding as to the Limited Partner's executors, administrators, estates, heirs and legal successors, and nominees and representatives, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(e) This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, other than any provision, right or obligation in respect of Section 2.13 of the Limited Partnership Agreement, which shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of New York without regard to choice of law rules that would apply the law of any other jurisdiction. 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.

(f) 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.

(g) 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 or modify any of the terms of the Limited Partnership Agreement.

(h) 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.

(i) For all purposes under this Agreement, all references to any equity interests held by the Limited Partner shall be deemed to include equity interests held by his Related Trusts.

(j) Upon the Limited Partner ceasing to be an Active Individual LP for any reason (other than death), the Limited Partner hereby agrees to immediately resign from all positions (including, without limitation, any management, officer or director position) that the Limited Partner holds in the Och-Ziff Group (or with any entity in which the Och-Ziff Group has made any investment) as of the date the Limited Partner ceases to be an Active Individual LP, and to execute and deliver any such documentation reasonably required by the Och-Ziff Group as may be necessary or appropriate to enable the Och-Ziff Group (or any entity in which the Och-Ziff Group has made an investment) to effectuate such resignation(s). Notwithstanding the foregoing, the Limited Partner's execution of this Agreement shall be deemed the grant by the Limited Partner to the officers of each entity in the Och-Ziff Group, if applicable, of a limited power of attorney to sign in the Limited Partner's name and on the Limited Partner's behalf such documentation solely for the limited purposes of effectuating such resignation(s).

14. Section 409A. This Agreement as well as payments and benefits under this Agreement are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, the Limited Partner shall not be considered to have terminated employment with the Partnership for purposes of any payments under this Agreement which are subject to Section 409A until the Limited Partner has incurred a "separation from service" from the Partnership within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A and any payments described in this Agreement 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. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six (6)-month period immediately following the Limited Partner's separation from service shall instead be paid on the first business day after the date that is six (6) months following the Limited Partner's separation from service (or, if earlier, the Limited Partner's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to the Limited Partner shall be paid to the Limited Partner on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Limited Partner) during one year may not affect amounts reimbursable or provided in any subsequent year.

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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/ Robert Shafir

Name: Robert Shafir

Title: Chief Executive Officer

THE LIMITED PARTNER:

/s/ Thomas M. Sipp

Thomas M. Sipp

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

OF

OZ ADVISORS LP

SIGNATURE PAGE

By his signature below, the undersigned hereby agrees that effective as of the Admission Date, the undersigned shall (i) be bound by each and every term and provision of the Agreement of Limited Partnership of OZ Advisors LP, as the same may be duly amended from time to time in accordance with the provisions thereof (the "Limited Partnership Agreement"), and (ii) become and be a party to the Limited Partnership Agreement.

/s/ Thomas M. Sipp
Thomas M. Sipp

Accepted and Agreed to on the Admission Date by:

OZ ADVISORS LP

By: Och-Ziff Holding Corporation,
its General Partner

By: /s/ Robert Shafir
Name: Robert Shafir
Title: Chief Executive Officer

Exhibit A

Magis Partners
Fiduciary Exchange

**Partner Agreement Between
OZ Advisors II LP and Thomas Sipp**

This Partner Agreement (as amended, modified, supplemented or restated from time to time, this “Agreement”) dated as of July 19, 2018 and effective as of May 3, 2018 (the “Admission Date”) reflects the agreement of OZ Advisors II LP (the “Partnership”) and Thomas Sipp (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 Admission Date of one Class D-36 Common Unit (as defined below) under the Och-Ziff Incentive Plan; (iii) the provision for possible performance-based discretionary awards to be made on a subsequent date or dates by the Partnership to the Limited Partner in a combination of (A) additional grants of Class A restricted share units (“RSUs”) under the Och-Ziff Incentive Plan and (B) cash distributions, including both cash (“Current Cash”) and grants of Deferred Cash Interests under the DCI Plan (“Deferred Cash Interests”); (iv) a one-time, sign-on grant of RSUs under the Och-Ziff Incentive Plan; and (v) his rights and obligations under the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of March 1, 2017 (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. References in this Agreement to actions of the General Partner refer to actions of the General Partner acting on behalf of the Partnership.

1. Admission of the Limited Partner; Title; Term; Reporting; Quarterly 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-36 Common Units”. The award of one Class D-36 Common Unit described in this Section 1(a) has been approved under the Och-Ziff Incentive Plan. The Limited Partner shall be admitted as a limited partner of the Partnership, the General Partner shall then 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 one Class D-36 Common Unit (the “Initial Class D Common Unit”) pursuant to and subject to the Och-Ziff Incentive Plan. The Limited Partner agrees that he shall be bound by the terms and provisions of the Limited Partnership Agreement as of the Admission Date and shall execute the signature page of the Limited Partnership Agreement attached hereto. Upon the Admission Date, the Limited Partner’s initial Capital Account balance will be \$0 (zero dollars). The Limited Partner is hereby designated 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. The Limited Partner hereby agrees not to exchange the Initial Class D Common Unit (or a Class A Common Unit into which it converts) for so long as the Limited Partner is an Active Individual LP and agrees that such Common Unit and any Units that the Limited Partner may receive in a reallocation from other Partners under the Limited Partnership Agreement shall automatically be forfeited and cancelled upon the Limited Partner ceasing to be an Active Individual LP.

