

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)
February 15, 2005 (February 14, 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 February 14, 2005, Newcastle Investment Corp. (the "Company") announced its results of operations for the fourth quarter and year ended December 31, 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 February 14, 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: February 15, 2005

By: /s/ Randal A. Nardone

Name: Randal A. Nardone
Title: Secretary

EXHIBIT INDEX

Exhibit No.
- -----

Description

99.1

Press Release, dated February 14, 2005, issued by
Newcastle Investment Corp.

NEWCASTLE INVESTMENT CORP.

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

FOR IMMEDIATE RELEASE

Newcastle Announces Fourth Quarter and Year End 2004 Results

2004 Highlights

- Total assets ended at \$4.9 billion, a \$1.4 billion increase from 2003.
- Common equity book value totaled \$734.2 million, or \$18.42 per common share, up 54% from 2003.
- FFO of \$86.2 million, or \$2.30 per diluted common share, up 11% from 2003 on a per diluted common share basis.
- Income available for common stockholders of \$92.3 million, or \$2.46 per diluted common share, up 26% from 2003 on a per diluted common share basis.
- FFO return on average invested common equity was 14.5%.
- Declared total dividends of \$2.425 per share of common stock.
- Issued 8.4 million shares of common stock, raising net proceeds of approximately \$222.8 million.

Fourth Quarter 2004 Highlights

- FFO of \$0.57 per diluted common share, up 4% from fourth quarter 2003 on a per diluted common share basis.
- Income available for common stockholders of \$0.69 per diluted common share, up 33% from fourth quarter 2003 on a per diluted common share basis.
- Increased dividend to \$0.625 per share of common stock.
- Issued 1.6 million shares of common stock, raising net proceeds of approximately \$50.1 million.

New York, NY. February 14, 2004 - Newcastle Investment Corp. (NYSE: NCT) reported that for the quarter ended December 31, 2004, Funds from Operations ("FFO") were \$22.6 million, or \$0.57 per diluted common share, up from \$16.2 million, or \$0.55 per diluted common share for the quarter ended December 31, 2003. FFO excluding the effect of the reversal of accumulated depreciation from the sale of certain real estate properties was \$27.5 million, or \$0.69 per diluted common share. The Company generated a FFO return on average invested equity of 13.9% for the fourth quarter 2004 and 16.9% excluding the reversal of accumulated depreciation.

FFO for the year ended December 31, 2004 was \$86.2 million, or \$2.30 per diluted common share. FFO excluding the effect of the reversal of accumulated depreciation from the sale of certain real estate properties was \$94.5 million, or \$2.52 per diluted common share. The Company generated a FFO return on average invested common equity of 14.5% for the year ended December 31, 2004 and 15.8% excluding the reversal of accumulated depreciation.

For the three months ended December 31, 2004, income available for common stockholders was \$26.9 million, or \$0.69 per diluted common share, compared with \$15.4 million, or \$0.52 per diluted common share, in the fourth quarter 2003.

For the year ended December 31, 2004, income available for common stockholders was \$92.3 million or \$2.46 per diluted common share. For the quarter ended December 31, 2004, Newcastle declared a dividend of \$0.625 per share of common stock. Dividends declared in 2004 totaled \$2.425 per common share.

Our GAAP common equity book value was \$734.2 million at December 31, 2004. For

the year ended December 31, 2004, the Company's assets increased approximately 40%, with total assets at the end of the year of \$4.9 billion, up from \$3.5 billion at December 31, 2003.

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.

<TABLE>

<CAPTION>

Selected Financial Data
(in thousands)

<S>

	<C> Three Months Ended December 31, 2004 -----	<C> Year Ended December 31, 2004 -----
Operating Data (Unaudited):		
Funds from operations	\$ 22,616	\$ 86,201
Income available for common stockholders	26,898	92,321
	As of December 31, 2004 -----	As of December 31, 2003 -----
Balance Sheet Data (Unaudited):		
Real estate securities	\$ 3,369,496	\$ 2,192,727
Real estate related loans	591,890	402,784
Total assets	4,932,720	3,550,299
CBO bond obligations	2,656,510	1,793,533
Common stockholders' equity	734,215	476,863
Preferred stock	62,500	62,500

Supplemental Real Estate Securities and Real Estate Related Loans Data (Unaudited):

	December 31, 2004 -----
Real estate securities and real estate related loans*	\$ 3,758,710
Percentage of total assets	76%
Weighted average asset yield	6.27%
Weighted average liability cost	4.46%
Weighted average net spread	1.81%
Weighted average credit rating	BBB-
Weighted average asset credit spread	280
Percentage investment grade	70%
Number of securities and loans	455
* Excluding ICH loans (as disclosed in our SEC filings).	

