Fortress Investment Group LLC
Form 424B5
May 14, 2009
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and accompanying prospectus are not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration File No. 333-153689

SUBJECT TO COMPLETION, DATED MAY 13, 2009

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus Dated October 3, 2008)

$125,000,000 of Class A Shares

Representing Class A Limited Liability Company Interests

Fortress Investment Group LLC

$ per share

We are selling up to $125,000,000 of Class A shares representing Class A limited liability company interests. We are selling all of the Class A shares offered in this offering. None of our five principals or our other significant investors will be selling any shares in this offering. We anticipate that our five principals will purchase 10% of the Class A shares sold in this offering (up to an aggregate amount of $25.0 million). We also anticipate that an affiliate of Nomura Holdings, Inc. will purchase approximately 13.5% of the Class A shares sold in this offering (up to an aggregate amount of $40.0 million).

We have granted the underwriters a 30-day option to purchase up to $18,750,000 of additional Class A shares at the public offering price less underwriting discounts for the purpose of covering over-allotments, if any.

Our Class A shares are listed on the New York Stock Exchange under the trading symbol FIG. The last reported sale price of our Class A shares on May 13, 2009 was $5.38 per share.

Investing in our Class A shares involves a high degree of risk. See Risk Factors on page S-12 of this prospectus supplement and in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. You should read this prospectus supplement, the accompanying prospectus and the

documents incorporated by reference into this prospectus supplement and the accompanying prospectus carefully before you make your investment decision.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts	$	$
Proceeds to us (before expenses)	$	$

The underwriters expect to deliver the Class A shares against payment on May , 2009 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

Citi J.P.Morgan Merrill Lynch & Co. Nomura Securities International, Inc.

May , 2009

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PROSPECTUS SUPPLEMENT

PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission, or the SEC. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any such free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates. Our business, financial condition, results of operations, cash flow and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is comprised of two parts. The first part is this prospectus supplement, which describes the terms of the offering of the Class A shares and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information about the securities we may offer from time to time, including the Class A shares. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated herein and therein by reference, on the other hand, you should rely on the information in this prospectus supplement.

As used in this prospectus supplement, unless the context otherwise requires:

Management Fee Paying Assets Under Management, or AUM, refers to the management fee paying assets we manage, including, as applicable, capital we have the right to call from our investors pursuant to their capital commitments to various funds. Our AUM equals the sum of:

(i) the capital commitments or invested capital (or NAV, if lower) of our private equity funds and hybrid PE funds, depending on which measure management fees are being calculated upon at a given point in time, which in connection with funds raised after March 2006 includes the mark-to-market value of public securities held within the funds,

(ii) the contributed capital of our publicly traded alternative investment vehicles, which we refer to as our Castles,

(iii) the net asset value, or NAV, of our hedge funds; and

(iv) the NAV of our managed accounts, to the extent management fees are charged.

For each of the above, the amounts exclude assets under management for which we charge either no or nominal fees, generally related to our principal investments in funds as well as investments in funds by our principals, directors and employees.

Our calculation of AUM may differ from the calculations of other asset managers and, as a result, this measure may not be comparable to similar measures presented by other asset managers. Our definition of AUM is not based on any definition of assets under management contained in our operating agreement or in any of our Fortress Fund management agreements.

Fortress, we, us, our, and the company refer, collectively, to Fortress Investment Group LLC and its subsidiaries, including the Fortress Operating Group and all of its subsidiaries.

Fortress Funds and our funds refers to the private investment funds and alternative asset companies that are managed by the Fortress Operating Group.

