

# Fortress Investment Group LLC

Earnings Supplement

First Quarter 2016



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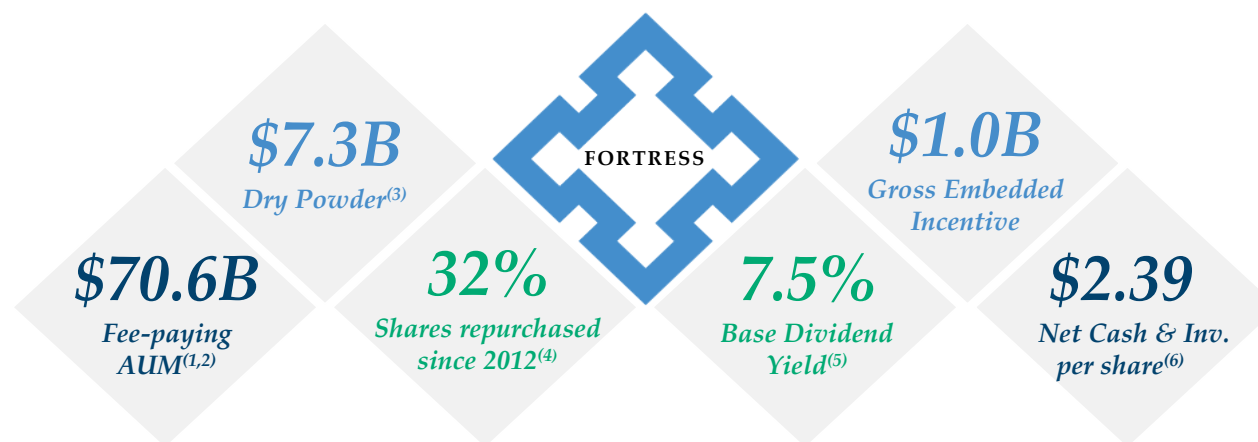
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**Non-GAAP Financial Data Information.** Distributable Earnings (“DE”) is the primary metric used by management to measure Fortress’s operating performance. Consistent with GAAP, DE is the sole measure that management uses to manage, and thus report 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 Snapshot: 1Q 2016

*Fortress Investment Group LLC (NYSE: FIG) is a highly diversified, global investment manager with \$70.6 billion<sup>(1,2)</sup> 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	Trading in global markets; equity stake in Affiliated Managers	Actively managed, long-only fixed income
\$18.7bn <sup>(1)</sup> of AUM	\$7.2bn of AUM	\$6.8bn of AUM	\$5.2bn <sup>(2)</sup> of AUM	\$32.8bn of AUM

- (1) Includes \$2.6 billion of AUM related to co-managed funds and \$0.8 billion related to third party originated funds.
- (2) Includes \$4.5 billion of AUM related to Affiliated Managers.
- (3) Includes \$2.9 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 May 4, 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.

# 1Q and LTM 2016 Highlights

## ■ Solid financial performance

- First quarter 2016 pre-tax distributable earnings (“DE”) of **\$64 million, or 0.16 per share<sup>(1)</sup>, up 33% year-over-year**
- LTM pre-tax DE of **\$400 million, or \$0.92 per share<sup>(1,2)</sup>**, driven by **nearly \$450 million** of gross incentive income

## ■ Two dividend announcements underscore commitment to and alignment with FIG shareholders:

- Raised base quarterly dividend **13% to \$0.09 per share**, effective for 1Q 2016
- Declared special cash dividend of **\$0.11 per share**

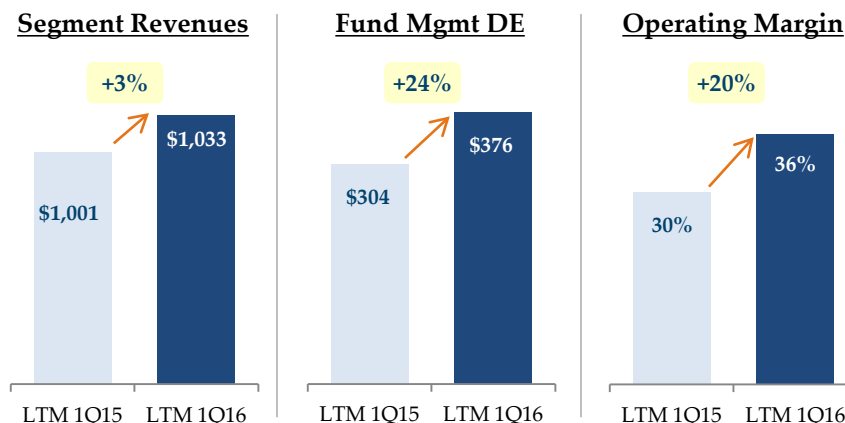
## ■ Embedded value points to potential for substantial future earnings growth and value creation

- Total embedded value in funds and on balance sheet of nearly **\$3.70 per share<sup>(3)</sup>**, representing over **75% of current share price<sup>(4)</sup>**

### Year-over-Year Financial Results<sup>(5)</sup> (millions)

	1Q 2016	1Q 2015	YoY Δ
Fee-Paying AUM <sup>(6)</sup>	\$70,637	\$69,889	+1%
Segment Revenues	\$205	\$190	+8%
Segment Expenses	\$(140)	\$(145)	-3%
Pre-Tax DE per share	\$0.16	\$0.12	+33%
Base Dividend	\$0.09	\$0.08	+13%

### Strong LTM Financial Performance<sup>(5)</sup> (millions)



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

(2) Based on LTM average dividend paying share count of 434 million.

