

Fortress Investment Group LLC

Earnings Supplement

Second Quarter 2015



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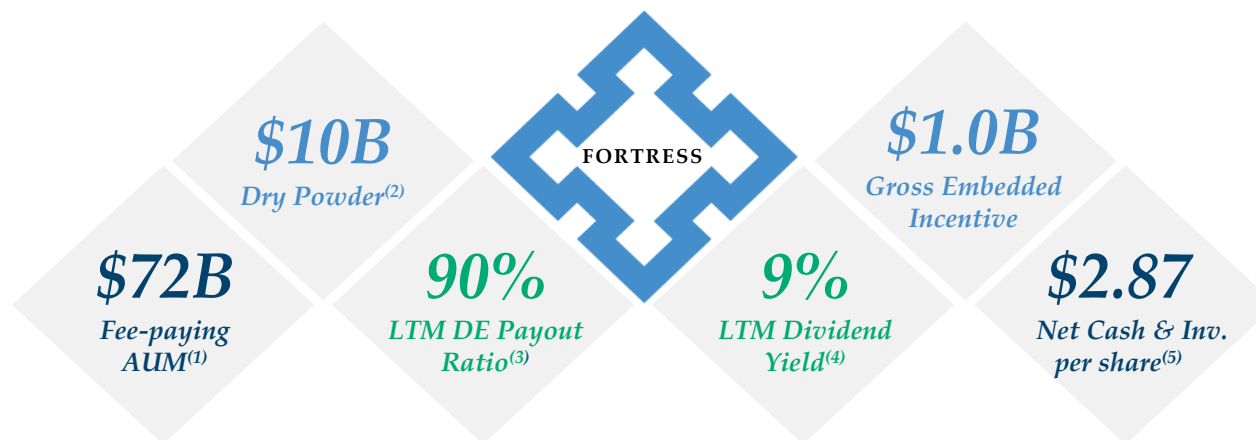
Past performance. In all cases where historical performance is presented, please note that past performance is not a reliable indicator of future results and should not be relied upon as the basis for making an investment decision.

Non-GAAP Financial Data Information. Distributable Earnings ("DE") is the primary metric used by management to measure Fortress's operating performance. Consistent with GAAP, DE is the sole measure that management uses to manage, and thus report on, Fortress's segments. DE differs from GAAP net income in a number of material ways. For a detailed description of the calculation of pre-tax DE and fund management DE, see Appendix slide #3a. Fortress aggregates its segment results to report consolidated segment results, as shown in Slide 3. The consolidated segment results are non-GAAP financial information. Consolidated segment results should not be considered a substitute for Fortress's consolidated GAAP results. See Appendix Slide #3 for reconciliations of the components of Fortress's consolidated segment results to the comparable GAAP measures. Fortress also uses weighted average dividend paying shares and units outstanding (used to calculate pre-tax DE per dividend paying share) and net cash and investments. See Appendix Slide #4 for reconciliations of these measures to the comparable GAAP measures.

Fortress Overview

Fortress Investment Group LLC (NYSE: FIG) is a highly diversified, global investment manager: \$72.0 billion of fee-paying AUM⁽¹⁾ managed on behalf of over 1,600 investors worldwide

- **Three large, established core alternatives businesses:**
 - Credit PE and Credit Hedge Funds, Private Equity Funds, Liquid Hedge Funds
- **A fast-growing, high-multiple permanent capital business:**
 - Six public externally managed permanent capital vehicles (“PCVs”) across various sectors
- **A highly scalable, high-multiple traditional asset management business (Logan Circle)**



(1) AUM includes \$3.9 billion related to Affiliated Managers – see slide 14.

(2) Includes \$3.0 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 15% for 1H 2015.

(4) Based on LTM dividends of \$0.62 per share and FIG stock price as of July 29, 2015.

(5) Net Cash & Investments, which is a non-GAAP financial measure, means cash & cash equivalents plus investments less debt outstanding. For a reconciliation of GAAP Book Value to Net Cash & Investments see appendix slide #5.

2Q and 1H 2015 Highlights

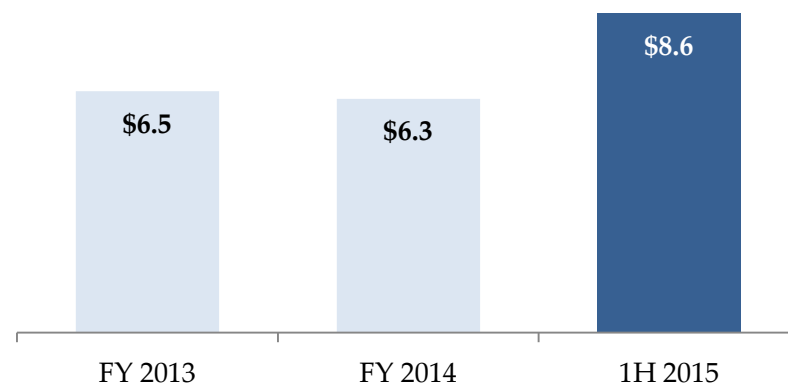
- **Strong financial performance:**
 - Pre-tax DE of \$137 million, or \$0.30 per share, for the second quarter 2015⁽¹⁾
 - Generated \$183 million of gross incentive income in the quarter, including a record \$74 million from the PCVs
- **Robust fundraising activity:**
 - Raised \$3.2 billion of alternative capital in 2Q 2015 and \$8.6 billion of alternative capital in 1H 2015
 - 1H 2015 fundraising includes \$5.6 billion raised for next-gen Credit PE funds and \$2.4 billion for PCVs
- **Continued momentum in Permanent Capital business**
 - \$62 million of PCV pre-tax DE in second quarter 2015
 - \$6.9 billion of PCV AUM represents 18% of total alternative AUM