</TABLE>

Wesley R. Edens, Chairman and Chief Executive Officer, commented, "We are pleased with our results for the quarter and the year. The Company's earnings continue to grow as we accretively deploy new capital. In 2004, our net income on a per share basis increased by 26%."

Capital Markets Activity

In November 2004, Newcastle issued approximately 1.625 million shares of common stock, raising net proceeds of approximately \$50.1 million. In January 2005, Newcastle issued another 3.3 million shares of common stock for net proceeds of approximately \$96.6 million.

Consistent with the Company's funding discipline, Newcastle financed a \$606.2 million (face amount) portfolio of residential mortgage loans with three-year term debt. This portfolio was previously financed with short-term repurchase agreements.

Mr. Edens commented, "We successfully accessed the capital markets throughout 2004, raising over \$220 million of equity. Since year end, we have raised another \$100 million of equity capital. To date, substantially all of this equity has been invested or committed to new investments."

Fourth Quarter Investment Activity

During the fourth quarter, we purchased or committed to purchase approximately \$911 million in face amount of real estate securities and real estate related loans. We sold approximately \$21 million of securities with an average credit rating of BBB- during the fourth quarter of 2004 and closed on the sale of two Belgian properties.

Real estate securities and real estate related loans. Total purchases in the quarter were 71% real estate securities and 29% real estate related loans with an average credit rating of BBB.

Operating real estate. In the quarter, we closed on the sale of two Belgian properties. Upon sale of real estate, accumulated depreciation is reversed for purposes of calculating FFO. As a result of this sale, we

recorded a net FFO gain of \$0.4 million, or \$0.01 per diluted share. The net FFO gain is comprised of gain on sale of \$0.13 per diluted share (\$5.3 million) and reversal of accumulated depreciation of \$0.12 per diluted share (\$4.9 million).

Kenneth Riis, Newcastle's President, commented "We had a highly productive fourth quarter, purchasing approximately \$1 billion of assets. We continue to see good investment opportunities and have, since year end, purchased or committed to purchase approximately \$533 million of new assets."

Real Estate Securities and Real Estate Related Loans

As of December 31, 2004, our aggregate \$3.8 billion real estate securities and real estate related loan portfolio was well diversified with 455 securities and loans. Of such amount, 68% were fixed rate investments and the remaining 32% were floating rate. The portfolio consisted of 68% CMBS and REIT debt, 16% ABS, 5% agency RMBS, 6% B-note and mezzanine loans and 5% real estate loans and bank loans.

As of December 31, 2004, the average credit quality of our aggregate real estate securities and real estate related loan portfolio was BBB- and 70% of these investments were rated investment grade. Our average investment size was \$8.1 million and our largest single investment was \$86.7 million. The weighted average credit spread was 280 basis points as of December 31, 2004. The weighted average credit spread represents the yield premium on our investments over the comparable US Treasury rate or LIBOR.

The Company's 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. The Company's real estate securities and real estate related loan portfolio and the respective liabilities have a weighted average life of 5.37 years and 5.72 years. As of December 31, 2004, a 100 basis point increase in short term interest rates would increase our earnings by \$730,000 per annum, or \$0.018 per share.

Our real estate securities and real estate related loan portfolio continues to perform as expected. As of December 31, 2004, none of our owned securities or loans had defaulted, and there have been no principal losses in our real estate securities and real estate related loan 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 February 15, 2004 to review the Company's fourth quarter financial results for the period ended December 31, 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 (888) 428-4473 ten minutes prior to the scheduled start of the call; please reference "Newcastle Fourth Quarter 2004 Earnings Call." International callers should dial (612) 332-0923.

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 February 22nd by dialing (800) 475-6701; please reference access code "767875." International callers should dial (320) 365-3844 to access the replay.

About Newcastle

Newcastle Investment Corp. invests in real estate securities, real estate related loans 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. and 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 our ability to locate suitable investment opportunities and our expectation regarding the performance of our real estate securities and real estate related loan portfolios. 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, continued ability to source new investments which we deem suitable for this portfolio, changes in the capital markets, including changes in interest rates and/or credit spreads; changes in the

economy which might affect default rates; 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.