(3) 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 \$1.0 billion as of March 31, 2016; assumes profit-sharing margin of 50% and 394 million dividend paying shares outstanding as of March 31, 2016.

(4) Based on FIG's stock price as of May 4, 2016.

(5) 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.

(6) Includes \$2.6 billion of AUM related to the co-managed funds, \$0.8 billion related to third party originated funds and \$4.5 billion of AUM related to Affiliated Managers as of March 31, 2016.

# Strong Performance Across Key Metrics Not Yet Reflected in Valuation

*Financial performance and key operating metrics have improved dramatically since 2012*

(millions)	1Q 2016	YE 2012	% Change
Fee-Paying AUM <sup>(1)</sup>	\$70,637	\$53,430	+32% ↑
Permanent Capital AUM <sup>(2)</sup>	\$7,277	\$3,660	+99% ↑
Permanent Capital % of Alt. AUM	19%	11%	+73% ↑
Dry Powder	\$7,286	\$6,150	+18% ↑
LTM Management Fees <sup>(3)</sup>	\$584	\$479	+22% ↑
LTM Gross Incentive Income <sup>(3)</sup>	\$449	\$278	+62% ↑
Gross Unrecognized Incentive Income	\$1,022	\$649	+57% ↑
LTM Pre-Tax DE per share <sup>(4)</sup>	\$0.92	\$0.52	+77% ↑
Annualized Base Dividend per share	\$0.36	\$0.21	+71% ↑
Dividend Paying Shares Outstanding	394	485	-19% ↓
FIG Stock Price <sup>(5)</sup>	\$4.78	\$5.08	-6% ↓

(1) For 1Q 2016, includes \$2.6 billion of AUM related to co-managed funds, \$0.8 billion related to third party originated funds and \$4.5 billion of AUM related to Affiliated Managers.

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

(5) For 1Q 2016, reflects FIG's stock price as of May 4, 2016. For YE 2012 reflects FIG's stock price as of February 27, 2013, adjusted for dividends.

# 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**<sup>(1,2,3,4)</sup>
- 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	1Q 2016	Total Since 2012
<b>Base Quarterly Dividends</b>	\$0.21	\$0.26	\$0.32	\$0.32	\$0.09	\$1.20
<b>Top-up Dividends</b>	-	-	\$0.48	-	\$0.11	\$0.59
<b>Share Repurchases</b>	\$0.34 <sup>(1)</sup>	\$0.73 <sup>(2)</sup>	-	\$0.22 <sup>(3)</sup>	-	\$1.29
<b>Total</b>	<b>\$0.55</b>	<b>\$0.99</b>	<b>\$0.80</b>	<b>\$0.54</b>	<b>\$0.20</b>	<b>\$3.08</b>
<b>After-Tax DE<sup>(5)</sup></b>	\$0.48	\$0.80	\$0.80	\$0.70	\$0.13	\$2.91
<b>DE Payout %</b>	<b>115%</b>	<b>124%</b>	<b>100%</b>	<b>77%</b>	<b>154%</b>	<b>106%</b>

(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.

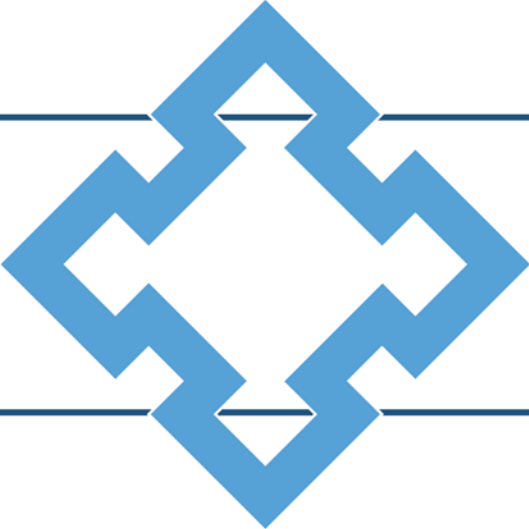
(4) In March 2016, completed a modified “Dutch auction” self-tender offer and purchased 4.8 million shares for an aggregate purchase price of \$23 million.

(5) 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 1Q 2016.

