

July 26, 2007

## DRIVE SHACK INC.

# Newcastle Announces a \$1.4 Billion Collateralized Debt Obligation To Redeem Three Prior Collateralized Debt Obligations

NEW YORK, July 26 /PRNewswire-FirstCall/ -- Newcastle Investment Corp. (NYSE: NCT) today announced the closing of a \$1.4 billion collateralized debt obligation, Newcastle CDO X, Limited (the "CDO"). The proceeds from the offering are being used to redeem securities issued by Newcastle CDO I, Limited, Newcastle CDO II, Limited and Newcastle CDO III, Limited. Newcastle will be the collateral manager for the CDO.

### Newcastle CDO X

Moody's Investors Service and Standard & Poor's provided an investment grade rating on \$1,288 million face amount or 92% of the capital structure of the CDO. Approximately \$1,248 million or 97% of the investment grade notes will be rated Aaa/AAA through Aa3/AA and sold to third parties. The remaining \$40 million of investment grade notes rated A3/A were retained by Newcastle and financed. Newcastle will also retain the remaining \$112 million face amount or 8% of the capital structure. Net of the sale and financing, Newcastle expects to retain an equity investment of approximately \$162 million in the CDO versus \$173 million in the three prior deals.

At closing, the \$1,288 million investment grade notes will have an initial weighted average interest spread over LIBOR of 36 basis points and a remaining term to expected maturity of 10 years.

At closing, the CDO owned \$1,223 million face amount or 87% of the assets leaving approximately \$177 million of cash in the CDO to be invested. The portfolio initially consists of approximately 56% CMBS, 26% REIT debt and 18% real estate related ABS. The initial portfolio has a weighted average credit rating of BBB- and consists of 72% fixed rate and 28% floating rate assets.

As a result of closing this CDO, Newcastle was able to reduce its financing cost by 39 basis points on \$1,288 million of debt and extend the average expected maturity on its debt from 5.6 to 10.0 years.

### Redemption of Prior CDOs

The following is a summary of the three Newcastle CDOs being redeemed (dollar amounts in millions):

Deal	Date Issued	Remaining	Original Deal Size	Issued Liabilities	WA
		Term to Expected Maturity (yrs)			Spread on Issued Liabilities

Newcastle CDO I	Apr-2002	5.0	\$500	\$444	78
Newcastle CDO II	Mar-2003	5.7	\$500	\$472	87
Newcastle CDO III	Sep-2003	6.2	\$500	\$460	61
Total/WA:		5.6	\$1,500	\$1,376	75

Upon redemption, there was approximately \$116 million of cash in the three CDOs which was used to redeem the debt and return capital.

Newcastle expects to incur one-time cash costs, representing early termination payments, of \$4.7 million and non-cash charges related to the write-off of deferred financing fees and expenses of \$8.3 million. The following is a summary of such costs by quarter (dollar amounts in millions):

	Cash Costs	Non-Cash Costs	Total
2nd Quarter 2007	\$1.0	\$6.3	\$7.3
3rd Quarter 2007	3.7	2.0	5.7
Total:	\$4.7	\$8.3	\$13.0

In connection with this transaction, Newcastle sold \$178 million face amount of assets. As a result, a portion of the costs incurred will be offset by the gain on sale of these assets.

#### About Newcastle

Newcastle Investment Corp. invests in real estate debt and other real estate related assets. Newcastle is organized and conducts its operations to qualify as a real estate investment trust (REIT) for federal income tax purposes. Newcastle is managed by an affiliate of Fortress Investment Group LLC, a global alternative investment and asset management firm with approximately \$36 billion in assets under management as of March 31, 2007. For more information regarding Newcastle Investment Corp. or to be added to our e-mail distribution list, please visit [www.newcastleinv.com](http://www.newcastleinv.com).

The securities offered have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States or to U.S. persons absent registration or an applicable exemption from registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Certain items in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to the expected maturity, investment in the transaction, credit ratings, weighted average interest spread, transaction costs and portfolio composition. These statements are based on management's current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements; Newcastle can give no assurance that its

expectations will be attained. Factors that could cause actual results to differ materially from Newcastle's expectations include, but are not limited to, changes in the real estate and bond markets, our continued ability to source new investments in the identified asset categories, the performance of the assets, differences between actual and estimated default or recovery rates and other risks detailed from time to time in Newcastle's SEC reports. Such forward-looking statements speak only as of the date of this press release. Newcastle expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Newcastle's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

SOURCE Newcastle Investment Corp.