(b) Title. Upon his admission to the Partnership, the Limited Partner will hold the title of Executive Managing Director with respect to the General Partner and will be appointed as the Chief Financial Officer of the Och-Ziff Group.

(c) Reporting; Responsibilities. As Chief Financial Officer, the Limited Partner shall report to the Chief Executive Officer of the Och-Ziff Group (the "Chief Executive Officer") and to the Chairperson of the Audit Committee of the Board (as defined below). The Limited Partner shall serve as a member of any management committees of the Och-Ziff Group during the Term (as defined below) without compensation if requested by the Chief Executive Officer. The Limited Partner's responsibilities shall be determined by the Chief Executive Officer and shall initially include oversight of Och-Ziff's finance functions, including, without limitation, accounting, financial controls, financial and management reporting, budgeting and forecasting, financial planning, fund-level accounting, internal audit, systems and risk management, public company investor relations, treasury and capital markets, as well as active involvement in Och-Ziff's corporate development and strategic initiatives.

(d) Term. The term of the Limited Partner's services hereunder shall commence as of the Admission Date and continue through December 31, 2020 (the "Scheduled Expiration of the Term") or such earlier date as the Limited Partner ceases to be an Active Individual LP (the "Term"). If the Partnership and the Limited Partner mutually wish to extend the Term, the parties agree to use reasonable efforts to begin negotiation of mutually agreeable terms at least three months prior to expiration of the Term; provided that no party is under any obligation to do so and either party may decline to extend the Term for any reason or for no reason. Any non-extension of the Term shall be treated as a Withdrawal effective as of the last day of the Term for all purposes of this Agreement.

(e) Quarterly Payments. Commencing with the Admission Date and while the Limited Partner is an Active Individual LP, OZ Management LP shall pay to the Limited Partner \$125,000 in cash with respect to each quarter of each Fiscal Year (a "Quarterly Payment"), with such Quarterly Payments being made in advance on the first Business Day of each such quarter; provided that, in the General Partner's discretion and without duplication, some or all of the Operating Partnerships (as defined below) may pay any portion of any Quarterly Payment; and provided, further, that the Quarterly Payment in respect of the second quarter of Fiscal Year 2018 was prorated based on the number of days between the Admission Date and June 30, 2018.

2. Performance-Based Grants of Cash Distributions and RSUs.

(a) Performance Awards. Subject to the other terms of this Agreement, with respect to each Fiscal Year commencing with Fiscal Year 2018 and while the Limited Partner is an Active Individual LP, the Limited Partner shall be eligible to receive conditional performance-based discretionary awards from the Partnership, OZ Management LP ("OZM") and/or OZ Advisors LP ("OZA") and, together with the Partnership and OZM, the "Operating Partnerships") (in aggregate, the "Performance Award Amount," and the sum of the Performance Award Amount for any Fiscal Year and the Quarterly Payments made during such Fiscal Year, the "Total Annual Amount" for such Fiscal Year), which may be provided in a combination of

(x) cash distributions to be made to the Limited Partner by one or more of the Operating Partnerships consisting of both Current Cash and grants of Deferred Cash Interests (collectively, the “Performance Cash Distribution” and the percentages of the Performance Award Amount represented by Current Cash and Deferred Cash Interests, respectively, the “Current Cash Percentage” and the “DCI Percentage”), and (y) the Annual RSU Award (as defined below, and the percentage of the Performance Award Amount represented by the Annual RSU Award, the “Unit Percentage”).

(b) Target Allocations. Subject to Section 2(c) and unless determined otherwise in the sole discretion of the Compensation Committee of the Board (the “Compensation Committee”), the Current Cash Percentage, the DCI Percentage and the Unit Percentage of the Performance Award Amount for any Fiscal Year shall be determined by the Compensation Committee such that the percentages of the Total Annual Amount for such Fiscal Year represented by Current Cash (including Quarterly Payments), Deferred Cash Interests and the Annual RSU Award are as set forth below (the “Target Allocation Percentages”), or as close to such Target Allocation Percentages as possible, provided that Current Cash (including Quarterly Payments) shall represent not less than 60% of the Total Annual Amount for any Fiscal Year.

<u>Payments & Distributions comprising the Total Annual Amount</u>	<u>Target Allocation Percentage</u>
Current Cash (including Quarterly Payments)	60%
Deferred Cash Interests	15%
Annual RSU Award	25%

(c) Guaranteed Minimum Performance Award Amount. Subject to Section 2(d) but notwithstanding any other provisions of this Section 2 to the contrary, the Total Annual Amount in respect of: (i) Fiscal Year 2018 may be no less than \$1,831,043.96; and (ii) each of Fiscal Years 2019 and 2020 may be no less than \$2,000,000 (such minimum amount in respect of such Fiscal Year, the “Minimum Annual Amount”). The portions of the Performance Award Amount in respect of any Minimum Annual Amount to be distributed in the form of Current Cash, Deferred Cash Interests and an Annual RSU Award shall equal 60%, 15% and 25% of the Annual Minimum Amount, respectively, unless otherwise determined in the sole discretion of the Compensation Committee prior to the beginning of the Fiscal Year to which a Performance Award Amount pertains or, with respect to Fiscal Year 2018, within thirty (30) days following the Admission Date.

