

Newcastle Announces Tax Basis of New Senior Distribution

NEW YORK--(BUSINESS WIRE)-- As previously disclosed, on November 6, 2014, Newcastle Investment Corp. (NYSE: NCT, "Newcastle") completed the spin-off of New Senior Investment Group Inc. (NYSE: SNR, "New Senior") by distributing all of the shares of New Senior common stock (the "Distributed Shares") to the holders of Newcastle common stock as of the spin-off record date ("Record Holders"), which was October 27, 2014. If you were not a Record Holder, the following information might not be applicable to you or your shares. Please consult a personal tax advisor to determine any tax liability associated with the Distributed Shares.

Tax Basis of Distributed New Senior Stock

For U.S. federal income tax purposes, Newcastle intends to report its distribution of shares of New Senior common stock (the "Distributed Shares") as a distribution with a **fair market value of \$18.02** per share. For U.S. federal income tax purposes, this amount will also be Record Holders' adjusted basis in each Distributed Share.

Impact of Distribution on Newcastle Stockholders

For U.S. federal income tax purposes, Newcastle's distributions (including cash and stock distributions such as the Distributed Shares) in any given year are treated as taxable dividends to the extent of Newcastle's earnings and profits ("E&P"). The distribution of the Distributed Shares contributes to Newcastle's E&P for 2014 in an amount estimated to be approximately \$6.83 per share, which is equal to the fair market value of the Distributed Shares (\$18.02 per share) less Newcastle's tax basis in New Senior's assets (estimated to be approximately \$11.19 per share and still subject to change).

The taxability of the Distributed Shares will be determined in the context of Newcastle's total E&P and distributions for 2014, and other tax information, which will not be known until early 2015. For illustrative purposes only, the taxability of the Distributed Shares would be determined as follows if Newcastle did not have any E&P other than the approximately \$6.83 of E&P estimated to be attributable to the distribution (which does not represent a projection of Newcastle's 2014 E&P and is assumed for illustrative purpose only):

- Of the value of a Distributed Share of \$18.02, only \$6.83 (i.e., the value of a Distributed Share to the extent of E&P) would be taxable income;
- The remainder of the value of the Distributed Share (i.e., \$11.19, or \$18.02 minus \$6.83) would be a non-taxable return of capital to the extent of the Record Holder's tax basis in its Newcastle shares; and
- Any remaining value of the Distributed Share that is in excess of the Record Holder's tax basis would generally be taxed as capital gain.

Please note that the taxability of the Distributed Shares will not be determined based on the E&P estimate used in the illustrative example above. The above illustration only reflects the estimated E&P generated by the distribution of the Distributed Shares. Newcastle's E&P for the year will depend on Newcastle's other activity for the year, which may increase or decrease the taxability of the Distributed Shares. Based on current estimates, Newcastle believes the aggregate value of its other 2014 distributions (excluding the Distributed Shares) will exceed the E&P generated in 2014 by its other activities (excluding the spin-off of New Senior), which would tend to reduce the taxability of the Distributed Shares if all prior 2014 distributions were treated as 100% taxable. However, the actual amounts of Newcastle's E&P, the taxable income and the non-taxable return of capital associated with the Distributed Shares cannot be determined with certainty until early 2015.

ABOUT NEWCASTLE

Newcastle focuses on investing in, and actively managing, real estate related assets. Newcastle conducts its operations to qualify as a REIT for federal income tax purposes. Newcastle is managed by an affiliate of Fortress Investment Group LLC, a global investment management firm.

FORWARD-LOOKING STATEMENTS

Certain items in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements regarding Newcastle's estimated tax basis in the Distributed Shares and its expectation that 2014 distributions will exceed E&P. 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, many of which are beyond our control. The Company can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any forward-looking statements contained in this press release. For a discussion of some of the risks and important factors that could cause actual results to differ from such forward-looking statements, see the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. Furthermore, new risks and uncertainties emerge from time to time, and it is not possible for the Company to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of this press release. The Company expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

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