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# Segment Overview

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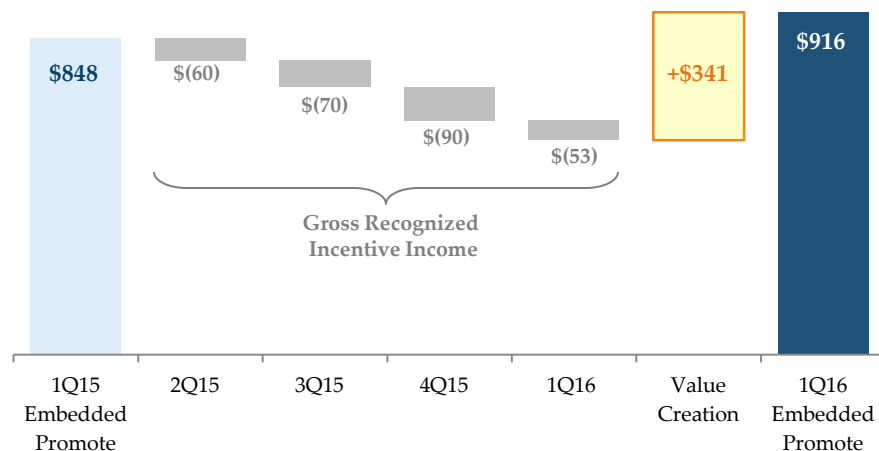


# Credit Private Equity Funds

- First quarter pre-tax DE of \$28 million and LTM pre-tax DE of \$160 million
  - \$53 million of gross incentive income in the quarter and \$273 million in LTM
  - FCO Fund Family annualized net returns since inception of 10% - 24%<sup>(1)</sup>
  - FJOF Family annualized net returns since inception of 25% - 34%<sup>(1)</sup>
- AUM up 24% year-over-year to record high of \$9.4 billion
  - \$1.1 billion increase in net invested capital and \$1.0 billion of capital raised over LTM<sup>(2)</sup>
- Substantial embedded value yet to impact earnings
  - \$6.4 billion<sup>(3)</sup> of dry powder that will begin generating fees if invested
  - \$916 million of gross unrecognized incentive income, 95% of which resides in funds out of their investment period

Financial Results (\$ millions)	1Q 2016	4Q 2015	1Q 2015	LTM 1Q2016	LTM 1Q2015
Segment Revenues	84	122	51	395	311
Expenses <sup>(4)</sup>	(59)	(72)	(45)	(258)	(225)
Fund Management DE	25	50	6	137	86
Net Investment Income	3	12	1	23	10
Pre-Tax DE	28	62	7	160	96
Fee-Paying AUM	9,353	9,308	7,563	9,353	7,563

## Credit PE Gross Embedded Promote Roll-Forward



(1) For additional investment performance disclosure please see Appendix slide #2.  
 (2) Includes \$0.8 billion of capital raised that was added directly to AUM.  
 (3) Includes \$2.7 billion of capital that is only available for follow-on investments, management fees and other fund expenses.  
 (4) Includes segment expenses and principal performance payments.

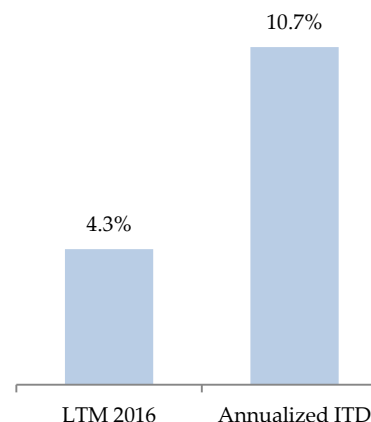


# Credit Hedge Funds

- **Long track record of strong and consistent investment performance**
  - **11%** annualized inception-to-date net returns for DBSO LP (only one down year since fund's inception in 2002)
  - **28 out of the last 29** quarters where DBSO LP has generated positive net returns (including 0.6% net returns in 1Q 2016)
- **AUM up 6% to record \$9.3 billion, primarily due to addition of \$0.7 billion of AUM related to the JP Funds in the quarter**
  - In March 2016, became investment manager of certain third party originated funds (the "JP Funds") that focus primarily on investing in secondary LP interests
  - AUM for the JP Funds includes \$504 million of permanent equity
- **\$4.4 billion of incentive eligible NAV above incentive income thresholds at quarter end**

Financial Results (\$ millions)	1Q 2016	4Q 2015	1Q 2015	LTM 1Q2016	LTM 1Q2015
Segment Revenues	44	49	53	210	230
Expenses <sup>(2)</sup>	(30)	(36)	(32)	(134)	(144)
Fund Management DE	14	13	21	76	86
Net Investment Income	-	1	1	1	(1)
Pre-Tax DE	14	14	22	77	85
Fee-Paying AUM <sup>(1)</sup>	9,336	8,799	6,271	9,336	6,271

## DBSO LP Net Returns<sup>(3)</sup> \$4.5B of AUM



Credit Hedge Funds	AUM
DBSO Funds	\$5.8bn
Co-Managed Funds	\$2.6bn
Third Party Originated Funds <sup>(4)</sup>	\$0.8bn
Japan Income Fund	\$0.1bn

(1) Includes \$2.6 billion of AUM related to co-managed funds and \$0.8 billion related to third party originated funds.

