

Natural Gas Pipeline Company

Standards of Conduct

Potential Mergers

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Brookfield to Acquire 62% of Oaktree Capital Management

NEW YORK, March 13, 2019 (GLOBE NEWSWIRE) -- Brookfield Asset Management Inc. (“Brookfield”) (NYSE: BAM, TSX: BAM.A, Euronext: BAMA) and Oaktree Capital Group, LLC (NYSE: OAK) (“Oaktree”) today announced an agreement whereby Brookfield will acquire approximately 62% of the Oaktree business. As part of the transaction, Brookfield will acquire all outstanding Oaktree Class A units for, at the election of Oaktree Class A unitholders, either \$49.00 in cash or 1.0770 Class A shares of Brookfield per unit (subject to pro-rata). This represents a premium of 12.4% per Oaktree Class A unit, based on the closing price of Oaktree Class A units and Brookfield Class A Shares on March 12, 2019 and a 15.9% premium based on the 30-day Volume-Weighted Average Price of Oaktree Class A units. The Oaktree Board of Directors, acting on the recommendation of a special committee, composed of non-executive, independent directors, has unanimously recommended that Oaktree unitholders approve the transaction.

Both Brookfield and Oaktree will continue to operate their respective businesses independently, partnering to leverage their strengths – with each remaining under its current brand and led by its existing management and investment teams. Howard Marks will continue as Co-Chairman of Oaktree, Bruce Karsh as Co-Chairman and Chief Investment Officer, and Jay Wintrob as Chief Executive Officer. Howard Marks and Bruce Karsh will continue to have operating control of Oaktree as an independent entity for the foreseeable future. In addition, Howard Marks will join Brookfield’s board of directors.

The two companies together will have approximately \$475 billion of assets under management and \$2.5 billion of annual fee-related revenues, making this one of the leading alternative asset managers, with one of the most comprehensive suites of alternative investment products for investors worldwide. The transaction is expected to be accretive to Brookfield on a per share basis before any benefits from the combination.

Bruce Flatt, CEO of Brookfield, stated, “As we continue to strategically grow Brookfield, we are thrilled to be partnering with Oaktree and with its exceptional management team whose credit business is second to none. This transaction enables us to broaden our product offering to include one of the finest credit platforms in the world, which has a value-driven, contrarian investment style, consistent with ours.”

Howard Marks, Co-Chairman of Oaktree, stated, “The opportunity to join forces with Brookfield is ideal. Our firms share a culture that emphasizes both investing excellence and integrity, and our businesses mesh without overlapping or conflicting. The rest of Oaktree management and I are excited about the combination of support and independence we expect. We look forward to having Brookfield’s contribution to our ability to serve our clients, and to doing the same for them.”

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Transaction Details

Under the terms of the agreement, Oaktree Class A units will be acquired for a per unit consideration of, at the election of Oaktree Class A unitholders, either \$49.00 in cash or 1.0770 Brookfield Class A shares. Elections will be made on a per unit basis and will be subject to pro-rata such that the total consideration paid by Brookfield consists of 50% in cash and 50% in Brookfield shares. In addition, the founders, senior management, and current employee-unitholders of Oaktree Capital Group Holdings, L.P. (“OCGH”), the holder of all outstanding Class B units of Oaktree as well as a direct interest in certain of Oaktree’s operating entities, will sell to Brookfield 20% of their units for the same consideration as the Oaktree Class A unitholders.

Pursuant to the agreement, Oaktree may declare and pay a distribution in respect of the quarter ending March 31, 2019 in an amount up to \$1.05 per Oaktree Class A unit. No further distributions on the Oaktree Class A units may be paid unless the transaction has not closed by September 30, 2019, in which case distributions in respect of Q3 2019 and any other quarter thereafter until closing may be paid in the ordinary course on Oaktree Class A units, subject to certain limitations set forth in the agreement.

The cash portion of the aggregate consideration will be funded by Brookfield from available liquidity. Upon consummation of the transaction, Brookfield will own approximately 62% of the Oaktree business, and the OCGH unitholders, consisting primarily of Oaktree’s founders and certain other members of management and employees, will own the remaining approximately 38%.

Commencing in 2022, former employee-unitholders will be able to sell their remaining Oaktree units to Brookfield over time pursuant to an agreed upon liquidity schedule and approach to valuing such units at the time of liquidation, and Oaktree’s founders, senior management and current employee-unitholders will have the option to do so as well. Pursuant to this liquidity schedule, the earliest year in which Brookfield could own 100% of the Oaktree business is 2029.

The agreement includes customary provisions relating to non-solicitation, the ability of Oaktree’s board of directors to respond to any unsolicited superior alternative proposals, and Brookfield’s right to match such proposals. The agreement also provides for the payment by Oaktree of a \$225 million termination fee if the agreement is terminated under certain specified circumstances.

The transaction is subject to the approval of Oaktree unitholders representing at least a majority of the voting interests of Oaktree and other customary closing conditions, including certain regulatory approvals. OCGH, controlled by Howard Marks and Bruce Karsh, and which represents approximately 92% of the voting interests of Oaktree, has agreed to vote all of its units in favor of the transaction. The transaction is expected to close in the third quarter of 2019.

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All dollar references are in U.S. dollars, unless noted otherwise.

Advisors

Perella Weinberg Partners L.P. acted as sole financial advisor and Simpson Thacher & Bartlett LLP and Munger, Tolles & Olsen LLP acted as legal advisors to Oaktree. Weil, Gotshal & Manges LLP and Torys LLP acted as legal advisors to Brookfield. Sandler O'Neill & Partners, L.P. acted as financial advisor and Mayer Brown LLP served as legal advisor to the Special Committee of Oaktree's Board of Directors.

Brookfield Asset Management Inc. is a leading global alternative asset manager with over \$350 billion in assets under management. The company has more than a 120-year history of owning and operating assets with a focus on real estate, renewable power, infrastructure and private equity. Brookfield offers a range of public and private investment products and services, and is co-listed on the New York, Toronto and Euronext stock exchanges under the symbol BAM, BAM.A and BAMA, respectively. For more information, please visit our website at brookfield.com.

Oaktree Capital Group, LLC is a leader among global investment managers specializing in alternative investments, with \$120 billion in assets under management as of December 31, 2018. The firm emphasizes an opportunistic, value-oriented and risk-controlled approach to investments in credit, private equity, real assets and listed equities. The firm has over 950 employees and offices in 18 cities worldwide. For additional information, please visit Oaktree's website at oaktreecapital.com.

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