

Fortress Investment Group LLC

Earnings Supplement

First Quarter 2015



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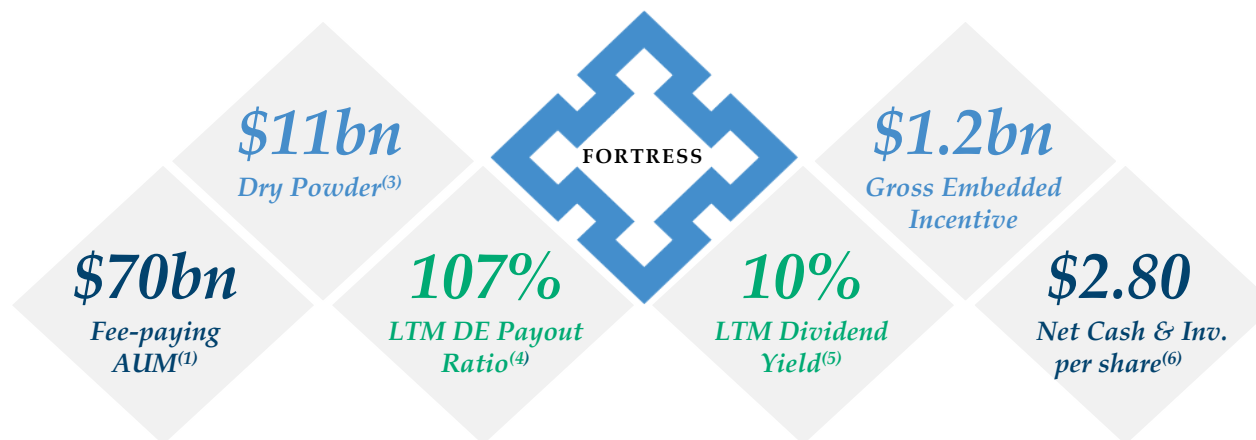
Past performance. In all cases where historical performance is presented, please note that past performance is not a reliable indicator of future results and should not be relied upon as the basis for making an investment decision.

Non-GAAP Financial Data Information. The Presentation discloses Segment Revenues, Segment Expenses, Distributable Earnings, Fund Management Distributable Earnings, Distributable Earnings per Weighted Average Dividend Paying Shares and Units Outstanding (DEPS) and Net Cash & Investments, which are not recognized measurements under GAAP. In analyzing performance or liquidity, you should evaluate each adjustment in our reconciliations and explanatory footnotes and use these measures in addition, and not as an alternative, to net income, book value and earnings per share (EPS), each as defined under GAAP. See Appendix.

Company Overview

Fortress Investment Group LLC (NYSE: FIG) is a highly diversified, global investment manager with \$70 billion of fee-paying AUM⁽¹⁾

- **Our business today consists of three large, established core alternatives businesses, a high multiple permanent capital business and a highly scalable traditional asset management business**
 - Core Alternative Businesses: Credit PE and Credit Hedge Funds, Private Equity Funds, Liquid Hedge Funds
 - Permanent Capital Business: six public or soon to be public externally managed companies across various sectors⁽²⁾
 - Traditional Business (Logan Circle): actively managed, long-only fixed income strategies



(1) AUM includes \$4.0 billion related to Affiliated Managers – see slide 11.

(2) Includes WWTAI which is not yet publicly traded – see slide 8.

(3) Includes \$3.1 billion only available for follow-on investments, management fees and other fund expenses.

(4) Based on full year tax rate of 19% for FY 2014 and estimated tax rate of 13% for 1Q 2015.

(5) Based on LTM dividends of \$0.80 per share and FIG stock price as of May 6, 2015.

(6) Net Cash & Investments, which is a non-GAAP financial measure, means cash & cash equivalents plus investments less debt outstanding as described in Fortress's first quarter 2015 earnings release. The release is available in the "Public Shareholders" section of Fortress's website, www.fortress.com. For a reconciliation of GAAP Book Value to Net Cash & Investments see appendix slide #5.

Extraordinary 2015 Value Creation & Catalysts for Growth Potential

- **Milestone value creation event in PE Fund V (\$5.6 billion of NAV)**
 - Crossed HWM with 23% appreciation in 1Q; nearly \$190 million of unrealized incentive income at quarter end
 - A 10% gain in NAV would generate approximately \$300 million of additional unrealized incentive income⁽¹⁾
- **Strength of Credit fund investment performance drives continued growth in embedded value**
 - Over \$930 million of Credit unrealized incentive income at quarter end, up 14% compared to 1Q 2014
- **Record alternative capital raise with continued momentum in 2Q**
 - Raised \$4.7 billion for FCO IV fund complex⁽²⁾ in 1Q
 - Raised \$1.4 billion for Permanent Capital Vehicles through April, compared to \$1.1 billion raised in all of 2014

<i>(millions)</i>	1Q 2015	1Q 2014	YoY Δ %	YoY Δ
Fee-Paying AUM⁽³⁾	\$69,889	\$62,520	+12%	↑
Dry Powder⁽⁴⁾	\$10,730	\$6,625	+62%	↑
Incentive Eligible NAV Above Incentive Income Threshold⁽⁵⁾	\$25,221	\$16,487	+53%	↑
Undistributed Unrecognized Incentive Income⁽⁵⁾	\$1,249	\$928	+35%	↑

(1) Based on investment valuations as of March 31, 2015. Actual results may differ materially from figures indicated above.

(2) Refers to Fortress Credit Opportunities Fund ("FCO") IV and related managed accounts.

(3) The Assets Under Management presented includes \$4,001 million related to Affiliated Managers.

(4) Includes \$3.1 billion only available for follow-on investments, management fees and other fund expenses as of 1Q 2015.

