

Dear Colleagues:

The following sets forth Newcastle's Code of Business Conduct and Ethics ("Code"), which has been approved by the Board of Directors of Newcastle Investment Corp. ("Newcastle" or the "Company"). The Code operates in conjunction with, and in addition to, the policies of Fortress Investment Group LLC ("Fortress" or the "Manager"). At such time as the Manager adopts a consolidated Code of Business Conduct and Ethics which aggregates in one document all applicable policies of the Manager, that document will supercede this Code, and become thereafter the Code for purposes of your employment by the Manager.

The purpose of the Code is to reinforce and enhance the Manager's and the Company's commitment to an ethical way of doing business. The contents of the Code are not new, however. The policies set forth here are part of Fortress's long-standing tradition of high ethical standards.

All Fortress employees, and particularly Fortress employees who provide services to the Company, are expected to comply with the policies set forth in this Code. Read the Code carefully and make sure that you understand it, the consequences of non-compliance, and the Code's importance to the success of the Company. If you have any questions, speak to your supervisor, the General Counsel/Compliance Officer of Fortress or any of the other resources identified in this booklet. The Code cannot and is not intended to cover every applicable law or provide answers to all questions that might arise; for that we must ultimately rely on each person's good sense of what is right, including a sense of when it is proper to seek guidance from others on the appropriate course of conduct.

Sincerely,

A handwritten signature in black ink, appearing to read 'Wesley R. Edens', with a long horizontal flourish extending to the right.

Wesley R. Edens
Chairman

About the Code of Business Conduct and Ethics

We at Fortress are committed to the highest standards of business conduct in our relationships with each other and with our significant business relationships, shareholders and others. This requires that we conduct our business in accordance with all applicable laws and regulations and in accordance with the highest standards of business ethics. Newcastle's Code of Business Conduct and Ethics helps each of us in this endeavor by providing a statement of the fundamental principles and key policies and procedures that govern the conduct of our business.

Our business depends on the reputation of the Company and the employees of the Company's Manager who perform various functions on the behalf of the Company ("employees") for integrity and principled business conduct. Thus, in many instances, the policies referenced in this Code go beyond the requirements of the law.

The Code is a statement of policies for individual and business conduct and does not, in any way, constitute an employment contract or an assurance of continued employment. As employees of Fortress, we are employed at-will except when we are covered by an express, written employment agreement. This means that you may choose to resign your employment at any time, for any reason or for no reason at all. Similarly, the Manager may choose to terminate your employment at any time, for any legal reason or for no reason at all.

Meeting Our Shared Obligations

Each of us is responsible for knowing and understanding the policies and guidelines contained in the following pages. If you have questions, ask them; if you have ethical concerns, raise them. The General Counsel/Compliance Officer, who is responsible for overseeing and monitoring compliance with this Code, and the other resources set forth in this Code are available to answer your questions and provide guidance and for you to report suspected misconduct. Our conduct should reflect Newcastle's values, demonstrate ethical leadership, and promote a work environment that upholds Newcastle's reputation for integrity, ethical conduct and trust.

RESPONSIBILITY TO OUR ORGANIZATION

Fortress employees are expected to advance the interests of Newcastle's business and avoid any conflicts with the interests of Newcastle.

Conflicts of Interest

In order to maintain the highest degree of integrity in the conduct of Newcastle's business and to maintain your independent judgment, you must avoid any activity or personal interest that creates or appears to create a conflict between your interests and the interests of the Company. A conflict of interest occurs when your private interests interfere in any way, or even appear to interfere, with the interests of the Company as a whole. A conflict situation can arise when you take actions or have interests that make it difficult for you to perform your work in respect of Newcastle objectively and effectively. You should never act in a manner that could cause you to lose your independence and objectivity or that could adversely affect the confidence of our fellow employees and other persons with whom we conduct the Company's business in the

integrity of Company or its procedures. Although we cannot list every conceivable conflict, following are some common examples that illustrate actual or apparent conflicts of interest that should be avoided:

Improper Personal Benefits from the Company

Conflicts of interest arise when an officer or director of Newcastle or a Fortress employee, or a member of his or her family, receives improper personal benefits as a result of his or her position in or in relation to the Company. You may not accept any benefits from the Company that have not been duly authorized and approved pursuant to Company policy and procedure, including any Company loans or guarantees of your personal obligations.

