FORTRESS INVESTMENT GROUP, LLC

Moderator: Gordon Runté
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10:00 a.m. ET

Operator: Good morning. My name is Jessica and I will be your conference operator today.

At this time, I would like to welcome everyone to the Fortress Investment third quarter earnings call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star, then the number 1 on your telephone keypad. If you would like to withdraw your question, press the pound key. Thank you.

I would now like to turn the call over to Gordon Runté, Director of Investor Relations. Please go ahead.

Gordon Runté: OK, thank you, Jessica. Good morning, everyone, and welcome to the Fortress Investment Group third quarter 2013 earnings conference call.

We will begin our call today with opening remarks from Fortress Chief Executive Officer, Randy Nardone, and Chief Financial Officer, Dan Bass. And after these remarks, we will save most of our time this morning for your questions.

And joining us for that portion of our call, we have with us co-Chairman and Head of Credit, Pete Briger; co-Chairman and Head of Private Equity, Wes Edens; Principal and Head of Liquid Markets, Mike Novogratz, along with other members of our senior management team.

So, just a few housekeeping items before we begin today. Let me remind you that statements made today that are not historical facts may be forward-looking statements and these statements are, by their nature, uncertain and may differ materially from actual results. So we encourage you to read the forward-looking statement disclaimer in today's earnings release in addition to the risk factors described in our quarterly and our annual filings.

With that, let me hand off to Randy.

Randy Nardone: Thanks, Gordon, and thanks, everyone, for joining us.

Three quarters into 2013 and we're feeling very good about our prospects of the full year. AUM of $58 billion is at an all-time high. Investment performance is strong across all businesses. Year-to-date management fees and incentive income are up double and triple digits, respectively, over the last year. Unrecognized incentive income, which has not yet been reflected in earnings, rose to $800 million and the value of cash and investments on our balance sheet grew to $1.6 billion.

For the third quarter, distributable earnings were $0.13 a share. Year-to-date DE of $0.64 a share is well above full-year results in both 2011 and 2012. With a quarter to go, we're less than 10 cents a share away from delivering our strongest year of distributable earnings since our first year as a public company.

With today's dividend announcement, we've paid or committed $0.18 a share so far this year for regular quarterly dividends. With zero debt and strong performance year-to-date, we expect to have ample liquidity when our board considers opportunistic buybacks and a year-end top-up dividend.

Of course, our results and prospects for distributions all hinge on investment performance, so let me start with a few highlights. In Credit PE, outstanding performance continued and we had realizations leading to $17 million of incentive income for the quarter. This brings full-year realized incentive income in the business to over $100 million. Gross unrealized incentive is now over $600 million, so a great story in Credit PE.

Our main credit hedge fund – DBSO – is also on pace for another outstanding year. With total NAV of $4.6 billion above performance thresholds, DBSO had year-to-date net returns of approximately 14 percent through September. As in the Credit PE funds, our Credit hedge funds have generated significant incentive income: $44 million for the quarter and over $140 million for the year with value continuing to build on current NAV.

In Private Equity, main fund valuations increased by 10 percent in the third quarter and 17 percent year-to-date. That's over $2.7 billion in appreciation for the year and we feel very good about our prospects for valuations looking ahead.

Part of our optimism stems from the fact that we have a lot of terrific portfolio companies. The most recent highlight is Springleaf Financial, a Fund V investment that completed its IPO in October. Its price as of yesterday's close implies a 12 times return on an investment we made just three years ago. We haven't sold any Springleaf because we believe there's a great deal of value creation still to come. With Springleaf now public, nearly half the NAV in our Private Equity funds is in public companies.

In our Liquid Markets business, our flagship Macro and Asia Macro funds were up nearly 10 percent and 12 percent net, respectively, for the year through September. Both gave back some returns in the third quarter, which knocked about $0.05 off of DE. But even with the third quarter give back, Liquid Markets has already generated $98 million of incentive income through September. And performance in both Macro and Asia Macro has turned positive again for October through the 25th.

At Logan Circle, steady, strong returns have supported inception-to-date performance above respective benchmarks for every one of Logan's 16 fixed income strategies. As always, investment performance is the source of all good outcomes for our company, including driving fundraising efforts.

We raised $3 billion in new commitments in the first half of the year and another $2 billion in the third quarter. So, $5 billion year-to-date in our alternatives businesses.

DBSO has raised nearly $340 million this year, while our Liquid strategies have added $2.3 billion and another $125 million for Macro in October.

