

Fortress Investment Group LLC

Earnings Supplement

Third Quarter 2016



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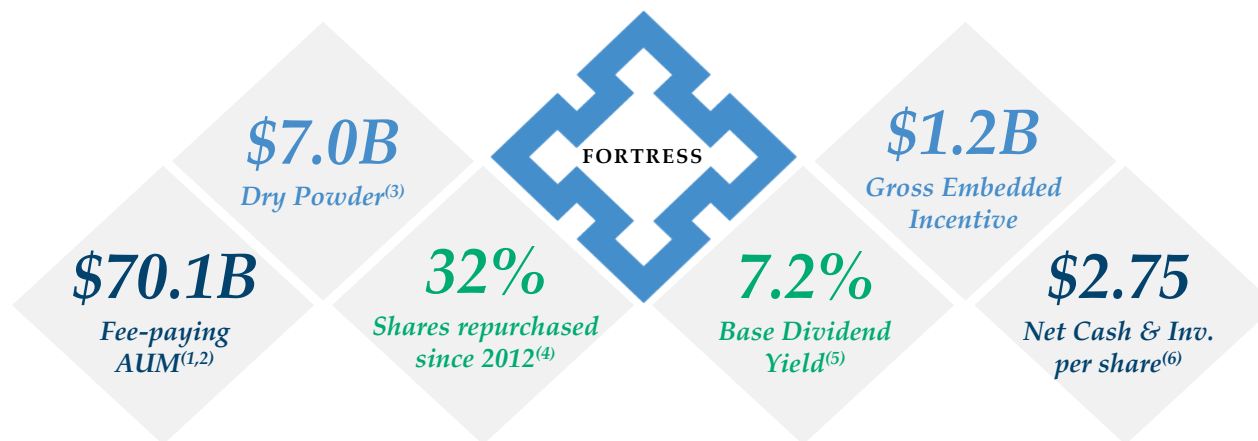
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Non-GAAP Financial Data Information. Distributable Earnings (“DE”) is the supplemental metric used by management to measure Fortress’s operating performance. DE is a measure that management uses to manage, and thus report on, Fortress’s segments. DE 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 Snapshot: 3Q 2016

Fortress Investment Group LLC (NYSE: FIG) is a highly diversified, global investment manager with \$70.1 billion^(1,2) of fee-paying AUM managed on behalf of over 1,750 investors worldwide



Alternative Businesses				Traditional Fixed Income
Credit & Real Estate	Private Equity	Permanent Capital	Liquid Markets	Logan Circle
Distressed assets and securities, special situations, real estate	Control-oriented equity investments	Six externally managed public companies	Equity stake in Affiliated Manager	Actively managed, long-only fixed income
\$18.3bn ⁽¹⁾ of AUM	\$7.1bn of AUM	\$6.8bn of AUM	\$4.5bn ⁽²⁾ of AUM	\$33.4bn of AUM

- (1) Includes \$1.8 billion of AUM related to co-managed funds and \$0.8 billion related to third party originated funds.
- (2) Includes \$4.2 billion of AUM related to the Affiliated Manager.
- (3) Includes \$2.8 billion only available for follow-on investments, management fees and other fund expenses.
- (4) Based on 51.3 million shares repurchased in December 2012, 60.6 million shares repurchased in February 2014, 56.8 million shares repurchased in November 2015 and 4.8 million shares repurchased in March 2016.
- (5) Based on annualized base dividend of \$0.36 per share and FIG's stock price as of November 1, 2016.
- (6) 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.

