



Oaktree Capital Group, LLC (“Oaktree”) Frequently Asked Tax Questions

The information provided below is for your general guidance and is not intended to be (and cannot be relied upon as) tax advice. Unitholders are strongly urged to consult with their own tax advisors with regard to the U.S. federal income tax consequences of holding our units and the related tax reporting requirements. The information provided below only considers selected U.S. federal income tax consequences and does not consider all U.S. federal income tax consequences or state, non-U.S. or any other tax consequences that may be applicable to a particular unitholder. In particular, some categories of unitholders, such as non-U.S. unitholders, tax-exempt unitholders, mutual funds, banks, thrifts, insurance companies, persons liable for the alternative minimum tax, dealers and other investors that do not own their units as capital assets, may be subject to special rules not described herein. Please consult your tax advisor as to the appropriate treatment of any tax items.

Frequently Asked Questions and Answers

1. Why do I receive a Schedule K-1 rather than a Form 1099?

Although Oaktree is publicly traded, it is treated as a partnership for U.S. federal income tax purposes (as opposed to a corporation), and its unitholders are treated as partners. Partnerships such as Oaktree are generally not subject to federal or state income tax, but are instead required to issue a Schedule K-1 to each unitholder to report his or her allocable share of Oaktree's income, gains, losses, deductions and tax credits ("Tax Items"). You are required to report your share of Oaktree's Tax Items as reflected on your Schedule K-1 on your federal income tax return for the relevant reporting period. Since Oaktree is not a corporation, we do not issue Form 1099s to Oaktree unitholders.

2. Are the cash distributions I received from Oaktree taxable?

In general, cash distributions received from Oaktree should not be taxable to the extent they do not exceed your adjusted tax basis in the underlying Oaktree units. However, if you received a distribution that exceeds your adjusted tax basis, you should consult with your tax advisor as the distribution may be taxable. If you are a non-U.S. unitholder, please see question 10 below.

3. It looks like my broker booked the distribution as a dividend. Does this affect the tax treatment of the distribution?

No. Brokers sometime identify the distribution as a dividend for their own reporting purposes. This will not affect the Schedule K-1 reporting and the tax treatment of the distribution. Technically, we are not paying out a dividend nor are we paying interest income. You are receiving a distribution from a partnership, which is treated as specified in question 2 above.

4. Will every unitholder receive a Schedule K-1 regardless of the amount of time they held their units?

Yes. Regardless of the amount of time a unitholder held their units, each unitholder will receive a Schedule K-1 reflecting their allocable share (if any) of Oaktree's Tax Items for the period during which such units were owned.

5. When are Oaktree Schedule K-1s available?

We will provide final Schedule K-1 tax packages electronically by the end of March following the tax year ended December 31. Access to the TaxWeb secure Schedule K-1 website (<https://www.taxpackagesupport.com/oaktree>) is available upon release of the final Schedule K-1 tax packages, and customer support is available by contacting the Oaktree Tax Package Support Service at (866) 709-8178. Hard copies of the final Schedule K-1 tax packages will also be mailed following the release at the end of March unless the unitholder has opted for paperless delivery via the TaxWeb secure Schedule K-1 website.

6. What should I do if I believe the information on my Schedule K-1 is incorrect?

Your Schedule K-1 is prepared based upon information (name, social security number/EIN, address, partner type, amount of units owned, purchase and sale dates, etc.) provided by your bank or broker. Changes to this information should first be requested by contacting your bank or broker directly. Once your bank or broker sends the corrected information, the Oaktree Tax Package Support Service will issue a revised Schedule K-1. You may call the Oaktree Tax Package Support Service at (866) 709-8178 to confirm the status of your request.

7. Does Oaktree maintain the tax basis in my units?

No. Each unitholder should maintain his or her own individual tax basis in Oaktree units. Please consult your tax advisor.