Quarter-over-Quarter Financial Results⁽¹⁾ (millions)

	2Q 2015	1Q 2015	QoQ Δ
Segment Revenues			
Management Fees	\$144	\$139	+4%
Incentive Income	\$183	\$51	+259%
Pre-Tax DE	\$137	\$55	+149%
Pre-Tax DE per share	\$0.30	\$0.12	+150%

Alternative Capital Raised (billions)

Raised 37% more alt. capital in 1H 2015 than all of 2014



(1) Fortress aggregates its segment results to report consolidated segment results. The consolidated segment results are non-GAAP financial information. Please see Appendix slide #3 for reconciliations of the components of consolidated segment results to the comparable GAAP measures.

Fortress Today

FIG offers investors an attractive dividend yield, high payout ratio, a best-in-class Credit franchise, a growing Permanent Capital franchise and a substantially outsized balance sheet

1 Dividend Yield⁽¹⁾

9%

Peers trade at
avg. yield of
~7%

2 Payout Ratio⁽²⁾

90%

Avg. peer payout
ratio of
~85%

3 Credit Franchise

\$16B

Credit incentive-
eligible NAV above
HWMs

4 PCV Franchise

18%

of alt. AUM
in permanent
capital

5 Oversized B/S⁽³⁾

40%

Balance sheet value
as a % of FIG
stock price

Core Alternative Businesses

Fee-Paying AUM ⁽⁵⁾	\$31.5 bn
Management Fee Rate	1.0% - 2.0%
Incentive Fee Rate ⁽⁶⁾	10% - 25%

Permanent Capital Business⁽⁴⁾

Fee-Paying AUM	\$6.9 bn
Management Fee Rate	1.3% - 1.5%
Incentive Fee Rate ⁽⁶⁾	10% - 25%

Traditional Fixed Income Business

Fee-Paying AUM	\$33.6 bn
Avg. Management Fee Rate	0.2%
Incentive Fee Rate	-

(1) Based on LTM dividends of \$0.62 per share and FIG stock price as of July 29, 2015. Peer average yield based on FIG estimates.

(2) LTM payout ratio based on full year tax rate of 19% for FY 2014 and estimated tax rate of 15% for 1H 2015. Peer average payout ratio based on FIG estimates.

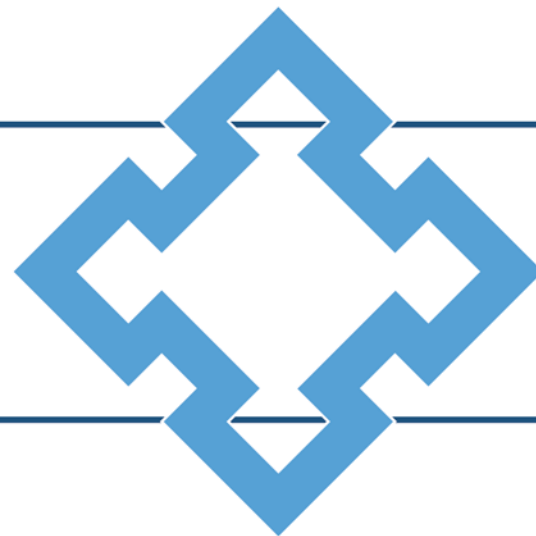
(3) Based on net cash & investments of \$2.87 per share and FIG's stock price as of July 29, 2015. Net Cash & Investments, which is a non-GAAP financial measure, means cash & cash equivalents plus investments less debt outstanding. For a reconciliation of GAAP Book Value to Net Cash & Investments see appendix slide #5.

(4) The terms of each Permanent Capital Vehicle's management agreement vary, and the description of the fee structure above has been simplified for illustrative purposes. We encourage you to review the actual terms of the management agreements, which are filed as exhibits to the reports filed by the Permanent Capital Vehicles with the Securities and Exchange Commission and described in more detail therein.

(5) AUM includes \$3.9 billion related to Affiliated Managers – see slide 14.











(6) Incentive income is subject to the fund/strategy achieving a specified performance threshold.

Permanent Capital Update



Why We Like Permanent Capital

- **Highly attractive external manager economics with three drivers of revenue/value⁽¹⁾:**
 - As Permanent Capital manager, Fortress generally earns (1) management fees equal to 1.5% of the company's equity, (2) 25% of earnings in excess of a 10% hurdle and (3) options equal to 10% of new equity raised
- **Significant opportunities to capture small market share in enormous, addressable markets and still be very large**
 - Total PCV market cap of **\$7.6 billion** today; market caps of largest peers total over **\$140 billion**