Financial Interests in Other Businesses

Fortress employees who are dedicated to Newcastle and their immediate families may not have an ownership interest in any other enterprise if that interest compromises or appears to compromise the employee's loyalty to Newcastle. For example, you should not own an interest in a company that is a significant competitor with Newcastle (it being understood that large financial institutions with multiple business lines shall not be considered significant competitors of Newcastle for these purposes by reason of their having fixed income or real estate securities trading desks) without first clearing any transaction in the securities of such a company with Fortress's General Counsel. You may not own an interest in a company that does significant amounts of business with Newcastle (such as an entity which is a significant source of Newcastle investments) without the prior written approval of Fortress's General Counsel/Compliance Officer. Subject to generally applicable requirements to clear any transaction in securities in accordance with Fortress's securities trading policies, however, it is not typically considered a conflict of interest to make investments while employed by Fortress with a total value of no more than the greater of five percent (5%) of your annual compensation or \$25,000 in significant competitors or entities that are significant sources of investments to Newcastle where such entities are listed on a national or international securities exchange.

Business Arrangements with the Company

Without prior written approval from the Chief Executive Officer, you may not sell to or purchase from Newcastle any securities or other property, or personally participate in a joint venture, partnership or other business arrangement with Newcastle. (Executive officers and members of the Board must obtain the prior written approval of the Audit Committee of the Board of Directors before engaging in any such transaction.)

Outside Employment or Activities With a Competitor

Simultaneous employment with or serving as a director of a significant competitor of Newcastle is strictly prohibited, as is any activity that is intended to or that you should reasonably expect to advance a competitor's interests. It is your responsibility to consult with the General Counsel/Compliance Officer to determine whether a planned activity will compete impermissibly with any of Newcastle's business activities before you pursue the activity in question.

Charitable, Government and Other Outside Activities

Fortress encourages all employees to participate in projects and causes that further the welfare of our local communities. However, you must obtain the prior written approval of the General Counsel/Compliance Officer before serving as a director or trustee of any charitable, not-for-profit, for-profit, or other entity or before running for election or seeking appointment to any government-related position. (Executive officers and members of the Board must obtain the prior written approval of the Audit Committee of the Board of Directors.)

Family Members Working In The Industry

You may find yourself in a situation where your spouse or significant other, your children, parents, or in-laws, or someone else with whom you have a familial relationship is employed by a competitor of or entity with a significant business relationship with Newcastle. Such situations are not prohibited, but they call for extra sensitivity to security, confidentiality and conflicts of interest.

There are several factors to consider in assessing such a situation. Among them: the relationship between Newcastle and the other company; the nature of your responsibilities in respect of Newcastle and those of the other person; and the access each of you has to your respective employer's confidential information. Such a situation, however harmless it may appear to you, could arouse suspicions among your associates that might affect your working relationships. The very appearance of a conflict of interest can create problems, regardless of the propriety of your behavior.

To remove any such doubts or suspicions, you must disclose your specific situation to the General Counsel/Compliance Officer to assess the nature and extent of any concern and how it can be resolved. In some instances, any risk to Newcastle's interests is sufficiently remote that the General Counsel/Compliance Officer may only remind you to guard against inadvertently disclosing Newcastle confidential information and not to be involved in decisions on behalf of Newcastle that involve the other company.

Corporate Opportunities

Those individuals who are executive officers of Newcastle owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises: You may not take for yourself personally opportunities that are expressly offered to you in your capacity as an officer of Newcastle, or use corporate property, information or position for personal gain; nor may you compete with the Company if doing so would breach the Manager's obligations under the Management Agreement. No director of Newcastle shall be deemed an officer of Newcastle by reason of holding such position (without regard to whether such position is deemed an officer of Newcastle under the Bylaws of Newcastle).

