Executive Speaker Series Meeting

Jim Hertwig
Fortress Investment Group

- Fortress Investment Group LLC (NYSE:FIG) was the first New York Stock Exchange listed global private equity and hedge fund manager.
- Fortress was co-founded in 1998 by Wesley Edens and is headquartered in New York.
- Fortress currently has approximately 800 employees and affiliates with offices worldwide.
- Fortress manages approximately $41.6 billion:
  - Private Equity: $14.6B
  - Credit Funds: $11.3B
  - Liquid Funds: $4.3B
  - Asset Management: $14.2B
Fortress Experience in Transportation & Infrastructure

- Fortress has been one of the most active investors in transportation and other infrastructure assets
  - Fortress funds have acquired companies with $14 billion of assets since 2002

<table>
<thead>
<tr>
<th>Business</th>
<th>Total Assets⁽¹⁾</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft Leasing</td>
<td>$4.8bn</td>
</tr>
<tr>
<td>Intermodal Chassis</td>
<td>$1.7bn</td>
</tr>
<tr>
<td>Container Leasing</td>
<td>$1.1bn</td>
</tr>
<tr>
<td>Containership Leasing</td>
<td>$1.0bn</td>
</tr>
<tr>
<td>Short Line Railroad</td>
<td>$1.6bn</td>
</tr>
<tr>
<td>Class II Railroad</td>
<td>$0.9bn</td>
</tr>
<tr>
<td>Cell Towers</td>
<td>$2.3bn</td>
</tr>
<tr>
<td>Cell Towers</td>
<td>$0.02bn</td>
</tr>
<tr>
<td>Solar Power Plant</td>
<td>$0.1bn</td>
</tr>
<tr>
<td>Natural Gas Storage</td>
<td>$0.05bn</td>
</tr>
<tr>
<td>Petrochemical Storage</td>
<td>$0.2bn</td>
</tr>
<tr>
<td>Propane Distribution</td>
<td>$0.4bn</td>
</tr>
</tbody>
</table>

**TOTAL** $14.2bn

1) As of 9/30/10 for current investments and estimated at disposition for realized investments
FEC Overview

• 351 miles of mainline track
  – Only railroad along Florida’s east coast
  – Unparalleled link between Florida rail traffic and nation’s rail network

• Most direct and efficient North/South mode for transporting multiple types of freight
  – Competitive advantage over motor carriers due to highly congested roadways and challenging trucking environment

• Attractive freight mix
  – Intermodal containers and trailers
  – Carload
    • Crushed rock (aggregate)
    • Automobiles
    • Food products, and other industrial products
Florida Location Offers Broad Growth Prospects

Key Florida Attributes

- **Large Consumer Market**
  - 4th largest state economy in the U.S. (by GDP) \(^{(1)}\)
  - Nearly 19 million residents \(^{(2)}\)
  - More than 81 million out-of-state visitors annually \(^{(2)}\)

- **Strategic Location**
  - Primary gateway to Latin America; accounts for more than one-third of all U.S. trade with Latin America
  - 3 of the nation’s 15 largest container seaports
  - Closest U.S. ports of call from Panama Canal (Ports of Miami and Everglades)

- **Significant Opportunity for Market Share Growth**
  - Under-penetrated intermodal market
  - Capacity-strained highway system
  - Panama Canal expansion (expected to be complete in 2014)

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(1) Bureau of Economic Analysis
(2) Florida Chamber Foundation and Florida Department of Transportation report (December 2010)
Intermodal:
Domestic
and
International
Business Overview: Intermodal

- Major conduit of intermodal freight
- Diverse revenue stream
- Offer door-to-door service with high quality drayage service

Major Intermodal Customers

- Port of Miami
- Port of Palm Beach
- Port of Miami
- Port of Jacksonville
- Port of Fort Lauderdale
- Port of Palm Beach

Major Intermodal Customers Logos:

- SEABOARD
- CROWLEY
- Tropical Shipping
- WAL*MART
- TOYS R US
- Winn Dixie
- BJ's
- CSX
- UPS
- WERNER ENTERPRISES
**FEC Averages ~25% Lower Cost to Shippers**

- **One-way traffic flow:** Dramatically favors rail
- **Better service:** Increased road congestion on I-95 drives shippers to more efficient, lower cost rail transportation
- **Fuel efficiency:** ~4x more fuel efficient than truck transportation
- **Labor efficiencies:** 1 train / crew = 280 trailers / truck drivers
- **Regulatory Issues:** HOS, CSA2010, EOBR.
FEC’s Jacksonville Intermodal Service

- Serving the South Florida market via Ft. Pierce, Ft. Lauderdale and Miami terminals
- Three trains/day, Jacksonville-S. Florida
- Two trains/day, Jacksonville-Ft. Lauderdale
- One train/day, Jacksonville-Ft. Pierce/Titusville
- Various cut-offs from 10:00 a.m. to midnight
- Less than 10 hour transit to S. Florida
- Next morning deliveries
- “Door” services available
FEC’s South Florida Service Area

- Overnight from Jacksonville
  - Ft. Pierce
  - Ft. Lauderdale
  - Miami
- 2nd Morning from Atlanta/Charlotte
  - Ft. Lauderdale
  - Miami
- 3rd/4th AM
  - Chicago Ohio Valley
  - Dallas New York
  - Memphis
- 6th day
  - California
- Delivery flexibility at destination-live load/unload or drop and hook
- Secure terminal facilities for equipment and cargo
FEC’s Highway Services (FECHS)

- Single source, seamless service
- Over 99% on-time pick-up and delivery
- Flexible pick-up and delivery schedules to meet transit time requirements
- Qualcomm equipped tractors and rail system tracking assured
- FEC’s door-to-door control of shipments
- Committed year-round capacity
- 24 Hour-7 Days Per Week Operations
- Nearly 300 contractors serving 6 terminals- bi-lingual operations in Miami and Ft. Lauderdale
- EDI, Internet, and E-mail
Moving the World Through Florida

Time to market
That’s the bottom line for all beneficial cargo owners and logistics service providers, shippers and freight forwarders.