(2) Includes segment expenses and principal performance payments.

(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 Funds valued at a multiple of 1.5x invested capital<sup>(1)</sup> as of quarter end
  - Fund V valued at 1.6x invested capital as of 1Q 2016<sup>(1)</sup>
- Continued expectations for significant balance sheet realization activity and distributions
  - Over \$5 billion in gross capital distributions since beginning of 2014
  - \$312 million of net embedded gains that would be recognized in DE if PE-related investments were liquidated at 1Q 2016 values

Financial Results (\$ millions)	1Q 2016	4Q 2015	1Q 2015	LTM 1Q2016	LTM 1Q2015
Segment Revenues	26	29	29	113	131
Expenses <sup>(2)</sup>	(10)	(2)	(14)	(40)	(53)
Fund Management DE	16	27	15	73	78
Net Investment Income	(2)	-	-	(2)	91
Pre-Tax DE	14	27	15	71	169
Fee-Paying AUM	7,179	8,991	10,179	7,179	10,179

PE Fund (vintage)	Fund NAV	Gross Multiple <sup>(1)</sup>	Select Investments
Fund I (1999)	Liquidated	3.0x	
Fund II (2002)	Liquidated	1.8x	
Fund III (2004)	\$0.6bn (in liquidation)	1.1x	NSM
Fund IV (2006)	\$1.7bn	1.0x	NSM, Holiday, Florida <sup>(3)</sup>
Fund V (2007)	\$4.3bn	1.6x	OMF, Florida <sup>(3)</sup>
<b>Total Main PE Funds</b>	<b>\$6.6bn</b>	<b>1.5x</b>	

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

(2) Includes segment expenses and principal performance payments. 4Q 2015 figure has been reduced by \$9 million of reimbursed expenses that were incurred in prior period.

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

# Permanent Capital Vehicles

- **First quarter pre-tax DE of \$9 million and LTM pre-tax DE of \$110 million**
  - **\$105 million** of gross incentive income and **\$104 million** in management fees in LTM
  - **\$6.8 billion** in AUM across six publicly traded vehicles, **up nearly 50%** compared to 1Q 2015
- **Significant opportunity for future earnings growth from strong underlying investment performance**
  - **\$4.7 billion** of incentive eligible NAV above incentive income thresholds at quarter end
  - NRZ, SNR, NEWM & ECT were at or above incentive income thresholds at quarter end

Financial Results (\$ millions)	1Q 2016	4Q 2015	1Q 2015	LTM 1Q2016	LTM 1Q2015
Segment Revenues	29	57	22	209	137
Expenses <sup>(1)</sup>	(21)	(27)	(18)	(102)	(99)
Fund Management DE	8	30	4	107	38
Net Investment Income	1	1	-	3	2
Pre-Tax DE	9	31	4	110	40
Fee-Paying AUM	6,773	6,816	4,622	6,773	4,622

Permanent Capital Vehicle	Investment Focus	Market Cap <sup>(2)</sup>	Largest "Peer" Market Cap <sup>(2)</sup>	Addressable Market <sup>(3)</sup>
New Residential (NRZ)	Mortgage Servicing Related Investments	\$2.8bn	NLY: \$9.7bn	\$22tn
Newcastle (NCT)	Real Estate Debt & Golf Business	\$0.3bn	STWD: \$4.6bn	\$7tn
New Senior (SNR)	Healthcare REIT	\$0.9bn	HCN: \$26.5bn	\$300bn
New Media (NEWM)	Local Print & Digital Media	\$0.7bn	GCI: \$1.9bn	\$26bn
Eurocastle (ECT)	Italian NPLs	€0.5bn	IF: €1.3bn	\$205bn
Fortress Transportation & Infrastructure (FTAI)	Transportation & Infrastructure	\$0.8bn	KMI: \$38.3bn	\$3tn

(1) Includes segment expenses and principal performance payments.

(2) Market cap based on stock prices as of May 4, 2016.

(3) Based on FIG estimates as of May 2016.