Entertainment, Gifts and Gratuities

When you are involved in making business decisions on behalf of the Company, your decisions must be based on uncompromised objectivity of judgment. Fortress employees interacting with any person who has business dealings with Newcastle (including sources of investment opportunities and financing sources) must conduct such activities in the best interest of

Newcastle. Fortress employees must not accept any gifts, entertainment or gratuities that could influence or be perceived to influence Newcastle's investment or financing decisions. Unsolicited gifts and business courtesies, including meals and entertainment, are permissible if they are customary and commonly accepted business courtesies; not excessive in value; and given and accepted without an express or implied understanding that you are in any way obligated by your acceptance of the gift. Gifts that are extravagant in value or unusual in nature should not be accepted without the prior written approval of your supervisor or the General Counsel/Compliance Officer.

Gifts of cash or cash equivalents (including gift certificates, securities, below-market loans, etc.) in any amount are prohibited and must be returned promptly to the donor.

Offering Gifts and Entertainment

When you are providing a gift, entertainment or other accommodation in connection with Company business, you must do so in a manner that is in good taste and without excessive expense.

What is acceptable in the commercial business environment may be entirely unacceptable in dealings with the government. There are strict laws that govern providing gifts, including meals, entertainment, transportation and lodging, to government officials and employees. You are prohibited from providing gifts or anything of value to government officials or employees or members of their families in connection with Company business without prior written approval from the General Counsel/Compliance Officer. For more information, see the section of this Code regarding Interacting with Government.

Giving or receiving *any* payment or gift in the nature of a bribe or kickback is absolutely prohibited.

If you encounter an actual or potential conflict of interest, face a situation where declining the acceptance of a gift may jeopardize a Newcastle relationship, are requested to pay a bribe or provide a kickback, or encounter a suspected violation of this policy, you must report the situation to the General Counsel/Compliance Officer immediately.

Company Books and Records

You must complete all documents relating to Company business accurately and in a timely manner. When applicable, documents must be properly authorized. You must record the Company's financial activities in compliance with all applicable laws and accounting practices. The making of false or misleading entries, records or documentation is strictly prohibited. You must never create a false or misleading report or make a payment or establish an account on behalf of the Company with the understanding that any part of the payment or account is to be used for a purpose other than as described by the supporting documents.

Record Retention

In the course of its business, Newcastle produces and receives large numbers of documents. Numerous laws require the retention of certain Newcastle documents for various periods of time. Fortress and the Company are committed to compliance with all applicable laws and regulations

relating to the preservation of records. Our policy is to identify, maintain, safeguard and destroy or retain all records in Fortress's possession on a systematic and regular basis. Under no circumstances are Company records to be destroyed selectively or to be maintained outside Company premises or designated storage facilities.

If you learn of a subpoena or a pending, imminent or contemplated litigation or government investigation, you should immediately contact the Fortress's General Counsel. You must retain and preserve ALL records that may be responsive to the subpoena or relevant to the litigation or that may pertain to the investigation until you are advised by Fortress's General Counsel as to how to proceed. You must not destroy any such records in your possession or control. In such instance, you must also affirmatively preserve from destruction all relevant records that without intervention would automatically be destroyed or erased (such as e-mails and voicemail messages); destruction of such records, even if inadvertent, could seriously prejudice the Company. Any questions regarding whether a particular record pertains to a pending, imminent or contemplated investigation or litigation or may be responsive to a subpoena or regarding how to preserve particular types of records should be directed to Fortress's General Counsel.

Confidential Information

All Fortress employees may learn, to a greater or lesser degree, facts about Newcastle's business, plans, operations or "secrets of success" that are not known to the general public or to competitors. Sensitive information such as investment performance data, strategic plans, financing techniques and transaction sourcing methods are examples of the Company's confidential information or trade secrets. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company, if disclosed. During the course of performing your responsibilities, you may obtain information concerning possible transactions with other companies or receive confidential information concerning other companies, which Newcastle may be under an obligation to maintain as confidential.

You must maintain the confidentiality of information entrusted to you by the Company, except when disclosure is authorized or legally mandated. Employees who possess or have access to confidential information or trade secrets must:

- Not use the information for their own benefit or the benefit of persons inside or outside of Newcastle.
- Carefully guard against disclosure of that information to people outside Fortress. For example, you should not discuss such matters with family members or business or social acquaintances or in places where the information may be overheard, such as taxis, public transportation, elevators or restaurants.
- Not disclose confidential information to another Fortress employee unless the employee needs the information to carry out business responsibilities.