The combined strength of the Port of Miami, Port Everglades, Port of Palm Beach and Florida East Coast Railway (FEC) is showing the world that moving products in and out of South Florida using FEC’s intermodal national rail network connections, saves our customers precious days, while reducing inventory carrying costs.

Over 70% of the U.S. population is reachable by rail from the ports of South Florida within a maximum of a 3-4 day transit time, FEC offers the most efficient and reliable service.

We invite you to learn more about this Port/Rail relationship, why it works and, of course, how it can benefit you.

800-211-7245
www.FECRWY.com
7150 Phillips Highway
Jacksonville, FL 32256
Business Overview: On-Dock Rail at Port of Miami

- Restoring on-dock rail service at the Port of Miami allows FEC to directly serve Port customers
  - Only railroad with direct access to the Port
  - Shuttle trains will be run directly from the Port to Hialeah Yard
- Enhances efficiency and attractiveness of Port of Miami, driving greater volumes at Port
  - First US east coast port of call for ships leaving Panama Canal
- Total project cost $44-47 million, funded primarily in 2011
  - Federal TIGER II grant ($22.7mm)
  - Florida DOT (~$11 million)
  - Miami Dade County (~$3 million)
  - FEC (up to $11 million)
- Estimated completion date: Q1 2012
Carload
Business Overview: Aggregates, Autos, & Other

**Aggregates**
- Represents 16%, or $29 million, of total freight revenues
- Crushed stone used in residential, commercial, and infrastructure
- Weight and trucking costs make freight rail the only economical means of transporting beyond ~30 miles
  - One unit train equivalent to ~480 truckloads

**Competitive Advantage:**
- Direct rail service from the two largest quarries in Florida
- Door-to-door service for aggregate imports as well as inter and intra-state transport

**Other Carload**
- Other Carloads LTM revenue = $31 million
- Variety of products such as ethanol, coal, lumber, juice, corn sweeteners, LPG, and cement
- Serving 340 large, diversified customers / industries

**Automotive**
- Automotive revenue LTM = $10 million
- Serving consumer and rental markets, moving finished vehicles from Jacksonville to South Florida
- Freight originates at manufacturing locations on CSX/NS and interchanges with FEC in Jacksonville
- Contracts with top automotive customers

(1) Florida New Housing Starts: Wall Street Research and U.S. Department of Commerce (October 2010)
Infrastructure

Safety

Security
High Quality Infrastructure

**Highest Quality Infrastructure**

- Mainline constructed of 132-pound per yard continuous welded rail, sturdier than Class I rails
- Long-lasting concrete rail ties provide better support under high speed and heavy traffic than wooden ties
- Class I type track – 60 MPH capability (recent tests ran at 80 MPH)
- 30% of main line is double-tracked
- 4,000 HP locomotives

**Implications for FEC**

- Infrastructure provides FEC the capacity to handle substantial growth
- No meaningful repair or maintenance required on mainline
- Lower cost of operation and lower capital expenditures
- Capability of operating trains with both intermodal and carload products
Award Winning Safety Record

- FEC has consistently demonstrated a superior safety record
  - E.H. Harriman Memorial Safety Awards: 2008 (Silver), 2007 (Bronze), 2006 (Gold), 2005 (Gold)

2010 Injury Frequency Rate (1)

- FEC maintains comprehensive insurance against damage or liabilities arising from accidents, business disruption, etc.

(1) Represents frequency of safety cases per 200,000 hours worked; data through 9/30/2010

FEC Class I Amtrak
FEC Secure Facilities

- 24 x 7 gate coverage
- Digital Security camera coverage
- Pick-up number system
- Driver registration and verification
- Gated and lighted facilities
- Inspection and seal checks
- FEC Police on site
New Overnight Service
Serving points in S. Carolina including:

- Columbia
- Charleston
- Greenville
- Rock Hill
- Florence
- Anderson
- Orangeburg
- Gaston

2nd Morning Service
from points in North Carolina
Including Charlotte, NC

- Overnight Service
  * Connecting Savannah with South Florida
  * Daily Service to Ft. Pierce, Ft. Lauderdale and Miami

- Highway Competitive
  Door to Door Service

- Over 99% on time Delivery

- Terminate Drivers and Power in “Freight-Rich” Savannah Market
Introducing E-Z Quote

• 24 hour Online Price Quoting and Pickup Reservations
• Door 2 Door Service
• FEC Equipment
• Committed Delivery Schedule

• Watch our website beginning February 2011
  www.fecrwy.com
Bottom Line

HOW FEC CAN BENEFIT YOUR COMPANY?

- **Capacity:** Consistent capacity, even during peak
- **Environmentally Friendly:** Smart Way member
- **Cargo:** History of damage-free
- **Security:** Well lighted, fenced, 24 hour digital and secure gate procedures
- **Scheduled Railroad:** On time departures and arrivals
- **Shipment Visibility:** Complete Load-Tracking Capabilities and EDI events
- **FECHS:** Flexible Drayage Service
Thank you for your time

Jim Hertwig