(d) Awards. Subject to Section 2(c), in order to be eligible for any portion of the Performance Award Amount in respect of any Fiscal Year, the Limited Partner shall not have ceased to be an Active Individual LP, in each case as of the applicable distribution date and must not have provided notice of his intention to become subject to a Withdrawal pursuant to clause (C) (*Resignation*) of Section 8.3(a)(i) of the Limited Partnership Agreement (a “Withdrawal due”).

to Resignation”) on or before such date as provided in Sections 3 or 4, as applicable. All decisions relating to any Performance Award Amounts, including, without limitation, the amount of any such Performance Award Amount for such Fiscal Year, shall be determined in the sole discretion of the Compensation Committee based on a recommendation of the Chief Executive Officer and on any performance criteria or other considerations they determine to be appropriate, including, but not limited to, the Limited Partner’s performance, the overall performance and growth of Och-Ziff and the aggregate amount of distributions and Quarterly Payments made to the Limited Partner by the Operating Partnerships with respect to any Fiscal Year. All such determinations by the Compensation Committee shall be final. Subject to Section 2(c), any such determinations to award a Performance Award Amount in respect of a Fiscal Year shall not create or imply any obligation to award a Performance Award Amount for any other Fiscal Year.

(e) Withdrawal Without Cause Prior to Scheduled Expiration of Term.

(i) If the Term is terminated by the Partnership and the Limited Partner is subject to a Withdrawal pursuant to clause (B) (*PPC Termination*) of Section 8.3(a)(i) of the Limited Partnership Agreement or a Special Withdrawal (such Withdrawal or Special Withdrawal, a “Withdrawal without Cause”) prior to the Scheduled Expiration of the Term, the Limited Partner shall be entitled to receive a severance benefit (the “Severance Benefit”) in an amount equal to the product of:

(A) fifty percent (50%); and

(B) the difference between (1) an amount equal to the sum of (x) the pro-rated portion of the Quarterly Payment in respect of the second quarter of Fiscal Year 2018 and (y) \$5,750,000, less (2) the aggregate amount of Quarterly Payments and Performance Award Amounts paid or awarded (based on their grant date fair value as applicable) to the Limited Partner prior to the date of such Withdrawal; provided that, solely for purposes of this Section 2(e)(i), no Performance Award Amount shall be deemed to be more than \$1,500,000.

(ii) The Severance Benefit shall be paid by one or more of the Operating Partnerships in a lump sum in Current Cash on or prior to the sixtieth (60th) day following the date of Withdrawal or Special Withdrawal of the Limited Partner and any applicable six-month delay described in Section 14. The Operating Partnerships’ obligation to pay the Severance Benefit is subject to the Limited Partner’s compliance with Section 7 below.

3. Performance Cash Distributions. Unless determined otherwise in the sole discretion of the Compensation Committee and subject to Section 2, the Limited Partner may conditionally receive the portion of the Performance Award Amount to which he may be entitled in respect of any applicable Fiscal Year in the form of a Performance Cash Distribution as follows:

(a) as of January 15 of the subsequent Fiscal Year, the Limited Partner may conditionally receive distributions of Current Cash from the Operating Partnerships equal to the Current Cash Percentage of such Performance Award Amount (excluding for this purpose amounts previously paid as Quarterly Payments); and

(b) as of the 4Q Distribution Date relating to such Fiscal Year, the Limited Partner may conditionally receive a portion of the Performance Cash Distribution equal to the DCI Percentage of such Performance Award Amount in the form of a grant of Deferred Cash Interests relating to one or more OZ Funds (as defined in the DCI Plan) in accordance with the DCI Plan, such grant to be made by the Partnership and/or the other Operating Partnerships in the sole discretion of the General Partner.

Any distributions of Current Cash or Deferred Cash Interests to be made to the Limited Partner under this Section 3 may be made by one or more of the Operating Partnerships in the proportions determined by the General Partner in its sole discretion. Any portion of any Performance Cash Distribution (excluding any Deferred Cash Interests) or any other cash payment to be distributed or paid to the Limited Partner by the Partnership may be made as 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.

4. Award of RSUs.

(a) The Limited Partner will conditionally receive the Unit Percentage of such Performance Award Amount in the form of an award made by OZM to the Limited Partner on or about January 31 of the following Fiscal Year of a number of RSUs under the Och-Ziff Incentive Plan (an “Annual RSU Award”) equal to the RSU Equivalent Amount (as defined below); provided that, prior to receiving each such award, the Limited Partner has entered into an Award Document (as defined in the Och-Ziff Incentive Plan) with respect to each such award. The RSUs granted under each Annual RSU Award will vest as provided and subject to the conditions set forth in Section 6(a)(iii) below. Each vested RSU shall be settled, in the sole discretion of the Board of Directors of Och-Ziff (the “Board”), either by the delivery of (1) one Class A Share (as defined in the Och-Ziff Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Och-Ziff Incentive Plan) of one Class A Share.