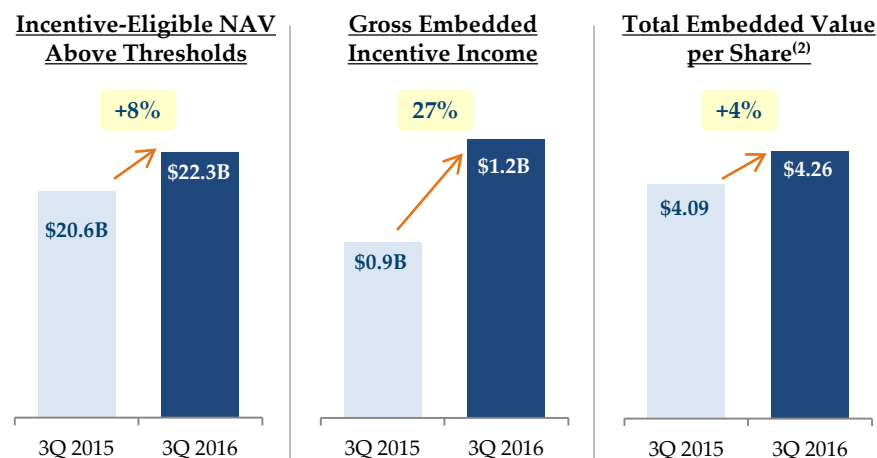
3Q and YTD 2016 Highlights

- **Strong financial performance**
 - Third quarter 2016 pre-tax distributable earnings (“DE”)⁽¹⁾ of **\$0.23 per share, up 53% year-over-year**
 - YTD 2016 pre-tax DE⁽¹⁾ of **\$0.64 per share, up 10% year-over-year**
- **Positive fund performance across Credit and PE funds**
 - **Record \$281 million** of gross incentive income across Credit business YTD, including \$197 million from the Credit PE funds
 - Legacy PE fund valuations appreciated **nearly 9%** in the quarter, driven by gains in largest public company investments
- **~\$4.25 per share⁽²⁾ of embedded value in funds and on balance sheet represents over 85% of current share price⁽³⁾**
 - Net cash & investments up 14% quarter-over-quarter to \$2.75 per share
- **Post quarter end, Fortress’s principals entered into new five-year employment agreements effective as of January 1, 2017**

Quarterly Financial Results⁽⁴⁾ (millions)

	3Q 2016	3Q 2015	QoQ Δ
Incentive Income	\$113	\$70	+61%
Segment Revenues	\$249	\$221	+13%
Pre-Tax DE ⁽¹⁾	\$90	\$69	+30%
Pre-Tax DE per share	\$0.23	\$0.15	+53%

Embedded Value Points to Potential Earnings Growth



(1) Pre-Tax DE is a non-GAAP financial measure described in Fortress’s third quarter 2016 earnings release. For a reconciliation of GAAP Net Income to Pre-Tax DE, please see Appendix slide #3.

(2) Reflects net cash & investments plus net unrecognized incentive income. 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. Net unrecognized incentive income based on gross unrecognized incentive income of \$1.2 billion as of September 30, 2016; assumes profit-sharing margin of 50% and 394 million dividend paying shares outstanding as of September 30, 2016.

(3) Based on FIG’s stock price as of November 1, 2016.

(4) 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.

Strong Performance Across Key Metrics Not Yet Reflected in Valuation

Financial performance and key operating metrics have improved dramatically since 2012, yet FIG shares trade in a similar range at a much lower multiple

(millions)	3Q 2016	YE 2012	% Change
Fee-Paying AUM ⁽¹⁾	\$70,131	\$53,430	+31% ↑
Permanent Capital AUM ⁽²⁾	\$7,372	\$3,660	+101% ↑
Permanent Capital % of Alt. AUM	20%	11%	+82% ↑
Dry Powder	\$7,000	\$6,150	+14% ↑
LTM Management Fees ⁽³⁾	\$566	\$479	+18% ↑
LTM Gross Incentive Income ⁽³⁾	\$440	\$278	+58% ↑
Gross Unrecognized Incentive Income	\$1,193	\$649	+84% ↑
LTM Pre-Tax DE per share ⁽⁴⁾	\$0.94	\$0.52	+81% ↑
Annualized Base Dividend per share	\$0.36	\$0.21	+71% ↑
Dividend Paying Shares Outstanding	394	485	-19% ↓
FIG P/E Multiple ⁽⁵⁾	5.9x	10.4x	-43% ↓

(1) For 3Q 2016, includes \$1.8 billion of AUM related to co-managed funds, \$0.8 billion related to third party originated funds and \$4.2 billion of AUM related to the Affiliated Manager.

(2) Includes \$6.8 billion related to the permanent capital vehicles and \$0.5 billion related to third party originated funds.

(3) 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.

(4) Pre-Tax DE is a non-GAAP financial measure described in Fortress's third quarter 2016 earnings release. For a reconciliation of GAAP Net Income to Pre-Tax DE, please see Appendix slide #3.

(5) For 3Q 2016, reflects FIG's stock price as of November 1, 2016 divided by FY 2017 consensus post-tax DE of \$0.85 per share, sourced from Bloomberg. For YE 2012 reflects FIG's unadjusted stock price as of February 27, 2013 divided by FY 2013 consensus post-tax DE of \$0.60 per share, sourced from Bloomberg.

Demonstrated Commitment to Delivering Lasting Value to Shareholders

Dividend policy calls for distribution of substantially all after-tax earnings in any given year

- Since 2012, completed three opportunistic share repurchases and one “Dutch Auction” self-tender offer, reducing overall share count by **~175 million shares, or 32% of shares outstanding^(1,2,3,4)**
- Increased base quarterly dividend three times in last four years; **current base dividend up 80% compared to 2012**

FIG Shareholder Distributions Since 2012

(per share)	FY 2012	FY 2013	FY 2014	FY 2015	YTD 2016	Total Since 2012
Base Quarterly Dividends	\$0.21	\$0.26	\$0.32	\$0.32	\$0.27	\$1.38
Top-up Dividends	-	-	\$0.48	-	\$0.11	\$0.59
Share Repurchases	\$0.34 ⁽¹⁾	\$0.73 ⁽²⁾	-	\$0.22 ⁽³⁾	\$0.20 ⁽⁵⁾	\$1.49
Total	\$0.55	\$0.99	\$0.80	\$0.54	\$0.58	\$3.46
After-Tax DE⁽⁶⁾	\$0.48	\$0.80	\$0.80	\$0.70	\$0.52	\$3.30
DE Payout %	115%	124%	100%	77%	112%	105%

(1) Repurchased 51.3 million 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 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.