(5) Excludes Affiliated Managers as of 1Q 2015.

Profound Alignment & Distribution of Value to Shareholders

- Distributed over 110% of post-tax DE since 2012 through base quarterly dividends, special dividends, year-end top-up dividends and opportunistic share repurchases
 - Dividend policy calls for distribution of substantially all post-tax DE in any given year

Cumulative Shareholder Distributions Since 1Q 2012 (per share)



- (1) Repurchased 51.3 million Class A or equivalent shares in December 2012 for a total purchase price of \$180 million. 536 million Class A and B shares outstanding at time of purchase.
- (2) Repurchased 60.6 million Class A shares from Nomura Investment Managers U.S.A. ("Nomura") in February 2014 for a cash payment of \$363 million. 496 million Class A and B shares outstanding at time of purchase. Fortress also agreed to engage Nomura to provide certain financial advisory and financing services until February 2017. In connection with the agreement to engage Nomura to provide these services, Fortress estimated the fair value of the related liability to be approximately \$30 million, which has been recorded as a reduction to equity as part of the repurchase of Class A shares. During 1Q 2015, Fortress paid \$10 million to Nomura related to the estimated liability pursuant to the terms of the transaction described above.
- (3) Based on full year tax rate of 8%, 9% and 19% for FY 2012, FY 2013 and FY 2014, respectively, and assumed tax rate of 13% for 1Q 2015.

Tremendous Value Growth & Compounding on Balance Sheet

- **Expectation for heightened realization activity and related distributions as we monetize balance sheet**
 - **Current State:** balance sheet value of \$1.3 billion, or \$2.80 per share, of net cash & investments⁽¹⁾
 - **Future State:** “maintenance” balance sheet size of \$300 – 500 million, potentially one-quarter of current size
 - Transition implies potential distributions of **\$1.70 to \$2.15 per share** assuming no further appreciation
 - **\$576 million** of embedded gains that would be recognized in DE if investments were liquidated at 1Q 2015 values

Current State: \$1.3 Billion

(\$ millions)	Remaining Expected Life - by Fund Maturity			
	< 3 Years	> 3 Years	Other	Total
Cash & Cash Equivalents	145	-	-	145
Direct Equity	-	-	17	17
PE Investments	694	9	-	703
Credit PE Investments	11	179	-	190
Hedge Fund Investments ⁽²⁾	-	-	262	262
Other Investments	-	-	27	27
Total Cash & Investments	851	188	307	1,345
Less: Debt Outstanding	(75)	-	-	(75)
Net Cash & Investments	776	188	307	1,270
Per Share⁽³⁾	\$1.71	\$0.41	\$0.68	\$2.80

Future State: \$0.3 Billion to \$0.5 Billion

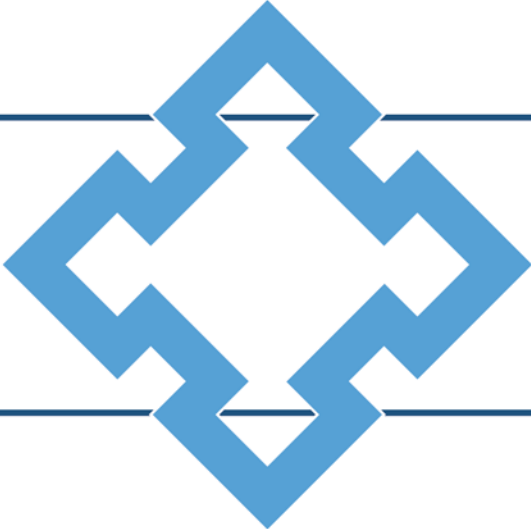
(per share)	Low	High
Current State	\$2.80	\$2.80
Future State⁽³⁾	~\$0.65	~\$1.10
Available for Distribution	\$2.15	\$1.70

(1) Net Cash & Investments, which is a non-GAAP financial measure, means cash & cash equivalents plus investments less debt outstanding as described in Fortress's first quarter 2015 earnings release. The release is available in the "Public Shareholders" section of Fortress's website, www.fortress.com. For a reconciliation of GAAP Book Value to Net Cash & Investments see appendix slide #5.

(2) Includes Fortress's investment in Affiliated Managers.

(3) Based on 454 million dividend paying shares outstanding as of March 31, 2015.

Business Segment Overview



Private Equity Funds

- **Fund V NAV up 22.5% and crossed HWM in 1Q 2015**
 - \$188 million of gross unrecognized incentive income at quarter end
 - Substantial upside potential in main buyout fund investments, including Springleaf (NYSE: LEAF) and Florida⁽¹⁾
- **Overall portfolio valuation gains of 4.8% in 1Q 2015**
 - \$12 billion of value creation since trough in 1Q 2009
- **Potentially transformational business developments at large portfolio companies**
 - LEAF: announced acquisition of OneMain Financial⁽²⁾
 - Florida⁽¹⁾: Miami – Orlando passenger rail (All Aboard Florida)
 - Nationstar (NYSE: NSM): build-out of real estate technology platform (Solutionstar)
- **Expectation for increased realization activity in the near-term**

Financial Results ⁽³⁾ (\$ millions)	1Q 2015	4Q 2014	1Q 2014	LTM 1Q2015	LTM 1Q2014
Segment Revenues	29	32	37	131	149
Segment Expenses	(14)	(13)	(12)	(53)	(52)
Fund Management DE	15	19	25	78	97
Net Investment Income	-	-	4	91	17
Pre-Tax DE	15	19	29	169	114
Fee-Paying AUM	10,179	9,366	11,512	10,179	11,512

PE Fund (<i>vintage</i>)	Fund NAV	Gross Multiple ⁽⁴⁾	Select Investments
Fund I (1999)	Liquidated	3.1x	
Fund II (2002)	In Liquidation	1.8x	
Fund III (2004)	\$1.2bn	1.3x	NSM
Fund IV (2006)	\$2.5bn	1.2x	NSM, Holiday, Florida ⁽¹⁾
Fund V (2007)	\$5.6bn	1.9x	LEAF, Florida ⁽¹⁾
Total Main PE Funds	\$9.3bn	1.6x	

(1) Florida includes Florida East Coast Railway and Florida East Coast Industries.

