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DRIVE SHACK INC.

Newcastle Announces Treatment of 2006 Dividends

NEW YORK, Jan. 29 /PRNewswire-FirstCall/ -- Newcastle Investment Corp. (NYSE: NCT) today announced the tax treatment of its 2006 common and preferred stock dividend payments.

Common Stock Dividends

During 2006, taxable dividends for Newcastle Investment Corp.'s common stock (CUSIP# 65105M-108) were \$2.948008 per share. The portion of the fourth quarter 2005 common stock dividend which was not taxable for 2005 is treated as having been received by shareholders and taxable for 2006. No portion of the taxable 2006 common stock dividend relates to unrecaptured section 1250 capital gain. The following table summarizes the common stock dividends that are taxable for 2006.

	Declare Date	Record Date	Pay Date	Cash Distribution
4th Q 2005	12/15/05	12/30/05	01/30/06	0.625000
1st Q 2006	03/15/06	04/03/06	04/28/06	0.625000
2nd Q 2006	06/15/06	07/03/06	07/28/06	0.650000
3rd Q 2006	09/14/06	10/02/06	10/31/06	0.650000
4th Q 2006	12/14/06	12/29/06	01/30/07	0.690000
	Taxable in 2006	Ordinary	Qualified	Long-Term Capital Gain
4th Q 2005	0.333008	0.333008	0.000000	0.000000
1st Q 2006	0.625000	0.625000	0.000000	0.000000
2nd Q 2006	0.650000	0.650000	0.000000	0.000000
3rd Q 2006	0.650000	0.650000	0.000000	0.000000
4th Q 2006	0.690000	0.690000	0.000000	0.000000
Totals	2.948008	2.948008	0.000000	0.000000

Series B Preferred Stock Dividends

During 2006, taxable dividends for Newcastle Investment Corp.'s Series B preferred stock (CUSIP# 65105M-207) were \$3.046875 per share. No portion of the fourth quarter 2005 Series B preferred stock dividend was taxable for 2005. The entire fourth quarter 2005 Series B preferred stock dividend is treated as having been received by shareholders and taxable for 2006. No portion of the taxable 2006 Series B preferred stock dividend relates to unrecaptured section 1250 capital gain. The following table summarizes the Series B preferred stock dividends that are taxable for 2006.

	Declare Date	Record Date	Pay Date	Cash Distribution
4th Q 2005	12/15/05	12/30/05	01/31/06	0.609375
1st Q 2006	03/15/06	04/03/06	05/01/06	0.609375
2nd Q 2006	06/15/06	07/03/06	07/31/06	0.609375
3rd Q 2006	09/14/06	10/02/06	10/31/06	0.609375
4th Q 2006	12/14/06	12/29/06	01/31/07	0.609375
	Taxable in 2006	Ordinary	Qualified	Long-Term Capital Gain
4th Q 2005	0.609375	0.609375	0.000000	0.000000
1st Q 2006	0.609375	0.609375	0.000000	0.000000
2nd Q 2006	0.609375	0.609375	0.000000	0.000000
3rd Q 2006	0.609375	0.609375	0.000000	0.000000
4th Q 2006	0.609375	0.609375	0.000000	0.000000
Totals	3.046875	3.046875	0.000000	0.000000

Series C Preferred Stock Dividends

During 2006, taxable dividends for Newcastle Investment Corp.'s Series C preferred stock (CUSIP# 65105M-306) were \$2.549167 per share. No portion of the fourth quarter 2005 Series C preferred stock dividend was taxable for 2005. The entire fourth quarter 2005 Series C preferred stock dividend is treated as having been received by shareholders and taxable for 2006. No portion of the taxable 2006 Series C preferred stock dividend relates to unrecaptured section 1250 capital gain. The following table summarizes the Series C preferred stock dividends that are taxable for 2006.

	Declare Date	Record Date	Pay Date	Cash Distribution
4th Q 2005	12/15/05	12/30/05	01/31/06	0.536667
1st Q 2006	03/15/06	04/03/06	05/01/06	0.503125
2nd Q 2006	06/15/06	07/03/06	07/31/06	0.503125
3rd Q 2006	09/14/06	10/02/06	10/31/06	0.503125
4th Q 2006	12/14/06	12/29/06	01/31/07	0.503125
	Taxable in 2006	Ordinary	Qualified	15% Capital Gain
4th Q 2005	0.536667	0.536667	0.000000	0.000000
1st Q 2006	0.503125	0.503125	0.000000	0.000000
2nd Q 2006	0.503125	0.503125	0.000000	0.000000
3rd Q 2006	0.503125	0.503125	0.000000	0.000000
4th Q 2006	0.503125	0.503125	0.000000	0.000000
Totals	2.549167	2.549167	0.000000	0.000000

Tax exempt, non-U.S. and certain other stockholders may be required to report a portion of Newcastle Investment Corp.'s dividend as excess inclusion income.

Of the amounts indicated above as taxable for 2006, 2.195% may be classified as "excess inclusion income." Excess inclusion income is treated as unrelated business taxable income

for tax-exempt stockholders, and is generally subject to a 30% Federal withholding tax (without reduction under any otherwise applicable tax treaty) for non-U.S. stockholders. U.S. stockholders may not use net operating losses to offset excess inclusion income. Please consult your tax advisor regarding the proper the tax treatment of excess inclusion income.

About Newcastle

Newcastle Investment Corp. invests in real estate debt securities 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 Fortress Investment Group LLC, a global alternative investment and asset management firm with approximately \$29.7 billion in assets under management. For more information regarding Newcastle Investment Corp. or to be added to our e-mail distribution list, please visit www.newcastleinv.com.

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