Fortress Operating Group refers to the combined entities, which were wholly-owned by the principals prior to January 2007, and in each of which Fortress Investment Group LLC acquired an indirect controlling interest in January 2007.

principals or Principals refers to Peter Briger, Wesley Edens, Robert Kauffman, Randal Nardone and Michael Novogratz, collectively, who prior to the completion of our initial public offering and related transactions directly owned 100% of the Fortress Operating Group units and following completion of our initial public offering and related transactions own a majority of the Fortress Operating Group units and all of the Class B shares, representing a majority of the total combined voting power of all of our outstanding Class A and Class B shares. The principals ownership percentage is subject to change based on, among other things, equity offerings, including this offering, and grants by Fortress and dispositions by the principals.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to, among other things, the operating performance of our funds investments, our distributable earnings, our ability and intention to pay dividends to our Class A shareholders and our financing needs. Forward-looking statements are generally identifiable by use of forward-looking terminology such as may, will, should, potential, intend, expect, endeavor, seek, anticipate, approximate, estimate, overe believe, could, project, predict, continue, plan, outlook or other similar words or expressions. Forward-looking statements are based o assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. Our ability to predict results or the actual outcome of future plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from forecasted results. Factors that could affect our operations and future prospects include, but are not limited to:

- the loss of services of any of the principals or our investment professionals;
- adverse performance of our funds;
- adverse changes in the global investment markets;
- the termination or liquidation of, or our being removed as the manager of, any of our funds;
- litigation against us or our funds;
- legislative and regulatory changes, particularly related to taxation;
- our ability to deal appropriately with conflicts of interest;
- our ability to comply with the laws and regulations;
- adverse changes in the financing markets we access affecting our ability to finance investments;
- our ability to raise, and the cost of, capital for future investments and other uses;
- the amount and timing of redemption requests;
- our ability to comply with the terms of our credit agreement;

- completion of pending investments;
- our ability to monetize our investments on attractive terms;
- our ability to raise funds;
- counterparty defaults;
- trading or risk management errors, employee misconduct and other operational risks;
- competition within the alternative asset management industry; and
- other risks detailed in this prospectus supplement or the accompanying prospectus, and from time to time in our SEC reports, particularly under the heading Risk Factors in such documents.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and the risk factors that are included under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008, as amended by our Current Report on Form 8-K filed with the SEC

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on May 13, 2009, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, all of which are incorporated by reference in this prospectus supplement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance or achievements. The factors noted above could cause our actual results to differ significantly from those contained in any forward-looking statement.

Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management s views only as of the date of this prospectus supplement. We are under no duty to update any of the forward-looking statements after the date of this prospectus supplement to conform these statements to actual results.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. This summary sets forth the material terms of this offering, but does not contain all of the information you should consider before investing in our Class A shares. You should read carefully this entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, before making an investment decision to purchase our Class A shares, especially the risks of investing in our Class A shares discussed under Risk Factors contained herein and in the documents incorporated by reference and the consolidated financial statements and notes to those consolidated financial statements incorporated by reference herein and therein.

Unless otherwise indicated, the information contained in this prospectus supplement assumes that the underwriters over-allotment option is not exercised.

Fortress Investment Group LLC

Fortress Investment Group LLC is a leading global alternative asset manager with approximately $26.5 billion in AUM as of March 31, 2009.

Fortress was founded in 1998 as an asset-based investment management firm with a fundamental philosophy premised on alignment of interests with the investors in our funds. Our managed funds primarily employ absolute return strategies; we strive to have positive returns regardless of the performance of the markets. Investment performance is our cornerstone as an investment manager, we earn more if our investors earn more. In keeping with our fundamental philosophy, we invest capital in each of our businesses. As of March 31, 2009, Fortress s investments in and commitments to our funds were $0.9 billion, consisting of the net asset value of Fortress s principal investments of $0.8 billion, and unfunded commitments to private equity funds and hybrid PE funds of $0.1 billion.

We plan to strategically grow our fee-paying assets under management and will seek to generate superior risk-adjusted investment returns in our funds over the long term. We are guided by the following key objectives and values:

- generating superior risk-adjusted investment returns;
- introducing innovative new investment products, while remaining focused on, and continuing to grow, our existing lines of business;
- maintaining our disciplined investment process and intensive asset management; and
- adhering to the highest standards of professionalism and integrity.