(2) Transaction is expected to close in the third quarter 2015, subject to customary closing conditions and regulatory approvals.

(3) Segment Revenues, Segment Expenses, Fund Management Distributable Earnings and Pre-Tax Distributable Earnings are non-GAAP financial measures described in Fortress's first quarter 2015 earnings release. The release is available in the "Public Shareholders" section of Fortress's website, www.fortress.com. For a reconciliation of GAAP Revenues, GAAP Expenses and GAAP Net Income to Segment Revenues, Segment Expenses and Pre-Tax Distributable Earnings, please see Appendix slide #3.

(4) For additional investment performance disclosure please see Appendix slide #2.

Permanent Capital Vehicles

- **Pro-forma AUM of \$6.2 billion⁽¹⁾ across six publicly traded or soon to be publicly traded permanent capital vehicles⁽²⁾**
 - Significant growth opportunities in enormous, addressable markets
- **Robust business activity feeds future growth prospects**
 - In February 2015, ECT and the Fortress Italian NPL Fund announced agreement to acquire a €2.4 billion NPL portfolio and NPL servicing business from UniCredit
 - In April 2015, NRZ acquired substantially all of the assets and liabilities of Home Loan Servicing Solutions Ltd.
- **PCV share price performance drives increase in embedded option value**
 - \$100 million in gross unrecognized incentive income related to in-the-money PCV options, up 56% from year-end 2014

Financial Results ⁽³⁾ (\$ millions)	1Q 2015	4Q 2014	1Q 2014	LTM 1Q2015	LTM 1Q2014
Segment Revenues	22	44	20	137	81
Segment Expenses	(18)	(26)	(14)	(94)	(51)
Fund Management DE	4	15	5	38	26
Net Investment Income	-	-	-	2	2
Pre-Tax DE	4	15	5	40	28
Fee-Paying AUM	4,622	4,567	3,731	4,622	3,731

Permanent Capital Vehicle	Investment Focus	Market Cap ⁽⁴⁾	Addressable Market ⁽⁵⁾
New Residential (NRZ)	▪ MSRs & Related Assets	\$3.3 bn	\$20 tn
Newcastle (NCT)	▪ Real Estate Debt & Golf Business	\$0.4 bn	\$7 tn
New Senior (SNR)	▪ Healthcare REIT	\$1.0 bn	\$330 bn
New Media (NEWM)	▪ Local Print & Digital Media	\$1.0 bn	\$26 bn
Eurocastle (ECT)	▪ Italian NPLs	\$0.6 bn	\$205 bn
WWTAI ⁽²⁾	▪ Transportation & Infrastructure	\$1.0 bn	\$3 tn

(1) Includes \$1.2 billion of permanent capital raised post quarter end and \$353 million of dry powder.

(2) WWTAI is currently a private permanent capital vehicle that has filed a registration statement for a public offering of shares under the name Fortress Transportation and Infrastructure Investors LLC ("FTAI"). A registration statement relating to the shares has been filed with the Securities and Exchange Commission but has not yet become effective. The shares may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the shares in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Fortress's ability to complete an IPO of FTAI is subject to certain conditions, including but not limited to, the SEC declaring the registration statement effective and approval of an application to list FTAI's common stock on the NYSE.

(3) Segment Revenues, Segment Expenses, Fund Management Distributable Earnings and Pre-Tax Distributable Earnings are non-GAAP financial measures described in Fortress's first quarter 2015 earnings release. The release is available in the "Public Shareholders" section of Fortress's website, www.fortress.com. For a reconciliation of GAAP Revenues, GAAP Expenses and GAAP Net Income to Segment Revenues, Segment Expenses and Pre-Tax Distributable Earnings, please see Appendix slide #3.

(4) Market Cap based on stock prices as of May 6, 2015. Market Cap for WWTAI reflects alternative capital WWTAI raised as a private fund.

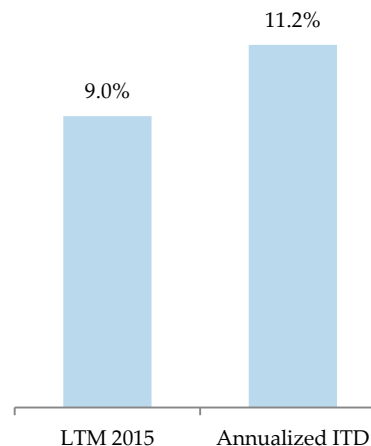
(5) Based on FIG estimates as of May 2015.