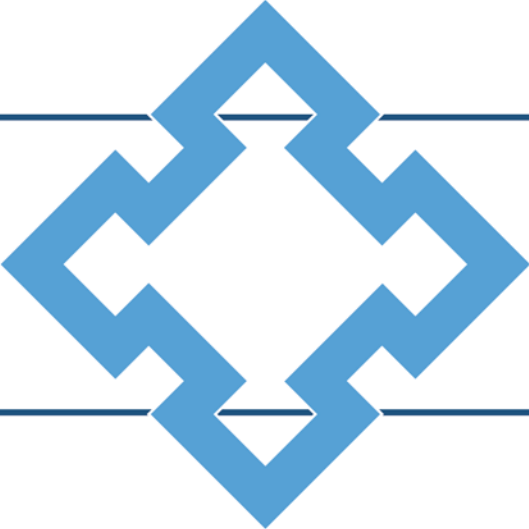
(3) Completed repurchase of 56.8 million shares in November 2015, funded with a \$100 million upfront cash payment and a \$156 million two-year promissory note. 453 million Class A and B shares outstanding at time of purchase.

(4) In March 2016, completed a modified “Dutch auction” self-tender offer and purchased 4.8 million shares for an aggregate purchase price of \$23 million.

(5) In August 2016, paid \$78 million of principal related to a promissory note issued in connection with the share repurchase completed in November 2015 (see FN 3 above).

(6) Based on full year tax rate of 8%, 9%, 19% and 20% for FY 2012, FY 2013, FY 2014, and FY 2015, respectively. Assumes 20% tax rate for YTD 2016.

Segment Overview

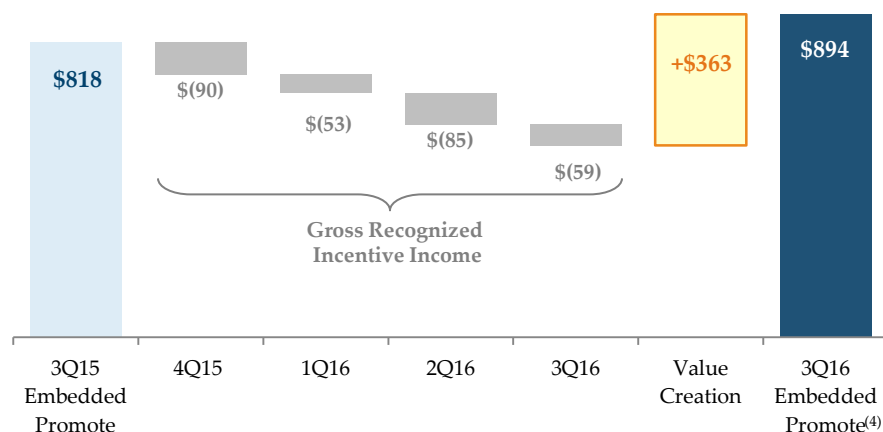


Credit Private Equity Funds

- Third quarter pre-tax DE of \$32 million and YTD pre-tax DE of \$107 million
 - \$59 million of gross incentive income in the quarter and \$197 million of gross incentive income YTD
 - FCO Fund Family annualized net returns since inception of 10% - 24%⁽¹⁾
 - FJOF Family annualized net returns since inception of 25% - 33%⁽¹⁾
- AUM up 13% year-over-year to \$9.5 billion, not including \$6.1 billion⁽²⁾ of dry powder that will generate fees if invested
 - AUM up \$1.1 billion year-over-year despite returning \$1.5 billion of capital to LPs over the LTM
- Substantial embedded value yet to impact earnings
 - \$894 million of gross unrecognized incentive income, approx. 95% of which resides in funds out of their investment period

Financial Results (\$ millions)	3Q 2016	2Q 2016	3Q 2015	YTD 2016	YTD 2015
Segment Revenues	91	116	99	291	240
Expenses ⁽³⁾	(63)	(76)	(66)	(198)	(172)
Fund Management DE	28	40	33	93	68
Net Investment Income	4	7	5	14	9
Pre-Tax DE	32	47	38	107	77
Fee-Paying AUM	9,483	9,243	8,356	9,483	8,356

Credit PE Gross Embedded Promote Roll-Forward



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

(2) Includes \$2.7 billion of capital that is only available for follow-on investments, management fees and other fund expenses.