Public Company	Ticker	Market Cap ⁽²⁾	Investments	Addressable Market ⁽³⁾	"Largest Peer" Market Cap. ⁽²⁾	
 NEW RESIDENTIAL INVESTMENT CORP.	NRZ	\$3.5 bn	MSRs & Related Assets	\$20 tn	 Annaly Capital Management, Inc. \$9 bn	
 NEWCASTLE INVESTMENT CORP.	NCT	\$0.3 bn	CRE-Related & Golf	\$7 tn	 STARWOOD PROPERTY TRUST \$5 bn	
 New Senior Investment Group	SNR	\$1.1 bn	Healthcare REIT	\$300 bn	HEALTHCARE REIT \$24 bn	
 NEWMEDIA INVESTMENT GROUP	NEWM	\$0.7 bn	Local Print & Digital Media	\$35 bn	 GANNETT \$2 bn	
 EUROCASTLE	ECT	\$0.6 bn	Italian NPLs	\$190 - \$250 bn	 unibail-rodamco \$24 bn	
 FORTRESS TRANSPORTATION & INFRASTRUCTURE	FTAI	\$1.3 bn	Transportation & Infrastructure	\$3 tn	KINDER MORGAN \$78 bn	
Fortress PCVs ->		\$7.6 bn	Addressable Market ->		\$30 tn	Peers -> \$142 bn

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(2) Market Cap based on stock prices as of July 29, 2015.

(3) Based on FIG estimates.

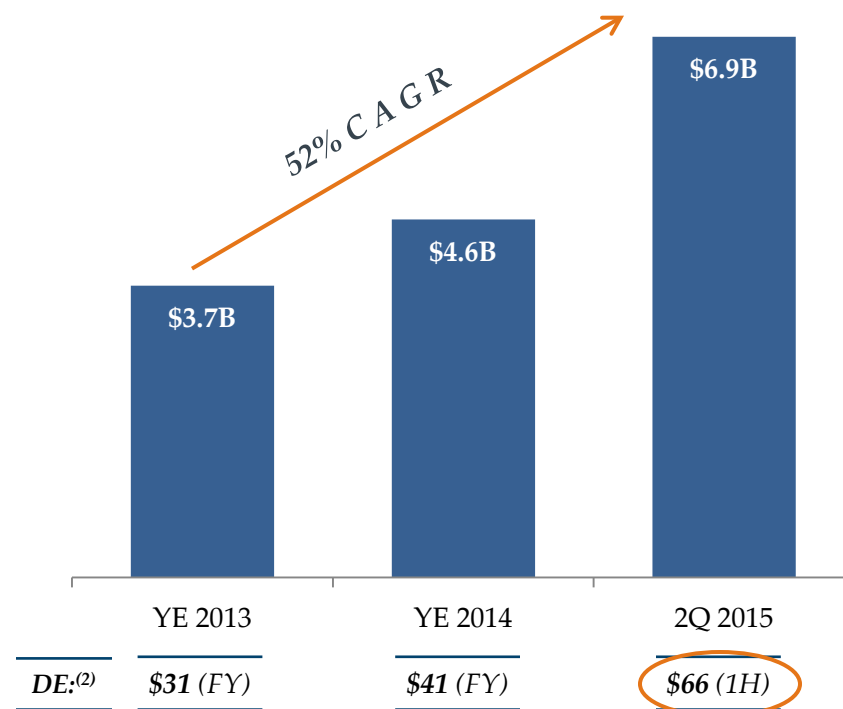
Robust Investment Activity Feeds Permanent Capital AUM Growth

\$6.9 billion of Permanent Capital fee-paying AUM, up nearly 90% since YE 2013

1H 2015 Capital Activity (billions)

	Activity	Date	Amount ⁽¹⁾
	HLSS	Apr, Jun	\$1.3B
	IPO/Fund Raises	May	\$0.6B
	UniCredit	Apr	\$0.3B
	Holiday Portfolio	Jun	\$0.3B
	Stephens Media	Jan	\$0.2B
Total			\$2.7B

PCV AUM (billions) and Earnings Growth (millions)



(1) Reflects equity raised by NRZ, ECT, SNR and NEWM. Reflects equity raised by FTAI in connection with its IPO and capital called pre-IPO.

(2) Reflects Pre-Tax Distributable Earnings.

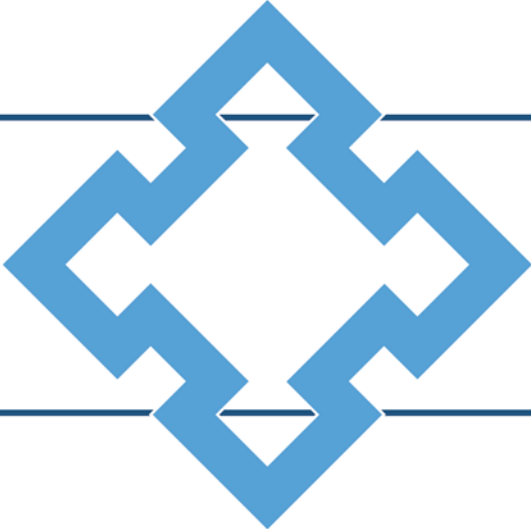
Permanent Capital Economics – Illustrative Example⁽¹⁾

- Target permanent capital AUM growing to **\$10 - \$15 billion⁽²⁾**
- Implied pre-tax DE range of **\$114 - \$404 million, or \$0.25 - \$0.89 per share⁽³⁾**
- Economies of scale** expected with AUM growth

(millions)	Current AUM: \$7 billion		Target AUM: \$10 billion⁽²⁾		Target AUM: \$15 billion⁽²⁾	
Assumed Rate of Return⁽⁴⁾	14%	20%	14%	20%	14%	20%
<u>Assumed Revenues:</u>						
Management Fees ⁽⁵⁾	\$105	\$105	\$150	\$150	\$225	\$225
Incentive Income ⁽⁶⁾	\$70	\$175	\$100	\$250	\$150	\$375
Total Revenues	\$175	\$280	\$250	\$400	\$375	\$600
<u>Assumed Expenses:</u>						
Total Expenses⁽⁷⁾	\$(105)	\$(126)	\$(136)	\$(166)	\$(151)	\$(196)
<u>Illustrative Earnings:</u>						
Pre-tax DE⁽¹⁾	\$70	\$154	\$114	\$234	\$224	\$404
Pre-tax DE/share⁽³⁾	\$0.15	\$0.34	\$0.25	\$0.52	\$0.49	\$0.89

*Please see Endnotes on Appendix slide #6 (pg. 24) related to the information presented above.