We currently have approximately 800 employees, including more than 200 investment professionals, at our headquarters in New York and our affiliate offices in Atlanta, Charlotte, Dallas, Frankfurt, Hong Kong, London, Los Angeles, New Canaan, Shanghai, Sydney, Tokyo and Toronto.

Our Current Businesses

We raise, invest and manage private equity funds, liquid hedge funds and hybrid funds. We earn management fees based on the size of our funds, incentive income based on the performance of our funds, and investment income from our principal investments in those funds. We invest capital in each of our businesses.

As of March 31, 2009, we managed alternative assets in three core businesses:

Private Equity a business that manages approximately $13.2 billion of AUM comprised of two business segments: (i) private equity funds that primarily make significant, control-oriented investments in debt and equity

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securities of public or privately held entities in North America and Western Europe, with a focus on acquiring and building asset-based businesses with significant cash flows; and (ii) publicly traded alternative investment vehicles, which we refer to as Castles, that invest primarily in real estate and real estate related debt investments.

Liquid Hedge Funds a business that manages approximately $4.8 billion of AUM. These funds invest globally in fixed income, currency, equity and commodities markets and related derivatives to capitalize on imbalances in the financial markets.

Hybrid Funds a business that manages approximately $8.5 billion of AUM comprised of two business segments: (i) hybrid hedge funds which make highly diversified investments globally in assets, opportunistic lending situations and securities throughout the capital structure with a value orientation, as well as in investment funds managed by external managers; and (ii) hybrid private equity (PE) funds which are comprised of a family of credit opportunities funds focused on investing in distressed and undervalued assets, a family of long dated value funds focused on investing in undervalued assets with limited current cash flows and long investment horizons, and a family of real assets funds focused on investing in tangible and intangible assets in four principal categories (real estate, capital assets, natural resources and intellectual property).

We treat our principal investments in these funds as a distinct business segment.

Principal Sources of Revenue

Overview

Our principal sources of revenues from the Fortress Funds consist of (i) management fees, which are typically earned as a percentage of AUM, (ii) incentive income, which is typically earned as a percentage of profits, in some cases in excess of, or subject to achieving, specified thresholds, and (iii) investment income (loss), which represents the returns on our principal investments in the Fortress Funds. The following table provides the management fees and incentive income from Fortress Funds, on a segment reporting basis, of each of our core businesses for the previous three fiscal years and for the first quarter of 2009:

	March 31, 2009	December 31, 2008	2007	2006
		(in thousands)		
Private Equity				
Funds				
Management Fees	$ 37,631	$ 162,891	$ 127,490	$ 82,137
Incentive Income (A)		(94,719)	275,254	129,800
Castles				
Management Fees	11,911	54,102	49,661	32,544
Incentive Income		12	39,490	15,682
Liquid Hedge Funds				
Management Fees	22,629	217,575	158,882	92,746
Incentive Income		17,658	199,283	154,068
Hybrid Funds				
Hedge Funds				
Management Fees	28,123	147,823	129,516	84,536
Incentive Income	822	13,609	97,465	135,939
PE Funds				
Management Fees	6,081	15,300	4,449	2,142
Incentive Income		412		

(A) 2008 amount is net of a reserve for future clawback.

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Certain of our segments are comprised of, and dependent on the performance of, a limited number of Fortress Funds. Each of these funds is material to the results of operations of its segment and the loss of any of these funds would have a material adverse impact on the segment. Moreover, the revenues we earned from certain funds individually exceeded 10% of our total revenues on an unconsolidated basis for fiscal 2008 and for the first quarter of 2009.

Private Equity Funds

Overview

Our private equity business is made up primarily of a series of funds named the Fortress Investment Funds and organized to make control-oriented investments in cash flow generating, asset-based businesses in North America and Western Europe.