8. If the trading price of Oaktree units dropped since I purchased those units, why do I owe tax?

As a partner in a partnership, you are taxed on your allocable share of Oaktree's Tax Items, irrespective of the trading price of Oaktree units. See also questions 1 and 4.

9. What are the U.S. tax implications of a sale or exchange of Oaktree units?

You should consult your tax advisor. Generally, you will recognize gain or loss on a sale of Oaktree units equal to the difference, if any, between the amount realized and your adjusted tax basis in the units sold. Except to the extent that Code Section 751 applies to characterize a portion of your gain or loss as ordinary, the character of the resulting gain or loss recognized by you will generally be long-term capital gain or loss (to the extent attributable to units held by you for more than one year), or short-term capital gain or loss (to the extent attributable to units held by you for one year or less). See also question 13.

10. I am a non-U.S. unitholder who received a distribution. Are my cash distributions subject to U.S. withholding tax?

The portion of a distribution to a non-U.S. unitholder that is attributable to U.S. source income may be subject to U.S. withholding tax. For example, the portion of a distribution to a non-U.S. unitholder attributable to U.S. source dividends is subject to U.S. withholding tax. The withholding tax rate on U.S. source dividends is currently 30% unless a lower treaty rate applies. For each quarterly distribution, the amount of U.S. source dividends and any other types of U.S. source income subject to withholding are reported on a Qualified Notice to transfer agents and other nominees responsible for withholding. Copies of these notices are available in the Unitholders area of the Oaktree website in the Distributions section (<http://ir.oaktreecapital.com/phoenix.zhtml?c=212597&p=irol-dividends>).

11. For non-U.S. unitholders, am I correct in assuming that the portion of the distribution reported as dividend income paid by a U.S. corporation on the Qualified Notice is treated similarly to dividends paid by a U.S. corporation for the purposes of withholding?

Yes. The portion of the distribution reported as dividend income paid by a U.S. corporation on the Qualified Notice is treated similarly to dividends paid by a U.S. corporation for the purposes of withholding.

12. I am a non-U.S. unitholder. The U.S. source dividends and corresponding withholding reported to me on Form 1042-S do not match the U.S. source dividends allocated to me on my Schedule K-1. Which report is correct?

The Schedule K-1 reports your final allocation of U.S. source dividends for the year and, therefore, includes the final, correct amount of U.S. source dividends allocated to you. This may not correspond to the amounts reported on your Form 1042-S since the documentation our withholding agents receive may not properly reflect the identities of the partners at any particular time when the withholding occurs. While every effort is made to minimize these differences, there can be no guarantee that the Schedule K-1 reporting will match the Form 1042-S reporting, particularly in circumstances where units are purchased or sold during the year.

13. I am a non-U.S. unitholder. Did Oaktree report any Effectively Connected Income ("ECI") or FIRPTA income (income subject to taxation under the Foreign Investment in U.S. Real Property Tax Act) in 2017?

Yes. Oaktree reported FIRPTA income treated as ECI in 2017 and may report ECI and/or FIRPTA income in future years. We will disclose any such ECI or FIRPTA income on the Schedule K-1s for any such years. Additionally, if Oaktree is treated as being engaged in a U.S. trade of business, any gain recognized by a non-U.S. unitholder on the sale or exchange of Oaktree units that is attributable to assets that if sold would produce income that would be effectively connected with such U.S. trade or business will be treated for U.S. federal income tax purposes as ECI, and hence, such non-U.S. unitholders would be subject to U.S. federal income tax on the sale or exchange of such Oaktree units. Under recently enacted tax reform legislation, the transferee of an interest in Oaktree must withhold 10% of the amount realized unless the transferor certifies it is not a non-resident alien or a foreign corporation (and Oaktree would be required to withhold from future distributions to the transferee if the transferee fails to so withhold). There is a temporary suspension of the aforementioned withholding tax provision with respect to any disposition of an interest in a publicly traded partnership (such as Oaktree). Please consult your tax advisors and brokers for more information.