Segment Overview



Private Equity Funds

- **Fund V NAV up 16% in first half of 2015**
 - 1H 2015 gains primarily driven by a 27% increase in Springleaf's (NYSE: LEAF) stock price
 - Based on public company valuations as of July 24, 2015, Fund V valued above its HWM with a gross multiple of 1.9x
- **Overall portfolio valuation gains of 13% annualized since beginning of 2009 through second quarter of 2015**
 - Nearly \$12 billion of value creation since trough in 1Q 2009
- **Expectations for increased balance sheet realization activity and distributions in the near-term**
 - \$373 million of embedded gains that would be recognized in DE if PE-related investments were liquidated at 2Q 2015 values

Financial Results (\$ millions)	2Q 2015	1Q 2015	2Q 2014	1H 2015	1H 2014
Segment Revenues	29	29	37	58	74
Segment Expenses	(15)	(14)	(11)	(29)	(23)
Fund Management DE	14	15	26	29	51
Net Investment Income	-	-	91	-	95
Pre-Tax DE	14	15	117	29	146
Fee-Paying AUM	9,587	10,179	9,810	9,587	9,810

PE Fund (vintage)	Fund NAV	Gross Multiple ⁽¹⁾	Select Investments
Fund I (1999)	Liquidated	3.0x	
Fund II (2002)	In Liquidation	1.8x	
Fund III (2004)	\$0.9bn	1.2x	NSM
Fund IV (2006)	\$2.2bn	1.1x	NSM, Holiday, Florida ⁽²⁾
Fund V (2007)	\$5.3bn	1.8x	LEAF, Florida ⁽²⁾
Total Main PE Funds	\$8.5bn	1.6x	

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

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

Permanent Capital Vehicles

- **Record quarterly capital raise of \$2.3 billion drives Permanent Capital AUM to all-time high of \$6.9 billion**
 - \$2.4 billion of capital raised in 1H 2015 represents more capital raised by the PCV segment than any full year in our history
 - Completed FTAI IPO marks the fourth new publicly traded permanent capital vehicle launched in the last two years
- **Record quarterly pre-tax DE of \$62 million driven by \$74 million of gross incentive income**
 - Exercise and sale of in-the-money NRZ options resulted in \$57 million of gross incentive income in the quarter
- **Attractive current run-rate earnings with tremendous growth potential**

Financial Results (\$ millions)	2Q 2015	1Q 2015	2Q 2014	1H 2015	1H 2014
Segment Revenues	97	22	38	119	58
Segment Expenses	(25)	(18)	(23)	(43)	(37)
Fund Management DE	61	4	13	65	18
Net Investment Income	1	-	1	1	1
Pre-Tax DE	62	4	14	66	19
Fee-Paying AUM	6,948	4,622	4,021	6,948	4,021

(millions)	AUM	Above Incentive Income Threshold ⁽¹⁾
New Residential	\$2,724	✓
New Media	\$637	✓
Eurocastle	\$626	✓
Fortress Transportation & Infrastructure	\$1,192	~\$2mm gain needed to cross incentive threshold ⁽²⁾
New Senior	\$1,089	~\$1mm gain needed to cross incentive threshold ⁽²⁾
Newcastle	\$680	n/a
Total	\$6,948	

(1) For each permanent capital vehicle, reflects the respective hurdle as of June 30, 2015 and the respective applicable supplemental measure of operating performance as of such date.

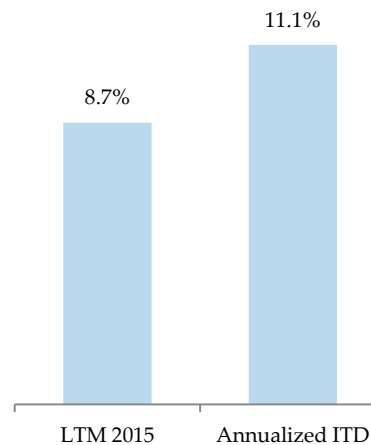
(2) Represents the increase of the permanent capital vehicle's applicable supplemental measure of operating performance needed as of June 30, 2015 for Fortress to earn incentive income on any additional amount. For New Senior, does not account for expected timing of investing the proceeds from the equity offering completed at the end of Q2 2015. For FTAI, relates to the capital gains incentive allocation.