# Logan Circle

- **AUM surpassed profitability breakeven point: potential for high incremental margins with AUM growth going forward**
  - AUM increased 5% in the quarter, primarily due to **\$1.4 billion** of performance-related valuation gains
- **Logan Circle currently manages \$32.8 billion of AUM across three core fixed income platforms:**
  - High Grade – \$21.8 billion of AUM
  - Short Duration / Intermediate – \$6.9 billion of AUM
  - High Yield – \$4.1 billion of AUM
- **All 16 Logan Circle strategies generated positive net returns in 1Q 2016**
  - 12 out of 16 strategies outperformed respective benchmarks in the quarter
  - 15 of 16 Logan Circle strategies have outperformed since inception through 1Q 2016

Financial Results (\$ millions)	1Q 2016	4Q 2015	1Q 2015	LTM 1Q2016	LTM 1Q2015
Segment Revenues	14	14	13	55	49
Expenses	(13)	(14)	(14)	(54)	(55)
Fund Management DE	1	-	(1)	1	(6)
Net Investment Income	-	(1)	-	(1)	2
Pre-Tax DE	1	(1)	(1)	-	(4)
Fee-Paying AUM	32,801	31,178	33,416	32,801	33,416

(\$ millions)	Assumed Logan Circle AUM <sup>(1)</sup>		
	\$40,000	\$50,000	\$60,000
Assumed Mgmt Fee Rate (bps) <sup>(1)</sup>	17	17	17
Annual Management Fees	\$68	\$85	\$102
Assumed Operating Margin <sup>(1)</sup>	12.5%	25.0%	35.0%
Annual Operating Expenses	\$(60)	\$(64)	\$(66)
Pre-Tax DE	\$8	\$21	\$36
Pre-Tax DE per share <sup>(2)</sup>	\$0.02	\$0.05	\$0.09

(1) The hypothetical assumptions for AUM, fee rates, management fees and expenses are presented solely for illustrative purposes and actual results could differ materially. 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. Assumed management fee rates based on average management fee rate as of March 31, 2016. Assumed operating margin based on current Fortress estimates.

(2) Based on 394 million dividend paying shares outstanding as of March 31, 2016.

# Liquid Markets

- **Liquid business recorded pre-tax DE of \$2 million in 1Q 2016**
  - Fortress Centaurus Global Funds and Fortress Convex Funds generated 1Q 2016 net returns of 1.8% and 1.5%, respectively
- **\$5.2 billion of AUM at quarter end, including \$4.5 billion of AUM related to Affiliated Managers**
  - AUM declined 4% in the quarter, primarily due to redemptions for the Fortress Partners Funds
- **Raised \$63 million of capital in the quarter and \$310 million in LTM, primarily for the Fortress Centaurus Global Funds**

Financial Results (\$ millions)	1Q 2016	4Q 2015	1Q 2015	LTM 1Q2016	LTM 1Q2015
Segment Revenues	8	9	22	51	143
Expenses <sup>(2)</sup>	(10)	(15)	(25)	(70)	(130)
Fund Management DE <sup>(3)</sup>	(1)	(7)	6	(18)	22
Net Investment Income	3	5	3	8	-
Pre-Tax DE	2	(2)	9	(10)	22
Fee-Paying AUM <sup>(1)</sup>	5,195	5,409	7,838	5,195	7,838

Liquid Hedge Fund	Investment Focus/Strategy	AUM
Affiliated Managers	▪ Asia Macro	\$4.5bn
Fortress Partners Funds	▪ Endowment-Style	\$0.2bn
Fortress Centaurus Global Funds	▪ Global, Equity Biased Event Driven	\$0.2bn
Fortress Convex Asia Funds	▪ Volatility-Based	\$0.2bn
Drawbridge Global Macro Funds	▪ Global Macro	\$0.1bn

(1) In January 2015, the Fortress Asia Macro Funds and related managed accounts transitioned to Graticule on Fortress's affiliated manager platform ("Affiliated Managers"). Affiliated Managers had \$4.5 billion of AUM as of 1Q 2016.

(2) Includes segment expenses and principal performance payments.

(3) Includes \$1 million, \$(1) million, \$9 million, \$1 million and \$9 million of earnings from Affiliated Managers for 1Q 2016, 4Q 2015, 1Q 2015, LTM 1Q 2016 and LTM 1Q 2015, respectively.

# Significant Embedded Value on Balance Sheet

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

- Transition to **\$300 - \$500 million** “maintenance” balance sheet from current \$943 million size
- \$1.15 to \$1.65 per share<sup>(1)</sup>** of implied potential distributions (assuming no further appreciation)

## Balance Sheet: \$943 Million

(\$ millions)	Remaining Expected Life - by Fund Maturity			
	< 3 Years	> 3 Years	Other	Total
Cash & Cash Equivalents	226	-	-	226
Direct Equity/Other	-	-	20	20
PE Investments	566	7	-	573
Credit PE Investments	5	192	-	197
Hedge Fund Investments	13	-	157	170
Other Investments	6	-	12	18
<b>Total Cash &amp; Investments</b>	<b>816</b>	<b>199</b>	<b>189</b>	<b>1,204</b>
Less: Debt Outstanding	(261)	-	-	(261)
<b>Net Cash &amp; Investments<sup>(2)</sup></b>	<b>555</b>	<b>199</b>	<b>189</b>	<b>943</b>
<b>Per Share<sup>(1)</sup></b>	<b>\$1.41</b>	<b>\$0.50</b>	<b>\$0.48</b>	<b>\$2.39</b>

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

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

(per share) <sup>(1)</sup>	Low	High
Current B/S	\$2.39	\$2.39
<b>Potential Future B/S</b>	<b>~\$0.75</b>	<b>~\$1.25</b>
<b>Potential Distribution</b>	<b>~\$1.65</b>	<b>~\$1.15</b>

(1) Based on 394 million dividend paying shares outstanding as of March 31, 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.