(3) Includes segment expenses and principal performance payments.

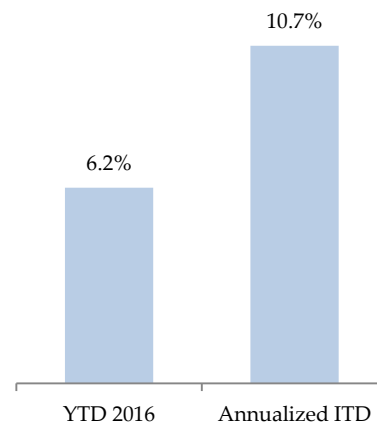
(4) Includes \$16 million of unrealized losses that would have reduced Distributable Earnings if Fortress had settled Japanese Yen foreign exchange derivative contracts used to economically hedge estimated future incentive income it had outstanding as of September 30, 2016.

Credit Hedge Funds

- **Third quarter pre-tax DE nearly tripled year-over year to \$36 million**
 - DBSO LP recorded 2.7% net returns in the quarter which contributed to \$44 million of gross incentive income
 - DBSO LP has generated positive net returns in 30 out of the last 31 quarters
 - 11% annualized inception-to-date net returns for DBSO LP (only one down year since fund's inception in 2002)
 - In October 2016, DBSO was named "Best Credit Fund" with over \$1 billion in AUM by *HFMWeek*
- **100% of main Credit Hedge Fund incentive eligible NAV above incentive income thresholds at quarter end**
 - \$5.9 billion of incentive eligible NAV above incentive income thresholds as of 3Q 2016

Financial Results (\$ millions)	3Q 2016	2Q 2016	3Q 2015	YTD 2016	YTD 2015
Segment Revenues	83	70	38	197	170
Expenses ⁽¹⁾	(49)	(45)	(25)	(124)	(100)
Fund Management DE	34	25	13	73	70
Net Investment Income	2	1	-	3	1
Pre-Tax DE	36	26	13	76	71
Fee-Paying AUM ⁽²⁾	8,804	8,966	9,070	8,804	9,070

DBSO LP Net Returns⁽³⁾
\$4.7B of AUM



Credit Hedge Funds	AUM
DBSO Funds	\$6.0bn
Co-Managed Funds	\$1.8bn
Third Party Originated Funds ⁽⁴⁾	\$0.8bn
Japan Income Fund	\$0.1bn

(1) Includes segment expenses and principal performance payments.
 (2) Includes \$1.8 billion of AUM related to co-managed funds and \$0.8 billion related to third party originated funds.
 (3) For additional investment performance disclosure please see Appendix slide #2.
 (4) Includes the JP Funds and Value Recovery Funds.

Private Equity Funds

- **Main PE Fund valuations increased 9% in the quarter⁽¹⁾, primarily due to NAV appreciation of public company holdings**
 - OneMain (NYSE: OMF) and Nationstar (NYSE: NSM) share prices increased 36% and 32%, respectively, in 3Q 2016
- **Substantial gross embedded incentive income**
 - \$210 million of gross embedded incentive income across Fortress Equity Partners, MSR Funds and Italian NPL Fund
- **Potential for significant near-term proceeds from increased balance sheet realization activity**
 - Nearly \$575 million of PE fund-related investments on balance sheet as of 3Q 2016
 - \$325 million of net embedded gains that would be recognized in DE if PE investments were liquidated at 3Q 2016 values

Financial Results (\$ millions)	3Q 2016	2Q 2016	3Q 2015	YTD 2016	YTD 2015
Segment Revenues	21	26	29	73	87
Expenses ⁽²⁾	(8)	(10)	(13)	(28)	(42)
Fund Management DE	13	16	16	45	45
Net Investment Income	-	1	-	(1)	-
Pre-Tax DE	13	17	16	44	45
Fee-Paying AUM	7,071	6,640	9,195	7,071	9,195

Main PE Fund Performance ⁽¹⁾			
Fund (vintage)	Current NAV	3Q16 MTM Change	Select Investments
Fund III (2004)	\$0.8 bn	+19%	NSM, Seacastle
Fund IV (2006)	\$1.9 bn	+10%	NSM, Holiday, Florida ⁽⁴⁾
Fund V (2007)	\$4.2 bn	+14%	OMF, Florida ⁽⁴⁾
Co-invests ⁽³⁾	\$2.8 bn	0%	
Total	\$9.6 bn	+8.8%	

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

(2) Includes segment expenses and principal performance payments.

(3) Includes Fund III Co, Fund IV Co, Fund V Co, FHIF, FECL, FICO and FFPF.