Credit Hedge Funds

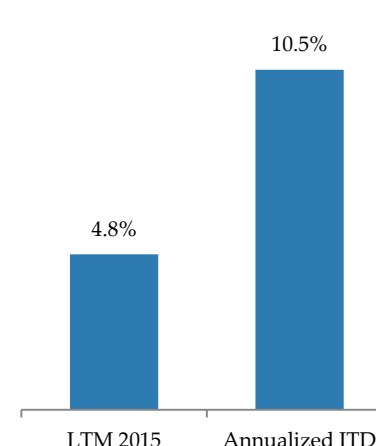
- Continue to extend record of strong, consistent investment performance
 - DBSO LP has five-year annualized net returns of 15.0% through March 31, 2015 (including 2.2% net returns in 1Q 2015)
- Performance continues to drive significant LP demand
 - Credit Hedge Funds raised \$942 million of capital in LTM 1Q 2015, 33% more than capital raised in LTM 1Q 2014
- Tremendous value creation potential on incremental investment gains
 - All flagship DBSO NAV valued above HWMs at quarter end; \$5.6 billion of incentive-eligible NAV above HWMs

Financial Results ⁽¹⁾ (\$ millions)	1Q 2015	4Q 2014	1Q 2014	LTM 1Q2015	LTM 1Q2014
Segment Revenues	53	49	59	230	294
Segment Expenses	(30)	(29)	(32)	(127)	(152)
Fund Management DE	21	12	22	86	122
Net Investment Income	1	1	1	(1)	6
Pre-Tax DE	22	13	23	85	128
Fee-Paying AUM	6,271	6,173	5,968	6,271	5,968

DBSO LP Net Returns⁽²⁾
\$4.4B of AUM



DBSO Ltd Net Returns⁽²⁾
\$1.4B of AUM



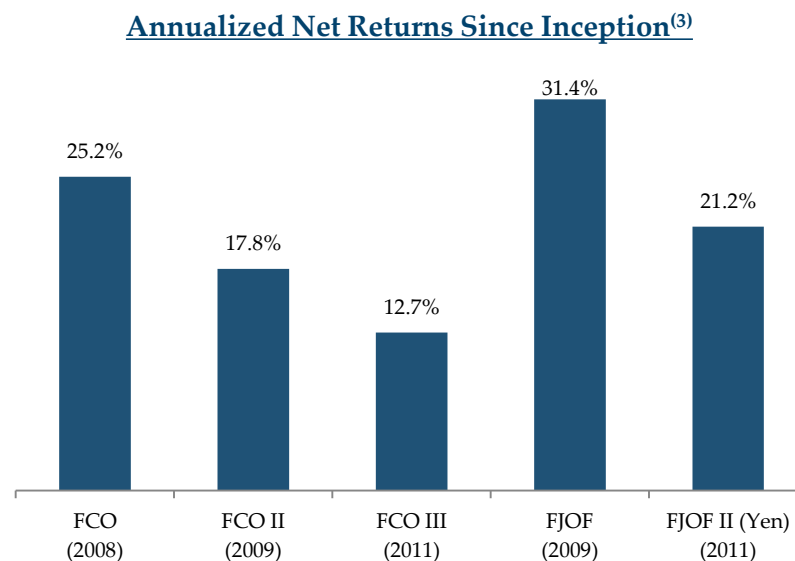
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(2) For additional investment performance disclosure please see Appendix slide #2

Credit Private Equity Funds

- **Outstanding returns drive continued growth in embedded value**
 - \$848 million of gross incentive income not yet recognized in DE
 - Annualized inception-to-date net returns between 13% and 31% across main Credit PE and Japan Opportunity funds
- **Significant demand for next-generation Credit funds**
 - Raised \$4.7 billion in 1Q 2015 for FCO IV and its related managed accounts
 - Raised \$0.8 billion and \$0.6 billion to date for third Japan Opportunity Fund and second Credit Real Estate Fund
 - All three successor funds expected to reach targeted caps
- **Ample dry powder to deploy opportunistically across a broad range of asset classes globally**
 - \$8.3 billion of uncalled capital that would generate management fees if invested⁽¹⁾

Financial Results ⁽²⁾ (\$ millions)	1Q 2015	4Q 2014	1Q 2014	LTM 1Q2015	LTM 1Q2014
Segment Revenues	51	159	91	311	234
Segment Expenses	(44)	(97)	(61)	(223)	(168)
Fund Management DE	6	61	29	86	65
Net Investment Income	1	7	4	10	8
Pre-Tax DE	7	68	33	96	73
Fee-Paying AUM	7,563	6,955	6,979	7,563	6,979



(1) Includes \$3.0 billion that is only available for follow-on investments, management fees and other fund expenses.

(2) Segment Revenues, Segment Expenses, Fund Management Distributable Earnings and Pre-Tax Distributable Earnings are non-GAAP financial measures described in Fortress's first quarter 2015 earnings release. The release is available in the "Public Shareholders" section of Fortress's website, www.fortress.com. For a reconciliation of GAAP Revenues, GAAP Expenses and GAAP Net Income to Segment Revenues, Segment Expenses and Pre-Tax Distributable Earnings, please see Appendix slide #3.

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Liquid Markets

- **A business with substantial performance-driven upside, demonstrated in majority of years since inception**
 - Absence of incentive income YTD: muted financial results
 - Overriding focus on fund performance and return to incentive income generation
- **Significant opportunities to expand and diversify strategies and revenue streams**
 - Fortress Centaurus Global Funds: net returns of 3.9% in 1Q 2015 (\$175 million of fee-paying AUM as of May 1, 2015)
 - Affiliated Manager Platform: transition of \$4.0 billion anchor fund, Graticule Asia Macro (formerly the Fortress Asia Macro Funds); FIG retains perpetual minority interest (initial 1Q 2015 impact of \$9 million in distributable earnings)

Financial Results ^(1,2) (\$ millions)	1Q 2015	4Q 2014	1Q 2014	LTM 1Q2015	LTM 1Q2014
Segment Revenues	22	48	33	143	239
Segment Expenses	(25)	(43)	(25)	(129)	(133)
Fund Management DE ⁽³⁾	6	5	8	22	96
Net Investment Income	3	5	1	-	5
Pre-Tax DE	9	10	9	22	101
Fee-Paying AUM	7,838	8,128	7,738	7,838	7,738