# Conclusion

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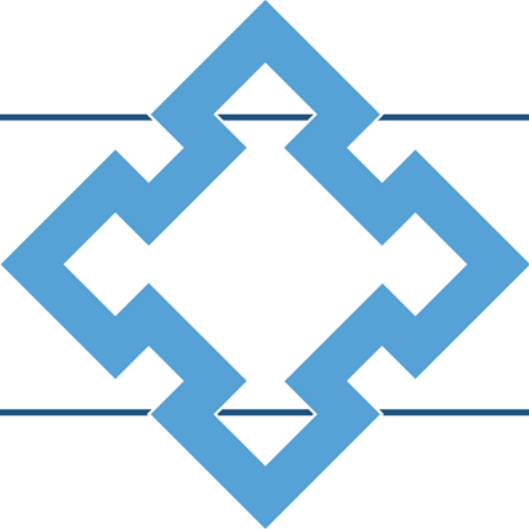
*We believe FIG shares represent a **compelling** investment opportunity for investors*

- ✓ Consistent and growing base quarterly dividend provides attractive yield
- ✓ Stable, recurring fee base from long-term and permanent capital
- ✓ Significant earnings upside potential from embedded value in investment funds
- ✓ Intend to harvest and distribute substantial value through balance sheet monetizations
- ✓ Demonstrated alignment of interests with shareholders through accretive buybacks and high DE payout ratio

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# Appendix

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# Appendix Slide #1: Consolidated Results

Pre-tax DE of \$64 million, or \$0.16 per dividend paying share, for 1Q 2016

## Distributable Earnings (\$ millions)<sup>(1)</sup>

 FORTRESS	1Q 2016	4Q 2015	1Q 2015	LTM 2016	LTM 2015
Management Fees	141	148	139	584	593
Incentive Income	64	132	51	449	408
<b>Segment Revenues</b>	<b>205</b>	<b>280</b>	<b>190</b>	<b>1,033</b>	<b>1,001</b>
Operating Expenses	(109)	(105)	(115)	(447)	(462)
Profit Sharing Expenses	(31)	(47)	(30)	(169)	(219)
<b>Segment Expenses</b>	<b>(140)</b>	<b>(152)</b>	<b>(145)</b>	<b>(616)</b>	<b>(681)</b>
Earnings From Affiliated Managers	1	(1)	9	1	9
Principal Performance Payments	(3)	(14)	(3)	(42)	(25)
<b>Fund Management DE</b>	<b>63</b>	<b>113</b>	<b>51</b>	<b>376</b>	<b>304</b>
Net Investment Income	1	17	4	24	101
<b>Pre-Tax DE</b>	<b>64</b>	<b>130</b>	<b>55</b>	<b>400</b>	<b>405</b>
<b>per dividend paying share</b>	<b>\$0.16</b>	<b>\$0.30</b>	<b>\$0.12</b>	<b>\$0.92</b>	<b>\$0.91</b>

(1) Segment Revenues, Segment Expenses, Fund Management Distributable Earnings and Pre-Tax Distributable Earnings are non-GAAP financial measures described in Fortress's first quarter 2016 earnings release. The release is available in the "Public Shareholders" section of Fortress's website, [www.fortress.com](http://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

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### *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*

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.