Fortress Investment Funds

Investors in our private equity funds commit capital at the outset of a fund, which is then drawn down as investment opportunities become available, generally over a one to three year investment period. Proceeds are returned to investors as investments are realized, generally over eight to ten years. Management fees of 1% to 1.5% are generally charged on committed capital during the investment period of a new fund, and then on invested capital (or NAV, if lower). Management fees are generally paid to us semi-annually in advance. We also generally earn a 20% share of the profits on each realized investment in a fund our incentive income subject to the fund achieving a minimum return with respect to the fund as a whole, that is, taking into account all gains and losses on all investments in the fund. In addition, we earn investment income (or incur losses) on our principal investments in the Fortress Investment Funds.

Castles

We manage two publicly traded companies: Newcastle Investment Corp. (NYSE: NCT) and Eurocastle Investment Limited (Euronext Amsterdam: ECT), which we call our Castles. Public equity in the Castles was raised with broad investment mandates to make investments in a wide variety of real estate related assets, including securities, loans and real estate properties. The companies have no employees; we provide each company with a management team pursuant to management agreements entered into with each company. Pursuant to our management agreements, we earn management fees from each Castle equal to 1.5% of its equity (as defined in such agreements). In addition, we earn incentive income equal to 25% of the company s funds from operations (or FFO, which is the real estate industry s supplemental measure of operating performance) in excess of specified returns to the company s shareholders. In addition to these fees, we also receive from the Castles, for services provided, options to purchase shares of their common stock in connection with each of their common stock offerings. These options are vested immediately, become exercisable over thirty months, and have an exercise price equal to the applicable offering price.

Liquid Hedge Funds

The liquid hedge funds, which invest daily in markets around the globe, seek to exploit opportunities in global currency, interest rate, equity and commodity markets and their related derivatives. Risk management is the cornerstone of the investment process, and the funds invest with a focus on preservation of capital. Investment opportunities are evaluated and rated on a thematic and an individual basis to determine appropriate risk-reward and capital allocations.

Liquid Hedge Funds

Our liquid hedge funds apply an investment process based on fundamental macroeconomic and market momentum analyses to identify strategies offering a favorable risk-return profile. The funds investment

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strategies are premised on the belief that imbalances in various financial markets are created from time to time by the influence of economic, political and capital flow factors. The funds have the flexibility to allocate capital dynamically across a wide range of global strategies, markets and instruments as opportunities change, and are designed to take advantage of a wide variety of sources of market, economic and pricing data to generate trading ideas. The funds invest primarily in major developed markets; however, they also invest in emerging markets if market conditions present opportunities for attractive returns.

Management fees are charged based on the AUM of the Drawbridge Global Macro Funds at a rate equal to 2% or 3% annually, payable quarterly in advance, depending on the investment and liquidity terms elected by investors. We earn incentive income of either 20% or 25% of the fund s profits, payable quarterly, depending on the investment and liquidity terms elected by investors, and subject to achieving cumulative positive returns since the prior incentive income payment.

Investors in the Drawbridge Global Macro Funds may invest with the right to redeem without paying any redemption fee either quarterly, or annually after three years. However, unless a redemption fee is paid to the funds, full redemption by investors with quarterly liquidity takes a year, as the amount redeemed each quarter is limited to 25% of the investor s holding in the funds. Similarly, some investors with three-year liquidity may redeem annually before three years, subject to an early redemption fee payable to the funds.

The Drawbridge Global Macro Funds temporarily suspended redemptions in the fourth quarter of 2008 primarily due to the need to renegotiate the terms of various financing agreements to which one or more of those funds was a party as a result of the heavy volume of redemption requests. As part of a restructuring of those funds, certain assets were designated as illiquid and we reduced the management fee on those assets to 1.5%. After the suspension was lifted in January 2009, redeeming investors received a portion of their redemption proceeds in the form of interests in an entity that holds interests in the illiquid assets, and the remainder in cash.

