

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) November 1, 2004
(October 27, 2004)

Newcastle Investment Corp.

(Exact Name of Registrant as Specified in Charter)

Maryland ----- (State or other jurisdiction of incorporation)	001-31458 ----- (Commission File Number)	81-0559116 ----- (IRS Employer Identification No.)
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1251 Avenue of the Americas, 16th Floor, New York, NY ----- (Address of Principal Executive Offices)	10020 ----- (Zip Code)
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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 27, 2004, Newcastle Investment Corp. (the "Company") announced its results of operations for the quarter ended September 30, 2004. 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 27, 2004, 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: November 1, 2004

By: /s/ Randal A. Nardone

Name: Randal A. Nardone
Title: Secretary

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
99.1	Press Release, dated October 27, 2004, issued by Newcastle Investment Corp.

NEWCASTLE INVESTMENT CORP.

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

FOR IMMEDIATE RELEASE

Newcastle Announces Third Quarter 2004 Results

Third Quarter Highlights

- o FFO of \$24.0 million, or \$0.62 per diluted common share, up 21.6% from the third quarter 2003 on a per diluted common share basis.
- o Income available for common stockholders of \$23.4 million, or \$0.60 per diluted common share, up 25.0% from the third quarter 2003 on a per diluted common share basis.
- o Declared dividend of \$0.60 per share of common stock.
- o Issued \$454.5 million face amount of non-recourse debt through a collateralized bond obligation in September 2004.

New York, NY. October 27, 2004 - Newcastle Investment Corp. (NYSE: NCT) reported that for the quarter ended September 30, 2004, Funds from Operations ("FFO") were \$24.0 million, or \$0.62 per diluted common share, as compared to \$13.9 million, or \$0.51 per diluted common share for the quarter ended September 30, 2003. The Company generated an FFO return on average invested common equity of 15.31% for the third quarter 2004.

For the three months ended September 30, 2004, income available for common stockholders was \$23.4 million, or \$0.60 per diluted common share compared with \$13.2 million, or \$0.48 per diluted common share, in the third quarter 2003.

For the quarter ended September 30, 2004, Newcastle declared a dividend of \$0.60 per share of common stock. The Board also declared a dividend on the Series B preferred stock of \$0.61 per share.

Our common equity book value per share increased to \$17.40 at September 30, 2004 from \$16.71 at June 30, 2004. GAAP common equity book value was \$665.1 million at September 30, 2004 compared with \$638.8 million at June 30, 2004.

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.

Selected Financial Data (in thousands)

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Operating Data (Unaudited):	Three Months Ended September 30, 2004 -----	Three Months Ended September 30, 2003 -----
<S>	<C>	<C>
Funds from operations	\$23,977	\$ 13,948
Income available for common stockholders	\$23,445	\$ 13,183
Balance Sheet Data:	As of September 30, 2004 (Unaudited) -----	As of December 31, 2003 -----
Total real estate and other securities	\$3,335,925	\$ 2,330,830
Total assets	\$4,669,614	\$ 3,533,081
CBO bond obligations	\$2,656,247	\$ 1,793,533
Preferred stock	\$ 62,500	\$ 62,500
Common stockholders' equity	\$ 665,090	\$ 476,863

Supplemental Total Real Estate and Other Securities

Data as of September 30, 2004 (Unaudited):

Weighted average asset yield	6.18%
Weighted average liability cost	4.33%
Weighted average net spread	1.85%
Weighted average credit rating	BBB-

Weighted average asset credit spread	2.77%
Percentage investment grade	71.3%
Number of securities	418

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Wesley R. Edens, Chairman and Chief Executive Officer, commented, "We had a highly productive quarter on both the investment and financing side of our business. During the quarter, we invested \$45 million of capital at our targeted mid-teens returns."

Capital Markets Activity

Mr. Edens added, "This quarter, we successfully term financed our sixth real estate securities portfolio. We believe our ability to continually tap the real estate debt markets at increasingly attractive rates supports our core business strategy." Newcastle priced a \$454.5 million face amount issuance of non-recourse debt to finance its sixth real estate securities portfolio in September 2004. 78% of the debt was rated AAA/Aaa by S&P and Moody's.

In July 2004, we refinanced \$342.5 million of the AAA and AA bonds in our first collateralized debt obligation which was issued in 1999, and will result in approximately \$1 million of interest cost savings for the next 12 months. \$322.5 million of AAA bonds were refinanced at LIBOR + 30 basis points from LIBOR + 65 basis points and \$20.0 million of AA bonds were refinanced at LIBOR + 50 basis points from LIBOR + 80 basis points.