Credit Hedge Funds

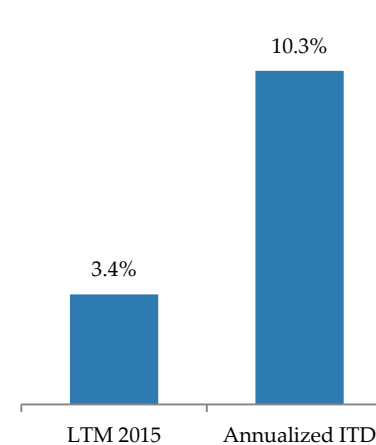
- Continue to deliver outstanding and consistent investment performance
 - 14.7%:** five year annualized net returns for DBSO LP through June 30, 2015 (including 4.6% net returns in 1H 2015)
 - 58:** months over the last five years where DBSO LP has generated positive net returns
- All flagship Credit Hedge Fund NAV valued above HWMs at quarter end
 - \$5.5 billion of incentive-eligible NAV above incentive income thresholds as of second quarter 2015
 - \$50 million of gross incentive income in the quarter and \$121 million in the LTM

Financial Results (\$ millions)	2Q 2015	1Q 2015	2Q 2014	1H 2015	1H 2014
Segment Revenues	79	53	70	132	129
Segment Expenses	(37)	(30)	(37)	(67)	(69)
Fund Management DE	36	21	30	57	52
Net Investment Income	-	1	2	1	3
Pre-Tax DE	36	22	32	58	55
Fee-Paying AUM	6,244	6,271	6,084	6,244	6,084

DBSO LP Net Returns⁽¹⁾
\$4.4B of AUM



DBSO Ltd Net Returns⁽¹⁾
\$1.4B of AUM



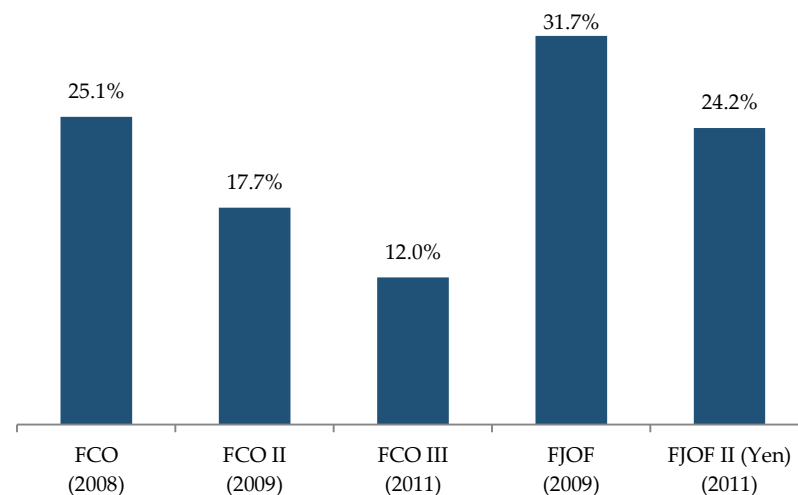
(1) For additional investment performance disclosure please see Appendix slide #2

Credit Private Equity Funds

- **Uptick in realization activity drove sharp increase in earnings**
 - \$60 million of gross incentive income in the quarter and \$259 million in the LTM
- **Continued LP demand for next-generation flagship Credit PE and Real Estate funds**
 - Closed next-generation flagship Real Estate fund, Fortress Real Estate Opportunities Fund II, at its cap of \$1.0 billion
 - Raising capital for next-generation flagship Japan Real Estate fund; expect to reach targeted cap by end of 2015
- **Substantial embedded value points to potential earnings upside**
 - \$874 million of gross unrecognized incentive income, 97% of which resides in later vintage funds out of their investment period
- **\$8.1 billion of uncalled capital that would generate management fees if invested⁽¹⁾**

Financial Results (\$ millions)	2Q 2015	1Q 2015	2Q 2014	1H 2015	1H 2014
Segment Revenues	90	51	36	141	127
Segment Expenses	(60)	(44)	(33)	(104)	(94)
Fund Management DE	29	6	3	35	32
Net Investment Income	3	1	-	4	4
Pre-Tax DE	32	7	3	39	36
Fee-Paying AUM	8,247	7,563	6,898	8,247	6,898

Annualized Net Returns Since Inception⁽²⁾



(1) Includes \$2.9 billion that is only available for follow-on investments, management fees and other fund expenses.

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

Liquid Markets

- A business with substantial performance-driven upside potential, demonstrated in majority of years since inception
- Completed restructuring of core Macro fund complex
 - Single CIO structure moves all risk-taking to Fortress Principal Mike Novogratz, the largest P&L contributor and risk-taker since strategy's inception in 2002
 - Simplified and streamlined research and investment process
 - Maintains the core research and risk-management team to support a robust investment process
- Nearly \$4 billion of AUM on Affiliated Manager platform⁽¹⁾
 - \$8 million of earnings from Affiliated Managers in first half of 2015

Financial Results ⁽¹⁾ (\$ millions)	2Q 2015	1Q 2015	2Q 2014	1H 2015	1H 2014
Segment Revenues	18	22	38	40	71
Segment Expenses	(24)	(25)	(31)	(49)	(56)
Fund Management DE ⁽²⁾	(7)	6	6	(1)	14
Net Investment Income	1	3	1	4	2
Pre-Tax DE	(6)	9	7	3	16
Fee-Paying AUM	7,377	7,838	7,867	7,377	7,867

Liquid Hedge Fund	Investment Focus/Strategy	AUM ⁽⁴⁾
Fortress Macro Funds ⁽⁴⁾	▪ Global Macro	\$2.5bn
Fortress Partners Funds	▪ Endowment-Style	\$0.5bn
Fortress Convex Asia Funds	▪ Volatility-Based	\$0.2bn
Fortress Centaurus Global Funds	▪ Global, Equity Biased Event Driven	\$0.2bn
Affiliated Managers ⁽¹⁾	▪ Asia Macro	\$3.9bn

(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 \$3.9bn of AUM as of 2Q 2015.

