

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) October 27, 2005 (October 26, 2005)

Newcastle Investment Corp.

(Exact Name of Registrant as Specified in Charter)

Maryland	001-31458	81-0559116
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1251 Avenue of the Americas, 16th Floor, New York, NY 10020

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (212) 798-6100

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 26, 2005, Newcastle Investment Corp. (the "Company") announced its results of operations for the quarter ended September 30, 2005. A copy of the related press release is attached hereto as Exhibit 99.1.

The information furnished pursuant to this Current Report on Form 8-K (including the exhibits hereto) shall not be considered "filed" under the Securities Exchange Act of 1934, as amended, nor shall it be incorporated by reference into future filings by the Company under the Securities Act of 1933, as amended or under the Securities Exchange Act of 1934, as amended, unless the Company expressly sets forth in such future filing that such information is to be considered "filed" or incorporated by reference therein.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

99.1 Press Release, dated October 26, 2005, issued by Newcastle Investment Corp.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Newcastle Investment Corp.

(Registrant)

Date: October 27, 2005

By: /s/ Randal A. Nardone

Name: Randal A. Nardone
Title: Secretary

EXHIBIT INDEX

EXHIBIT NO.

DESCRIPTION

- - - - -

- - - - -

99.1

Press Release, dated October 26, 2005, issued by
Newcastle Investment Corp.

[NEWCASTLE INVESTMENT CORP. LOGO]

Contact:
Lilly H. Donohue
Director of Investor Relations
212-798-6118

FOR IMMEDIATE RELEASE

NEWCASTLE ANNOUNCES THIRD QUARTER 2005 RESULTS

Third Quarter Highlights:

- Income available for common stockholders of \$27.7 million, or \$0.63 per diluted common share, up 5% from third quarter 2004 on a per diluted common share basis
- Declared a dividend of \$0.625 per share of common stock
- \$853.7 million of investment activity
- Total assets of \$5.9 billion, up 19.0% from \$4.9 billion at December 31, 2004

New York, NY. October 26, 2005 - Newcastle Investment Corp. (NYSE: NCT) reported funds from operations (FFO) for the quarter ended September 30, 2005 of \$27.8 million, or \$0.63 per diluted common share, as compared to \$24.0 million, or \$0.62 per diluted common share, for the quarter ended September 30, 2004. The Company generated an FFO return on average invested common equity of 14.3% for third quarter 2005.

For the three months ended September 30, 2005, income available for common stockholders was \$27.7 million, or \$0.63 per diluted common share, compared with \$23.4 million, or \$0.60 per diluted common share, in third quarter 2004.

For the quarter ended September 30, 2005, Newcastle's Board of Directors declared a dividend of \$0.625 per share of common stock. The Board also declared a dividend of \$0.609 per share on Newcastle's 9.75% Series B Cumulative Redeemable Preferred Stock.

Our common equity book value decreased to \$831.3 million, or \$18.98 per share, at September 30, 2005 from \$848.7 million, or \$19.38 per share, at June 30, 2005 principally due to a decrease in net unrealized gains, as reported in other comprehensive income.

For a reconciliation and discussion of GAAP net income to FFO and GAAP book equity to invested common equity, please refer to the tables following the presentation of GAAP results.

Page 1 of 8

SELECTED FINANCIAL DATA (IN THOUSANDS):

<TABLE>
<CAPTION>

OPERATING DATA (UNAUDITED):	THREE MONTHS ENDED SEPTEMBER 30, 2005 -----	THREE MONTHS ENDED SEPTEMBER 30, 2004 -----
<S>	<C>	<C>
Funds from operations	\$ 27,795	\$ 23,977
Income available for common stockholders	27,677	23,445

<TABLE>
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BALANCE SHEET DATA (UNAUDITED):	AS OF SEPTEMBER 30, 2005 -----	AS OF DECEMBER 31, 2004 -----
-		
<S>	<C>	<C>
Total assets	\$ 5,867,925	\$ 4,932,720
Total liabilities	4,974,121	4,136,005
Common stockholders' equity	831,304	734,215
Preferred stock	62,500	62,500

