

Newcastle Announces Tax Basis of New Residential Distribution

NEW YORK--(BUSINESS WIRE)-- As previously disclosed, on May 15, 2013, Newcastle Investment Corp. (NYSE: NCT, "Newcastle") completed the spin-off of New Residential Investment Corp. (NYSE: NRZ, "New Residential") by distributing shares of New Residential common stock to the holders of Newcastle common stock as of the spin-off record date ("Record Holders"), which was May 6, 2013. If you were not a Record Holder, the following information might not be applicable to you or your shares.

Tax Basis of Distributed New Residential Stock

For U.S. federal income tax purposes, Newcastle intends to report its distribution of shares of New Residential common stock (the "Distributed Shares") as a distribution with a **fair market value of \$6.89** 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 dividends and stock distributions, which include the Distributed Shares) in any year are treated as ordinary taxable dividends to the extent of its earnings and profits ("E&P"). The distribution of the Distributed Shares creates E&P for 2013 equal to approximately \$2.40 per share, which is equal to the fair market value of the Distributed Shares (\$6.89 per share) less Newcastle's tax basis in New Residential's assets (\$4.49 per share).

The taxability of the Distributed Shares will be determined in the context of all Newcastle E&P and distributions, which will not be known until early 2014. However, solely for illustration purposes, if the taxability of the Distributed Shares was determined on a standalone basis, the following treatment would apply:

- \$2.40 per share would be ordinary taxable income
- The lesser of \$4.49 and the Record Holder's tax basis in their Newcastle shares would be a non-taxable return of capital
- If \$4.49 exceeds a Record Holder's tax basis in their Newcastle common stock, the excess will generally be treated as capital gain.

Please note that the taxability of Distributed Shares will not be determined on a standalone basis. The above illustration only reflects the 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 taxable and non-taxable amount of the Distributed Shares. The actual amounts of Newcastle's E&P, the ordinary taxable income and the non-taxable return of capital will not be available until early 2014.

The above summary does not constitute tax advice. It does not purport to be complete or to describe the tax consequences that may apply to particular categories of stockholders. Each Newcastle stockholder should consult a personal tax advisor regarding the calculation of tax basis and the tax consequences of any distribution. For more information, please refer to New Residential's registration statement on Form 10, as filed with the Securities and Exchange Commission on April 29, 2013.

ABOUT NEWCASTLE

Newcastle focuses on opportunistically investing in, and actively managing, real estate related assets and primarily invests in two distinct areas: (1) Real Estate & Other Debt and (2) Senior Housing Assets. Newcastle is organized and conducts its operations to qualify as a real estate investment trust ("REIT") for federal income tax purposes. The Company 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, including, but not limited to, statements relating to the offering and intended use of proceeds. 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. 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, the risk that market conditions cause downgrades of a significant number of our securities or the recording of additional impairment charges or reductions in shareholders' equity; the risk that we cannot find additional suitably priced investments; the risk that investments made or committed to be made cannot be financed on the basis and for the term at which we expect; the relationship between yields on assets which are paid off and yields on assets in which such monies can be reinvested; and the relative spreads between the yield on the assets we invest in and the cost and availability of debt and equity financing. Additional risks that are directly related to investments in senior housing include, but are not limited to, the risk that we are dependent on the performance of our operators, the risk that a downturn in the housing market or an overall economic downturn could cause our occupancy rates, revenues and results of operations to decline, the risk that increases in labor costs at our senior housing facilities may have a material adverse effect on us. 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 affect such forward-looking statements, see the sections entitled "Risk Factors" in the prospectus supplement and "Management's Discussion and Analysis of Financial Condition and Results of Operation" incorporated by reference in the prospectus supplement from the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q. In addition, 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. Newcastle 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.

Newcastle Investment Corp.

Investor Relations

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