(2) Includes \$(1) million and \$9 million of earnings from Affiliated Managers for 2Q 2015 and 1Q2015, respectively.

(3) Fee-paying AUM as of June 30, 2015.

(4) Includes \$0.2 billion of AUM for Drawbridge Global Macro Funds as of 2Q 2015.

Logan Circle

- **AUM at a profitability breakeven point: expect high incremental margins with AUM growth going forward**
- **Continue to extend track record of outperformance vs. benchmarks**
 - In the first half of 2015, all 16 Logan Circle fixed income strategies outperformed respective benchmarks
 - Since inception, 15 of 16 strategies have outperformed their respective benchmarks and as of quarter end, seven of which were ranked in the top quartile of performance for their competitor universe
- **Exceptional investment performance drives significant institutional investor demand**
 - Net client inflows of \$1.6 billion in the first half of 2015 and \$7.1 billion in the last 18 months

Financial Results (\$ millions)	2Q 2015	1Q 2015	2Q 2014	1H 2015	1H 2014
Segment Revenues	14	13	11	27	22
Segment Expenses	(14)	(14)	(13)	(28)	(26)
Fund Management DE	-	(1)	(2)	(1)	(4)
Net Investment Income	-	-	1	-	1
Pre-Tax DE	-	(1)	(1)	(1)	(3)
Fee-Paying AUM	33,564	33,416	29,133	33,564	29,133

Illustrative Example ⁽¹⁾ (\$ millions)	Assumed Logan Circle AUM ⁽²⁾		
	\$40,000	\$50,000	\$60,000
Assumed Mgmt Fee Rate (bps) ⁽³⁾	16	16	16
Annual Management Fees	\$64	\$80	\$96
Assumed Operating Margin	12.5%	25.0%	35.0%
Annual Operating Expenses ⁽⁴⁾	\$(56)	\$(60)	\$(62)
Illustrative Earnings:			
Pre-Tax DE	\$8	\$20	\$34
Pre-Tax DE per share ⁽⁵⁾	\$0.02	\$0.04	\$0.07

(1) The hypothetical assumptions for AUM, management fees, operating expenses and pre-tax distributable earnings are presented solely for illustrative purposes and actual results could differ materially.

(2) AUM figures presented assume additional net client inflows and there can be no assurance as to the occurrence or the timing of such events, which are subject to a variety of factors outside of Fortress's control.

(3) Based on average management fee rate as of June 30, 2015

(4) Actual expenses may vary materially.

(5) Based on 454 million dividend paying shares outstanding as of June 30, 2015.

Balance Sheet Value: Significant Implications for DE & Dividends

- Intent to unlock and distribute underappreciated value through balance sheet monetizations and distributions
 - \$300 – \$500 million: “maintenance” balance sheet; potentially one quarter of current size
 - \$1.80 to \$2.20 per share⁽¹⁾: implied potential distributions (assuming no further appreciation)
 - \$538 million: embedded gains that would be recognized in DE if investments were liquidated at 2Q 2015 values

Current State: \$1.3 Billion

(\$ millions)	Remaining Expected Life - by Fund Maturity			
	< 3 Years	> 3 Years	Other	Total
Cash & Cash Equivalents	234	-	-	234
Direct Equity/Other	-	-	29	29
PE Investments	641	3	15	659
Credit PE Investments	12	184	-	196
Hedge Fund Investments ⁽²⁾	-	-	236	236
Other Investments	-	-	25	25
Total Cash & Investments	887	187	305	1,379
Less: Debt Outstanding	(75)	-	-	(75)
Net Cash & Investments⁽³⁾	812	187	305	1,304
Per Share⁽¹⁾	\$1.79	\$0.41	\$0.67	\$2.87

50% of balance sheet investment value resides in our four largest PE investments: Florida⁽⁴⁾, Springleaf, Holiday, Nationstar

Potential Future State: \$0.3bn to \$0.5bn

(per share) ⁽¹⁾	Low	High
Current State	\$2.87	\$2.87
Potential Future State	~\$0.67	~\$1.07
Available for Distribution	\$2.20	\$1.80

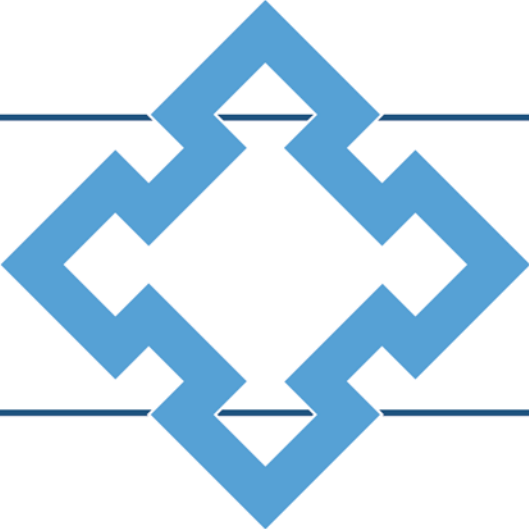
(1) Based on 454 million dividend paying shares outstanding as of June 30, 2015.

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

(3) Net Cash & Investments, which is a non-GAAP financial measure, means cash & cash equivalents plus investments less debt outstanding. For a reconciliation of GAAP Book Value to Net Cash & Investments see appendix slide #5.