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

Permanent Capital Vehicles

- **Third quarter pre-tax DE of \$14 million and YTD pre-tax DE of \$41 million**
 - \$10 million of gross incentive income 3Q 2016 and \$26 million of gross incentive income YTD
 - NRZ, NEWM & ECT all generated incentive income in the quarter
- **\$6.8 billion of AUM across six publicly traded vehicles**
 - Raised \$279 million of new equity for NRZ that was directly added to AUM in the quarter
- **\$4.0 billion of incentive eligible NAV above incentive income thresholds at quarter end**
 - \$26 million of gross unrecognized incentive income as of 3Q 2016⁽¹⁾

Financial Results (\$ millions)	3Q 2016	2Q 2016	3Q 2015	YTD 2016	YTD 2015
Segment Revenues	38	41	26	108	145
Expenses ⁽²⁾	(24)	(24)	(18)	(69)	(72)
Fund Management DE	14	17	8	39	73
Net Investment Income	-	1	-	2	1
Pre-Tax DE	14	18	8	41	74
Fee-Paying AUM	6,846	6,644	6,896	6,846	6,896

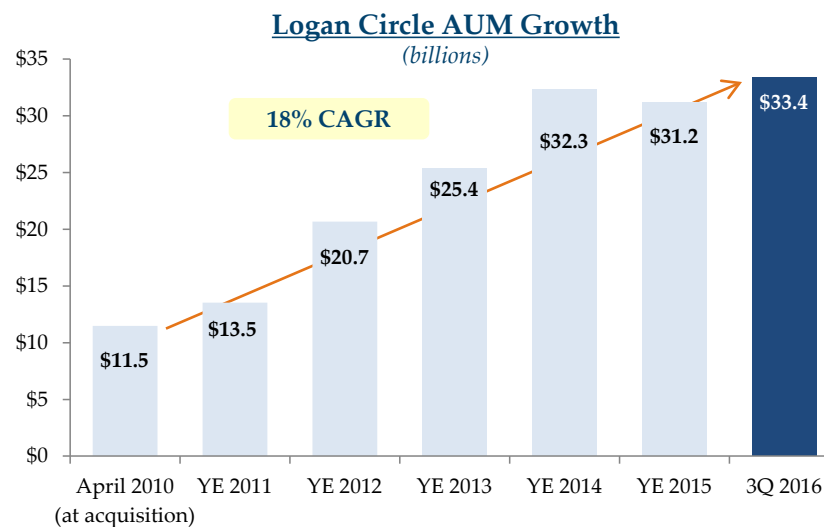
Permanent Capital Vehicle	Investment Focus	Market Cap ⁽³⁾	Largest "Peer" Market Cap ⁽³⁾	Addressable Market ⁽⁴⁾
New Residential (NRZ)	Mortgage Servicing Related Investments	\$3.5bn	NLY: \$10.4bn	\$22tn
Newcastle (NCT)	Real Estate Debt & Golf Business	\$0.3bn	STWD: \$5.2bn	\$7tn
New Senior (SNR)	Healthcare REIT	\$0.8bn	HCN: \$24.1bn	\$300bn
New Media (NEWM)	Local Print & Digital Media	\$0.6bn	GCI: \$0.9bn	\$26bn
Eurocastle (ECT)	Italian NPLs	€0.4bn	IF: €1.4bn	\$205bn
Fortress Transportation & Infrastructure (FTAI)	Transportation & Infrastructure	\$0.9bn	KMI: \$45.1bn	\$3tn

- (1) Represents incentive income that would have been recorded in DE if Fortress had (i) exercised all of its in-the-money options it holds in the Permanent Capital Vehicles and sold all of the resulting shares and (ii) sold all of its Permanent Capital Vehicle common shares which it received as incentive income, based on their September 30, 2016 closing price.
- (2) Includes segment expenses and principal performance payments.
- (3) Market cap based on stock prices as of November 1, 2016.
- (4) Based on FIG estimates as of November 2016.

Logan Circle

- Logan Circle currently manages **\$33.4 billion** of AUM across three core fixed income platforms:
 - High Grade – \$23.7 billion of AUM
 - Short Duration / Intermediate – \$6.4 billion of AUM
 - High Yield – \$3.2 billion of AUM
- All 16 Logan Circle strategies generated positive returns and outperformed respective benchmarks in 3Q 2016
 - Strong performance contributed to \$0.8 billion of performance-related valuation gains in the quarter
 - 15 of 16 Logan Circle strategies have outperformed since inception through 3Q 2016

Financial Results (\$ millions)	3Q 2016	2Q 2016	3Q 2015	YTD 2016	YTD 2015
Segment Revenues	15	14	13	43	40
Expenses	(13)	(13)	(13)	(39)	(41)
Fund Management DE	2	1	-	4	(1)
Net Investment Income	-	1	-	1	-
Pre-Tax DE	2	2	-	5	(1)
Fee-Paying AUM	33,386	34,080	33,446	33,386	33,446