In Private Equity, after closing our second MSR fund at its cap of $1.1 billion, we're raising capital in two additional sector-focused funds: an infrastructure fund and an Italian NPL fund. We're targeting first closings for these funds this quarter.

Additionally, our three permanent equity vehicles have raised $1.1 billion year-to-date. At the end of September, we announced our plans for a fourth – New Media – and a little further out on the horizon we're considering a fifth vehicle focused on senior living. There's a lot of activity and a lot of positive developments in Private Equity right now and Wes is here to provide detail in Q&A.

At Logan Circle, we had a very strong quarter with over a $1.9 billion of net inflows into our core fixed income strategies. AUM has more than doubled to $23.6 billion since our acquisition in 2010 and we remain focused on growing Logan into a broader traditional platform. We're still early in the marketing process for our growth equity strategies, but we have high expectations for this group, which previously managed $20 billion.

So, across our businesses, we have a lot of momentum in attracting new capital and some new engines for growth that we're very excited about.

Moving to our balance sheet, there's more good news. At the close of the third quarter, our net cash and investments stood at nearly $1.6 billion, or $3.18 a share. That's up from $2.40 a share at the beginning of the year and we think there's still upside here. With the pace of realizations in Private Equity expected to pick up, we anticipate creating more balance sheet liquidity, which would provide a meaningful additional source of funds for dividends and share repurchases.

So on every key front, it's been a strong year for our company and leading indicators of future performance – investment returns, capital raising, new business initiatives and opportunities for growth – all point to substantial upside potential. We feel very good about our prospects for the remainder of the year and the potential to create substantial value for our shareholders in 2014 and beyond.

With that, let me hand it off to Dan.

Dan Bass: Thanks, Randy. Good morning, everyone.

Financial results in the third quarter were solid and key future earnings indicators, such as AUM and capital formation, continue to demonstrate significant momentum. DE in the third quarter was $65 million, bringing year-to-date DE to $313 million, or $0.64 cents per share. This is double our earnings per share from the same time last year.

Through the first nine months, total revenues are up 47 percent and both of our revenue components experienced significant growth. Management fees are up 14 percent and incentive income has more than doubled. And all of our businesses have contributed to the growth with each of our alternative businesses posting double-digit DE growth.

AUM finished the quarter at $58 billion, up $3.4 billion, or 6 percent. Alternative AUM increased by 4 percent and our traditional AUM grew by 10 percent. We raised another $2 billion of alternative capital in the third quarter, bringing us to almost $12 billion raised since the beginning of last year.

This $12 billion of capital raised has been balanced across our businesses with about 40 percent of that capital coming in Credit and around 30 percent in both our PE and our Liquid businesses. Gross undistributed incentive income topped $800 million. This value has increased 24 percent for the year and has more than doubled in the last 18 months.

And finally, our dry powder grew to over $7 billion. This, even after deploying over $800 million of capital in the quarter.

Now let me review each of our businesses. First, in our Credit funds, DE was $37 million during the quarter, bringing year-to-date DE to $131 million. This is an increase of 64 percent from the same time period last year.

Over the first three quarters, our Credit hedge fund segment has already recorded more incentive income than it has in any other calendar year.

In our Credit PE funds, we have now recognized incentive income from 16 different funds or managed accounts this year totaling over $100 million. And unrealized incentive income across our Credit funds continued to grow. This value is now in excess of $700 million, representing growth of 17 percent this year alone.

Next, in our Private Equity business, DE in the third quarter was $30 million, bringing year-to-date DE to $92 million. This is an increase of 10 percent on a year-to-date basis.

Fund valuations were up another $1.6 billion in the quarter, bringing PE fund NAV to almost $18 billion. The primary driver of this increase has been our public investments. For example, the value of our investment in Nationstar was up 50 percent in the third quarter alone. And after adjusting for the Springleaf IPO, now approximately 46 percent of our PE portfolio is invested in public positions. This value was 33 percent at the end of last year. This should provide greater insight into the value of our portfolio and underscores how our investments are moving along the realization cycle.

Finally, AUM grew 4 percent in the quarter to $14.9 billion. And importantly, the Springleaf valuation will add another $1 billion to AUM in the fourth quarter. This is due to the fact that our management fee basis will change from invested capital to NAV for this investment.

Moving to our Liquid funds, DE was a loss of $11 million in the quarter, which is principally attributable to a $26 million reversal of incentive income that has been recognized in the first half of this year.