(b) Upon any award of RSUs in respect of an Annual RSU Award, the Limited Partner and OZM will enter into an Award Document in the form prescribed by the Administrator (as defined in the Och-Ziff Incentive Plan) of the Och-Ziff Incentive Plan, consistent with the terms set forth herein. The Limited Partner will be credited with Distribution Equivalents (as defined in the Och-Ziff Incentive Plan) with respect to the RSUs, calculated as described in the Award Document. 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 Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

(c) RSU Equivalent Amount. For purposes of any RSUs to be awarded as part of a Performance Award Amount under this Section 4:

(i) the term “RSU Equivalent Amount” shall mean the quotient of the Unit Percentage of such Performance Award Amount divided by the RSU Fair Market Value, rounded to the nearest whole number; and

(ii) the term “RSU Fair Market Value” shall mean the average of the closing price on the New York Stock Exchange of Class A Shares for the ten (10) 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 Unit Percentage of such Performance Award Amount for a Fiscal Year is \$1,000,000, and the average closing price of Class A Shares for the ten (10) trading day period beginning December 11 of such Fiscal Year is \$25 per share, then the Limited Partner would receive an award of 40,000 RSUs ($\$1,000,000 / \$25.00 = 40,000$ RSUs).

5. Sign-On RSU Grant.

(a) Upon the Admission Date, the Limited Partner shall be entitled to receive a grant of 3,000,000 RSUs from OZM under the Och-Ziff Incentive Plan (the “Sign-On RSUs”), as generally provided in this Section 5, and subject in all events to the terms and conditions of the Och-Ziff Incentive Plan and the related Award Document. The Sign-On RSUs shall be granted as soon as practicable following the Admission Date; provided that the Limited Partner enters into an Award Document with respect to such grant.

(b) The Sign-On RSUs will vest in three equal annual installments on each of the first three anniversaries of the Admission Date; provided that the Limited Partner must be an Active Individual LP on each such vesting date and must not have provided notice of his intention to become subject to a Withdrawal due to Resignation on or before each such vesting date; provided, further, that: (i) if the Term is terminated by the Partnership and the Limited Partner is subject to a Withdrawal without Cause prior to the Scheduled Expiration of the Term, then 50% of any unvested Sign-On RSUs shall remain outstanding and continue to vest on the date (or dates) such Sign-On RSUs would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date (and the remaining 50% of any unvested Sign-On RSUs shall be forfeited) or (ii) if the Limited Partner ceases to be an Active Individual LP due to his death or Disability prior to the Scheduled Expiration of the Term or if the Term is not extended pursuant to Section 1(d), in either case, then any unvested Sign-On RSUs shall remain outstanding and continue to vest on the date (or dates) such Sign-On RSUs would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date. Any continued vesting of the Sign-On RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner’s (or the Limited Partner’s legal representative or estate, as applicable) compliance with Section 7 below. If the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii).

(c) Each vested Sign-On RSU shall be settled, in the sole discretion of the Administrator, either by the delivery of (1) one Class A Share (as defined in the Och-Ziff Incentive Plan) or (2) cash equal to the Fair Market Value (as defined in the Och-Ziff Incentive Plan) of one Class A Share. As set forth in the applicable Award Document, the Limited Partner will be credited with Distribution Equivalents with respect to the Sign-On RSUs, as calculated and described in the Award Document. The Distribution Equivalents shall be settled on the same date as the Sign-On RSUs in respect of which such Distribution Equivalents are awarded. Additionally, at the sole discretion of the Administrator, such Distribution Equivalents may be eligible to receive additional Distribution Equivalents.

6. Withdrawal, Vesting, Transfer, Exchange and Non-Compete Provisions.

(a) Withdrawal, Vesting, Transfer and Exchange.

(i) Initial Class D Common Unit. 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 his or their Initial Class D Common Unit: (A) the Initial Class D Common Unit shall be treated as a Class A Common Unit thereunder, (B) the Initial Class D Common Unit shall be conditionally vested upon issuance, subject to the other terms hereof, (C) the consequences of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 6(b)(ii), and (D) if the Initial Class D Common Unit (or any Class A Common Unit acquired in respect thereof) is reallocated under Section 6(b)(ii) below, any such reallocated Common Units shall remain vested.

(ii) Deferred Cash Interests. Deferred Cash Interests shall vest as specified in the DCI Plan and any Award Agreement (as defined in the DCI Plan) entered into by the Limited Partner with respect to the grant of such Deferred Cash Interests, and additionally the consequences with respect to the Deferred Cash Interests of any breach by the Limited Partner of any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement shall be as set forth in Section 6(b)(ii); provided, that notwithstanding the terms of any Award Agreement to the contrary, if the Term is terminated by the Partnership and the Limited Partner is subject to a Withdrawal without Cause prior to the Scheduled Expiration of the Term, the Deferred Cash Interests thereunder will continue to vest on the date (or dates) the Deferred Cash Interests would have otherwise vested as if the Limited Partner had remained an Active Individual LP on each applicable vesting date; provided, further, that any continued vesting of Deferred Cash Interests permitted under the terms of this Agreement, the DCI Plan or any Award Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 7 below, and if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii). The benefits under this Section 6(a)(ii) shall not duplicate any other benefits provided under Section 2(e).