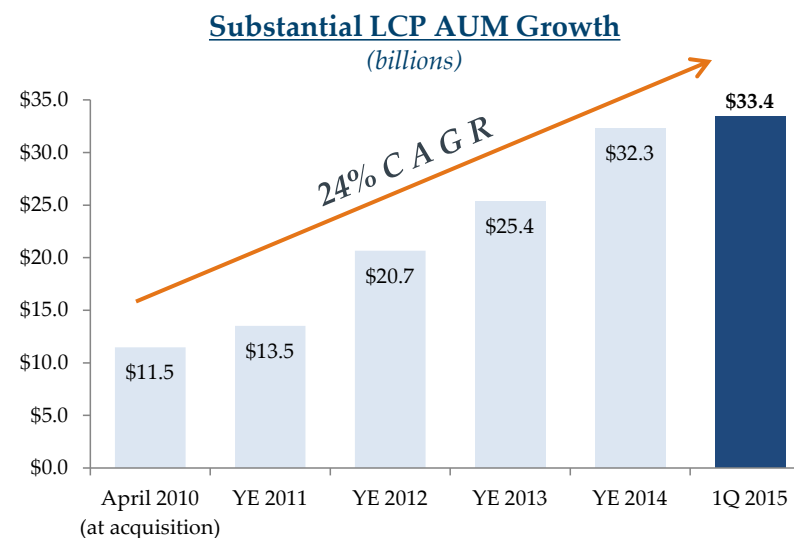
Liquid Hedge Fund	Investment Focus/Strategy	AUM ⁽⁴⁾
Fortress Macro Funds ⁽⁵⁾	▪ Global Macro	\$3.0bn
Fortress Partners Funds	▪ Endowment-Style	\$0.5bn
Fortress Convex Asia Funds	▪ Volatility-Based	\$0.2bn
Fortress Centaurus Global Funds	▪ Global, Equity Biased Event Driven	\$0.1bn
Affiliated Managers ⁽¹⁾	▪ Asia Macro	\$4.0bn

- (1) Prior to 1Q 2015, includes results from the Fortress Asia Macro Funds and related managed accounts. In January 2015, the Fortress Asia Macro Funds and related managed accounts transitioned to Graticule Asset Management Asia L.P. on Fortress's affiliated manager platform ("Affiliated Managers"). Affiliated Managers had \$4.0bn of AUM as of 1Q 2015.
- (2) Segment Revenues, Segment Expenses, Fund Management Distributable Earnings and Pre-Tax Distributable Earnings are non-GAAP financial measures described in Fortress's first quarter 2015 earnings release. The release is available in the "Public Shareholders" section of Fortress's website, www.fortress.com. For a reconciliation of GAAP Revenues, GAAP Expenses and GAAP Net Income to Segment Revenues, Segment Expenses and Pre-Tax Distributable Earnings, please see Appendix slide #3.
- (3) Includes \$9 million of earnings from Affiliated Managers for 1Q 2015.
- (4) Fee-paying AUM as of March 31, 2015.
- (5) Includes \$0.2 billion of AUM for Drawbridge Global Macro Funds as of 1Q 2015.

Logan Circle

- **Continue to build on remarkable growth trajectory**
 - Tripled AUM since acquisition to all-time high of \$33.4 billion
 - Net client inflows of \$5.5 billion in LTM
- **Outstanding investment performance, team culture, client service drive institutional investor demand**
 - Since inception, 15 of 16 fixed income strategies have outperformed their respective benchmarks and as of quarter end, six of which were ranked in the top quartile of performance for their competitor universe
- **Well positioned to benefit from broad reassessment of allocations in long-only fixed income space**

Financial Results ⁽¹⁾ (\$ millions)	1Q 2015	4Q 2014	1Q 2014	LTM 1Q2015	LTM 1Q2014
Segment Revenues	13	12	11	49	39
Segment Expenses	(14)	(14)	(13)	(55)	(52)
Fund Management DE	(1)	(2)	(2)	(6)	(13)
Net Investment Income	-	2	-	2	3
Pre-Tax DE	(1)	-	(2)	(4)	(10)
Fee-Paying AUM	33,416	32,342	26,592	33,416	26,592

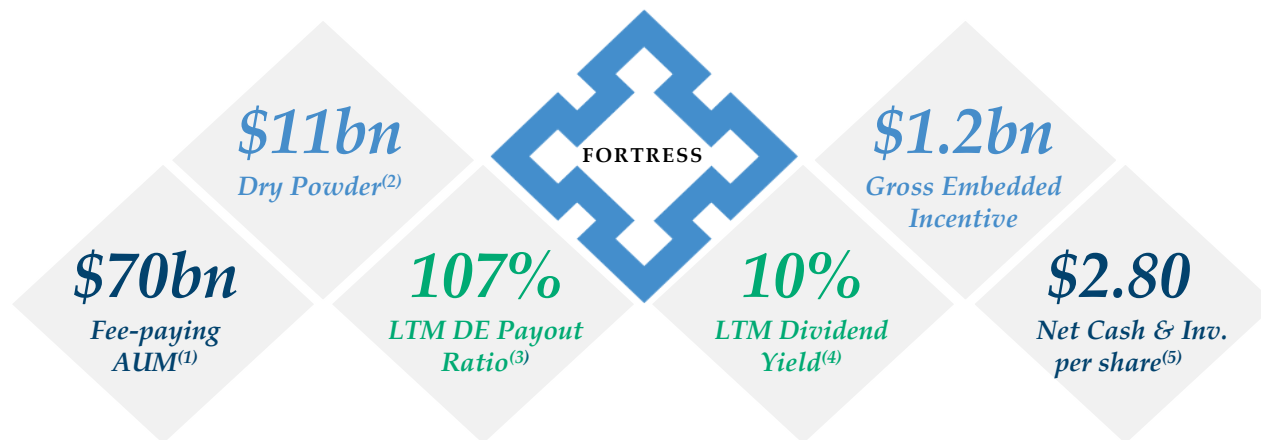


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Summary and Outlook

Tremendous investment value creation and capital formation points to substantial earnings and distribution upside potential