<TABLE>
<CAPTION>

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

Year Ended Revenues December 31, 2004	Three Months Ended December 31, 2004 (Unaudited)	
-----	-----	-----
<S>	<C>	
<C>		
Interest income	\$ 65,737	
\$ 226,674		
Rental and escalation income	3,179	
13,502		
Gain on settlement of investments, net	2,161	
17,970		
-----	-----	
	71,077	
258,146		
Expenses		
Interest expense	42,621	
138,847		
Property operating expense	1,808	
7,281		
Loan and security servicing expense	672	
3,057		
General and administrative expense	1,121	
4,638		
Management fee to affiliate	2,870	
10,620		
Incentive compensation to affiliate	1,855	
7,959		
Depreciation and amortization	346	
1,304		
-----	----	
	51,293	
173,706		
-----	-----	
Income before equity in earnings of unconsolidated subsidiaries	19,784	
84,440		
Equity in earnings of unconsolidated subsidiaries	4,131	
12,465		
Income taxes on related taxable subsidiaries	(794)	
(2,508)		
-----	-----	
Income from continuing operations	23,121	
94,397		
Income from discontinued operations	5,301	
4,018		
-----	-----	
Net income	28,422	
98,415		
Preferred dividends	(1,524)	
(6,094)		
-----	-----	
Income available for common stockholders	\$ 26,898	\$
92,321		
=====	=====	
Net income per share of common stock		
Basic	\$ 0.70	
\$ 2.50		

Diluted	\$ 0.69
\$ 2.46	
Income from continuing operations per share of common stock, after preferred dividends	
Basic	\$ 0.56
\$ 2.39	
Diluted	\$ 0.55
\$ 2.35	
Income from discontinued operations per share of common stock	
Basic	\$ 0.14
\$ 0.11	
Diluted	\$ 0.14
\$ 0.11	
Weighted average number of shares of common stock outstanding	
Basic	38,941,003
36,943,752	
Diluted	39,662,680
37,557,790	
Dividends declared per share of common stock	\$ 0.625
\$ 2.425	

</TABLE>

<TABLE>
<CAPTION>

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

	December 31, 2004 (Unaudited)	December 31, 2003
	-----	-----
Assets		
2003		

<S>	<C>	<C>
Real estate securities, available for sale	\$ 3,369,496	\$ 2,192,727
Real estate securities portfolio deposit	25,411	19,541
Real estate related loans, net	591,890	402,784
Investments in unconsolidated subsidiaries	41,230	30,640
Operating real estate, net	57,193	102,995
Real estate held for sale	12,376	29,404
Residential mortgage loans, net	654,784	586,237
Cash and cash equivalents	37,911	60,403
Restricted cash	77,974	70,103
Derivative assets	27,122	25,512
Deferred costs, net	2,043	2,010
Receivables and other assets	35,290	27,943
	-----	-----
	\$ 4,932,720	\$ 3,550,299
	=====	=====
Liabilities and Stockholders' Equity		
CBO bonds payable	\$ 2,656,510	\$ 1,793,533
Other bonds payable	222,266	260,674
Notes payable	652,000	154,562
Repurchase agreements	490,620	715,783
Derivative liabilities	39,661	49,675
Dividends payable	25,928	16,703
Due to affiliates	8,963	2,445
Accrued expenses and other liabilities	40,057	17,561
	-----	-----
	4,136,005	3,010,936
	-----	-----
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, 39,859,481 and 31,374,833 shares issued and outstanding at December 31, 2004 and 2003, respectively	399	314
Additional paid-in capital	676,015	451,806
Dividends in excess of earnings	(13,969)	(14,670)
Accumulated other comprehensive income	71,770	39,413
	-----	-----
	796,715	539,363
	-----	-----
	\$ 4,932,720	\$ 3,550,299
	=====	=====

</TABLE>

<TABLE>
<CAPTION>

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

	Three Months Ended December 31, 2004	Year Ended December 31, 2004
	-----	-----
<S>	<C>	<C>
Net income available for common stockholders	\$ 26,898	\$ 92,321
Operating real estate depreciation	568	2,199
Accumulated depreciation on operating real estate sold	(4,850)	(8,319)
	-----	-----
Funds from operations ("FFO")	\$ 22,616	\$ 86,201
	=====	=====

</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.

<TABLE>
<CAPTION>

Newcastle Investment Corp.
Reconciliation of GAAP Book Equity to Invested Common Equity
(In thousands)
(Unaudited)

	December 31, 2004
	<C>
<S>	<C>
Book equity	\$ 796,715
Preferred stock	(62,500)
Accumulated depreciation on operating real estate	8,498
Accumulated other comprehensive income	(71,770)

Invested common equity	\$ 670,943
	=====

</TABLE>