# 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					Full Year 2015	Three Months Ended March 31, 2016
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015		June 30, 2015	September 30, 2015	December 31, 2015				
<b>GAAP Net Income (Loss)</b>	<b>\$ 9</b>	<b>\$ 73</b>	<b>\$ 17</b>	<b>\$ 141</b>	<b>\$ 240</b>	<b>\$ 87</b>	<b>\$ 5</b>	<b>\$ (26)</b>	<b>\$ 116</b>	<b>\$ 182</b>	<b>\$ (16)</b>		
Principals' and Others' Interests in (Income) Loss of Consolidated Subsidiaries	(6)	(42)	(13)	(79)	(140)	(52)	(2)	12	(62)	(104)	7		
Redeemable non-controlling interests in Income (Loss)	-	-	2	(1)	1	-	-	-	-	-	-		
<b>GAAP Net Income (Loss) Attributable to Class A Shareholders</b>	<b>\$ 3</b>	<b>\$ 31</b>	<b>\$ 6</b>	<b>\$ 61</b>	<b>\$ 101</b>	<b>\$ 35</b>	<b>\$ 3</b>	<b>\$ (14)</b>	<b>\$ 54</b>	<b>\$ 78</b>	<b>\$ (9)</b>		
Private Equity incentive income	37	(10)	29	29	85	3	19	21	(16)	27	23		
Hedge Fund, PCV and Logan Circle incentive income	30	26	21	(77)	-	23	80	1	(47)	-	8		
Incentive income received related to exercise of options	-	2	7	-	9	-	-	-	1	58	-		
Reserve for clawback	2	-	-	-	2	-	-	-	-	-	-		
Distributions of earnings from equity method investees	9	47	6	10	72	4	9	5	17	35	3		
Losses (earnings) from equity method investees	(17)	(20)	(38)	7	(68)	(27)	33	23	17	46	24		
Losses (gains) on options	5	1	23	1	30	(32)	9	27	2	6	2		
Losses (gains) on other Investments	5	42	(16)	(17)	14	(1)	(5)	14	(1)	7	15		
Impairment of investments	-	-	(3)	-	(3)	(3)	(3)	(1)	(2)	(6)	(2)		
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	-	-	-	-	-	-	-	-	1	1	1		
Employee, Principal and director compensation	12	6	6	12	36	20	6	2	5	33	3		
Adjust non-controlling interests related to Fortress Operating Group units	5	40	11	78	134	52	1	(12)	62	103	(8)		
Tax receivable agreement liability reduction	-	-	4	29	33	-	8	-	(2)	6	3		
Adjust income taxes	6	8	3	(10)	7	18	(5)	3	39	55	1		
Adjust transfer of interest in Graticule	-	-	-	-	-	101	-	-	-	101	-		
<b>Pre-tax Distributable Earnings</b>	<b>\$ 97</b>	<b>\$ 172</b>	<b>\$ 55</b>	<b>\$ 123</b>	<b>\$ 446</b>	<b>\$ 55</b>	<b>\$ 137</b>	<b>\$ 69</b>	<b>\$ 130</b>	<b>\$ 391</b>	<b>\$ 64</b>		
Investment Loss (income)	(10)	(97)	11	(14)	(109)	(5)	(4)	(3)	(19)	(31)	(4)		
Interest Expense	-	1	1	1	3	1	-	1	2	4	3		
<b>Fund Management DE</b>	<b>\$ 87</b>	<b>\$ 76</b>	<b>\$ 67</b>	<b>\$ 110</b>	<b>\$ 340</b>	<b>\$ 51</b>	<b>\$ 133</b>	<b>\$ 67</b>	<b>\$ 113</b>	<b>\$ 364</b>	<b>\$ 63</b>		
<b>GAAP Revenues</b>	<b>\$ 237</b>	<b>\$ 270</b>	<b>\$ 243</b>	<b>\$ 455</b>	<b>\$ 1,205</b>	<b>\$ 227</b>	<b>\$ 308</b>	<b>\$ 264</b>	<b>\$ 415</b>	<b>\$ 1,214</b>	<b>\$ 232</b>		
Adjust management fees	-	-	-	(1)	(1)	(1)	1	-	-	-	1		
Adjust incentive income	69	17	57	(47)	96	27	100	22	(59)	90	31		
Adjust income from the receipt of options	-	(1)	(5)	-	(6)	(4)	(21)	-	-	(25)	-		
Other revenues	(55)	(56)	(57)	(65)	(233)	(59)	(61)	(65)	(76)	(261)	(59)		
<b>Segment Revenues</b>	<b>\$ 251</b>	<b>\$ 230</b>	<b>\$ 238</b>	<b>\$ 343</b>	<b>\$ 1,062</b>	<b>\$ 190</b>	<b>\$ 327</b>	<b>\$ 221</b>	<b>\$ 280</b>	<b>\$ 1,018</b>	<b>\$ 205</b>		
<b>GAAP Expenses</b>	<b>\$ 231</b>	<b>\$ 216</b>	<b>\$ 235</b>	<b>\$ 310</b>	<b>\$ 992</b>	<b>\$ 329</b>	<b>\$ 258</b>	<b>\$ 224</b>	<b>\$ 242</b>	<b>\$ 1,053</b>	<b>\$ 207</b>		
Adjust interest expense	-	(1)	(1)	(1)	(3)	(1)	-	(1)	(2)	(4)	(3)		
Adjust employee, Principal and director compensation	(12)	(6)	(3)	(3)	(24)	(18)	(2)	(1)	(5)	(26)	(2)		
Adjust amortization of intangible assets and impairment of goodwill	-	-	-	-	-	-	-	-	(1)	(1)	(1)		
Adjust expense reimbursements from affiliates and non-affiliates	(54)	(52)	(55)	(70)	(231)	(59)	(61)	(64)	(68)	(252)	(57)		
Adjust Principal Performance Payments	(9)	(9)	(9)	(15)	(42)	(5)	(20)	(9)	(14)	(48)	(4)		
Adjust transfer of interest in Graticule	-	-	-	-	-	(101)	-	-	-	(101)	-		
Other	-	-	(1)	1	-	-	-	-	-	-	-		
<b>Segment Expenses</b>	<b>\$ 157</b>	<b>\$ 148</b>	<b>\$ 166</b>	<b>\$ 221</b>	<b>\$ 692</b>	<b>\$ 145</b>	<b>\$ 175</b>	<b>\$ 149</b>	<b>\$ 152</b>	<b>\$ 621</b>	<b>\$ 140</b>		