Fortress Macro Fund

The Fortress Macro Fund was launched on May 1, 2009, as part of the restructuring of the Drawbridge Global Macro Funds whereby certain investors in the Drawbridge Global Macro Funds exchanged their interests in the liquid pool of assets of those funds into interests in the Fortress Macro Fund. Exchanging investors were able to carry over their high water mark from the Drawbridge Global Macro Funds. As a result, we will not immediately earn incentive income on profits relating to their capital.

Management fees are charged based on the AUM of the Fortress Macro Fund at a rate equal to 1.5% or 2% annually, payable quarterly in advance, depending on the liquidity terms elected by investors. We earn incentive income of either 15% or 20% of this fund s profits, payable annually, depending on the liquidity terms elected by investors, and subject to achieving cumulative positive returns since the prior incentive income payment. Investors in the Fortress Macro Fund may invest with the right to redeem without paying any redemption fee either quarterly, or annually after three years.

Commodities Fund

This fund s principal investment objective is to seek a superior total return on its assets by executing a directional investment strategy in the global commodity and equity markets. This fund was established in 2008 and seeks to identify optimal risk-adjusted strategies by assessing opportunities along various points of the relevant commodity and equity supply chains. This fund expects to invest across multiple sectors within the commodity asset class ranging from energy to metals to agriculture and within the cyclical, industrial, and commodity equity universe.

Hybrid Funds

Hybrid Hedge Funds

Our hybrid hedge funds are designed to exploit pricing anomalies that exist between the public and private finance markets. These investment opportunities are often found outside the traditional broker-dealer mediated channels in which investments that are efficiently priced and intermediated by large financial institutions are typically presented to the private investment fund community. We have developed a proprietary network comprised of internal and external resources to exclusively source transactions for the funds.

The funds are able to invest in a wide array of financial instruments, ranging from assets, opportunistic lending situations and securities throughout the capital structure with a value orientation. All of these investments are based on fundamental bottom up analysis and are typically event driven. The funds diverse and idiosyncratic investments require significant infrastructure and asset management experience to fully realize value. We have developed a substantial asset management infrastructure with expertise in managing the funds investments in order to be able to maximize the net present value of investments on a monthly basis. Our endowment strategy funds are designed to blend this direct bottom up investing style with third party managers to create excellent risk adjusted returns with an emphasis on capital preservation.

Drawbridge Special Opportunities Funds

The Drawbridge Special Opportunities Funds form the core of our hybrid hedge fund investing strategy. The funds opportunistically acquire a diversified portfolio of investments primarily throughout the United States, Western Europe and the Pacific region. The funds investment program incorporates three complementary investment strategies, focusing on asset-based transactions, loans and corporate securities. The majority of the funds investments are relatively illiquid, and the funds generally make investments that are expected to liquidate or be realized within a five-year period.

Management fees are charged based on the AUM of the Drawbridge Special Opportunities Funds at a rate equal to 2% annually, payable quarterly in advance. We generally earn incentive income of 20% of the fund s profits, payable annually, and subject to achieving cumulative positive returns since the prior incentive income payment. Investors in the Drawbridge Special Opportunities Funds may redeem annually on December 31. Because of the illiquid nature of the funds investments, rather than receiving redemption proceeds immediately, redeeming investors may have to receive their redemption proceeds as and when the particular investments held by the fund at the time of redemption are realized.

Fortress Partners Funds

The Fortress Partners Funds were launched in July 2006. The funds invest with a broad mandate, similar to endowment portfolios of large universities. Investments are made both in Fortress Funds and in funds managed by other managers, and in direct investments that are sourced either by Fortress personnel or by third-party fund managers with whom we have relationships.

Hybrid PE Funds

Our hybrid PE funds are comprised of three families of funds as described below.