The following tables compare certain supplemental data relating to our investment portfolio at September 30, 2005 versus June 30, 2005:

SUPPLEMENTAL DATA - TOTAL INVESTMENT PORTFOLIO (UNAUDITED):

<TABLE>
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2005	SEPTEMBER 30, 2005	JUNE 30,
	-----	-----
<S>	<C>	<C>
Total portfolio (face amount)*	\$ 5,645,993	\$
5,352,648		
Percentage of total assets	96%	
94%		
Weighted average asset yield	6.46%	
6.30%		
Weighted average liability cost	4.87%	
4.68%		
Weighted average net spread	1.59%	
1.62%		

* Excluding ICH.

SUPPLEMENTAL DATA - REAL ESTATE SECURITIES AND REAL ESTATE RELATED LOANS
(UNAUDITED):

2005	SEPTEMBER 30, 2005	JUNE 30,
	-----	-----
<S>	<C>	<C>
Real estate securities and real estate related loans (face amount)*	\$ 4,950,522	\$ 4,543,497
Percentage of total assets	84%	
80%		
Weighted average credit rating	BBB-	
BBB		
Weighted average asset credit spread	247	254
Percentage investment grade	69%	
70%		
Number of securities and loans	516	
514		

* Excluding ICH.

SUPPLEMENTAL DATA - RESIDENTIAL MORTGAGE LOANS (UNAUDITED):

2005	SEPTEMBER 30, 2005	JUNE 30,
	-----	-----
<S>	<C>	<C>
Residential mortgage loans (unpaid principal amount)	\$ 695,471	\$ 809,151
Percentage of total assets	12%	
14%		
Weighted average FICO score	713	
715		
Number of residential mortgage loans	8,473	9,344

CAPITAL MARKETS ACTIVITY

In July 2005, we closed a \$50 million 3-year unsecured revolving credit facility, which we have since increased to \$75 million in October 2005. In addition, subsequent to

quarter end, we raised \$40 million of gross proceeds from the issuance of perpetual preferred stock which is non-callable until October 2010. The preferred stock was issued at a rate of 8.05%. The net proceeds of the offering will be used to make investments in real estate securities and/or other real estate related assets and for general corporate purposes.

Wesley R. Edens, our Chairman and Chief Executive Officer, commented, "We are pleased with our recent ability to raise equity capital through our preferred stock offering. We expect to invest this capital in the fourth quarter at returns that are accretive to shareholders. We are confident in our business strategy and our ability to continue to generate stable and growing dividends in varying interest rate and credit cycles."

THIRD QUARTER INVESTMENT ACTIVITY

During the third quarter, we purchased and committed to purchase a total of \$853.7 million in face amount of real estate securities and real estate related

loans: \$560.9 million on balance sheet; \$172.8 million for our next collateralized bond obligation (CBO) through its warehouse agreement; and the remaining \$120.0 million of a bank loan financed through a total rate of return swap. With respect to investments under the CBO warehouse agreement and the total rate of return swap in the quarter, we have recorded deposits of \$31.7 million on our balance sheet. As a result of the commitments in the quarter and subsequent to quarter end, we have committed to purchase 87%, or \$436 million, of the assets for our eighth CBO. We expect to price the liabilities to permanently finance these assets in the near term.

Our purchases and commitments to purchase during the third quarter had an average credit rating of BBB-. The investments were comprised of: \$323.4 of real estate related loans (including \$193.3 million of mezzanine loans and \$125.0 million of bank loans); \$239.9 million of agency RMBS; \$151.6 million of commercial mortgage backed securities (CMBS); \$74.1 million of real estate related asset backed securities (ABS); and \$64.7 million of real estate investment trust (REIT) debt. In addition, we sold \$58.1 million of real estate securities with an average credit rating of BBB.