14. Is Oaktree a Passive Foreign Investment Company ("PFIC")?

No. Oaktree is not a PFIC. Oaktree is a Delaware limited liability company that is treated as a partnership for U.S. federal income tax purposes. However, Oaktree holds indirect interests in numerous entities that are treated as PFICs for U.S. tax purposes. Oaktree has made qualified electing fund ("QEF") elections with respect to such PFIC interests. As a result, any such PFIC activity has been included in the Tax Items reported to you on your Schedule K-1. Your allocable share of contributions to PFICs and other non-U.S. corporations that you may be required to report on Form 926 will be included as footnote disclosures attached to your final Schedule K-1.

15. The instructions that accompany the Schedule K-1 have a note under Code V that states that a partner is required to notify the partnership of its tax-exempt status. What is the procedure for doing so?

Unitholders may communicate their tax-exempt status by providing a Form W-9 to their broker indicating that the entity is tax-exempt. In addition, unitholders may call the Oaktree Tax Package Support number at (866) 709-8178 and ask that their Schedule K-1 indicate tax-exempt for the Partner Type (Part II, I1 on the Schedule K-1).

16. I am a tax-exempt unitholder. Did Oaktree report any Unrelated Business Taxable Income ("UBTI") in 2017?

Yes. Oaktree reported UBTI in 2017 and may report UBTI in future years. If we do report UBTI in any year, we will disclose it on the Schedule K-1s for such year.

17. Why did I receive a Schedule K-1 from my retirement plan's account?

Federal tax law requires that a Schedule K-1 be sent to every unitholder that held Oaktree units during the tax year. If your units are held in a tax-advantaged retirement account (Roth IRA, Traditional IRA, 401(k), etc.), amounts reported on the Schedule K-1 are not separately reportable on your personal income tax return. See question 18 below for more information.

18. Are there differing tax consequences for owners of Oaktree units if they are held in a tax-advantaged retirement account such as a ROTH IRA or a 401(k) account? Do I need to follow any special procedures?

Please consult with your tax advisor regarding whether or not your tax-advantaged retirement account can hold Oaktree units. If you choose to hold Oaktree units in your tax-advantaged retirement account, please coordinate with your account custodian on any special procedures which may need to be followed for investing in Oaktree units. A holder of Oaktree units that is tax-exempt (such as a Traditional IRA, ROTH IRA or 401(k) account) may nevertheless be subject to tax to the extent that its allocable share of income includes any Unrelated Business Taxable Income ("UBTI"). Current tax laws require IRAs and other tax-exempt entities with more than \$1,000 of gross Unrelated Business Taxable Income ("UBTI") to file a U.S. tax return (Form 990-T). This form may be filed by the custodian of your account. The account will only owe taxes if its UBTI exceeds \$1,000. You should consult the custodian of your account to determine who is responsible for filing the appropriate tax forms (if required).

Oaktree reported UBTI in 2017 and may report UBTI in future years. See also questions 16 and 17.

19. Does my investment in Oaktree units subject me to U.S. state tax filing requirements?

Historically, Oaktree has not generated state source income and therefore unitholders have not been subjected to any state tax filing requirements to date on account of their Oaktree units. In 2017, Oaktree earned investment income (interest, dividends and capital gains), which is generally sourced to a unitholder's state of residence. Accordingly, you should not be subject to filing requirements in other states as a result of your investment in Oaktree. However, given the nature of our investments, we may report state source income in the future and therefore cannot make any representation that we will not generate state source income. If we do report any state source income in the future, we will disclose it on the Schedule K-1 for such future tax year.

20. What is Code Section 1411 and how does it impact my Schedule K-1?

For tax years beginning in 2013, Code Section 1411 imposes a 3.8% surtax on certain investment income of earned by individuals, trusts and estates. Your share of taxable income reported on your Schedule K-1 and any gain on the sale of Oaktree units may be subject to the surtax. Please consult your tax advisor concerning the impact of Code Section 1411 to you.