Credit Opportunities Funds

Fortress established the Fortress Credit Opportunities Funds in 2008 to make opportunistic credit-related investments. Their investment objective is to generate significant current income and long-term capital appreciation through investments in a range of distressed and undervalued credit investments, including but not

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limited to residential loans and securities, commercial mortgage loans and securities, opportunistic corporate loans and securities, and other consumer or commercial assets and asset-backed securities.

Long Dated Value Funds

In addition to our Fortress Investment Fund family of funds, we introduced in early 2005 a pioneering private equity fund product the Long Dated Value family of funds which focuses on making investments with long dated cash flows that may be undervalued because of the lack of current cash flows or because the investment is encumbered by a long term lease or financing, and that provide the potential for significant capital appreciation over the long term.

The Long Dated Value Funds are generally similar in structure to the Fortress Investment Fund family of funds, including in terms of fees payable to us, except that the funds have an investment life of 25 years, reflecting the funds investment profiles, and incentive income is distributed to us after all of a fund s invested capital has been returned, rather than as each investment is realized.

Real Assets Funds

Fortress established the Real Assets Funds in 2007 seeking to generate superior risk adjusted returns by opportunistically investing in tangible and intangible assets with the potential to achieve significant value generally within a three-to-ten year time horizon. The investment program of these funds focuses on direct investments in four principal investment categories real estate, capital assets, natural resources and intellectual property but also may include indirect investments in the form of interests in real estate investment trusts, master limited partnerships, corporate securities, debt securities and debt obligations including those that provide equity upside as well as options, royalties, residuals and other call rights that provide these funds with the potential for significant capital appreciation. The investments are located primarily in North America and Western Europe, but may also include opportunities in Australia, Asia and elsewhere on an opportunistic basis.

Recent Developments

In May 2009, certain consolidated affiliates of Fortress executed several agreements to become the investment manager of certain investment funds currently managed by D.B. Zwirn & Co., L.P. (the Zwirn Funds) and to effect other related transactions. Consummation of these transactions is currently anticipated to occur in the second quarter of 2009 subject to the satisfaction of various conditions, including the approval of investors in certain of the Zwirn Funds. As of May 5, 2009, the Zwirn Funds managed approximately $2 billion of assets.

The following table sets forth estimated returns for our hedge funds:

Hybrid

	Estimated[2] Month Ended April 30, 2009	Estimated[2] Year to Date Through April 30, 2009
Net Returns[1]		
Drawbridge Special Opportunities LP[3]	1.3%	4.5%
Drawbridge Special Opportunities Ltd[3]	0.3%	3.8%
Fortress Partners Fund LP	2.1%	0.1%
Fortress Partners Offshore Fund LP	2.4%	1.0%

1 The performance data contained herein reflects returns for a new issue eligible investor, net of all fees and expenses borne by the applicable fund as of the close of business on the last day of the relevant period. Fund

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investor performance may also vary based on, among other things, whether an investor is invested in one or more special investments and the particular fee class to which an investor subscribed.

2 Estimated returns are subject to change, and actual results could differ significantly from these estimates.

3 The returns for the Drawbridge Special Opportunities Funds reflect the performance of each fund excluding the performance of the redeeming capital accounts which relate to December 31, 2008 redemptions.

Liquid

	Estimated[2] Month Ended April 30, 2009	**Estimated[2] Month Through May 8, 2009**	**Estimated[2] Year to Date Through May 8, 2009**
Net Returns[1]			
Drawbridge Global Macro Fund Ltd.	0.5%	1.5%	7.3%
Fortress Macro Offshore Fund LP[3]	N/A	1.6%	1.6%
Fortress Commodities Fund L.P.	0.0%	2.7%	2.2%

1 The performance data contained herein reflects returns for a new issue eligible investor, net of all fees and expenses borne by the applicable fund as of the close of business on the last day of the relevant period. Fund investor performance may also vary based on, among other things, whether an investor is invested in one or more special investments and the particular fee class to which an investor subscribed.