- **Continued value creation and increasing embedded value not yet reflected in earnings or FIG share price**
 - Fund V in carry mode – \$188 million in gross unrecognized incentive income with potential for meaningful further gains
 - Over \$930 million in Credit gross unrecognized incentive income
 - Over \$575 million in embedded unrealized gains on balance sheet
- **Strong, broad-based business growth and significant catalysts going forward**
 - Record \$5.4 billion of alternative capital raised in 1Q 2015, with momentum carrying into 2Q
 - PCV business continues extraordinary growth trajectory with \$1.4 billion of equity raised in 2015
 - Logan Circle AUM now a triple since acquisition and on cusp of profitability



(1) AUM includes \$4.0 billion related to Affiliated Managers – see slide 11.

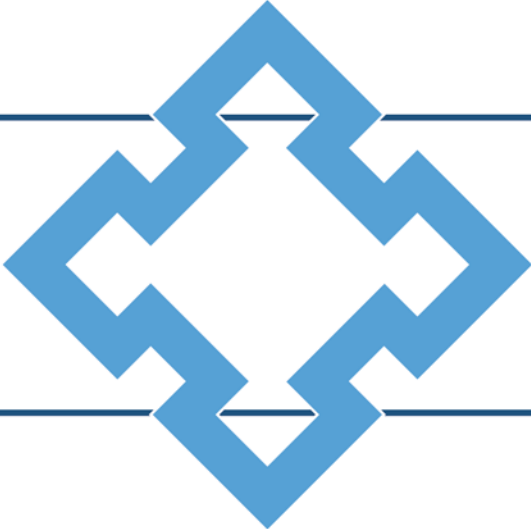
(2) Includes \$3.1 billion only available for follow-on investments, management fees and other fund expenses.

(3) Based on full year tax rate of 19% for FY 2014 and estimated tax rate of 13% for 1Q 2015.

(4) Based on LTM dividends of \$0.80 per share and FIG stock price as of May 6, 2015.

(5) Net Cash & Investments, which is a non-GAAP financial measure, means cash & cash equivalents plus investments less debt outstanding as described in Fortress's first quarter 2015 earnings release. The release is available in the "Public Shareholders" section of Fortress's website, www.fortress.com. For a reconciliation of GAAP Book Value to Net Cash & Investments see appendix slide #5.


Appendix: Financial Statements



Appendix Slide #1: Consolidated Results

Pre-tax DE of \$405 million, or \$0.91 per dividend paying share, for LTM 1Q 2015

Distributable Earnings (\$ millions)⁽¹⁾

 FORTRESS	1Q 2015	4Q 2014	1Q 2014	LTM 1Q 2015	LTM 1Q 2014
Management Fees	139	153	147	593	555
Incentive Income	51	191	104	408	481
Segment Revenues	190	344	251	1,001	1,036
Operating Expenses	(115)	(126)	(104)	(462)	(391)
Profit Sharing Expenses	(30)	(96)	(53)	(219)	(217)
Segment Expenses	(145)	(222)	(157)	(681)	(608)
Earnings From Affiliated Managers	9	-	-	9	-
Principal Performance Payments	(3)	(12)	(7)	(25)	(35)
Fund Management DE	51	110	87	304	393
Net Investment Income	4	13	10	101	38
Pre-Tax DE	55	123	97	405	431
per dividend paying share	\$0.12	\$0.28	\$0.21	\$0.91	\$0.88

(1) Segment Revenues, Segment Expenses, Fund Management Distributable Earnings and Pre-Tax Distributable Earnings are non-GAAP financial measures described in Fortress's first quarter 2015 earnings release. The release is available in the "Public Shareholders" section of Fortress's website, www.fortress.com. For a reconciliation of GAAP Revenues, GAAP Expenses and GAAP Net Income to Segment Revenues, Segment Expenses and Pre-Tax Distributable Earnings, please see Appendix slide #3.

Appendix Slide #2

Credit Hedge Funds

Net returns are for Drawbridge Special Opportunities Fund LP and Drawbridge Special Opportunities Fund Ltd only and exclude certain other funds, which may have returns that are materially lower than those presented herein. The performance data contained herein reflects returns for a "new issue eligible," single investor class as of the close of business on the last day of the relevant period. Net returns reflect performance data after taking into account management fees borne by the Fund and incentive allocations. The returns for the Drawbridge Special Opportunities Funds reflect the performance of each fund excluding special investments and the performance of the redeeming capital accounts.

Private Equity Funds

Gross multiple equals current NAV plus inception to date distributions, divided by the lesser of capital committed or equity invested. For purposes of calculating the gross multiple, equity invested excludes capital called for management fees and other expenses. The inclusion of such amounts would reduce the gross multiple. Gross multiple is not an accurate indicator of the Company's proximity to incentive income thresholds and is different from the statistic which would be computed based on the Company's periodic 34 Act reporting, which reports net amounts. Multiples are for Fortress Investment Fund I, Fortress Investment Fund II, Fortress Investment Fund III, Fortress Investment Fund IV, and Fortress Investment Fund V only and exclude certain other funds, which may have multiples that are materially lower than those presented herein.