Liquid Markets

- Completed strategic exit from liquid trading strategies ascribed little to no enterprise value
- Closed Fortress Centaurus Global Funds in the quarter
 - Returned approximately \$180 million of capital to fund investors
 - Centaurus Global Funds generated a pre-tax DE loss of \$6 million in the quarter and a pre-tax DE loss of \$14 million YTD
- Earnings from our Affiliated Manager, Graticule, totaled \$3 million in the quarter and \$5 million YTD
 - Graticule AUM up 3% quarter-over-quarter to \$4.2 billion

Financial Results (\$ millions)	3Q 2016	2Q 2016	3Q 2015	YTD 2016	YTD 2015
Segment Revenues	1	5	16	14	56
Expenses ⁽¹⁾	(7)	(7)	(21)	(24)	(70)
Fund Management DE ⁽²⁾	(3)	(1)	(3)	(5)	(4)
Net Investment Income	(2)	(5)	(1)	(4)	3
Pre-Tax DE	(5)	(6)	(4)	(9)	(1)
Fee-Paying AUM ⁽³⁾	4,541	4,622	7,367	4,541	7,367

Liquid Hedge Fund	Investment Focus/Strategy	AUM
Affiliated Manager	<ul style="list-style-type: none"> ▪ Asia Macro 	\$4.2bn
Fortress Funds ⁽⁴⁾	<ul style="list-style-type: none"> ▪ Endowment-Style ▪ Global Macro 	\$0.3bn

(1) Includes segment expenses.

(2) Includes \$3 million, \$1 million, \$2 million, \$5 million and \$10 million of earnings from Affiliated Manager for 3Q 2016, 2Q 2016, 3Q 2015, YTD 2016 and YTD 2015, respectively.

(3) In January 2015, the Fortress Asia Macro Funds and related managed accounts transitioned to Graticule and became an Affiliated Manager.

(4) Includes Fortress Partners Funds and Drawbridge Global Macro Funds.

Substantial Embedded Value on Balance Sheet Yet to Impact Earnings

Intend to unlock and distribute underappreciated embedded value through balance sheet monetizations and distributions

- Transition to **\$300 - \$500 million** “maintenance” balance sheet from current \$1.1 billion size
- \$1.50 to \$2.00 per share⁽¹⁾** of implied potential distributions (assuming no further appreciation)

Balance Sheet: \$1.1 billion

(\$ millions)	Remaining Expected Life - by Fund Maturity			
	< 3 Years	> 3 Years	Other	Total
Cash & Cash Equivalents	351	-	-	351
Direct Equity/Other	-	-	22	22
PE Investments	567	7	-	574
Credit PE Investments	12	172	-	184
Hedge Fund Investments	10	-	112	122
Other Investments	4	-	12	16
Total Cash & Investments	944	179	146	1,269
Less: Debt Outstanding	(183)	-	-	(183)
Net Cash & Investments⁽²⁾	761	179	146	1,086
Per Share⁽¹⁾	\$1.93	\$0.45	\$0.37	\$2.75

~50% of balance sheet value resides in our four largest PE investments: Florida⁽³⁾, OneMain, Holiday & Nationstar

Potential Balance Sheet: \$0.3bn to \$0.5bn

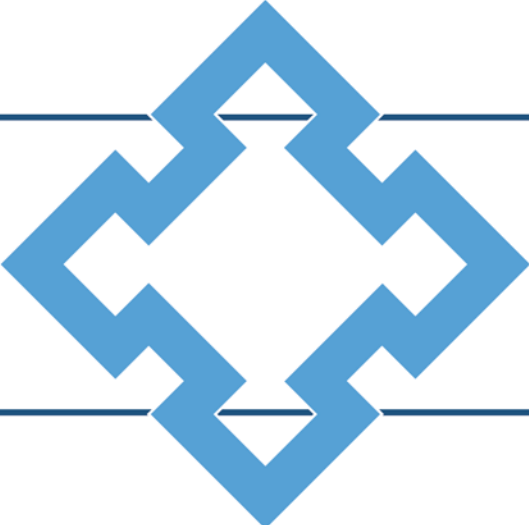
(per share) ⁽¹⁾	Low	High
Current B/S	\$2.75	\$2.75
Potential Future B/S	~\$0.75	~\$1.25
Potential Distribution	~\$2.00	~\$1.50

(1) Based on 394 million dividend paying shares outstanding as of September 30, 2016.

(2) 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.