Kenneth Riis, our President, commented, "On the investment side, we had a robust third quarter, investing \$95 million of capital. Given the large upcoming deal calendar, we are optimistic about our ability to deploy capital in the fourth quarter, which has historically been our most active quarter."

INVESTMENT PORTFOLIO

At September 30, 2005, our \$5.6 billion investment portfolio (excluding the ICH loans) represented 96% of our total assets and consisted of \$4.9 billion of real estate securities and real estate related loans and \$695.5 million of residential mortgage loans.

Real Estate Securities and Real Estate Related Loans. Our portfolio was well diversified with 516 securities and loans. Of these investments, 66% were fixed rate investments and the remaining 34% were floating rate. The portfolio consisted of 34% CMBS, 17% REIT debt, 14% ABS, 13% agency RMBS, 13% B-Notes and mezzanine loans and 9% real estate loans and bank loans.

Page 3 of 8

The average credit quality was BBB-, and 69% of these investments were rated investment grade. Our average investment size was \$9.6 million, with our largest single investment being \$139.1 million, at quarter end. The weighted average credit spread on this portfolio (i.e., the yield premium on our investments over the comparable U.S. Treasury rate or LIBOR) was 247 basis points as of September 30, 2005.

Residential Mortgage Loans. Our portfolio is comprised of \$397.1 million of residential mortgage loans and \$298.4 million of manufactured housing loans. The residential loans and manufactured housing loans were well diversified with 1,087 loans and 7,386 loans, respectively. The residential mortgage loans had an average maturity of 2.8 years at quarter end. In addition, the manufactured housing loans had an average maturity of 4.9 years at the quarter end.

Newcastle's business strategy is to invest in a diversified portfolio of moderately credit sensitive real estate securities and other real estate related assets. The credit profile of our investment portfolio improved during the third quarter. This can be demonstrated by the ratio of upgrades to downgrades in the quarter, where 38 securities (\$230 million face amount) experienced credit rating upgrades versus one security (\$5 million face amount) which experienced a credit rating downgrade.

Our core business strategy is to "lock in" and optimize the difference between the yield on our assets and the cost of our liabilities (which we refer to as the "net spread"). We finance our investments in a manner that matches the interest rates and maturities of our assets and liabilities in an effort to minimize the impact of interest rate fluctuations on our earnings and to reduce the risk of having to refinance our liabilities prior to the maturities of our assets. As a result of this strategy, our earnings are relatively unaffected by a change in rates. For instance, despite an increase in the one month LIBOR and five year US treasury rates of approximately 52 bps and 49 bps, respectively, in the third quarter, our net spread remained relatively unchanged at 159 bps. Further, an immediate 100 basis point increase in short-term interest rates at September 30, 2005 would have increased our earnings by approximately \$350,000 per annum, or less than \$0.01 per share.

CONFERENCE CALL

Newcastle's management will conduct a live conference call on October 27, 2005 at 4:30 P.M. Eastern Time to review the financial results for the quarter ended September 30, 2005. All interested parties are welcome to participate on the live call. You can access the conference call by dialing 866-323-3742 (from within the U.S.) or 706-643-3330 (from outside of the U.S.) ten minutes prior to the scheduled start of the call; please reference "Newcastle Third Quarter 2005 Earnings Call."

A simultaneous webcast of the conference call will be available to the public on a listen-only basis at www.newcastleinv.com. Please allow extra time prior to the call to visit the site and download the necessary software required to listen to the internet broadcast. An online replay of the webcast will be available until November 11, 2005.

A telephonic replay of the conference call will be available until 11:59 P.M. Eastern Time on Friday, November 11, 2005 by dialing 800-642-1687 (from within the U.S.) or 706-645-9291 (from outside of the U.S.); please reference access code "1597321."

