Fortress Investment Group LLC
Form 424B5
March 14, 2014
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Filed pursuant to Rule 424(b)(5)
Registration No. 333-194504

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be registered**	**Proposed maximum offering price**	**Proposed maximum aggregate offering price**	**Amount of registration fee(1)(2)**
Class A Shares	28,280,000	$ 7.96	$ 225,108,800	$ 28,994.01

(1) Calculated in accordance with Rule 457(c) under the Securities Act of 1933, as amended (the Securities Act). The offering price per share and aggregate offering price are based on the average of the high and low prices of the Registrant’s Class A shares on March 13, 2014, as reported on the New York Stock Exchange.

(2) Payment of the registration fee at the time of filing of the registrant’s registration statement on Form S-3, filed with the Securities and Exchange Commission on March 12, 2014 (File No. 333-19504) (the Registration Statement), was deferred pursuant to Rules 456(b) and 457(r) under the Securities Act of 1933, as amended. This paragraph shall be deemed to update the Calculation of Registration Fee table in the Registration Statement.

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P R O S P E C T U S   S U P P L E M E N T
(To Prospectus Dated March 12, 2014)

28,280,000 Class A Shares
Representing Class A Limited Liability Company Interests

Fortress Investment Group LLC

This is an offering of 28,280,000 Class A shares, each representing Class A limited liability company interests in Fortress Investment Group LLC. We are offering 23,202,859 Class A shares, and the selling shareholders identified herein (which include certain of our officers and senior employees, including our principals) are offering 5,077,141 Class A shares.

We intend to use the net proceeds from our issuance and sale of 23,202,859 Class A shares, or 27,057,859 Class A shares if the underwriters exercise in full their option to purchase additional Class A shares, to purchase from our four principals an equivalent number of outstanding Fortress Operating Group partnership units (and an equal number of Class B shares).

We will not receive any proceeds from the sale of Class A shares by the selling shareholders. We have agreed to pay all expenses relating to registering the Class A shares. The selling shareholders will pay any transfer taxes in respect of their sale of Class A shares.

We and certain of the selling shareholders have granted the underwriters a 30-day option to purchase up to 4,242,000 additional Class A shares at the price set forth below.

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 the NYSE on March 11, 2014 was $8.63 per share.

Investing in our Class A shares involves 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 other regulatory body 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.

The underwriters have agreed to purchase Class A shares from us and the selling shareholders at a price of $8.04 per share, which will result in approximately $186.6 million of proceeds, before expenses, to us (or $217.5 million, if the underwriters exercise in full their option to purchase additional shares), and $40.8 million of proceeds to the selling shareholders (or $44.0 million, if the underwriters exercise in full their option to purchase additional shares). The underwriters may offer Class A shares in transactions on the NYSE, in the over-the-counter market or through negotiated transactions at market prices or at negotiated prices. See Underwriting.

The underwriters expect to deliver the Class A shares against payment on March 18, 2014 through the book-entry facilities of The Depository Trust Company.

Citigroup	**Credit Suisse**

The date of this prospectus supplement is March 12, 2014.

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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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 Class A shares that may be offered from time to time. 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 or therein by reference, on the other hand, you should rely on the information in this prospectus supplement.

We have not, and the selling shareholders and the underwriters have not, authorized any other person to provide you with any information other than that contained or incorporated by reference into this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission (the SEC) or additional information. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you or any representation that others may make to you. We are not, and the selling shareholders and the underwriters are not, making an offer to sell the Class A shares 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.

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 net asset value, NAV, if lower) of our private equity funds and credit PE funds, depending on which measure management fees are being calculated upon at a given point in time, which in connection with private equity 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 permanent capital vehicles,
(iii) the NAV of our hedge funds, including the Value Recovery Funds and certain advisory engagements which pay fees based on realizations (and on certain managed assets and, in some cases, a fixed fee); and
(iv) the NAV or fair value 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. Finally, our calculation of AUM differs from the manner in which our affiliates registered with the SEC report Regulatory Assets Under Management on Form ADV and Form PF in various ways. Significantly, Regulatory Assets Under Management, unlike Management Fee Paying Assets Under Management, is not reduced by liabilities or indebtedness associated with assets under management and it includes assets under management and uncalled capital for which Fortress receives no compensation.

