

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name NorthStar Realty Finance Corp.		2 Issuer's employer identification number (EIN) 02-0732285	
3 Name of contact for additional information Investor Relations	4 Telephone No. of contact 212-827-3772	5 Email address of contact ir@nrfc.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 399 Park Avenue, 18th Floor		7 City, town, or post office, state, and Zip code of contact New York, NY 10022	
8 Date of action June 30, 2014		9 Classification and description Common Stock	
10 CUSIP number NRF (new) /NSAM 66704R704/66705Y104	11 Serial number(s) N/A	12 Ticker symbol NRF and NSAM	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See Attached Statement

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See Attached Statement

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See Attached Statement

For Paperwork Reduction Act Notice, see the separate Instructions.

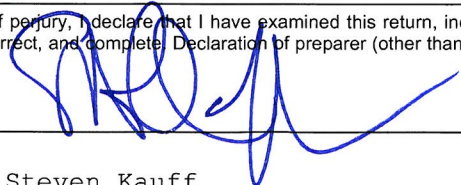
Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attached Statement

18 Can any resulting loss be recognized? ▶ See Attached Statement

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attached Statement

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶  Date ▶ 8.7.2014

Print your name ▶ Steven Kauff Title ▶ Executive Vice President

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

NORTHSTAR REALTY FINANCE CORP.
ATTACHMENT TO FORM 8937
“REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES”

This statement contains general guidance regarding your tax basis in the common stock of both; NorthStar Realty Finance Corp. (“NRF”), a Maryland corporation, and NorthStar Asset Management Group Inc. (“NSAM”), a Delaware corporation, following the distribution discussed herein. The information provided is a general summary regarding the application of certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury regulations thereunder (the “Regulations”) relating to the allocation of tax basis between NRF common stock and NSAM common stock following the distribution discussed.

The information contained herein does not constitute tax advice; nor does it purport to be complete or to describe the consequences that may apply to particular shareholders. NRF does not provide tax advice to its shareholders. The example provided herein is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to shareholders and their tax advisors when establishing their specific tax position. ***You are urged to consult your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state, local and foreign tax laws.*** We urge you to read the NSAM information statement filed with the Securities and Exchange Commission and dated June 26, 2014 (the “Information Statement”), noting especially the discussion on pages 20-23 under the heading “Material U.S. Federal Income Tax Consequences”. You may access the Information Statement at our website at <http://www.nrfc.com>.

If you did not receive shares of NSAM common stock in the distribution or cash in lieu of fractional shares in the NRF reverse stock split on June 30, 2014, this information does not apply to you.

Item 14: Description of organizational action

On June 30, 2014, NRF distributed (the “Distribution”) all the outstanding shares of common stock of NSAM to holders of record of NRF common stock that were issued and outstanding as of the close of regular New York Stock Exchange trading hours on June 30, 2014 (each an “NRF Shareholder”). Each NRF Shareholder received one share of NSAM Common Stock for every one share of NRF common stock.

Prior to the Distribution, NRF executed a 1-for-2 reverse stock split of NRF common stock, (the “NRF Reverse Stock Split”). In the NRF Reverse Stock Split, common shareholders of NRF received one share of NRF common Stock for every two shares of NRF common stock owned prior to the Reverse Stock Split, with cash paid in lieu of fractional shares of NRF. Since no fractional shares of NRF common stock were issued in the reverse stock split, no NRF Shareholder was entitled to receive a fractional share of NSAM Common Stock in the Distribution.

Item 15: Description of the quantitative effect of the organizational action on the basis of the security in the hands of the U.S. taxpayer as an adjustment per share or as a percentage of old stock basis

The basis of NRF common stock held before the NRF Reverse Stock Split will carry over to the shares of NRF common stock after the NRF Reverse Stock Split, including any fractional shares for which cash was received. As a result, each share of NRF common stock held after the NRF Reverse Stock Split will have a basis equal to two times the basis in NRF common stock prior to the NRF Reverse Stock Split.

As a consequence of the Distribution, each NRF Shareholder must allocate its tax basis in NRF common stock held immediately before the Distribution (adjusted as necessary for the receipt of cash in lieu of a fractional share of NRF common stock in the NRF Reverse Stock Split) between NRF common stock and NSAM common stock received in the Distribution. *The determination of tax basis may depend on how and when your NRF common shares were acquired – we recommend you consult your own tax advisor to determine your individual tax basis.*

The allocation of tax basis between NRF common stock and NSAM common stock received in the Distribution is to be based on their relative fair market values on the date of the Distribution. U.S. federal income tax law does not specify precisely how to determine these fair market values. In general, fair market value of property means the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts.