Third Quarter Investment Activity

During the third quarter, we purchased or committed to purchase approximately \$454 million in face amount of real estate securities and mortgage loans.

Real estate securities. Purchased approximately \$370 million of real estate securities with an average credit rating of BBB. Approximately \$192 million of these securities were commercial mortgage backed securities, \$88 million of REIT debt and \$90 million of asset backed securities. In addition, we sold approximately \$73 million of real estate securities with an average credit rating of BBB-.

Mortgage loans. Residential mortgage loans represent \$84 million of total purchases. These loans are adjustable rate LIBOR mortgage loans to high quality borrowers with strong credit scores.

Mr. Riis noted that "There continues to be significant new issuance volume and growth in our target markets. For the first nine months of 2004 CMBS issuance was up 18% and REIT debt issuance was up 95% over the same period in 2003. In particular, we expect an active fourth quarter on the investment side as deal flow is historically higher in this period. Since quarter end, we have purchased or committed to purchase approximately \$185 million of assets."

The Company entered into an agreement with a major investment bank in October that enables us to purchase commercial mortgage backed securities, REIT debt, real estate loans and asset backed securities for our seventh real estate securities portfolio, targeted to be \$500 million.

Real Estate Securities

As of September 30, 2004, our aggregate \$3.3 billion real estate securities portfolio was well diversified with 418 securities, of which 73% were fixed rate securities with a weighted average maturity of 7.36 years and the remaining 27% were floating rate securities with a weighted average maturity of 2.80 years. The portfolio consisted of 57% commercial mortgage backed securities, 24% senior unsecured REIT debt and 19% asset backed securities. As of September 30, 2004, the average credit quality of our aggregate real estate securities portfolio was BBB- and 71.3% of the real estate securities were rated investment grade. Our average investment size was \$7 million and our largest investment in a single security was \$57 million. The weighted average credit spread was 2.77% as of September 30, 2004. The weighted average credit spread represents the yield premium on our securities over the comparable US Treasury rate or LIBOR.

The Company's core business strategy is to invest in a diverse portfolio of moderately credit sensitive real estate debt investments. Our business model is to lock in the difference between the yield on our assets and the cost of our liabilities and optimize this difference, which we refer to as "net spread." Newcastle seeks to match fund these investments with respect to interest rates and maturities in order to minimize the impact of interest rate fluctuations on earnings, and to reduce the risk of refinancing our liabilities prior to the maturity of our assets. As of September 30, 2004, an immediate 100 basis point increase in interest rates would affect our earnings by no more than \$1.3 million per annum. The weighted average maturity of our real estate securities and their related liabilities was 6.13 years and 6.57 years, respectively.

Newcastle's real estate securities portfolio continues to perform well: as of September 30, 2004, none of our owned securities had defaulted, and there have been no principal losses in our real estate securities portfolio to date. We continue to seek investments that will generate superior risk adjusted returns with a long-term objective of capital preservation and earnings stability in varying interest rate and credit cycles.

Conference Call

Management will conduct a conference call on October 28, 2004 to review the Company's third quarter financial results for the period ended September 30, 2004. The conference call is scheduled for 4:30 P.M. eastern time. All interested parties are welcome to participate on the live call. You can access the conference call by dialing (866) 225-8754 ten minutes prior to the scheduled start of the call; please reference "Newcastle Third Quarter 2004 Earnings." International callers should dial (303) 262-0068.

For those who are not available to listen to the live call, a replay will be available until 11:59 P.M. eastern time on Friday, November 5, 2004 by dialing (800) 475-6701; please reference access code "751226." International callers should dial (320) 365-3844 to access the replay.

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 on Newcastle Investment Corp. or to be added to our email distribution list, please visit www.newcastleinv.com.

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 the performance of our real estate securities portfolio. 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 particular sectors of the economy which might adversely affect the credit quality of our securities portfolios and thereby their performance; 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.

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Newcastle Investment Corp.
Consolidated Statements of Income
(dollars in thousands, except share data)
(Unaudited)

Months Ended	Three Months Ended		Nine
	September 30,		
September 30,	-----		-----

Revenues	2004	2003	2004
2003	----	----	----

<S>	<C>	<C>	<C>
<C>			
Interest income	\$ 55,770	\$ 33,909	\$ 160,942
\$ 89,743			
Rental and escalation income	3,817	4,839	13,341
15,064			
=====			
Gain on settlement of investments	6,227	2,928	15,809
9,047			