Fortress, we, us, our, the company and the public company refer, collectively, to Fortress Investment Group I its subsidiaries, including the Fortress Operating Group (as defined below) and all of its subsidiaries.

Fortress Funds and our funds refers to the private investment funds, permanent capital vehicles and related managed accounts that we manage. The Fortress Macro Fund is our flagship liquid hedge fund and the Drawbridge Special Opportunities Fund is our flagship credit hedge fund.

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Fortress Operating Group or FOG refers to the limited partnerships and their subsidiaries through which we conduct our business and hold our principal investments. The public company controls the Fortress Operating Group through wholly owned subsidiaries that serve as the general partner of each FOG entity.

Economic interests in each FOG entity are represented by Class A common units and Class B common units. Class A common units are (indirectly) owned by the public company, and Class B common units are owned by the principals (defined below) and, from time to time, one senior employee who owned securities convertible into Class B common units.

The number of outstanding Class A common units equals the number of outstanding Class A shares of the public company. The number of outstanding Class B common units equals the number of outstanding Class B shares of the public company.

Fortress Operating Group units or FOGUs is the term we use to refer to the aggregate of one limited partner interest (either a Class A common unit or a Class B common unit, as applicable) in each FOG entity. One FOGU together with one Class B share is convertible into one Class A share. A surrendered Class B common unit automatically converts into a Class A common unit.

Principals or principals refers to Peter Briger, Jr., Wesley Edens, Randal Nardone and Michael Novogratz, collectively, as well as Robert Kauffman until his retirement in December 2012. The principals control the public company through their ownership of the public company's Class B shares (together with, from time to time, a senior employee who owned securities convertible into Class B shares). The Class B shares and the Class A shares are each entitled to one vote per share, and the number of Class B shares outstanding represents a majority of the aggregate number of Class B shares and Class A shares outstanding. The Class B shares do not represent an economic interest in the public company and therefore are not entitled to any dividends. The principals own their economic interest in the public company primarily through their direct ownership of FOGUs.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and any accompanying prospectus supplement (including information incorporated by reference into this prospectus or any accompanying prospectus supplement) may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may relate to, among other things, future events and financial performance. Forward-looking statements are generally identifiable by use of forward-looking terminology such as outlook, believes, expects, potential, continues, may, will, sl approximately, predicts, intends, plans, estimates, anticipates or the negative version of those words or other comparable words. Any forward-looking statements contained in this prospectus and any accompanying prospectus supplement (including information incorporated by reference into this prospectus or any accompanying prospectus supplement) are based upon the historical performance of us and our subsidiaries and on our current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various factors, including risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity. Some of the 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 effects on our results of operations caused by variable interest entities that we consolidate; 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. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from those indicated in these statements. Accordingly, you should not place undue reliance on any forward-looking statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus and any accompanying prospectus supplement (including information incorporated by reference into this prospectus or any accompanying prospectus supplement). We do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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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 consolidated and combined financial statements and notes to those consolidated and combined financial statements incorporated by reference herein and therein and other documents incorporated by reference herein and therein, before making a decision to purchase our Class A shares.

Fortress Investment Group LLC

Fortress Investment Group LLC is a leading, highly diversified global investment management firm with approximately $61.8 billion in AUM as of December 31, 2013. Fortress applies its deep experience and specialized expertise across a range of investment strategies - private equity, credit, liquid markets and traditional fixed income - on behalf of our over 1,500 institutional clients and private investors worldwide. We earn management fees based on the amount of capital we manage, incentive income based on the performance of our alternative investment funds, and investment income (loss) from our principal investments.