Let me put the quarter and Liquid in context of the full year. Year-to-date, the Liquid business has produced $78 million of DE, a year-to-year growth of over 400 percent. We began the fourth quarter with about $4 billion of capital above its high water marks, and in addition, there’s another $1.2 billion of capital within 1 percent of their respective high water marks.

And as Randy mentioned, we are off to a good start in the fourth quarter to date as our Fortress Macro Fund and our Fortress Asia Macro Fund are up an estimated 20 and 90 bps, respectively, in the month of October through the 25th.

And finally, Logan Circle. AUM finished the quarter at $23.6 billion, growth of 10 percent in the quarter and 14 percent so far this year. With significant net inflows during the quarter, net flows into this business are now over $3 billion for the year and $9 billion since the beginning of last year.

A few points on the balance sheet, which has two stories taking shape. First, at $3.18 per share, the value of our net cash and investments continues to grow and remains a significant portion of our stock price. This per share value has now grown by nearly 50 percent in the last two years.

Second, which is often overlooked, earnings from our balance sheet can meaningfully contribute to our DE. During the third quarter, we produced $12 million, or $0.02 per share, of DE from our Principal Investments segment. Half of this DE came from the partial sale of GAGFAH shares from our balance sheet. Further, our balance sheet still contains over $600 million of embedded gains that will become DE when those balance sheet investments are realized.

Finally, a point or two on taxes. We expect our full-year DE tax rate to be in the 7 to 10 percent range. And as I mentioned last quarter, we expect to see our tax rate increase in 2014 to a percentage in the upper teens or a low 20 percent range.

In closing, let me summarize what we know about our business today and how it positions us for the remainder of this year and next. First, AUM is at an all-time high and we have seen growth in all of our businesses this year. More importantly, we have strategies in place across all of our businesses to create additional growth.

Second, we have seen the impact that superior fund performance can have on earnings. It has allowed us to double our earnings per share in the first nine months while also continuing to build a large supply of embedded earnings, which sets us up well for the future.

And finally, our balance sheet continues to be a substantial source of value. We have no debt outstanding, an ample amount of cash on hand and our investment values continue to grow. And with an uptick in realizations, cash flow and earnings from our balance sheet investments should follow.

In summary, these facts leave me confident in the outlook for a strong conclusion to this year and a great start to next. Thank you. We will now take your questions.

Operator: At this time, if you would like to ask a question, please press star, 1 on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from the line of Craig Siegenthaler with Credit Suisse.

Craig Siegenthaler: Just first, the 10-Q here isn't out yet, so I'm wondering if you can give us an update on PE Funds III and IV, how they're tracking as of end of September relative to the preferred thresholds because, both these funds, I think, were down 70 percent-plus as of year-end 2011. So I'm just wondering if we're kind of close to a level where we can start getting meaningful performances.

Randy Nardone: Yes. Fund III is within 2 percent of its high watermark, around $44 million away on a $2.8 billion NAV, and Fund IV is 20 percent away – about $900 million – on a $4.4 billion NAV. The 10-Q will be filed later today.

Craig Siegenthaler: All right. Thank you. Second question here is, your net cash and investments has grown really quickly here. I realize the year-over-year change was benefitting from the GAGFAH realization, but I'm wondering are any of your investments in the balance sheet – like Florida East Coast or potentially Holiday – are they marked fairly conservatively that we could see another kind of bump up in your year short of balance sheet value here?

Wes Edens: Hey, Craig, it's Wes. The marks on both of those on a quarter-over-quarter basis are pretty much flat. Both of those investments, I think, have got a substantial amount of potential both for liquidity, as well as for marks. So, we can't forecast the exact timing or the amount of them, but there's a lot going on in both of those investments right now that's positive.

Craig Siegenthaler: All right, great. Guys, thanks for taking my questions.

Randy Nardone: Thanks Craig.

Operator: Thank you. Your next question comes from the line of Mark Irizarry with Goldman Sachs.

Mark Irizarry: There's been a step up in operating expenses here for a few quarters. I'm just wondering – and I'm going to throw this out as a jump ball I guess. Is there, if you look by segment, think about, sort of where you're built or the expense is and maybe where the leverage might come from, or where you may be built for a little more growth in assets over time? Can you sort of take us through where we should expect to see maybe more fundraising activity come through in the future to generate some operating leverage, or maybe where the expense growth that we've seen will sort of ebb here?