(iii) Annual RSU Awards. Thirty-three and one-third percent (33-1/3%) of the number of RSUs granted under any Annual RSU Award will vest on January 31 of the calendar year following the grant date of the relevant award and, thereafter, on the first and second anniversaries of such initial vesting date (each, a "Vest Date"), provided that: (i) the Limited Partner will have no right to any unvested RSUs on any such Vest Date if the Limited Partner is not an Active Individual LP on such Vest Date, except that the unvested RSUs shall not be forfeited and shall vest on the date such RSUs would have otherwise vested if the Limited Partner ceases to be an Active Individual LP due to death or Disability, or as a result of a

Withdrawal without Cause; (ii) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP is subject to the Limited Partner's compliance with Section 7 below; and (iii) if the Limited Partner breaches any of the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) of the Limited Partnership Agreement, then the consequences shall be as set forth in Section 6(b)(ii). The benefits under this Section 6(a)(iii) shall not duplicate any other benefits provided under Section 2(e).

(b) Non-Competition Provisions.

(i) 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.

(ii) Consequences of Breach. All grants of Performance Cash Distributions, the Initial Class D Common Unit, RSUs (including, for the avoidance of doubt, Sign-On RSUs) and Deferred Cash Interests hereunder shall be conditionally granted subject to the Limited Partner's compliance with the covenants set forth in Section 2.13(b)(i) (as modified hereunder) and Section 2.13(b)(ii) 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, 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 6(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 the Limited Partner's breach of 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 Performance Cash Distributions, the Initial Class D Common Unit, RSUs and Deferred Cash Interests and the Limited Partner agrees that:

(A) on or after the date of such breach, the Initial Class D Common Unit (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;

(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 the Initial Class D Common Unit (or any Class A Common Units acquired in respect thereof);

(C) on or after the date of such breach, any RSUs and Deferred Cash Interests held by the Limited Partner shall be forfeited by the Limited Partner and cancelled and all allocations and distributions in respect of such RSUs and Deferred Cash Interests that would otherwise have been received by the Limited Partner on or after the date of such breach shall not thereafter be made;

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

(E) 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 upon the settlement of any RSUs or through an exchange pursuant to the Exchange Agreement of any Class A Common Units acquired by the Limited Partner in respect of the Initial Class D Common Unit (collectively, “Received Class A Shares”);

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

- (v) 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 Received Class A Shares that were transferred during the twenty-four (24) month period prior to the date of such breach; and (ii) any distributions received by the Limited Partner during such twenty-four (24) month period on Received Class A Shares;
- (w) transfer any Received 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;
- (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 Received 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 Received Class A Shares;
- (y) pay to the Continuing Partners in proportion to the total number of Original Common Units owned by each such Continuing Partner and its Original Related Trusts a lump-sum cash amount equal to the total after-tax amount received by the Limited Partner as Performance Cash Distributions (including any cash distributions in respect of Deferred Cash Interests) during the twenty-four (24) month period prior to the date of such breach; and

(z) pay to OZM (or as it directs) a lump-sum cash amount equal to the amounts received by the Limited Partner in respect of any of the Severance Benefit prior to the date of such breach.

(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.

(d) Compensation Forfeiture. Notwithstanding anything contained herein to the contrary, upon the Limited Partner's Withdrawal for Cause, any equity awards (including without limitation, any Received Class A Shares, the Initial Class D Common Unit, any Class A Common Units and any RSUs), in each case, received by the Limited Partner in the twenty-four (24) month period prior to the date of Withdrawal shall be treated as provided in Section 6(b)(ii) as if the Limited Partner breached the covenants described in Section 6(b)(ii).

7. Conditions Precedent. As a condition precedent to (i) any continued vesting of RSUs permitted under the terms of this Agreement after the Limited Partner ceases to be an Active Individual LP or (ii) any continued vesting of Deferred Cash Interests that may be permitted under the terms of this Agreement, the DCI Plan or any Award Agreement after the Limited Partner ceases to be an Active Individual LP, in either case the Limited Partner (or for purposes of clause (x), the Limited Partner's legal representative or estate, as applicable) must: (x) execute a general release agreement in compliance with Section 8.3(g) of the Limited Partnership Agreement and such general release must become effective as provided therein, and (y) continue to comply with all applicable obligations and restrictions set forth in this Agreement, the Limited Partnership Agreement, or any other agreement between the Limited Partner and the Partnership, including, without limitation, any restrictive covenants to which the Limited Partner is subject.

8. Distributions. The Limited Partner shall be entitled to receive distributions from the Partnership in respect of the Initial Class D Common Unit with respect to the income earned by the Partnership beginning in the fiscal quarter during which the Promotion Date occurred that are equivalent to those generally distributable to the Partners of the Partnership in respect of their Common Units. The amount of distributions per Common Unit made by each of the Operating Partnerships shall be determined by the General Partner in its discretion based on the services performed for the Operating Partnerships by all of the Individual Limited Partners, as such services are determinative of the performance of each of the Operating Partnerships.

9. Relocation. OZM shall reimburse the Limited Partner for reasonable costs associated with a relocation to the New York area, subject to OZM's policies on relocation benefits.