Credit PE Funds

Net returns are for Fortress Credit Opportunities Funds I, Credit Opportunities Fund II, Credit Opportunities Fund III, Japan Opportunity Fund and Japan Opportunity Fund II (Yen) only and exclude certain other funds, which may have returns that are materially lower than those presented herein. Net returns represent net annualized internal rates of return to limited partners after management fees and incentive allocations, and are computed on an inception-to-date basis consistent with industry standards. Incentive allocations are computed based on a hypothetical liquidation of the net assets of each fund as of the balance sheet date. Returns are calculated for the investors as a whole. The computation of such returns for an individual investor may vary from these returns based on different management fee and incentive arrangements, and the timing of capital transactions.

Appendix Slide #3

Reconciliation of GAAP Net Income (Loss) to Pre-tax Distributable Earnings and Fund Management DE (dollars in millions)

	Three Months Ended					
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	Full Year 2014	Three Months Ended March 31, 2015
GAAP Net Income (Loss)	\$ 9	\$ 73	\$ 17	\$ 141	\$ 240	\$ 87
Principals' and Others' Interests in (Income) Loss of Consolidated Subsidiaries	(6)	(42)	(13)	(79)	(140)	(52)
Redeemable non-controlling interests in Income (Loss)	-	-	2	(1)	1	-
GAAP Net Income (Loss) Attributable to Class A Shareholders	\$ 3	\$ 31	\$ 6	\$ 61	\$ 101	\$ 35
Private Equity incentive income	37	(8)	36	29	94	3
Hedge Fund and Logan Circle incentive income	30	26	21	(77)	-	23
Reserve for clawback	2	-	-	-	2	-
Distributions of earnings from equity method investees	9	47	6	10	72	4
Losses (earnings) from equity method investees	(17)	(20)	(38)	7	(68)	(27)
Losses (gains) on options	5	1	23	1	30	(32)
Losses (gains) on other Investments	5	42	(16)	(17)	14	(1)
Impairment of investments	-	-	(3)	-	(3)	(3)
Adjust income from the receipt of options	-	(1)	(5)	-	(6)	(4)
Gain on transfer of Graticule	-	-	-	-	-	(134)
Amortization of intangible assets and impairment of goodwill	-	-	-	-	-	-
Employee, Principal and director compensation	12	6	6	12	36	20
Adjust non-controlling interests related to Fortress Operating Group units	5	40	11	78	134	52
Tax receivable agreement liability reduction	-	-	4	29	33	-
Adjust income taxes	6	8	3	(10)	7	18
Adjust transfer of interest in Graticule	-	-	-	-	-	101
Pre-tax Distributable Earnings	\$ 97	\$ 172	\$ 55	\$ 123	\$ 446	\$ 55
Investment Loss (income)	(10)	(97)	11	(14)	(109)	(5)
Interest Expense	-	1	1	1	3	1
Fund Management DE	\$ 87	\$ 76	\$ 67	\$ 110	\$ 340	\$ 51
GAAP Revenues	\$ 237	\$ 270	\$ 243	\$ 455	\$ 1,205	\$ 227
Adjust management fees	-	-	-	(1)	(1)	(1)
Adjust incentive income	69	17	57	(47)	96	27
Adjust income from the receipt of options	-	(1)	(5)	-	(6)	(4)
Other revenues	(55)	(56)	(57)	(65)	(233)	(59)
Segment Revenues	\$ 251	\$ 230	\$ 238	\$ 343	\$ 1,062	\$ 190
GAAP Expenses	\$ 231	\$ 216	\$ 235	\$ 310	\$ 992	\$ 329
Adjust interest expense	-	(1)	(1)	(1)	(3)	(1)
Adjust employee, Principal and director compensation	(12)	(6)	(3)	(3)	(24)	(18)
Adjust amortization of intangible assets and impairment of goodwill	-	-	-	-	-	-
Adjust expense reimbursements from affiliates and non-affiliates	(54)	(52)	(55)	(70)	(231)	(59)
Adjust Principal Performance Payments	(9)	(9)	(9)	(15)	(42)	(5)
Adjust transfer of interest in Graticule	-	-	-	-	-	(101)
Other	-	-	(1)	1	-	-
Segment Expenses	\$ 157	\$ 148	\$ 166	\$ 221	\$ 692	\$ 145

Appendix Slide #3A

“Distributable earnings” is Fortress’s supplemental measure of operating performance used by management in analyzing segment and overall results. It reflects the value created which management considers available for distribution during any period. As compared to generally accepted accounting principles (“GAAP”) net income, distributable earnings excludes the effects of unrealized gains (or losses) on illiquid investments, reflects contingent revenue which has been received as income to the extent it is not expected to be reversed, and disregards expenses which do not require an outlay of assets, whether currently or on an accrued basis. Distributable earnings is reflected on an unconsolidated and pre-tax basis, and, therefore, the interests in consolidated subsidiaries related to Fortress Operating Group units (held by the principals) and income tax expense are added back in its calculation. Distributable earnings is not a measure of cash generated by operations which is available for distribution nor should it be considered in isolation or as an alternative to cash flow or net income in accordance with GAAP and it is not necessarily indicative of liquidity or cash available to fund the Company’s operations. For a complete discussion of distributable earnings and its reconciliation to GAAP, as well as an explanation of the calculation of distributable earnings impairment, see note 11 to the financial statements included in the Company’s Quarterly Report on Form 10-Q for the year ended March 31, 2015.

Fortress’s management uses distributable earnings:

- in its determination of periodic distributions to equity holders;
- in making operating decisions and assessing the performance of each of the Company’s core businesses;
- for planning purposes, including the preparation of annual operating budgets; and
- as a valuation measure in strategic analyses in connection with the performance of its funds and the performance of its employees.

Growing distributable earnings is a key component to the Company’s business strategy and distributable earnings is the supplemental measure used by management to evaluate the economic profitability of each of the Company’s businesses and total operations. Therefore, Fortress believes that it provides useful information to investors in evaluating its operating performance. Fortress’s definition of distributable earnings is not based on any definition contained in its amended and restated operating agreement.

