

January 31, 2008

DRIVE SHACK INC.

Newcastle Announces Treatment of 2007 Dividends

NEW YORK, Jan. 31 /PRNewswire-FirstCall/ -- Newcastle Investment Corp. (NYSE: NCT) today announced the tax treatment of its 2007 common and preferred stock dividend payments.

Common Stock Dividends

During 2007, taxable dividends for Newcastle Investment Corp.'s common stock (CUSIP# 65105M-108) were \$2.850000 per share. The entire fourth quarter 2006 common stock dividend was treated as having been received by shareholders and taxable for 2006. The entire fourth quarter 2007 common stock dividend is treated as having been received by shareholders and taxable for 2007. No portion of the taxable 2007 common stock dividend relates to unrecaptured section 1250 capital gain. The following table summarizes the common stock dividends that are taxable for 2007.

| | Declaration Date | Record Date | Pay Date | Cash Distribution |
|------------|---------------------|----------------|-------------|----------------------|
| 4th Q 2006 | 12/14/06 | 12/29/06 | 01/30/07 | 0.690000 |
| 1st Q 2007 | 03/15/07 | 04/02/07 | 04/30/07 | 0.690000 |
| 2nd Q 2007 | 06/14/07 | 07/02/07 | 07/30/07 | 0.720000 |
| 3rd Q 2007 | 09/13/07 | 10/01/07 | 10/30/07 | 0.720000 |
| 4th Q 2007 | 12/13/07 | 12/31/07 | 01/30/08 | 0.720000 |

| | Taxable in 2007 | Ordinary | Qualified | Long-Term Capital Gain |
|------------|--------------------|----------|-----------|---------------------------|
| 4th Q 2006 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 1st Q 2007 | 0.690000 | 0.690000 | 0.000000 | 0.000000 |
| 2nd Q 2007 | 0.720000 | 0.720000 | 0.000000 | 0.000000 |
| 3rd Q 2007 | 0.720000 | 0.720000 | 0.000000 | 0.000000 |
| 4th Q 2007 | 0.720000 | 0.720000 | 0.000000 | 0.000000 |
| Totals | 2.850000 | 2.850000 | 0.000000 | 0.000000 |

Series B Preferred Stock Dividends

During 2007, taxable dividends for Newcastle Investment Corp.'s Series B preferred stock (CUSIP# 65105M-207) were \$2.437500 per share. The entire fourth quarter 2006 Series B preferred stock dividend was treated as having been received by shareholders and taxable for 2006. The entire fourth quarter 2007 Series B preferred stock dividend is treated as having been received by shareholders and taxable for 2007. No portion of the taxable 2007 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 2007.

| | Declaration Date | Record Date | Pay Date | Cash Distribution |
|--|---------------------|----------------|-------------|----------------------|
|--|---------------------|----------------|-------------|----------------------|

| | | | | |
|------------|----------|----------|----------|----------|
| 4th Q 2006 | 12/14/06 | 12/29/06 | 01/31/07 | 0.609375 |
| 1st Q 2007 | 03/15/07 | 04/02/07 | 04/30/07 | 0.609375 |
| 2nd Q 2007 | 06/14/07 | 07/02/07 | 07/31/07 | 0.609375 |
| 3rd Q 2007 | 09/13/07 | 10/01/07 | 10/31/07 | 0.609375 |
| 4th Q 2007 | 12/13/07 | 12/31/07 | 01/31/08 | 0.609375 |

| | Taxable in 2007 | Ordinary | Qualified | Long-Term Capital Gain |
|------------|--------------------|----------|-----------|---------------------------|
| 4th Q 2006 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 1st Q 2007 | 0.609375 | 0.609375 | 0.000000 | 0.000000 |
| 2nd Q 2007 | 0.609375 | 0.609375 | 0.000000 | 0.000000 |
| 3rd Q 2007 | 0.609375 | 0.609375 | 0.000000 | 0.000000 |
| 4th Q 2007 | 0.609375 | 0.609375 | 0.000000 | 0.000000 |
| Total | 2.437500 | 2.437500 | 0.000000 | 0.000000 |