10. Entire Agreement. This Agreement, together with any other agreements entered into on the date hereof between the Limited Partner and the Partnership or its Affiliates,

contains the entire agreement and understanding among the parties as to the subject matter hereof and supersedes and replaces any prior oral or written agreements between the Limited Partner and the Partnership or its Affiliates, including the CFO Term Sheet dated April 15, 2018 acknowledged and agreed by Och-Ziff and the Limited Partner.

11. Compensation Clawback. 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. In the case of fraud, misconduct or malfeasance by any of its partners, officers or employees, including, without limitation any fraud, misconduct or malfeasance that leads to a restatement of Och-Ziff's financial results, or as required by law, the Compensation Committee would consider and likely pursue a disgorgement of prior compensation, where appropriate based on the facts and circumstances. The Compensation Committee will adopt and amend clawback policies, as it determines to be appropriate, including, without limitation, to comply with the final implementing rules regarding compensation clawbacks mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and any other applicable law. The Compensation Committee may extend and apply such clawback provisions to similarly situated levels of partners that may not be required to be covered by applicable law as it determines to be necessary or appropriate in its discretion. The Limited Partner hereby consents to comply with all of the terms and conditions of any such compensation clawback policy adopted by the Compensation Committee which may apply to the Limited Partner and other similarly situated partners on or after the Admission Date, and also agrees to perform all further acts and execute, acknowledge and deliver any documents and to take any further action requested by Och-Ziff to give effect to the foregoing.

12. 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.

13. Miscellaneous.

(a) Limited Partner Representations and Covenants. The Limited Partner hereby represents and warrants to the Partnership that the execution and delivery of this Agreement by the Limited Partner and the Partnership and the performance by the Limited Partner of his duties hereunder shall not constitute a breach of, or otherwise contravene or conflict with or cause a default under, the terms of any employment agreement or other contract, agreement, policy, instrument, order, judgment or decree to which the Limited Partner is a party or by which the Limited Partner is bound. The Limited Partner further represents and warrants that all information that he has provided to the Och-Ziff Group about himself in response to questionnaires or otherwise is true. The Limited Partner represents and warrants that he has not previously engaged in, nor is currently engaging in, any activity that would violate any Och-Ziff Group policy on political contributions or conflicts of interest, determined as if he were an employee covered by each such policy, but disregarding in respect of the conflict of interest policy any investments disposed of prior to the Effective Date. In furtherance of this representation, the Limited Partner has fully disclosed on Exhibit A hereto his ownership and role in respect of the two fintech companies named thereon. The Limited Partner shall seek the

prior written approval of the Chief Compliance Officer in the event that any such activities may be deemed to raise a potential or actual conflict of interest. The Limited Partner hereby represents and warrants to the Partnership that no commission or finder's fee, or any other amount of whatever nature or kind, was indirectly or directly incurred in connection with the recruitment of the Limited Partner.

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

(c) Except as specifically provided herein, this Agreement cannot be amended or modified except by a writing signed by both parties hereto. The Compensation Committee in its sole discretion may amend the provisions of this Agreement relating to Performance Cash Distributions, RSUs or Deferred Cash Interests, or the terms of any such awards that have been granted, in whole or in part, at any time, if the Compensation Committee determines in its sole discretion that the adoption of any such amendments are necessary or desirable to comply with applicable law.

(d) This Agreement and any amendment hereto made in accordance with Section 13(c) hereof shall be binding as to the Limited Partner's executors, administrators, estates, heirs and legal successors, and nominees and representatives, and may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

(e) This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, other than any provision, right or obligation in respect of Section 2.13 of the Limited Partnership Agreement, which shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of New York without regard to choice of law rules that would apply the law of any other jurisdiction. 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.

(f) 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.

(g) 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 or modify any of the terms of the Limited Partnership Agreement.

(h) 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.

(i) For all purposes under this Agreement, all references to any equity interests held by the Limited Partner shall be deemed to include equity interests held by his Related Trusts.

(j) Upon the Limited Partner ceasing to be an Active Individual LP for any reason (other than death), the Limited Partner hereby agrees to immediately resign from all positions (including, without limitation, any management, officer or director position) that the Limited Partner holds in the Och-Ziff Group (or with any entity in which the Och-Ziff Group has made any investment) as of the date the Limited Partner ceases to be an Active Individual LP, and to execute and deliver any such documentation reasonably required by the Och-Ziff Group as may be necessary or appropriate to enable the Och-Ziff Group (or any entity in which the Och-Ziff Group has made an investment) to effectuate such resignation(s). Notwithstanding the foregoing, the Limited Partner's execution of this Agreement shall be deemed the grant by the Limited Partner to the officers of each entity in the Och-Ziff Group, if applicable, of a limited power of attorney to sign in the Limited Partner's name and on the Limited Partner's behalf such documentation solely for the limited purposes of effectuating such resignation(s).