Page 4 of 8

ABOUT NEWCASTLE

Newcastle Investment Corp. invests in real estate securities and other real estate related assets. Newcastle is organized and conducts its operations to qualify as a real estate investment trust (REIT) for federal income tax purposes. For more information regarding Newcastle Investment Corp. or to be added to our email distribution list, please visit www.newcastleinv.com.

SAFE HARBOR

Certain items in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to our ability to deploy capital on an accretive basis and the stability of our earnings. These statements are based on management's current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements; Newcastle can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from Newcastle's expectations include, but are not limited to, changes in investment opportunities present in the markets we operate in or our ability to access or finance such investment opportunities; the relative spreads between the yield on the assets we invest in and the cost of financing; and other risks detailed from time to time in Newcastle's SEC reports. Such forward-looking statements speak only as of the date of this press release. Newcastle expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

Page 5 of 8

NEWCASTLE INVESTMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
REVENUES				
Interest income	\$ 91,191	\$ 55,767	\$ 257,617	\$ 160,937
Rental and escalation income	1,871	1,152	4,850	3,321
Gain on investments	6,788	6,227	13,111	15,809
	-----	-----	-----	-----
	99,850	63,146	275,578	180,067
	-----	-----	-----	-----
EXPENSES				
Interest expense	58,681	33,612	163,238	94,318
Property operating expense	594	616	1,827	1,787
Loan and security servicing expense	1,483	742	4,646	2,385
Provision for credit losses	4,091	-	5,990	-
General and administrative expense	1,034	1,180	3,251	3,484
Management fee to affiliate	3,316	2,790	9,895	7,750
Incentive compensation to affiliate	2,416	2,494	5,271	6,104
Depreciation and amortization	182	108	453	316
	-----	-----	-----	-----
	71,797	41,542	194,571	116,144
	-----	-----	-----	-----
Income before equity in earnings of unconsolidated subsidiaries	28,053	21,604	81,007	63,923
Equity in earnings of unconsolidated subsidiaries	1,104	4,893	4,628	8,334
Income taxes on related taxable subsidiaries	(43)	(1,714)	(321)	(1,714)
	-----	-----	-----	-----
Income from continuing operations	29,114	24,783	85,314	70,543
Income (loss) from discontinued operations	86	185	2,051	(550)

NET INCOME	29,200	24,968	87,365	69,993
Preferred dividends	(1,523)	(1,523)	(4,570)	(4,570)
<hr/>				
INCOME AVAILABLE FOR COMMON STOCKHOLDERS	\$ 27,677	\$ 23,445	\$ 82,795	\$ 65,423
<hr/>				
NET INCOME PER SHARE OF COMMON STOCK				
BASIC	\$ 0.63	\$ 0.61	\$ 1.90	\$ 1.80
<hr/>				
DILUTED	\$ 0.63	\$ 0.60	\$ 1.88	\$ 1.77
<hr/>				
Income from continuing operations per share of common stock, after preferred dividends				
Basic	\$ 0.63	\$ 0.61	\$ 1.85	\$ 1.82
<hr/>				
Diluted	\$ 0.63	\$ 0.60	\$ 1.84	\$ 1.79
<hr/>				
Income (loss) from discontinued operations per share of common stock				
Basic	\$ 0.00	\$ 0.00	\$ 0.05	\$ (0.02)
<hr/>				
Diluted	\$ 0.00	\$ 0.00	\$ 0.04	\$ (0.02)
<hr/>				
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING				
BASIC	43,789,819	38,234,481	43,595,411	36,273,142
<hr/>				
DILUTED	44,121,263	38,882,991	43,961,044	36,851,038
<hr/>				
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$ 0.625	\$ 0.600	\$ 1.875	\$ 1.800
<hr/>				

</TABLE>

Page 6 of 8

NEWCASTLE INVESTMENT CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	AS OF SEPTEMBER 30, 2005 (UNAUDITED)	AS OF DECEMBER 31,
2004		