Series C Preferred Stock Dividends

During 2007, taxable dividends for Newcastle Investment Corp.'s Series C preferred stock (CUSIP# 65105M-306) were \$2.012500 per share. The entire fourth quarter 2006 Series C preferred stock dividend was treated as having been received by shareholders and taxable for 2006. The entire fourth quarter 2007 Series C preferred stock dividend is treated as having been received by shareholders and taxable for 2007. No portion of the taxable 2007 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 2007.

| | Declaration Date | Record Date | Pay Date | Cash Distribution |
|------------|---------------------|----------------|-------------|----------------------|
| 4th Q 2006 | 12/14/06 | 12/29/06 | 01/31/07 | 0.503125 |
| 1st Q 2007 | 03/15/07 | 04/02/07 | 04/30/07 | 0.503125 |
| 2nd Q 2007 | 06/14/07 | 07/02/07 | 07/31/07 | 0.503125 |
| 3rd Q 2007 | 09/13/07 | 10/01/07 | 10/31/07 | 0.503125 |
| 4th Q 2007 | 12/13/07 | 12/31/07 | 01/31/08 | 0.503125 |

| | Taxable in 2007 | Ordinary | Qualified | 15 % Capital Gain |
|------------|--------------------|----------|-----------|----------------------|
| 4th Q 2006 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 1st Q 2007 | 0.503125 | 0.503125 | 0.000000 | 0.000000 |
| 2nd Q 2007 | 0.503125 | 0.503125 | 0.000000 | 0.000000 |
| 3rd Q 2007 | 0.503125 | 0.503125 | 0.000000 | 0.000000 |
| 4th Q 2007 | 0.503125 | 0.503125 | 0.000000 | 0.000000 |
| Total | 2.012500 | 2.012500 | 0.000000 | 0.000000 |

Series D Preferred Stock Dividends

During 2007, taxable dividends for Newcastle Investment Corp.'s Series D preferred stock (CUSIP# 65105M-405) were \$1.837848 per share. The entire fourth quarter 2007 Series D preferred stock dividend is treated as having been received by shareholders and taxable for 2007. No portion of the taxable 2007 Series D preferred stock dividend relates to unrecaptured section 1250 capital gain. The following table summarizes the Series D preferred stock dividends that are taxable for 2007.

| | Declaration Date | Record Date | Pay Date | Cash Distribution |
|--|---------------------|----------------|-------------|----------------------|
|--|---------------------|----------------|-------------|----------------------|

| | | | | |
|------------|----------|----------|----------|----------|
| 2nd Q 2007 | 06/14/07 | 07/02/07 | 07/31/07 | 0.790972 |
| 3rd Q 2007 | 09/13/07 | 10/01/07 | 10/31/07 | 0.523438 |
| 4th Q 2007 | 12/13/07 | 12/31/07 | 01/31/08 | 0.523438 |

| | Taxable in 2007 | Ordinary | Qualified | 15 % Capital Gain |
|------------|--------------------|----------|-----------|----------------------|
| 2nd Q 2007 | 0.790972 | 0.790972 | 0.000000 | 0.000000 |
| 3rd Q 2007 | 0.523438 | 0.523438 | 0.000000 | 0.000000 |
| 4th Q 2007 | 0.523438 | 0.523438 | 0.000000 | 0.000000 |
| Totals | 1.837848 | 1.837848 | 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 2007, 4.12687% 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 tax treatment of excess inclusion income.

The data provided in this press release is provided for informational purposes only and does not constitute tax advice. Stockholders are urged to consult their own tax advisors regarding any issues or decisions regarding the proper tax treatment of their shares of Newcastle Investment Corp.

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 \$40 billion in assets under management as of September 30, 2007. For more information regarding Newcastle Investment Corp. or to be added to our e-mail distribution list, please visit www.newcastleinv.com.

SOURCE Newcastle Investment Corp.