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


Appendix



Appendix Slide #1: Consolidated Results

Pre-tax DE of \$90 million, or \$0.23 per dividend paying share, for 3Q 2016

Distributable Earnings (\$ millions)⁽¹⁾

 FORTRESS	3Q 2016	2Q 2016	3Q 2015	YTD 2016	YTD 2015
Management Fees	136	141	151	418	434
Incentive Income	113	131	70	308	304
Segment Revenues	249	272	221	726	738
Operating Expenses	(104)	(106)	(112)	(319)	(348)
Profit Sharing Expenses	(50)	(58)	(37)	(139)	(121)
Segment Expenses	(154)	(164)	(149)	(458)	(469)
Earnings From Affiliated Manager	3	1	2	5	10
Principal Performance Payments	(10)	(11)	(7)	(24)	(28)
Fund Management DE	88	98	67	249	251
Net Investment Income	2	3	2	6	10
Pre-Tax DE	90	101	69	255	261
per dividend paying share	\$0.23	\$0.26	\$0.15	\$0.64	\$0.58

(1) Segment Revenues, Segment Expenses, Fund Management Distributable Earnings and Pre-Tax Distributable Earnings are non-GAAP financial measures described in Fortress's third quarter 2016 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 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.

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.

Private Equity Funds

Performance figures are for Fortress Investment Fund III, Fortress Investment Fund IV and Fortress Investment Fund V only, and exclude certain other funds, which may have returns that are materially lower than those presented herein.

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 2015	Three Months Ended			Nine Months Ended September 30, 2016
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015		March 31, 2016	June 30, 2016	September 30, 2016	
GAAP Net Income (Loss)	\$ 87	\$ 5	\$ (26)	\$ 116	\$ 182	\$ (16)	\$ (27)	\$ 58	\$ 16
Principals' and Others' Interests in (Income) Loss of Consolidated Subsidiaries	(52)	(2)	12	(62)	(104)	7	13	(28)	(8)
Redeemable non-controlling interests in Income (Loss)	-	-	-	-	-	-	-	-	-
GAAP Net Income (Loss) Attributable to Class A Shareholders	\$ 35	\$ 3	\$ (14)	\$ 54	\$ 78	\$ (9)	\$ (14)	\$ 31	\$ 8
Private Equity incentive income	3	19	21	(16)	27	23	73	8	104
Hedge Fund, PCV and Logan Circle incentive income	23	23	1	(47)	-	8	26	35	69
Incentive income received related to exercise of options	-	57	-	1	58	-	-	4	4
Reserve for clawback	-	-	-	-	-	-	-	-	-
Distributions of earnings from equity method investees	4	9	5	17	35	3	8	4	15
Losses (earnings) from equity method investees	(27)	33	23	17	46	24	8	(24)	8
Losses (gains) on options	(32)	9	27	2	6	2	(12)	(4)	(14)
Losses (gains) on other Investments	(1)	(5)	14	(1)	7	15	19	1	35
Impairment of investments	(3)	-	(1)	(2)	(6)	(2)	(1)	-	(3)
Adjust income from the receipt of options	(4)	(21)	-	-	(25)	-	-	(2)	(2)
Gain on transfer of Graticule	(134)	-	-	-	(134)	-	-	-	-
Amortization of intangible assets and impairment of goodwill	-	-	-	1	1	1	-	1	2
Employee, Principal and director compensation	20	6	2	5	33	3	2	2	7
Adjust non-controlling interests related to Fortress Operating Group units	52	1	(12)	62	103	(8)	(12)	27	7
Tax receivable agreement liability reduction	-	8	-	(2)	6	3	-	-	3
Adjust income taxes and other tax related items	18	(5)	3	39	55	1	4	7	12
Adjust transfer of interest in Graticule	101	-	-	-	101	-	-	-	-
Pre-tax Distributable Earnings	\$ 55	\$ 137	\$ 69	\$ 130	\$ 391	\$ 64	\$ 101	\$ 90	\$ 255
Investment Loss (income)	(5)	(4)	(3)	(19)	(31)	(4)	(6)	(4)	(14)
Interest Expense	1	-	1	2	4	3	3	2	8
Fund Management DE	\$ 51	\$ 133	\$ 67	\$ 113	\$ 364	\$ 63	\$ 98	\$ 88	\$ 249
GAAP Revenues	\$ 227	\$ 308	\$ 264	\$ 415	\$ 1,214	\$ 232	\$ 232	\$ 261	\$ 725
Adjust management fees	(1)	1	-	-	-	1	-	-	1
Adjust incentive income	27	100	22	(59)	90	31	100	65	196
Adjust income from the receipt of options	(4)	(21)	-	-	(25)	-	-	(2)	(2)
Other revenues	(59)	(61)	(65)	(76)	(261)	(59)	(60)	(75)	(194)
Segment Revenues	\$ 190	\$ 327	\$ 221	\$ 280	\$ 1,018	\$ 205	\$ 272	\$ 249	\$ 726
GAAP Expenses	\$ 329	\$ 258	\$ 224	\$ 242	\$ 1,053	\$ 207	\$ 238	\$ 226	\$ 671
Adjust interest expense	(1)	-	(1)	(2)	(4)	(3)	(3)	(2)	(8)
Adjust employee, Principal and director compensation	(18)	(2)	(1)	(5)	(26)	(2)	(1)	(1)	(4)
Adjust amortization of intangible assets and impairment of goodwill	-	-	-	(1)	(1)	(1)	-	(1)	(2)
Adjust expense reimbursements from affiliates and non-affiliates	(59)	(61)	(64)	(68)	(252)	(57)	(58)	(58)	(173)
Adjust Principal Performance Payments	(5)	(20)	(9)	(14)	(48)	(4)	(12)	(10)	(26)
Adjust transfer of interest in Graticule	(101)	-	-	-	(101)	-	-	-	-
Segment Expenses	\$ 145	\$ 175	\$ 149	\$ 152	\$ 621	\$ 140	\$ 164	\$ 154	\$ 458