Dan Bass: Our operating expenses are up minimally year-over-year, primarily due to the add of some of our equities business and Logan Circle, and our revenues are up quite significantly. The reason why our expense is up is the profit sharing compensation is up significantly, which is tied to increased revenue. So, you'll see a direct correlation there.

But our operating expenses, we believe, are strongly geared to scalability in all of our businesses.

Mark Irizarry: And, Wes, could you give us some more color on the Private Equity portfolio? I know it's difficult to talk about the pace of realizations from here on in but I'd be curious, sort of the state of affairs of the PE portfolio and also, with your discussions with LPs where are we sort of in the cycle of fundraising for you guys for the main funds?

Wes Edens: Sure. Well, as Randy said, valuations for the quarter were up 10.1 percent through yesterday. I think for the year they're up 18.9 percent, which follows last year, which was 25.6 percent. So, we've had a pretty good run of it. In fact, if you look at the funds from kind of a low point a few years ago to today, I think the nominal dollars are up $10.7 billion.

So, the big numbers are actually pretty big. Once again, for both the quarter and the year-to-date, the financial services investments have been kind of the star performers. The big news for the quarter was LEAF, which we acquired at 80 percent of that business for $125 million almost exactly three years ago. That position today is valued at about a billion and a half dollars, and more importantly, we think that there's actually a long ways to go.

One thing I have to say in the financial services space is that the non-bank financial services, in particular, the sectors that are focused on either the servicing stuff, which we've got a big exposure to, or the non-prime consumer, we've gone through these periods of kind of windfall profitability, at least on a mark basis as these things have grown a lot.

I think you're about to enter a period of some real consolidation opportunities. So, far from being at the end of it, I think you're entering kind of a different phase where there's likely to be a lot of activity. There's – again, without being too specific – there's a bunch of things that we're focused on that we think have got promise there, but you had tremendous growth. Nationstar has gone from $10 billion to $400-plus billion and there's been a couple of the other companies in the sector that have grown a lot.

I think there will be some big opportunities both for capital structure improvement, as well as consolidation. So, some interesting and exciting stuff to do.

Other activity we had in the quarter that was material that may not be as apparent is we're a big investor in Penn Gaming. They started a process about a year-and-a-half ago that successfully concluded in splitting the company into an Opco/Propco as the first casino gaming REIT that is out there. I think that has got a ton of optionality to it. We're excited about that.

We liquidated a portion of our position there to accommodate the transaction but we still own big chunks of both the Opco and the Propco, so that, I think, is great. We've got a couple of other – two other companies that we expect to take public probably either at the end of this year or the beginning of next year. So there's a lot of capital markets activity.

So, the private equity stuff, it's – as Dan said – we're within spitting distance of the preferred threshold on a couple of the funds and I really think that we've got a long ways to go. So we need to turn those into profitability and I'm pretty optimistic that we can do so.

Transportation stuff, as well, we haven't talked about a lot and the marks are flat, but we've got great stuff going on in particular in our Florida investments. Those are big balance sheet investments, as well as sidecar investments. So I think we'll have some big news there hopefully in the next three months or so to talk about on that side.

Last thing I'd say is that the – one of the things that we have been working on quietly, but it's a big focus of mine is kind of this focus on the permanent capital vehicles. You know, we currently have gone from two companies that had unlimited life capital a couple years ago, we now have five. We manage about $4.3 billion in total across that. In particular, the sectors that we're excited about, transportation and infrastructure, where we've got our company WWTAI, which is a private company right now, but they invest in transportation and infrastructure assets. Financial services we had a spin out earlier this year, which is New Residential, and then senior living, where we have been making investments inside Newcastle in the senior living space.

If you look at the biggest companies in those sectors, they're all kind of $20-plus billion businesses. So, obviously we intend to be very big, incredible in each one of those sectors. So you'll see segment reporting on it probably in the not-so-distant future and that's something that I think to really keep an eye on because permanent capital is permanent capital and it's a great complement to the private equity funds.

Mark Irizarry: Great. Thanks a lot.

Operator: Thank you. Your next question comes from the line of Bulent Ozcan with RBC.

Bulent Ozcan: Good morning, gentlemen. Just had a question on your balance sheet and your plans in regards to your balance sheet. How should we think about it in terms of the timing as you're moving to a balance-sheet light model? What would you consider as excess capital that you could sell down or reduce going down and basically distribute back to investors?