- -----	65,814	41,676	190,092

113,854			

Expenses			
Interest expense	34,645	19,655	97,684
53,336			
Property operating expense	1,946	1,920	6,143
6,475			
Loan and security servicing expense	742	665	2,385
1,588			
General and administrative expense	1,259	671	3,715
2,268			
Management fee to affiliate	2,790	1,783	7,750
4,537			
Incentive compensation to affiliate	2,494	1,436	6,104
4,392			
Depreciation and amortization	550	498	1,622
1,450			
	44,426	26,628	125,403
74,046			

Income before equity in earnings of unconsolidated subsidiaries	21,388	15,048	64,689
39,808			
Equity in earnings of unconsolidated subsidiaries	4,893	-	8,334
-			
Income taxes on related taxable subsidiaries	(1,714)	-	(1,714)
-			

Income from continuing operations	24,567	15,048	71,309
39,808			
Income (loss) from discontinued operations	401	(342)	(1,316)
(582)			

Net income	24,968	14,706	69,993
39,226			
Preferred dividends	(1,523)	(1,523)	(4,570)
(3,250)			

Income Available For Common Stockholders	\$ 23,445	\$ 13,183	\$ 65,423
\$ 35,976			
=====			
Net Income Per Share of Common Stock			
Basic	\$ 0.61	\$ 0.48	\$ 1.80
\$ 1.45			
=====			
Diluted	\$ 0.60	\$ 0.48	\$ 1.77
\$ 1.44			
=====			
Income from continuing operations, after preferred dividends, per share of common stock			
Basic	\$ 0.60	\$ 0.49	\$ 1.84
\$ 1.47			
=====			
Diluted	\$ 0.59	\$ 0.49	\$ 1.81
\$ 1.46			
=====			
Income (loss) from discontinued operations per share of common stock			
Basic	\$ 0.01	\$(0.01)	\$(0.04)
\$ (0.02)			
=====			
Diluted	\$ 0.01	\$(0.01)	\$(0.04)
\$ (0.02)			
=====			
Weighted average number shares of common stock outstanding			
Basic	38,234,481	27,340,057	36,273,142
24,786,517			
=====			
Diluted	38,882,991	27,620,076	36,851,038
24,987,583			

Dividends Declared per Common Share	\$ 0.60	\$ 0.50	\$ 1.80
\$ 1.45			

</TABLE>

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Newcastle Investment Corp.
Consolidated Balance Sheets
(dollars in thousands, except share data)

As of Assets December 31, 2003	As of September 30, 2004 (Unaudited)	
-----	-----	---
<S>	<C>	
<C>		
Real estate securities, available for sale 2,089,712	\$ 3,079,852	\$
Real estate securities portfolio deposit 19,541	-	
Other securities, available for sale 221,577	256,073	
Real estate related loans, net 341,193	352,275	
Investments in unconsolidated subsidiaries 30,640	53,397	
Operating real estate, net 102,995	91,112	
Real estate held for sale 29,404	11,355	
Residential mortgage loans, net 586,237	711,056	
Cash and cash equivalents 60,403	62,598	
Restricted cash 13,132	13,232	
Deferred costs, net 10,304	6,968	
Receivables and other assets 27,943	31,696	
-----	-----	---
3,533,081	\$ 4,669,614	\$
=====	=====	

Liabilities and Stockholders' Equity

Liabilities		
CBO bonds payable	\$ 2,656,247	\$
1,793,533		
Other bonds payable	235,245	
260,674		
Notes payable	154,556	
154,562		
Repurchase agreements	824,340	
715,783		
Derivative liabilities	27,669	
32,457		
Dividends payable	23,956	
16,703		
Due to affiliates	7,013	
2,445		
Accrued expenses and other liabilities	12,998	
17,561		
-----	-----	---
2,993,718	3,942,024	
-----	-----	---

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, 38,234,481 and 31,374,833 shares issued and outstanding at September 30, 2004 and December 31, 2003, respectively	382
314	
Additional paid-in capital	625,937
451,806	
Dividends in excess of earnings	(15,955)
(14,670)	
Accumulated other comprehensive income	54,726
39,413	
-----	-----
	727,590
539,363	
-----	-----
	\$ 4,669,614
3,533,081	\$
=====	=====

</TABLE>

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Newcastle Investment Corp.
Reconciliation of GAAP Net Income to FFO
(In thousands)
(Unaudited)

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003
	-----	-----
<S>	<C>	<C>
Net income available for common stockholders	\$ 23,445	\$ 13,183
Operating real estate depreciation	532	765
Funds from operations ("FFO")	\$ 23,977	\$ 13,948

</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)

	September 30, 2004

Book equity	\$727,590
Preferred stock	(62,500)
Accumulated depreciation on operating real estate	11,968
Accumulated other comprehensive income	(54,726)

Invested common equity

\$622,332
=====