There are several potential methods for determining the fair market value of NRF common stock and NSAM common stock. One of the methods is to use the average of the high and low trading prices of NRF common stock and NSAM common stock on a “when issued” basis quoted on New York Stock Exchange on the date of the Distribution. Another reasonable method would be to use trading prices of NRF common stock and NSAM common stock on the first day of trading following the Distribution. Additionally, other methods of determining the relative fair market values of the NRF common stock and NSAM common stock are also possible, such as the closing stock price at the end of regular business trading on July 1, 2014.

Item 16: Description of the calculation of the change in basis and the data that supports the calculation

The following is an example of the basis allocation for an NRF Shareholder using the closing stock price at the end of regular business trading on July 1, 2014 for NRF common stock and NSAM common stock. This example is being provided solely for illustrative purposes and as a convenience to NRF common stockholders and their tax advisors.

For the purposes of the example, assume you had owned 101 shares of NRF common stock prior to the Distribution with a tax basis of \$10 per share (\$1,010 total basis). You thus would have owned 50 shares of NRF common stock following the NRF Reverse Stock Split and would have received cash in lieu of half a share of NRF common stock. Your tax basis in each share of NRF common stock following the reverse stock split would be two times your original per share basis (in this example, \$20 per share). Therefore your total tax basis in the 50 shares of NRF common stock held following the NRF Reverse Stock Split is \$1,000 (\$20 per share x 50 shares). Your basis in the half share of NRF common stock for which you received cash would be \$10 (\$20 per share x .5 share).

	Pre Split	Post Split	Fractional Share
Shares of NRF common stock owned	101	50	0.5
Tax basis per share	\$ 10	\$ 20	\$ 20
Aggregate tax basis in NRF common stock	\$ 1,010	\$ 1,000	\$ 10

Your aggregate stock basis in NRF common stock immediately prior to the Distribution would then be allocated between your NRF common stock and NSAM common stock received in the Distribution based on fair market value. If you determined the fair market value of NRF commons stock and NSAM commons stock based on the closing stock price at the end of regular business trading on July 1, 2014, your basis would be calculated as follows:

The closing stock price at the end of regular business trading on July 1, 2014 for NRF common stock and NSAM common stock was \$16.80 and \$19.20 per share respectively. The total of these closing prices is \$36.00 per share, of which 46.67% is allocable to the NRF common stock (\$16.80 divided by \$36.00) and 53.33% is allocable to the NSAM common stock (\$19.20 divided by \$36.00).

Thus, if you choose to determine the relative fair market values of the NRF common stock and NSAM common stock based on the closing stock price at the end of regular business trading on July 1, 2014, you would allocate 46.67% of your total basis in your NRF common stock prior to the Distribution to your NRF common stock (in this example, \$466.70 (46.67% of \$1,000)), and 53.33% to the NSAM common stock you received in the Distribution (in this example, \$533.30 (53.33% of \$1,000)).

	A	B	C	D	E	F	G
	Shares Owned	Pre Distribution Tax Basis (Assumed)	Closing Price (1st Trading Day) 7/1/2014	Value of Shares Owned Post Distribution (A x C)	Percentage of Total Value From Column D	Allocated Tax Basis (B x E)	Per Share Basis (F / A)
NRF	50.00	\$ 1,000	\$ 16.800	\$ 840.00	46.67%	\$ 466.70	\$ 9.33
NSAM	50.00		\$ 19.200	\$ 960.00	53.33%	\$ 533.30	\$ 10.67
Total			\$ 36.000	\$ 1,800.00	100.00%	\$ 1,000.00	

Items 17: List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based

The tax treatment of the Distribution is based on Code Sections 355, 358 and 368(a)(1), for which NRF and NSAM received an opinion from Kramer Levin Naftalis & Frankel LLP that stated for U.S. federal income tax purposes, the distribution of the stock of NSAM should be tax-free to NRF and NRF Shareholders. NRF Shareholders receiving cash in lieu of fractional shares of NRF common stock will recognize gain or loss measured by the difference between the amount of cash received and the basis of such fractional shares pursuant to Section 1001(a) of the Internal Revenue Code.

Items 18: Can any resulting loss to be recognized?

Generally, for U.S. federal income tax purposes no gain or loss should be recognized or includable in income as a result of the Distribution, except with respect to any cash received in lieu of fractional shares of NRF common stock.

Item 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year

The Distribution occurred at 11:59 p.m. on June 30, 2014. Therefore, for calendar year taxpayers, the reportable tax year would be 2014.

Additional Reporting:

U.S. stockholders who, immediately before the Distribution, owned 5% or more of the total outstanding NRF common stock or owned NRF securities with an aggregate tax basis of \$1 million or more, are generally required to complete and file a statement related to the Distribution with their U.S. federal income tax returns for the year in which the Distribution occurs.