“Fund management DE” is equal to pre-tax distributable earnings excluding our direct investment-related results. It is comprised of “Pre-tax Distributable Earnings” net of “Investment Loss (Income)” and “Interest Expense.” Fund management DE and its components are used by management to analyze and measure the performance of our investment management business on a stand-alone basis. Fortress defines segment operating margin to be equal to fund management DE divided by segment revenues. The Company believes that it is useful to provide investors with the opportunity to review our investment management business using the same metrics. Fund management DE and its components are subject to the same limitations as pre-tax distributable earnings, as described above.

Appendix Slide #4

Reconciliation of Weighted Average Class A Shares Outstanding (Used for Basic EPS) to Weighted Average Dividend Paying Shares and Units Outstanding (Used for DEPS)

	Three Months Ended March 31,	
	2015	2014
Weighted Average Class A Shares Outstanding (Used for Basic EPS)	215,785,776	216,934,917
Weighted average fully vested restricted Class A share units with dividend equivalent rights	(7,231,768)	(3,899,986)
Weighted average fully vested restricted Class A shares	(840,658)	(973,275)
Weighted Average Class A Shares Outstanding	207,713,350	212,061,656
Weighted average restricted Class A shares ¹	840,658	973,275
Weighted average fully vested restricted Class A share units which are entitled to dividend equivalent payments	7,231,768	3,899,986
Weighted average unvested restricted Class A share units which are entitled to dividend equivalent payments	8,347,402	5,997,586
Weighted average Fortress Operating Group units	226,331,513	245,925,038
Weighted Average Class A Shares Outstanding (Used for DEPS)	450,464,691	468,857,541
Weighted average vested and unvested restricted Class A share units which are not entitled to dividend equivalent payments	11,703,251	12,436,247
Weighted Average Fully Diluted Shares and Units Outstanding (Used for Diluted DEPS)	462,167,942	481,293,788

“Dividend paying shares and units” represents the number of shares and units outstanding at the end of the period which were entitled to receive dividends or related distributions. The Company believes it is useful for investors in computing the aggregate amount of cash required to make a current per share distribution of a given amount per share. It excludes certain potentially dilutive equity instruments, primarily non-dividend paying restricted Class A share units, and, therefore, is limited in its usefulness in computing per share amounts. Accordingly, dividend paying shares and units should be considered only as a supplement and not an alternative to GAAP basic and diluted shares outstanding. The Company’s calculation of dividend paying shares and units may be different from the calculation used by other companies and, therefore, comparability may be limited.

(1) Includes both fully vested and unvested restricted Class A shares.

Appendix Slide #5

Reconciliation of GAAP Book Value Per Share to Net Cash and Investments Per Share (dollars and shares in thousands)

	As of March 31, 2015		As of December 31, 2014	
	GAAP Book Value	Net Cash and Investments	GAAP Book Value	Net Cash and Investments
Cash and Cash equivalents	\$ 145,233	\$ 145,233	\$ 391,089	\$ 391,089
Investments	1,200,151	1,200,151	1,121,545	1,121,545
Investments in options ¹	108,120	-	71,844	-
Due from Affiliates	168,176	-	326,575	-
Deferred Tax Asset, net	397,778	-	417,623	-
Other Assets	167,903	-	173,708	-
Total Assets	2,187,361	1,345,384	2,502,384	1,512,634
Debt Obligations Payable	75,000	75,000	\$ 75,000	75,000
Accrued Compensation and Benefits	139,171	-	374,709	-
Due to Affiliates	354,122	-	375,424	-
Deferred Incentive Income	307,737	-	304,526	-
Other Liabilities	123,396	-	88,053	-
Total Liabilities	999,426	75,000	1,217,712	75,000
Less: Redeemable Non-controlling Interests	109	-	1,717	-
Net	\$ 1,187,826	\$ 1,270,384	\$ 1,282,955	\$ 1,437,634
	Shares Outstanding	Dividend Paying Shares and Units Outstanding	Shares Outstanding	Dividend Paying Shares and Units Outstanding
Class A Shares	207,713	207,713	207,490	207,490
Restricted Class A Shares	841	841	1,045	1,045
Fortress Operating Group Units	226,332	226,332	226,332	226,332
Fully Vested Class A Shares - Dividend Paying	-	7,568	-	194
Unvested Class A Shares - Dividend Paying	-	11,159	-	7,002
Shares Outstanding	434,886	453,613	434,867	442,063
Per Share	\$ 2.73	\$ 2.80	\$ 2.95	\$ 3.25

Net cash and investments represents cash and cash equivalents plus investments less debt outstanding. The Company believes that net cash and investments is a useful supplemental measure because it provides investors with information regarding the Company's net investment assets. Net cash and investments excludes certain assets (investments in options, due from affiliates, deferred tax asset, other assets) and liabilities (due to affiliates, accrued compensation and benefits, deferred incentive income and other liabilities), and its utility as a measure of financial position is limited. Accordingly, net cash and investments should be considered only as a supplement and not an alternative to GAAP book value as a measure of the Company's financial position. The Company's calculation of net cash and investments may be different from the calculation used by other companies and, therefore, comparability may be limited.

- (1) The intrinsic value of options in equity method investees totaled \$100 million at quarter end and is included in our undistributed, unrecognized incentive income. This value represents incentive income that would have been recorded in Distributable Earnings if Fortress had exercised all of its in-the-money options it holds in the publicly traded permanent capital vehicles and sold all of the resulting shares at their March 31, 2015 closing price and differs from the fair value derived from option pricing models included in the table above.

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