## Appendix Slide #3A

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“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 10 to the financial statements included in the Company’s Annual Report on Form 10-Q for the quarter ended March 31, 2016.

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 March 31,		Twelve Months Ended December 31,	
	2016	2015	2015	2014
<b>Weighted Average Class A Shares Outstanding (Used for Basic EPS)</b>	220,847,407	215,785,776	216,503,554	210,303,241
Weighted average fully vested restricted Class A share units with dividend equivalent rights	(1,676,531)	(7,231,768)	(3,272,595)	(1,379,649)
Weighted average restricted Class A shares	(769,429)	(840,658)	(766,420)	(1,016,240)
<b>Weighted Average Class A Shares Outstanding</b>	218,401,447	207,713,350	212,464,539	207,907,352
Weighted average restricted Class A shares <sup>1</sup>	769,429	840,658	766,420	1,016,240
Weighted average fully vested restricted Class A share units which are entitled to dividend equivalent payments	1,676,531	7,231,768	3,272,595	1,379,649
Weighted average unvested restricted Class A share units which are entitled to dividend equivalent payments	7,817,892	8,347,402	10,023,561	7,017,047
Weighted average Fortress Operating Group units	169,514,478	226,331,513	220,416,315	231,162,793
<b>Weighted Average Class A Shares Outstanding (Used for DEPS)</b>	398,179,777	450,464,691	446,943,430	448,483,081
Weighted average vested and unvested restricted Class A share units which are not entitled to dividend equivalent payments	8,755,877	11,703,251	12,139,050	13,310,978
<b>Weighted Average Fully Diluted Shares and Units Outstanding (Used for Diluted DEPS)</b>	406,935,654	462,167,942	459,082,480	461,794,059

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

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

# Appendix Slide #5

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

	As of March 31, 2016		As of December 31, 2015	
	GAAP Book Value	Net Cash and Investments	GAAP Book Value	Net Cash and Investments
Cash and Cash equivalents	\$ 225,553	\$ 225,553	\$ 339,842	\$ 339,842
Investments	977,996	977,996	1,055,789	1,055,789
Investments in options <sup>1</sup>	27,932	-	30,427	-
Due from Affiliates	216,646	-	273,811	-
Deferred Tax Asset, net	418,773	-	427,102	-
Other Assets	141,389	-	148,310	-
<b>Total Assets</b>	<b>2,008,289</b>	<b>1,203,549</b>	<b>2,275,281</b>	<b>1,395,631</b>
Debt Obligations Payable	\$ 260,677	\$ 260,677	\$ 230,677	\$ 230,677
Accrued Compensation and Benefits	116,015	-	318,750	-
Due to Affiliates	370,061	-	365,218	-
Deferred Incentive Income	290,744	-	332,329	-
Other Liabilities	116,885	-	86,503	-
<b>Total Liabilities</b>	<b>1,154,382</b>	<b>260,677</b>	<b>1,333,477</b>	<b>230,677</b>
Less: Redeemable Non-controlling Interests	-	-	-	-
<b>Net</b>	<b>\$ 853,907</b>	<b>\$ 942,872</b>	<b>\$ 941,804</b>	<b>\$ 1,164,954</b>
	<b>Shares Outstanding</b>	<b>Dividend Paying Shares and Units Outstanding</b>	<b>Shares Outstanding</b>	<b>Dividend Paying Shares and Units Outstanding</b>
Class A Shares	215,614	215,614	216,061	216,061
Restricted Class A Shares	771	771	729	729
Fortress Operating Group Units	169,514	169,514	169,515	169,515
Fully Vested Class A Shares - Dividend Paying	-	303	-	1,361
Unvested Class A Shares - Dividend Paying	-	8,064	-	9,175
<b>Shares Outstanding</b>	<b>385,899</b>	<b>394,266</b>	<b>386,305</b>	<b>396,841</b>
<b>Per Share</b>	<b>\$ 2.21</b>	<b>\$ 2.39</b>	<b>\$ 2.44</b>	<b>\$ 2.94</b>

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 \$17 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 March 31, 2016 closing price and differs from the fair value derived from option pricing models included in the table above.

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