14. Section 409A. This Agreement as well as payments and benefits under this Agreement are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, the Limited Partner shall not be considered to have terminated employment with the Partnership for purposes of any payments under this Agreement which are subject to Section 409A until the Limited Partner has incurred a "separation from service" from the Partnership within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A and any payments described in this Agreement 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. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six (6)-month period immediately following the Limited Partner's separation from service shall instead be paid on the first business day after the date that is six (6) months following the Limited Partner's separation from service (or, if earlier, the Limited Partner's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to the Limited Partner shall be paid to the Limited Partner on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Limited Partner) during one year may not affect amounts reimbursable or provided in any subsequent year.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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/ Robert Shafir
Name: Robert Shafir
Title: Chief Executive Officer

THE LIMITED PARTNER:

/s/ Thomas M. Sipp
Thomas M. Sipp

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

OF

OZ ADVISORS II LP

SIGNATURE PAGE

By his signature below, the undersigned hereby agrees that effective as of the Admission Date, the undersigned shall (i) be bound by each and every term and provision of the Agreement of Limited Partnership of OZ Advisors II LP, as the same may be duly amended from time to time in accordance with the provisions thereof (the "Limited Partnership Agreement"), and (ii) become and be a party to the Limited Partnership Agreement.

/s/ Thomas M. Sipp
Thomas M. Sipp

Accepted and Agreed to on the Admission Date by:

OZ ADVISORS II LP

By: Och-Ziff Holding LLC,
its General Partner

By: /s/ Robert Shafir
Name: Robert Shafir
Title: Chief Executive Officer

Exhibit A

Magis Partners
Fiduciary Exchange

CFO SIGN-ON RSU AWARD AGREEMENT

This CLASS A RESTRICTED SHARE UNIT AWARD AGREEMENT (this “Award Agreement”), dated July 19, 2018, is made by and between OZ Management LP, a Delaware limited partnership (the “Partnership”), and Thomas M. Sipp (the “Participant”). Capitalized terms not defined herein shall have the meaning ascribed to them in the Och-Ziff Capital Management Group LLC 2013 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 Partner Agreement (as defined below), the Partnership hereby grants to the Participant 3,000,000 Class A restricted share units (the “RSUs”), effective as of May 3, 2018. This grant is being made in satisfaction of the grant of Sign-On RSUs (as defined in the Partner Agreement) under Section 5 of the Partner Agreement.

(b) For purposes of this Award Agreement, “Partner Agreement” means the Partner Agreement between the Partnership and the Participant, dated July 19, 2018 and effective as of May 3, 2018, as amended, supplemented or restated from time to time.

(c) For purposes of this Award Agreement, “Limited Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of March 1, 2017, as amended, supplemented or restated from time to time.

2. Form of Payment.

(a) Except as otherwise provided in this Award Agreement (including Exhibit A hereto) or the Plan, each RSU granted hereunder shall represent the right to receive, in the sole discretion of the Administrator, either (i) one Class A Share or (ii) 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 in accordance with the vesting schedule set forth in Exhibit A hereto (the “Vesting Schedule”).

(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 Administrator, 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 or the immediately preceding trading day as determined by the Administrator in its discretion) 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 to the Participant's account may, in the sole discretion of the Administrator as determined at the time such Distribution Equivalent is credited to the Participant's account, be eligible to receive additional Distribution Equivalents. The Distribution Equivalents referenced in this Section 2(b) may be granted under the Plan or any predecessor or successor thereto. Where the context permits, references to RSUs shall include any RSUs credited to the Participant's account as Distribution Equivalents with respect to such RSUs.

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 until vested in accordance with the terms of the Vesting Schedule and until any additional requirements or restrictions contained in this Award Agreement, the Plan and the Partner Agreement have been otherwise satisfied, terminated or expressly waived by the Partnership in writing.

(b) The RSUs shall become vested in accordance with the Vesting Schedule and the Class A Shares or cash-equivalent amount to which such vested RSUs relate shall become issuable or payable on the third business day thereafter (provided, that such issuance or payment is otherwise in accordance with federal and state securities and tax laws, including satisfaction of all withholding requirements).

(c) Any Class A Shares delivered in respect of any RSUs, any proceeds received by the Participant in respect of any such Class A Shares that were sold, and any dividends or other distributions received by the Participant on any such Class A Shares (or credited as a Distribution Equivalent on any RSU) shall be subject to all applicable provisions of the Partner Agreement, including without limitation, the forfeiture and clawback provisions set forth in Section 7(b)(ii) and Section 7(d) of the Partner Agreement.

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

5. Conflicting Provisions. 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/or the Plan and the provisions of the Partner Agreement, the provisions of this Award Agreement shall govern.

6. No Rights to Continuation of Active Service. Nothing in the Plan or this Award Agreement shall confer upon the Participant any right to continue as a

limited partner of, or otherwise in the employ or service of, the Partnership or any of its Subsidiaries or Affiliates, or shall interfere with or restrict the right of the Partnership or its Subsidiaries or Affiliates, as the case may be, to terminate the Participant's active involvement 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. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, payment shall be made in accordance with Exhibit A, notwithstanding any provision for accelerated vesting under the Plan. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, no Change of Control shall be deemed to have occurred unless it constitutes a change in control event under Section 409A. Notwithstanding anything to the contrary in this Award Agreement or the Plan, to the extent that any RSUs are payable to a "specified employee" (within the meaning of Section 409A of the Code) upon a separation from service and such payment would result in the imposition of any individual penalty tax or late interest charges 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). To the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, if a period specified for execution of a release of claims begins in one taxable year and ends in a second taxable year, the settlement or payment of the awards shall occur in the second taxable year.