2 Estimated returns are subject to change, and actual results could differ significantly from these estimates.

3 Fund started on May 1, 2009.

Florida East Coast Industries Inc. (FECI), in which we have a total of $281.4 million in direct and indirect equity investments and which therefore constitutes our largest single balance sheet investment, has borrowed a total of approximately $1.6 billion under a credit agreement which matures on July 27, 2009. FECI is currently in negotiations with its lenders under the credit agreement to refinance this indebtedness prior to maturity, and we currently expect that the refinancing will be successfully completed prior to the maturity of the facility. Under the terms of the credit agreement, FECI is required to deliver audited financial statements to its lenders by May 15, 2009, and we do not expect it to deliver those statements. Failure to deliver such statements would result in a technical event of default under the credit agreement, which would permit FECI s lenders to accelerate the full amount of the indebtedness in their discretion. Based on discussions between FECI and its lenders, we do not currently expect the lenders to exercise this right. Acceleration of FECI s indebtedness (or the maturity of the facility without being refinanced) could result in a decrease in the valuations ascribed to our direct and indirect investments in FECI which would be taken into account in determining our compliance with covenants under our credit agreement.

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THE OFFERING

Gross proceeds from shares offered by us in this offering	$125,000,000	
Shares offered by us in this offering		Class A shares
Shares to be outstanding immediately after this offering:		
Class A shares		
Class B shares	312,071,550	
Shares to be held by our principals immediately after this offering:		
Class A shares		
Class B shares	312,071,550	
Fortress Operating Group units held immediately after this offering:		
by us		or approximately %
by our principals		or approximately %
Voting		
Class A shares	one vote per share	
Class B shares	one vote per share	
Voting Rights	Holders of our Class A shares and Class B shares vote together as a single class on all matters submitted to our shareholders for their vote or approval. See Description of Shares beginning on page 6 in the accompanying prospectus.	
Use of proceeds	We intend to use the net proceeds from the shares sold by us in this offering to repay approximately $60 million under the Credit Agreement (as defined under Use of Proceeds), and the remainder for working capital and other general corporate purposes, which may include investments as the general partner in Fortress Funds. See Use of Proceeds in this prospectus supplement.	
New York Stock Exchange symbol	FIG	

Risk factors	Please read the section entitled Risk Factors on page S-12 of this prospectus supplement and in the documents incorporated by reference for a discussion of some of the factors you should carefully consider before deciding to invest in our Class A shares.

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The number of Class A shares and Class B shares to be issued and outstanding after this offering is based on 94,638,415 Class A shares issued and outstanding as of May 11, 2009 and 312,071,550 Class B shares issued and outstanding as of May 11, 2009, and excludes:

312,071,550 Class A shares issuable upon exchange of Fortress Operating Group units by our principals;

Class A shares issuable upon exercise of the underwriters over-allotment option; and

interests granted under our equity incentive plan, consisting of:

47,923,984 restricted Class A share units granted to employees and affiliates (net of forfeitures);

138,064 restricted Class A shares granted to directors pursuant to our equity incentive plan; and

66,937,952 Class A shares and Fortress Operating Group units that remain available for future grant under our equity incentive plan.

31,000,000 restricted partnership units issued to one of our senior employees together with a corresponding number of Class B shares that may be issuable in respect of such restricted partnership units.

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SUMMARY HISTORICAL FINANCIAL AND OPERATING INFORMATION

The following table sets forth certain summary financial information on a historical basis.

The summary historical financial information set forth below as of December 31, 2008, 2007, 2006, 2005 and 2004 and for each of the five years ended December 31, 2008, has been derived from our audited consolidated and combined financial statements. The summary historical financial information set forth below as of March 31, 2009 and 2008, and for the three months ended March 31, 2009 and 2008, has been derived from our unaudited interim consolidated financial statements. The interim results of operations are not necessarily indicative of operations for a full fiscal year.

Three Months Ended March 31,		Year Ended December 31,			
2009	2008	2008	2007	2006	2005