Confidentiality Agreements are commonly used when Newcastle needs to disclose confidential information to others. A Confidentiality Agreement puts the person receiving confidential information on notice that he or she must maintain the secrecy of such information. If, in doing business with persons not employed by Fortress, you foresee that you may need to disclose

confidential information, you should contact the General Counsel and discuss the utility of entering into a Confidentiality Agreement.

Your obligation to treat information as confidential does not end when you leave Fortress. Upon the termination of your employment, you must return everything that belongs to Newcastle, including all documents and other materials containing Company confidential information. You must not disclose confidential information to a new employer or to others after ceasing to be a Fortress employee. Nothing contained herein limits in any way any other confidentiality obligations imposed by agreement with Fortress or any of its affiliates or by law.

You may not disclose your previous employer's confidential information to Fortress. Of course, you may use general skills and knowledge acquired during your previous employment.

Trademarks, Copyrights and Other Intellectual Property

Trademarks

Our logo and the name "Newcastle Investment Corp." are examples of Company trademarks. You must always properly use our trademarks and advise your supervisor or General Counsel of infringements by others. Similarly, the trademarks of third parties must be used properly.

Copyright Compliance

All software or programs created by you in connection with your employment by Fortress or provision of services to Fortress are "works for hire" and are the sole property of Fortress. You understand that you have no right title or interest in any intellectual property created by you in connection with your employment or provision of services to Fortress.

Works of authorship such as books, articles, drawings, computer software and other such materials may be covered by copyright laws. It is a violation of those laws and of Newcastle's policies to make unauthorized copies of or derivative works based upon copyrighted materials. The absence of a copyright notice does not necessarily mean that the materials are not copyrighted.

Newcastle licenses the use of much of its computer software from outside companies. In most instances, this computer software is protected by copyright. You may not make, acquire or use unauthorized copies of computer software. Any questions concerning copyright laws should be directed to General Counsel.

Intellectual Property Rights of Others

It is Newcastle policy not to infringe upon the intellectual property rights of others. When using the name, trademarks, logos or printed materials of another company, including any such uses on Newcastle's website, you must do so properly and in accordance with applicable law.

Computer and Communication Resources

Fortress's computer and communication resources, including computers, voicemail and e-mail, provide substantial benefits, but they also present significant security and liability risks to you and Fortress. It is extremely important that you take all necessary measures to secure your

computer and any computer or voicemail passwords. All sensitive, confidential or restricted electronic information must be password protected, and, if sent across the Internet, must be protected by Fortress-approved encryption software. If you have any reason to believe that your password or the security of a Fortress computer or communication resource has in any manner been compromised, you must change your password immediately and report the incident to the Information Technology Department.

Remember that when you are using Fortress resources to send e-mail, voicemail or to access Internet services in connection with Newcastle business any improper use of these resources may reflect poorly on the Company, damage its reputation, and expose you and the Company to legal liability.

All of the computing resources used to provide computing and network connections throughout the organization are the property of Fortress and are intended for use by Fortress employees to conduct Fortress and the Company's business. All e-mail, voicemail and personal files stored on Fortress computers are Fortress property. You should therefore have no expectation of personal privacy in connection with these resources. Fortress may, from time to time and at its sole discretion, review any files stored or transmitted on its computer and communication resources, including e-mail messages, for compliance with Fortress and/or Newcastle policy.

You should not use Fortress resources in a way that may be disruptive or offensive to others or unlawful. At all times when sending e-mail or transmitting any other message or file, you should not transmit comments, language, images or other files that you would be embarrassed to have read by any person. Remember that your "private" e-mail messages are easily forwarded to a wide audience

Insider Trading

You are prohibited by Company policy and the law from buying or selling securities of the Company at a time when in possession of "material nonpublic information." (There is, however, an exception for trades made pursuant to a pre-existing trading plan, discussed below.) This conduct is known as "insider trading." Passing such information on to someone who may buy or sell securities – known as "tipping" – is also illegal. The prohibition applies to Company securities and to securities of other companies if you acquire material nonpublic information about other companies in the course of your duties for Newcastle without first determining with the aid of the Insider Trading Compliance Officer whether such trading would violate US insider trading laws.