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

Appendix



Appendix Slide #1: Consolidated Results

Pre-tax DE of \$192 million, or \$0.42 per dividend paying share, for 1H 2015

Distributable Earnings (\$ millions)⁽¹⁾

 FORTRESS	2Q 2015	1Q 2015	2Q 2014	1H 2015	1H 2014
Management Fees	144	139	152	283	299
Incentive Income	183	51	78	234	182
Segment Revenues	327	190	230	517	481
Operating Expenses	(121)	(115)	(109)	(236)	(213)
Profit Sharing Expenses	(54)	(30)	(39)	(84)	(92)
Segment Expenses	(175)	(145)	(148)	(320)	(305)
Earnings From Affiliated Managers	(1)	9	-	8	-
Principal Performance Payments	(18)	(3)	(6)	(21)	(13)
Fund Management DE	133	51	76	184	163
Net Investment Income	4	4	96	8	105
Pre-Tax DE	137	55	172	192	268
per dividend paying share	\$0.30	\$0.12	\$0.39	\$0.42	\$0.59

(1) Segment Revenues, Segment Expenses, Fund Management Distributable Earnings and Pre-Tax Distributable Earnings are non-GAAP financial measures described in Fortress's second 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				Full Year 2014	Three Months Ended		Six Months Ended June 30, 2015
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014		March 31, 2015	June 30, 2015	
GAAP Net Income (Loss)	\$ 9	\$ 73	\$ 17	\$ 141	\$ 240	\$ 87	\$ 5	\$ 92
Principals' and Others' Interests in (Income) Loss of Consolidated Subsidiaries	(6)	(42)	(13)	(79)	(140)	(52)	(2)	(54)
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	\$ 3	\$ 38
Private Equity incentive income (including private permanent capital vehicle)	37	(8)	36	29	94	3	19	22
Hedge Fund, PCV and Logan Circle incentive income	30	26	21	(77)	-	23	80	103
Reserve for clawback	2	-	-	-	2	-	-	-
Distributions of earnings from equity method investees	9	47	6	10	72	4	9	13
Losses (earnings) from equity method investees	(17)	(20)	(38)	7	(68)	(27)	33	6
Losses (gains) on options	5	1	23	1	30	(32)	9	(23)
Losses (gains) on other Investments	5	42	(16)	(17)	14	(1)	(5)	(6)
Impairment of investments	-	-	(3)	-	(3)	(3)	-	(3)
Adjust income from the receipt of options	-	(1)	(5)	-	(6)	(4)	(21)	(25)
Gain on transfer of Graticule	-	-	-	-	-	(134)	-	(134)
Amortization of intangible assets and impairment of goodwill	-	-	-	-	-	-	-	-
Employee, Principal and director compensation	12	6	6	12	36	20	6	26
Adjust non-controlling interests related to Fortress Operating Group units	5	40	11	78	134	52	1	53
Tax receivable agreement liability reduction	-	-	4	29	33	-	8	8
Adjust income taxes	6	8	3	(10)	7	18	(5)	13
Adjust transfer of interest in Graticule	-	-	-	-	-	101	-	101
Pre-tax Distributable Earnings	\$ 97	\$ 172	\$ 55	\$ 123	\$ 446	\$ 55	\$ 137	\$ 192
Investment Loss (income)	(10)	(97)	11	(14)	(109)	(5)	(4)	(9)
Interest Expense	-	1	1	1	3	1	-	1
Fund Management DE	\$ 87	\$ 76	\$ 67	\$ 110	\$ 340	\$ 51	\$ 133	\$ 184
GAAP Revenues	\$ 237	\$ 270	\$ 243	\$ 455	\$ 1,205	\$ 227	\$ 308	\$ 535
Adjust management fees	-	-	-	(1)	(1)	(1)	1	-
Adjust incentive income	69	17	57	(47)	96	27	100	127
Adjust income from the receipt of options	-	(1)	(5)	-	(6)	(4)	(21)	(25)
Other revenues	(55)	(56)	(57)	(65)	(233)	(59)	(61)	(120)
Segment Revenues	\$ 251	\$ 230	\$ 238	\$ 343	\$ 1,062	\$ 190	\$ 327	\$ 517
GAAP Expenses	\$ 231	\$ 216	\$ 235	\$ 310	\$ 992	\$ 329	\$ 258	\$ 587
Adjust interest expense	-	(1)	(1)	(1)	(3)	(1)	-	(1)
Adjust employee, Principal and director compensation	(12)	(6)	(3)	(3)	(24)	(18)	(2)	(20)
Adjust amortization of intangible assets and impairment of goodwill	-	-	-	-	-	-	-	-
Adjust expense reimbursements from affiliates and non-affiliates	(54)	(52)	(55)	(70)	(231)	(59)	(61)	(120)
Adjust Principal Performance Payments	(9)	(9)	(9)	(15)	(42)	(5)	(20)	(25)
Adjust transfer of interest in Graticule	-	-	-	-	-	(101)	-	(101)
Other	-	-	(1)	1	-	-	-	-
Segment Expenses	\$ 157	\$ 148	\$ 166	\$ 221	\$ 692	\$ 145	\$ 175	\$ 320