<S>	<C>	<C>
ASSETS		
Real estate securities, available for sale	\$ 4,088,443	\$
3,369,496		
Real estate securities portfolio deposit	24,055	
25,411		
Real estate related loans, net	668,558	
591,890		
Residential mortgage loans, net	684,321	
654,784		
Investments in unconsolidated subsidiaries	32,687	
41,230		
Operating real estate, net	16,839	
57,193		
Real estate held for sale	-	
12,376		
Cash and cash equivalents	16,409	
37,911		
Restricted cash	246,132	
77,974		
Derivative assets	54,161	
27,122		
Receivables and other assets	36,320	
37,333		

	\$ 5,867,925	\$
4,932,720		

LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
CBO bonds payable	\$ 3,093,865	\$
2,656,510		
Other bonds payable	369,082	
222,266		

Notes payable	324,920	
652,000		
Repurchase agreements	983,573	
490,620		
Credit facility	42,000	
-		
Derivative liabilities	24,106	
39,661		
Dividends payable	28,384	
25,928		
Due to affiliates	6,380	
8,963		
Accrued expenses and other liabilities	101,811	
40,057		

	4,974,121	
4,136,005		

STOCKHOLDERS' EQUITY		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, 2,500,000 shares of Series B Cumulative Redeemable Preferred Stock, liquidation preference \$25.00 per share, issued and outstanding	62,500	
62,500		
Common stock, \$0.01 par value, 500,000,000 shares authorized, 43,789,819 and 39,859,481 shares issued and outstanding at September 30, 2005 and December 31, 2004, respectively	438	
399		
Additional paid-in capital	782,091	
676,015		
Dividends in excess of earnings	(13,265)	
(13,969)		
Accumulated other comprehensive income	62,040	
71,770		

	893,804	
796,715		

	\$ 5,867,925	\$
4,932,720		
=====		

</TABLE>

Page 7 of 8

NEWCASTLE INVESTMENT CORP.
RECONCILIATION OF GAAP NET INCOME TO FFO
(IN THOUSANDS)
(UNAUDITED)

	THREE MONTHS ENDED	THREE MONTHS
	SEPTEMBER 30, 2005	SEPTEMBER
ENDED		
30, 2004		

<S>	<C>	<C>
Net income available for common stockholders	\$ 27,677	\$
23,445		
Operating real estate depreciation	118	
532		

Funds from operations ("FFO")	\$ 27,795	\$
23,977		
=====		

</TABLE>

We believe FFO is one appropriate measure of the operating performance of real estate companies because it provides investors with information regarding our ability to service debt and make capital expenditures. We also believe that FFO is an appropriate supplemental disclosure of operating performance for a REIT due to its widespread acceptance and use within the REIT and analyst communities. Furthermore, FFO is used to compute our incentive compensation to our manager. FFO, for our purposes, represents net income available for common stockholders (computed in accordance with GAAP), excluding extraordinary items, plus real estate depreciation, and after adjustments for unconsolidated subsidiaries, if

any. We consider gains and losses on resolution of our investments to be a normal part of our recurring operations and therefore do not exclude such gains and losses when arriving at FFO. Adjustments for unconsolidated subsidiaries, if any, are calculated to reflect FFO on the same basis. FFO does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as a measure of liquidity and is not necessarily indicative of cash available to fund cash needs. Our calculation of FFO may be different from the calculation used by other companies and, therefore, comparability may be limited.

NEWCASTLE INVESTMENT CORP.
 RECONCILIATION OF GAAP BOOK EQUITY TO INVESTED COMMON EQUITY
 (IN THOUSANDS)
 (UNAUDITED)

<TABLE>
 <CAPTION>

	SEPTEMBER 30, 2005

<S>	<C>
Book equity	\$ 893,804
Preferred stock	(62,500)
Accumulated depreciation on operating real estate	3,352
Accumulated other comprehensive income	(62,040)

Invested common equity	\$ 772,616
	=====

</TABLE>