Information is "material" if a reasonable investor would consider it important in arriving at a decision to buy, sell or hold securities.

For more details regarding the Company's insider trading policy, please see the Fortress Investment Group LLC: Policy On Trading In Securities Of Newcastle Investment Corp.

Responding to Inquiries from the Press and Others

Fortress employees who are not official Company spokespersons may not speak with the press, securities analysts, other members of the financial community, shareholders or groups or organizations as a Company representative unless specifically authorized to do so by the Company's Chief Executive Officer. Requests for financial or other information about the Company from the media, the press, the financial community, shareholders or the public should be referred to the Investor Relations Department or the Company's Chief Executive Officer. Requests for information from regulators or the government should be referred to the General Counsel of Fortress.

FAIR DEALING

Newcastle depends on its reputation for quality, service and integrity. The way we deal with the sources of our investment and financing opportunities molds our reputation, builds long-term trust and ultimately determines our success. We must never take unfair advantage of others through manipulation, concealment, affirmative misrepresentation of material facts or any other unfair dealing practice.

RESPONSIBILITY TO OUR PEOPLE

Respecting One Another

The way we treat each other and our work environment affects the way we do our jobs. All employees want and deserve a work place where they are respected and appreciated. Everyone who works at Fortress should feel it is important to contribute to the creation and maintenance of such an environment, and supervisors and managers have a special responsibility to foster a workplace that supports honesty, integrity, respect and trust.

Employee Privacy

We respect the privacy and dignity of all individuals. Fortress collects and maintains personal information that relates to your employment, including medical and benefit information. Special care is taken to limit access to personal information to Fortress personnel with a need to know such information for a legitimate purpose. Employees who are responsible for maintaining personal information and those who are provided access to such information must not disclose private information in violation of applicable law or in violation of Fortress or Newcastle policies.

Employees should not search for or retrieve items from another employee's workspace without prior approval of that employee or management. Similarly, you should not use communication or information systems to obtain access to information directed to or created by others without the prior approval of management, unless such access is part of your job function and responsibilities at Fortress.

Personal messages or information that you consider to be private should not be placed or kept in telephone systems, computer or electronic mail systems, office systems, offices, work spaces, desks, credenzas, or file cabinets. Fortress reserves all rights, to the fullest extent permitted by

law, to inspect such systems and areas and to retrieve information or property from them when deemed appropriate in the judgment of management or Fortress's General Counsel.

Equal Employment Opportunity and Nondiscrimination

Fortress is an equal opportunity employer in hiring and promoting practices, benefits and wages. We will not tolerate discrimination against any person on the basis of race, religion, color, gender, age, marital status, national origin, sexual orientation, citizenship, Vietnam-era or disabled veteran status or disability (where the applicant or employee is qualified to perform the essential functions of the job with or without reasonable accommodation), or any other basis prohibited by law in recruiting, hiring, placement, promotion, or any other condition of employment..

Sexual and Other Forms of Harassment

Fortress policy strictly prohibits any form of harassment in the workplace, including sexual harassment. Fortress will take prompt and appropriate action to prevent and, where necessary, discipline behavior that violates this policy.

Sexual harassment consists of unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when:

- submission to such conduct is made a term or condition of employment;
- submission to or rejection of such conduct is used as a basis for employment decisions; or
- such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, offensive or hostile work environment.

Forms of sexual harassment include, but are not limited to, the following:

- verbal harassment, such as unwelcome comments, jokes, or slurs of a sexual nature;
- physical harassment, such as unnecessary or offensive touching, or impeding or blocking movement; and
- visual harassment, such as derogatory or offensive posters, cards, cartoons, graffiti, drawings or gestures.

Other Forms of Harassment

Harassment on the basis of other characteristics is also strictly prohibited. Under this policy, harassment is verbal or physical conduct that degrades or shows hostility or hatred toward an individual because of his or her race, color, national origin, citizenship, religion, sexual orientation, marital status, age, mental or physical handicap or disability, veteran status or any other characteristic protected by law, which

- has the purpose or effect of creating an intimidating, hostile, or offensive work environment;
- has the purpose or effect of unreasonably interfering with an individual's work performance; or

- otherwise adversely affects an individual's employment.