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 June 30, 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. Fund management DE is comprised of “Pre-tax Distributable Earnings” excluding “Investment Income (Loss)” 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 June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Weighted Average Class A Shares Outstanding (Used for Basic EPS)	216,183,181	207,783,751	215,985,577	212,328,315
Weighted average fully vested restricted Class A share units with dividend equivalent rights	(3,717,045)	(1,431,885)	(5,464,698)	(2,653,378)
Weighted average fully vested restricted Class A shares	(780,497)	(1,000,310)	(810,412)	(986,867)
Weighted Average Class A Shares Outstanding	211,685,639	205,351,556	209,710,467	208,688,070
Weighted average restricted Class A shares ¹	780,497	1,000,310	810,412	986,867
Weighted average fully vested restricted Class A share units which are entitled to dividend equivalent payments	3,717,045	1,431,885	5,464,698	2,653,378
Weighted average unvested restricted Class A share units which are entitled to dividend equivalent payments	11,159,183	7,513,984	9,761,060	6,763,630
Weighted average Fortress Operating Group units	226,331,513	226,331,513	226,331,513	236,074,150
Weighted Average Class A Shares Outstanding (Used for DEPS)	453,673,877	441,629,248	452,078,150	455,166,095
Weighted average vested and unvested restricted Class A share units which are not entitled to dividend equivalent payments	13,416,141	13,418,337	12,564,428	12,932,088
Weighted Average Fully Diluted Shares and Units Outstanding (Used for Diluted DEPS)	467,090,018	455,047,585	464,642,578	468,098,183

“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 June 30, 2015		As of December 31, 2014	
	GAAP Book Value	Net Cash and Investments	GAAP Book Value	Net Cash and Investments
Cash and Cash equivalents	\$ 233,912	\$ 233,912	\$ 391,089	\$ 391,089
Investments	1,144,597	1,144,597	1,121,545	1,121,545
Investments in options ¹	60,950	-	71,844	-
Due from Affiliates	188,051	-	326,575	-
Deferred Tax Asset, net	415,915	-	417,623	-
Other Assets	165,531	-	173,708	-
Total Assets	2,208,956	1,378,509	2,502,384	1,512,634
Debt Obligations Payable	75,000	75,000	\$ 75,000	75,000
Accrued Compensation and Benefits	181,967	-	374,709	-
Due to Affiliates	372,660	-	375,424	-
Deferred Incentive Income	326,338	-	304,526	-
Other Liabilities	90,430	-	88,053	-
Total Liabilities	1,046,395	75,000	1,217,712	75,000
Less: Redeemable Non-controlling Interests	19	-	1,717	-
Net	\$ 1,162,542	\$ 1,303,509	\$ 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	214,985	214,985	207,490	207,490
Restricted Class A Shares	688	688	1,045	1,045
Fortress Operating Group Units	226,332	226,332	226,332	226,332
Fully Vested Class A Shares - Dividend Paying	-	554	-	194
Unvested Class A Shares - Dividend Paying	-	11,159	-	7,002
Shares Outstanding	442,005	453,718	434,867	442,063
Per Share	\$ 2.63	\$ 2.87	\$ 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 \$38 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 permanent capital vehicles and sold all of the resulting shares at their June 30, 2015 closing price and differs from the fair value derived from option pricing models included in the table above.

Appendix Slide #6: Endnotes Related to Page 8

Please reference the disclaimers beginning on pg. 1 of the Presentation.

- (1) The hypothetical assumptions for AUM, rates of return, management fees, incentive income, expenses and pre-tax distributable earnings are presented solely for illustrative purposes and actual results could differ materially.
- (2) Target AUM amounts assume additional equity raises by existing permanent capital vehicles as well as the establishment of one or more additional permanent capital vehicles, and there can be no assurance as to the occurrence or the timing of such events, which are subject to a variety of factors outside of Fortress's control, including, but not limited to, the stock prices of the existing permanent capital vehicles and the ability of the permanent capital vehicles to identify accretive investments.
- (3) Based on 454 million dividend paying shares outstanding as of June 30, 2015.
- (4) Assumed rate of return represents the permanent capital vehicles' weighted average returns in aggregate, before payment of fees to Fortress, as a percentage of AUM. The dollar amount corresponding to the assumed rate of return (the "Assumed Return Dollar Amount") is calculated as the product of the (i) the assumed rate of return multiplied by (ii) the current or targeted AUM, as applicable. There can be no assurance that the permanent capital vehicles will achieve returns that represent a rate of return on AUM equal to the assumed rate of return shown in this illustrative example, and actual results could differ materially. Assumed rates of return presented are higher than the actual rate of return of some permanent capital vehicles for certain historical periods.
- (5) For purposes of simplification, management fee amounts represent the product of (i) management fee rate for each of the permanent capital vehicles, which is 1.5%, multiplied by (ii) the current or targeted AUM, as applicable. The calculation of management fees for certain permanent capital vehicles differs from the foregoing calculation.
- (6) For purposes of simplification, incentive income amounts in this illustrative example represent 25% of the Assumed Return Dollar Amount in excess of the incentive income hurdle. The incentive income hurdle is assumed to be 10% of the current or targeted AUM, as applicable. For example, given an assumed rate of return of 14% and current AUM of \$7 billion, the Assumed Return Dollar Amount is \$980 million, the hurdle is equal to \$700 million, the Assumed Return Dollar Amount is equal to \$280 million, and the incentive income amount is equal to \$70 million. The calculation of incentive income for certain permanent capital vehicles differs from the foregoing calculation.
- (7) Assumes the total expenses as a percentage of total revenues of 1.5%, 1.4% and 1.0% at assumed returns of 14% and 1.8%, 1.7% and 1.3% at assumed returns of 20% for current or targeted AUM of \$7 billion, \$10 billion and \$15 billion respectively. Actual expenses may vary materially.

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