

Overview

Florida East Coast Railway (FECR) and New Fortress Energy (NFE) are affiliate companies owned by funds managed by Fortress Investment Group (FIG).

FECR is engaged with FRA on two (2) initiatives related to LNG. First, we are actively engaged with FRA to begin the safe operation of LNG as a locomotive fuel with initial testing to begin in Q4 2015. Secondly, FECR desires to move LNG ISO containers by rail on its rail network. These movements would serve FECR for its own locomotive fuel needs at Bowden (Jacksonville) vs. moving by truck, and serve customers on FECR's network, such as NFE.

FECR has submitted a "Request for Concurrence to Move LNG Loads by Rail" to FRA on September 3, 2014. A subsequent communication, "Addendum to Florida East Coast Railway Request for Concurrence to Move LNG by Rail" was submitted on July 16, 2015 (Appendix A).

In January of this year, (b) (6) of Fortress, attended a summit with Vice President Biden and several (b) (4) leaders. The (b) (4) (b) (4) informed us that (b) (4) had decided to convert an existing power plant so it could operate on natural gas. (b) (4) issued an RFP and New Fortress Energy won the bid, after competing with global competitors. NFE will serve the (b) (4) contract by exporting LNG from liquefaction plants in Florida.

FECR has a request from NFE to transport LNG by rail from their facility in Miami adjacent to our Hialeah Rail Yard to various ports in Florida. The first NFE liquefaction plant opens November 2015.

Service will incorporate new, purpose built, double lined ISO tanks. The design of the pressure vessel on these particular LNG ISO containers is over 50% stronger than those utilized in LNG highway transportation service today.

"Fully loaded" LNG ISO containers are too heavy to move over the highways. Containers would have to be short-filled, which is inefficient and a major factor in tractor trailer over-turns due to "sloshing". So, FECR and NFE feel the safest option is to move this commodity by rail.

FECR needs LNG at its Bowden Yard facility in Jacksonville for its LNG locomotive fuel initiative. Ideally, the LNG ISO's would be shipped by rail to Bowden. Otherwise, they would need to be shipped over the highways from Georgia or Alabama.