Harassing conduct includes, but is not limited to, the following: epithets; slurs; negative stereotyping; threatening, intimidating or hostile acts; and written or graphic material that ridicules or shows hostility or aversion to an individual or group and that is posted on Fortress premises or circulated in the workplace.

Reporting Responsibilities and Procedures

If you believe that you have been subjected to harassment of any kind, you should promptly report the incident to your supervisor, the harasser's supervisor, the General Counsel/Compliance Officer or the manager in charge of Human Resources. If you feel comfortable doing so, you may also wish to confront the offender and state that the conduct is unacceptable and must stop. Complaints of harassment, abuse or discrimination will be investigated promptly and thoroughly and will be kept confidential to the extent possible. Fortress will not in any way retaliate against any employee for making a good faith complaint or report of harassment or participating in the investigation of such a complaint or report.

Fortress encourages the prompt reporting of all incidents of harassment, regardless of who the offender may be, or the offender's relationship to Fortress. This procedure should also be followed if you believe that a non-employee with whom you are required or expected to work has engaged in prohibited conduct. Supervisors must promptly report all complaints of harassment to the manager of Human Resources or the General Counsel/Compliance Officer.

Any employee who is found to be responsible for harassment, or for retaliating against any individual for reporting a claim of harassment or cooperating in an investigation, will be subject to disciplinary action, up to and including discharge.

Remember that, regardless of legal definitions, Fortress expects employees to interact with each other in a professional and respectful manner.

Weapons and Workplace Violence

No employee may bring firearms, explosives, incendiary devices or any other weapons into the workplace or any work-related setting, regardless of whether or not employees are licensed to carry such weapons. Similarly, Fortress will not tolerate any level of violence in the workplace or in any work-related setting. Violations of this policy must be referred to your supervisor and the General Counsel/Compliance Officer immediately. Threats or assaults that require immediate attention should be reported to the police at 911.

Drugs and Alcohol

Fortress intends to maintain a drug-free work environment. Except at approved Fortress functions, you may not use, possess or be under the influence of alcohol on Fortress premises.

You cannot use, sell, attempt to use or sell, purchase, possess or be under the influence of any illegal drug on Fortress premises or while performing Newcastle business on or off the premises.

INTERACTING WITH GOVERNMENT

Prohibition on Gifts to Government Officials and Employees

The various branches and levels of government have different laws restricting gifts, including meals, entertainment, transportation and lodging, that may be provided to government officials and government employees. You are prohibited from providing gifts, meals or anything of value to government officials or employees or members of their families without prior written approval from the General Counsel/Compliance Officer.

Political Contributions and Activities

Laws of certain jurisdictions prohibit the use of Company funds, assets, services, or facilities on behalf of a political party or candidate. Payments of corporate funds to any political party, candidate or campaign may be made only if permitted under applicable law and approved in writing and in advance by the General Counsel/Compliance Officer.

Your work time may be considered the equivalent of a contribution by the Fortress. Therefore, you will not be paid by Fortress for any time spent running for public office, serving as an elected official, or campaigning for a political candidate. Nor will Fortress compensate or reimburse you, in any form, for a political contribution that you intend to make or have made.

Lobbying Activities

Laws of some jurisdictions require registration and reporting by anyone who engages in a lobbying activity. Generally, lobbying includes: (1) communicating with any member or employee of a legislative branch of government for the purpose of influencing legislation; (2) communicating with certain government officials for the purpose of influencing government action; or (3) engaging in research or other activities to support or prepare for such communication.

So that the Company may comply with lobbying laws, you must notify General Counsel before engaging in any activity on behalf of Newcastle that might be considered "lobbying" as described above.

Bribery of Foreign Officials

Company policy, the U.S. Foreign Corrupt Practices Act (the "FCPA"), and the laws of many other countries prohibit Newcastle and its officers and agents, as well as Fortress employees, from giving or offering to give money or anything of value to a foreign official, a foreign political party, a party official or a candidate for political office in order to influence official acts or decisions of that person or entity, to obtain or retain business, or to secure any improper advantage. A foreign official is an officer or employee of a government or any department, agency, or instrumentality thereof, or of certain international agencies, such as the World Bank or the United Nations, or any person acting in an official capacity on behalf of one of those entities. Officials of government-owned corporations are considered to be foreign officials.