Randy Nardone: I'll take a whack at it and then everybody else can comment as well. Right now, the balance sheet, $1.6 billion, is bigger than it needs to be to support the business. And so as the balance sheet tends to liquefy, which we expect to happen as realizations ramp up, we would anticipate distributing those proceeds.

To come up with the size of what a balance sheet ought to be for this business, I mean, one way to think about it is, seeding funds, retaining capital to seed new funds and to buy new businesses, but certainly $1.6 billion is more than it needs to be.

Bulent Ozcan: And on Logan Circle, you guys had nice inflows, which was great. Did the Growth Equities business, did David Shell's team contribute to any of these flows or is it still too early for them to contribute meaningfully to inflows?

Randy Nardone: That business is just ramping up, of course. They're in the market raising capital now and we would expect to, if not this quarter, first quarter of next year, start seeing capital flow into that business.

Bulent Ozcan: OK, and maybe it's just a typical question on the opportunity set to deploy capital, but what is your sense of the opportunities in Europe right now? It seems like there is basically a lot of investors chasing few investment opportunities. There was news out there that basically for a $300 million portfolio of non-performing residential mortgages in Spain, that there were about 30 offers. What do you see in terms of pricing? Is it getting irrational?

Pete Briger: This is Pete Briger. There's been quite a bit of capital that has been raised to chase this distressed debt and real estate opportunities in Europe. I would characterize it as over-funded and competitive. I think your story about how much capital and how many bids is relatively consistent with what we're seeing out there.

Europe in the periphery has begun to stabilize. I wouldn't say in any respect has begun to recover meaningfully, but it has begun to stabilize. And there is a tremendous amount of capital out there chasing European opportunities.

Bulent Ozcan: OK, thank you very much for taking my questions.

Operator: Your next question comes from the line of Chris Kotowski with Oppenheimer.

Chris Kotowski: Hello. I have questions for Wes. There was a lot of news in the quarter on Florida East Coast Railway that you got the final right of way to link Miami and Orlando. And I wonder if you can kind of outline the opportunities there. I mean, I guess, the question I've had is how many people in Florida really want to ride a train? Well, let's start with that one. I mean, how big is that opportunity, passenger rail service between Miami and Orlando?

Wes Edens: We think it's a tremendous opportunity. As you said, we got the final approval for the right of way from Cocoa Beach to Orlando. So if you think of the map of Florida, we own the freight train, which runs from Miami up to Jacksonville. We intend to run the passenger train kind of side-by-side with this, so basically build infrastructure incremental to our existing infrastructure, which we think will cost a couple billion dollars and take a couple years. So, it's actually fractional compared to what a true high-speed railway takes, so we can accomplish something fairly quickly.

When you look at the rail corridors that are similar to this, both in the United States and around the world, it's got all the attractive characteristics you'd want. It's kind of the too far to drive, too short to fly characteristics. The big numbers are that we think that there's kind of 50 million relevant trips that happen between Miami and Orlando today. If we capture 4 percent of them, we make a couple hundred million dollars; we capture 6 percent of them, we actually make $300 or $400 million.

When you compare that to the London to Paris where they capture 80 percent of the traffic, Madrid/Seville where they capture 28 percent of the traffic, we think that those numbers are very, very achievable.

Incremental to the rail opportunity is, of course, a real estate opportunity, right. So the functional density of a rail station for commercial traffic is spectacular. So, the highest sales per square foot of any shopping mall, I think, in America is the Union Station in Washington, D.C. We're basically building that in downtown Miami. So, we own a site that is kind of the nexus of all the transportation hubs in downtown Miami and we think that it will be a tremendously viable and profitable enterprise.

Chris Kotowski: Is that the Flagler Station?

Wes Edens: Yes. Actually, what it is, it is a 9-acre site that's got, I don't know, 5 million square feet of entitlements, so it's basically a couple blocks in from where the American Airlines Arena is. So that's where the people movers come, that's where all the stuff kind of comes in to downtown.

So, it's really exciting. The Florida investments away from that have done terrifically where we own about a third of the investor real estate land in South Florida and the development there has been spectacular in the past couple of years. But, I think that this passenger rail story is something that's going to be really, really material and I guess that – I think you'll see a lot of news on that, I hope over the next two or three months.

Chris Kotowski: OK. And then a Reuters story quoted it as saying it's a billion and a half dollar project and – I mean, do you – if you can comment on it, does Fortress intend to do a vehicle on that or is that going to be outside money or how do you raise that?