8. Governing Law; Submission to Jurisdiction. 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. The Participant hereby submits to and accepts for himself and in respect of his property, generally and unconditionally, the exclusive jurisdiction of the state and federal courts of the State of Delaware for any dispute arising out of or relating to this Award Agreement or the breach, termination or validity thereof. The Participant further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by certified or registered mail return receipt requested or by receipted courier service to the Participant at the address for the Participant in the books and records of the Partnership.

9. Award Agreement Binding on Successors. The terms of this Award Agreement shall be binding upon the Participant and upon the 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 the Participant.

11. Necessary Acts. The 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 or that may reasonably be required of the Participant by the Partnership, 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 Plan and the Partner Agreement contain the entire agreement and understanding among the parties as to the subject matter hereof.

14. Headings. Section headings (including those in Exhibit A attached hereto) 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. Except as specifically provided in the Partner Agreement, no amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto and no such amendment or modification shall be made to the extent it violates Section 409A of the Code.

[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: /s/ Robert Shafir
Name: Robert Shafir
Title: Chief Executive Officer

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

PARTICIPANT

Signature: /s/ Thomas M. Sipp

Name: Thomas M. Sipp

Address: _____

1. General Vesting Schedule. Subject to Sections 2 and 3 below, one third (1/3) of the RSUs shall vest on each of the first three anniversaries of May 3, 2018 (each, a "Vesting Date") (and settle pursuant to Section 3(b) of this Award Agreement), provided that the Participant remains an Active Individual LP (as defined in the Partner Agreement) through the applicable Vesting Date (and must not have provided notice of his intention to become subject to a Withdrawal due to Resignation (as defined in the Partner Agreement) on or before such date). If the Participant ceases to be an Active Individual LP prior to the applicable Vesting Date, all of the RSUs then held by the Participant shall be forfeited, except as otherwise provided in this Exhibit A.

2. Termination of Service.

a. *Withdrawal for Cause*. If the Participant is subject to a Withdrawal for Cause (as defined in the Partner Agreement), all of the RSUs then held by the Participant shall be forfeited as of the date of such Withdrawal.

b. *Withdrawal without Cause*. If the Term (as defined in the Partner Agreement) is terminated by the Partnership and the Participant is subject to a Withdrawal without Cause (as defined in the Partner Agreement) prior to the Scheduled Expiration of the Term (as defined in the Partner Agreement), then 50% of the unvested RSUs then held by the Participant (applied equally across each remaining vesting installment) shall become vested on the date such RSUs would have otherwise vested in accordance with Section 1 of this Exhibit A (and settle pursuant to Section 3(b) of this Award Agreement), and the remaining unvested RSUs shall be forfeited as of the date of such Withdrawal.

c. *Death or Disability*. In the event of the Participant ceasing to be an Active Individual LP due to death or Disability (as defined in the Limited Partnership Agreement) prior to the Scheduled Expiration of the Term, each RSU then held by the Participant shall become vested on the date such RSU would have otherwise vested in accordance with Section 1 of this Exhibit A (and settle pursuant to Section 3(b) of this Award Agreement).

d. *Non-Extension of the Term*. In the event the Term is not extended pursuant to Section 1(d) of the Partner Agreement, each RSU then held by the Participant shall become vested on the date such RSU would have otherwise vested in accordance with Section 1 of this Exhibit A (and settle pursuant to Section 3(b) of this Award Agreement).

3. Change of Control. If the Participant is subject to a Withdrawal without Cause within the 12 months following any Change of Control, all of the RSUs then held by the Participant shall become vested on the date of such Withdrawal (and settle pursuant to Section 3(b) of this Award Agreement).

4. Continued Compliance with Restrictive Covenants: Release. As a condition precedent to any continued vesting of the RSUs permitted under the terms of this Award Agreement, the Plan, or the Partner Agreement, as applicable, after the Participant ceases to be an Active Individual LP (other than due to death), the Participant must: (x) execute a general release agreement in compliance with Section 8.3(g) of the Limited Partnership Agreement, and such general release must become effective as provided therein, and (y) continue to comply with all applicable restrictive covenants to which the Participant is subject, whether contained in the Limited Partnership Agreement, the Partner Agreement or otherwise.

Certificate of Chief Executive Officer pursuant to
Rule 13a-14(a)/Rule 15d-14(a) under the
Securities Exchange Act of 1934.

I, Robert Shafir, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Och-Ziff Capital Management Group LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ Robert Shafir
Name: Robert Shafir
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, Thomas Sipp, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Och-Ziff Capital Management Group LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ Thomas M. Sipp

Name: Thomas M. Sipp

Title: Chief Financial 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 June 30, 2018, of Och-Ziff Capital Management Group LLC (the "Company").

We, Robert Shafir and Thomas Sipp, 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: August 2, 2018

/s/ Robert Shafir

Name: Robert Shafir
Title: Chief Executive Officer and Executive Managing Director

Date: August 2, 2018

/s/ Thomas M. Sipp

Name: Thomas M. Sipp
Title: Chief Financial Officer and Executive Managing Director