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, Fortress invests capital in each of its alternative investment businesses. As of December 31, 2013, Fortress's investments in and commitments to our funds were $1.5 billion, consisting of the net asset value of Fortress's principal investments of $1.3 billion, and unfunded commitments to private equity funds and credit private equity (PE) funds of $0.2 billion.

As of December 31, 2013, we had 1,074 asset management employees, including approximately 276 investment professionals, at our headquarters in New York and our affiliate offices around the globe. Additionally, as of December 31, 2013, we had 1,250 employees at the senior living properties that we manage (whose compensation expense is reimbursed to us by the owners of the facilities).

We plan to grow our fee paying assets under management and will continue to 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:

- introducing 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.

Our Current Businesses

Our current offering of alternative investment products includes private equity funds, liquid hedge funds and credit funds. In addition, we offer traditional investment products. Private equity funds generally require fund investors to commit capital over a period of time, do not allow redemptions of capital and make long term, relatively illiquid investments. Hedge funds allow periodic contributions and redemptions of capital by investors and make relatively shorter-term, more liquid investments. Our credit funds share certain of the characteristics of both private equity and hedge funds. We refer to these investment products, collectively, as the Fortress Funds. As of December 31, 2013, we managed the following businesses:

Private Equity - a business that manages approximately $15.6 billion of AUM comprised of two business segments: (i) general buyout and sector-specific funds focused on control-oriented investments in North America and Western Europe; and (ii) publicly traded permanent capital vehicles that invest in a wide variety of real estate related assets including securities, loans, real estate properties and mortgage servicing related assets.

Liquid Hedge Funds - a business that manages approximately $7.4 billion of AUM. These funds invest globally in fixed income, currency, equity and commodity markets, and related derivatives to capitalize on

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imbalances in the financial markets. In addition, this segment includes an endowment style fund, which invests in Fortress Funds, funds managed by external managers, and direct investments; and a fund that seeks to generate returns by executing a positively convex investment strategy.

Credit Funds - a business that manages approximately $13.4 billion of AUM comprised of two business segments: (i) credit hedge funds, which make highly diversified investments in direct lending, corporate debt and securities, portfolios and orphaned assets, real estate and structured finance on a global basis and throughout the capital structure, with a value orientation, as well as non-Fortress originated funds for which Fortress has been retained as manager as part of an advisory business; and (ii) credit 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, 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), a family of Asia funds, including Japan real estate funds and an Asian investor based global opportunities fund, and a family of real estate opportunities funds, as well as certain sector-specific funds with narrower investment mandates tailored for the applicable sector.

Logan Circle - our traditional asset management business, which has approximately $25.4 billion of AUM, provides institutional clients actively managed investment solutions across a broad spectrum of fixed income and growth equity strategies. Logan Circle's core fixed income products cover the breadth of the maturity and risk spectrums, including short, intermediate and long duration, core/core plus, investment grade credit, high yield and emerging market debt. In April 2013, Logan Circle launched a growth equities investment business focused on investing and managing concentrated portfolios of publicly traded U.S. equities.

In addition, we treat our principal investments in these funds as a distinct business segment.

Principal Sources of Revenue

The following table provides our management fees and incentive income, on a segment reporting basis, from each of our core businesses for the previous three fiscal years. For more information about segment reporting, including how it is calculated, please see Financial Statements and Supplementary Data - Note 11 - Segment Reporting in our Annual Report on Form 10-K for the year ended December 31, 2013.

	Year Ended December 31,		
	2013	**2012**	**2011**
		(in thousands)	
Private Equity			
Funds			
Management Fees	$ 136,406	$ 119,492	$ 131,898
Incentive Income(A)	13,738	10,993	(1,748)
Permanent Capital Vehicles			
Management Fees	58,970	56,255	53,357
Incentive Income	17,574	242	—
Liquid Hedge Funds			
Management Fees	110,622	77,531	108,873
Incentive Income	150,700	67,645	3,787

Credit Funds			
Hedge Funds			
Management Fees	101,890	101,194	121,835
Incentive Income	190,846	130,305	