Appendix Slide #3A

“Distributable earnings” is Fortress’s supplemental measure of operating performance used by management in analyzing segment and overall results. 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 10 to the financial statements included in the Company’s Annual Report on Form 10-Q for the quarter ended September 30, 2016.

Fortress’s management uses distributable earnings:

- 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;
- as a valuation measure in strategic analyses in connection with the performance of its funds and the performance of its employee; and
- to assist in evaluation of its periodic distributions to equity holders.

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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Weighted Average Class A Shares Outstanding (Used for Basic EPS)	216,913,032	216,439,077	218,160,131	216,138,405
Weighted average fully vested restricted Class A share units with dividend equivalent rights	(303,762)	(737,423)	(755,599)	(3,871,624)
Weighted average restricted Class A shares	(886,867)	(716,942)	(822,628)	(778,913)
Weighted Average Class A Shares Outstanding	215,722,403	214,984,712	216,581,904	211,487,868
Weighted average restricted Class A shares ¹	886,867	716,942	822,628	778,913
Weighted average fully vested restricted Class A share units which are entitled to dividend equivalent payments	303,762	737,423	755,599	3,871,624
Weighted average unvested restricted Class A share units which are entitled to dividend equivalent payments	8,063,715	10,825,209	7,982,073	10,119,674
Weighted average Fortress Operating Group units	169,437,692	226,331,513	169,488,696	226,331,513
Weighted Average Class A Shares Outstanding (Used for DEPS)	394,414,439	453,595,799	395,630,900	452,589,592
Weighted average vested and unvested restricted Class A share units which are not entitled to dividend equivalent payments	9,197,150	12,477,524	9,099,458	12,535,142
Weighted Average Fully Diluted Shares and Units Outstanding (Used for Diluted DEPS)	403,611,589	466,073,323	404,730,358	465,124,734

“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 September 30, 2016		As of December 31, 2015	
	GAAP Book Value	Net Cash and Investments	GAAP Book Value	Net Cash and Investments
Cash and Cash equivalents	\$ 350,712	\$ 350,712	\$ 339,842	\$ 339,842
Investments	918,526	918,526	1,055,789	1,055,789
Investments in options ¹	42,554	-	30,427	-
Due from Affiliates	189,461	-	273,811	-
Deferred Tax Asset, net	422,237	-	427,102	-
Other Assets	134,425	-	148,310	-
Total Assets	2,057,915	1,269,238	2,275,281	1,395,631
Debt Obligations Payable	\$ 182,838	\$ 182,838	\$ 230,677	\$ 230,677
Accrued Compensation and Benefits	260,212	-	318,750	-
Due to Affiliates	360,301	-	365,218	-
Deferred Incentive Income	388,874	-	332,329	-
Other Liabilities	107,603	-	86,503	-
Total Liabilities	1,299,828	182,838	1,333,477	230,677
Net	\$ 758,087	\$ 1,086,400	\$ 941,804	\$ 1,164,954
	Shares Outstanding	Dividend Paying Shares and Units Outstanding	Shares Outstanding	Dividend Paying Shares and Units Outstanding
Class A Shares	215,953	215,953	216,061	216,061
Restricted Class A Shares	887	887	729	729
Fortress Operating Group Units	169,207	169,207	169,515	169,515
Fully Vested Class A Shares - Dividend Paying	-	359	-	1,361
Unvested Class A Shares - Dividend Paying	-	8,064	-	9,175
Shares Outstanding	386,047	394,470	386,305	396,841
Per Share	\$ 1.96	\$ 2.75	\$ 2.44	\$ 2.94

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 \$26 million at year 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 September 30, 2016 closing price and differs from the fair value derived from option pricing models included in the table above.

Fortress Investment Group LLC

1345 Avenue of the Americas

New York, NY 10105



Contact:

Gordon Runté, *Managing Director of Investor Relations and Corporate Communications*

+1 212 798 6082

grunte@fortress.com