

NORTHSTAR REALTY FINANCE CORP.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

(As adopted in full by the Board of Directors on October 19, 2004)

The Nominating and Corporate Governance Committee (the "**Committee**") of NORTHSTAR REALTY FINANCE CORP. (the "**Company**") is responsible for the selection, qualification and compensation of members and candidates of the Board of Directors of the Company (the "**Board**"). The Committee acts as a nominating committee for director candidates and Board committee membership. The Committee assists the Board with oversight of other corporate governance matters.

MEMBERS

Judith Hannaway (Chair)

Wesley D. Minami

Preston Butcher

PURPOSE

The Committee shall consider and report periodically to the Board on all matters relating to the selection, qualification, and compensation of members of the Board and candidates nominated to the Board and Committees of the Board, as well as any other matters relating to the duties of the members of the Board.

The Committee shall act as a nominating committee with respect to candidates for directors and will make recommendations to the full Board concerning the size of the Board and structure of committees of the Board. The Committee shall also develop and recommend to the Board a set of corporate governance principles applicable to the Company, and to oversee the evaluation of the Board and the Company's management.

COMMITTEE MEMBERSHIP

The Committee shall consist of at least three members to be elected by the Board of Directors at its first meeting following the Annual Meeting of Stockholders. All members of the Committee shall be "independent directors" as determined by the Board of Directors pursuant to the Company's Corporate Governance Guidelines and the New York Stock Exchange (the "**NYSE**") Listing Standards, and shall meet any other applicable standards of the Securities Exchange Act of 1934 and rules and regulations promulgated thereunder, as they may from time to time be amended. New members of the Committee will receive appropriate training and orientation.

The members of the Committee shall be appointed by the Board, with one of the members appointed as Committee Chairperson. Committee members may be appointed or removed by a majority vote of the entire Board of Directors.

MEETINGS

The Committee shall meet as often as it determines, but not less frequently than twice annually. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Committee shall:

1. Assist in identifying, recruiting and, if appropriate, interviewing candidates to fill positions on the Board, including persons suggested by stockholders or others. The Committee may, if it deems appropriate, establish procedures to be followed by stockholders in submitting recommendations for Board candidates.
2. Develop qualification criteria for members of the Board of Directors.
3. Recommend to the Board the individuals to constitute the nominees of the Board of Directors for election at the next annual meeting of stockholders and who will be named as such nominees in the proxy statement used for solicitation of proxies by the Board. Among the qualifications considered in the selection of candidates, the Committee shall look at the following attributes and criteria of candidates: experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors that the Committee considers appropriate in the context of the needs of the Board.
4. Recommend and nominate an individual for Director to fill the unexpired term of any vacancy existing in the Board of Directors or created by an increase in the size of the Board.
5. Review annually with the Board the composition of the Board as a whole and recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity required for the Board as a whole and contains at least the minimum number of independent directors required by the NYSE.
6. Conduct an annual study of the size of the Board and from time to time make recommendations to the Board for changes in the size of the Board.
7. Make recommendations on the frequency and structure of Board meetings.
8. Make recommendations concerning any other aspect of the procedures of the Board that the Committee considers warranted, including but not limited to procedures with respect to the waiver by the Board of any Company rule, guideline, procedure or corporate governance principle.
9. Recommend and nominate individuals for election as officers of the Company.
10. Recommend to the Board regarding the size and composition of each standing committee of the Board, including the identification of individuals qualified to serve as members of a committee, including the Committee, and recommend individual directors to fill any vacancy that might occur on a committee, including the Committee.
11. Monitor the functioning of the committees of the Board and make recommendations for any changes, including the creation and elimination of committees.
12. Review annually committee assignments and the policy with respect to the rotation of committee memberships and/or chairpersonships, and report any recommendations to the Board.
13. Recommend that the Board establish such special committees as may be desirable or necessary from time to time in order to address ethical, legal or other matters that may arise.

The Committee's power to make such a recommendation under this Charter shall be without prejudice to the right of any other committee of the Board, or any individual director, to make such a recommendation at any time.

14. Provide oversight of corporate governance matters to the Board.
15. Develop and recommend to the Board the Corporate Governance Guidelines applicable to the Company. Review and reassess at least annually the adequacy of the Company's Corporate Governance Guidelines and assure that they are appropriate for the Company and comply with the requirements of the NYSE, and recommend any desirable changes to the Board.
16. Recommend to the Board a code of business conduct and ethics applicable to employees, officers and Directors of the Company and the process for consideration and disclosure of any requested waivers of such codes for Directors or executive officers of the Company.
17. Oversee annual performance evaluations of the Board and report to the Board on the performance and effectiveness of the Board. The Committee shall establish procedures to allow it to exercise this oversight function.
18. Oversee the orientation of new Directors.
19. Review competitive practice data regarding non-employee director compensation and make recommendations to the Board with respect to the amount and form of such compensation

DELEGATION TO SUBCOMMITTEES

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; *provided, however*, that no subcommittee shall consist of fewer than two members; and *provided further* that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

REPORTS TO THE BOARD OF DIRECTORS

The Committee shall make regular reports to the Board of Directors.

OUTSIDE COUNSEL OR OTHER CONSULTANTS

In connection with its duties and responsibilities, the Committee shall have the sole authority to retain outside legal, accounting or other advisors or director candidate search firms to assist in fulfilling their responsibilities, including the authority to approve the fees payable by the Company to such advisors and other retention terms.

ANNUAL REVIEW OF THE CHARTER AND PERFORMANCE

The Committee shall annually review its performance. In addition, the Committee shall review and reassess the adequacy of this Charter annually and recommend to the Board any changes it considers necessary or advisable. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.