Payments need not be in cash to be illegal. The FCPA prohibits giving or offering to give "anything of value." Over the years, many non-cash items have been the basis of bribery prosecutions, including travel expenses, golf outings, automobiles, and loans with favorable interest rates or repayment terms. Indirect payments made through agents, contractors, or other third parties are also prohibited. Employees may not avoid liability by "turning a blind eye" when circumstances indicate a potential violation of the FCPA.

The FCPA does allow for certain permissible payments to foreign officials. Specifically, the law permits "facilitating" payments, which are payments of small value to effect routine government actions such as obtaining permits, licenses, visas, mail, utilities hook-ups and the like. However, determining what is a permissible "facilitating" payment involves difficult legal judgments. Therefore, employees must obtain permission from Fortress's General Counsel before making any payment or gift thought to be exempt from the FCPA.

IMPLEMENTATION OF THE CODE

Responsibilities

While each of us is individually responsible for putting the Code to work, we need not go it alone. Fortress has a number of resources, people and processes in place to answer our questions and guide us through difficult decisions.

Copies of this Code are available from the General Counsel/Compliance Officer.

Seeking Guidance

This Code cannot provide definitive answers to all questions. If you have questions regarding any of the policies discussed in this Code or if you are in doubt about the best course of action in a particular situation, you should seek guidance from your supervisor, the General Counsel/Compliance Officer or the other resources identified in this Code.

Reporting Violations

If you know of or suspect a violation of applicable laws or regulations, the Code, or the Company's related policies, you must immediately report that information to your supervisor, the General Counsel/Compliance Officer. *No one will be subject to retaliation because of a good faith report of suspected misconduct.*

Investigations of Suspected Violations

All reported violations will be promptly investigated and treated confidentially to the greatest extent possible. It is imperative that reporting persons not conduct their own preliminary investigations. Investigations of alleged violations may involve complex legal issues, and acting on your own may compromise the integrity of an investigation and adversely affect both you and the Company.

Discipline for Violations

Fortress intends to use every reasonable effort to prevent the occurrence of conduct not in compliance with its Code and to halt any such conduct that may occur as soon as reasonably possible after its discovery. Fortress personnel who violate this Code and other Fortress or Company policies and procedures may be subject to disciplinary actions, up to and including discharge. In addition, disciplinary measures, up to and including discharge, may be taken against anyone who directs or approves infractions or has knowledge of them and does not promptly report and correct them in accordance with Fortress or Company policies.

Waivers of the Code

Fortress will waive application of the policies set forth in this Code only where circumstances warrant granting a waiver, and then only in conjunction with any appropriate monitoring of the particular situation. Waivers of the Code for directors and executive officers of the Company may be made only by the Board of Directors as a whole or the Audit Committee of the Board and must be promptly disclosed as required by law or regulation.

No Rights Created

This Code is a statement of the fundamental principles and key policies and procedures that govern the conduct of Fortress employees, particularly those engaged in Newcastle's business. It is not intended to and does not create any rights in any employee, person with whom the Company has a business relationship, competitor, shareholder or any other person or entity.

Remember

Ultimate responsibility to assure that we as a company comply with the many laws, regulations and ethical standards affecting our business rests with each of us. You must become familiar with and conduct yourself strictly in compliance with those laws, regulations and standards and the Fortress or Company's policies and guidelines pertaining to them.

ACKNOWLEDGMENT FORM

I have received and read the Newcastle Investment Corp. Code of Business Conduct and Ethics, and I understand its contents. I agree to comply fully with the standards, policies and procedures contained in the Code and the Company's related policies and procedures. I understand that I have an obligation to report to the General Counsel/Compliance Officer of Fortress any suspected violations of the Code that I am aware of. I acknowledge that the Code is a statement of policies for business conduct and does not, in any way, constitute an employment contract or an assurance of continue employment.

Printed Name

Signature

Date