Wes Edens: Yes, the total capital, we think, including the rolling stock, is about $2.2 billion. You need the trains to run on it, so the hard infrastructure cost will be close to your billion and a half dollar number and we're out seeking kind of construction bids and there's a process going on right there now.

We're going to capitalize this as a separate company and raise capital, both equity and debt, incremental to this. We've got a lot of capital in the company right now, so it's a heavily equitized situation, which is great and we're just trying to sort out the final details on capital formation right now and that's what I hope to be in a position to talk about sooner rather than later.

Chris Kotowski: OK, great. Thank you.

Operator: Thank you. Your next question comes from the line of Robert Lee with KBW.

Robert Lee: I apologize up front. I got on the call late, so you may have talked about this before in the call, but is there any guidance or update you can maybe give us as we look ahead to Q4 and maybe into next year? I mean, cash generation has been pretty good, the balance sheet's extremely liquid, no debt, a lot of assets generation turn off of that. So, any thoughts to maybe being a little bit more I guess precise on how you're thinking about the amounts of cash generation over the course of a year you'd be looking to return?

I mean, certainly some of your peers have specific ranges that they target. I didn't know if you've given any thought to being comfortable – increasingly comfortable to put that out there whether it's 70 percent, 60, 80 percent of kind of cash generation?

Randy Nardone: At year-end, we'll take a look – we and the Board will take a look at the whole year, the incentive income, management fees, balance sheet liquidity – in determining what to do in terms of dividend. We'll definitely consider buybacks if we have that opportunity.

I'd say it's worth noting that about half of the shareholders of the company are sitting in this room, so we're pretty aligned. The focus will certainly be what's the best way to deliver value for shareholders.

Robert Lee: OK, that was my only question. Thanks.

Operator: Thank you. Your next question comes from the line of Craig Siegenthaler with Credit Suisse.

Craig Siegenthaler: A few follow-ups here. First one for Pete; how should we think about the timing behind the realizations of the $612 million that you have in the Credit PE business, just as we think about it from an income statement perspective?

Pete Briger: Well, I think you should think about it any way you want. From our standpoint, we feel like it's a mediocre credit market for making new investments, but a very good market for realizing on investments and we will try to create realizations where we can, where we get paid for them, in our portfolio, but no promises.

Craig Siegenthaler: More specifically is it looking like you'll hold most of these to maturity here or more sales and if you hold them – a lot of these credits to maturity, what's kind of the average embedded duration today?

Pete Briger: I think a lot of those credits don't hold themselves to getting paid off at par, if that's where you're going, and holding them to maturity. I think from our perspective, much of the liquid portions of our portfolio have been sold into the marketplace. So, what we have now is more illiquid positions, which we will manage to optimize. And I'm really not thinking about those positions and optimizing them in the context of our income statement. I'm thinking about it in terms of optimizing them with regard to the investment funds that we manage.

Craig Siegenthaler: Got it. Thanks, Pete. And then just one followup here for Dan Bass: I noticed you have this $100 million in option value on the balance sheet that's certainly grown a lot. I think that's related to Newcastle. I don't think you include that in your kind of net cash and investment calculation. Should you or is that asset sort of illiquid?

Dan Bass: No. We do not – we include it in our embedded incentive because we treat those as incentive income for DE purposes when we exercise and sell them. So, that's why they're not included in the balance sheet. They would not go into our investment income when realized; they would go into incentive income.

Craig Siegenthaler: Got it. All right, thanks, guys.

Dan Bass: Thanks Craig.

Operator: As a reminder, if you would like to ask a question during this time, please press star, 1 on your telephone keypad.

At this time, there are no further questions. I would now like to turn the call back over to Mr. Randy Nardone for closing remarks.

Randy Nardone: Thanks, everybody, for your questions and for your interest in Fortress.

Just a quick recap, we covered a lot of ground today. We feel very good about our performance three quarters into the year and about the momentum that we're carrying into the fourth quarter and 2014.

A lot of positive activity and developments across our business, strong performance in the funds and new drivers of future growth that we're excited about, and a growing stockpile of embedded value that sets us up very well for future periods. We're closing in our best year of DE since our very first as a public company and we see a great deal of upside potential looking further ahead.

So, thanks again for joining us and we look forward to providing an update in a few months.

Operator: Ladies and gentlemen, this does conclude today's conference call. You may now disconnect.

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