

SECURITIES AND EXCHANGE COMMISSION

FORM 10-12B/A

Initial general form for registration of a class of securities pursuant to Section 12(b) [amend]

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FTAI Infrastructure LLC

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 3 to
FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR (g) OF
THE SECURITIES EXCHANGE ACT OF 1934

FTAI Infrastructure LLC*

(Exact name of Registrant as specified in its charter)

Delaware

87-4407005

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

1345 Avenue of the Americas, 45th Floor
New York, New York 10105
(212) 798-6100

(Registrant's telephone number, including area code)

Kevin Krieger, Esq.
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c/o Fortress Investment Group LLC
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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class to be so registered	Name of each exchange on which each class is to be registered
Common Stock, par value \$0.01 per share	The Nasdaq Stock Market LLC

Securities to be registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

- | | | | |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input checked="" type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

* The registrant is currently a Delaware limited liability company named FTAI Infrastructure LLC. Prior to the closing of this transaction, the registrant will be converted to a Delaware corporation and change its name to FTAI Infrastructure Inc.

FTAI INFRASTRUCTURE LLC

**INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10**

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1 (the “Information Statement”). None of the information contained in the Information Statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. *Business.*

The information required by this item is contained in the sections of the Information Statement entitled “Summary,” “Risk Factors,” “Special Note Regarding Forward-Looking Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Certain Relationships and Related Party Transactions” and “Where You Can Find More Information.” Those sections are incorporated herein by reference.

Item 1A. *Risk Factors.*

The information required by this item is contained under the sections of the Information Statement entitled “Risk Factors” and “Special Note Regarding Forward-Looking Statements.” Those sections are incorporated herein by reference.

Item 2. *Financial Information.*

The information required by this item is contained under the sections of the Information Statement entitled “Unaudited Pro Forma Combined Consolidated Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Those sections are incorporated herein by reference.

Item 3. *Properties.*

The information required by this item is contained under the section of the Information Statement entitled “Business—Properties.” That section is incorporated herein by reference.

Item 4. *Security Ownership of Certain Beneficial Owners and Management.*

The information required by this item is contained under the section of the Information Statement entitled “Principal Stockholders.” That section is incorporated herein by reference.

Item 5. *Directors and Executive Officers.*

The information required by this item is contained under the sections of the Information Statement entitled “Management” and “Our Manager and Management Agreement.” Those sections are incorporated herein by reference.

Item 6. *Executive Compensation.*

The information required by this item is contained under the sections of the Information Statement entitled “Management—Executive Officer Compensation,” “Management—FTAI Infrastructure Nonqualified Stock Option and Incentive Award Plan” and “Our Manager and Management Agreement.” Those sections are incorporated herein by reference.

Item 7. *Certain Relationships and Related Transactions.*

The information required by this item is contained under the sections of the Information Statement entitled “Management,” “Our Manager and Management Agreement” and “Certain Relationships and Related Party Transactions.” Those sections are incorporated herein by reference.

Item 8. *Legal Proceedings.*

The information required by this item is contained under the section of the Information Statement entitled “Business—Legal Proceedings.” That section is incorporated herein by reference.

Item 9. *Market Price of, and Dividends on, the Registrant’s Common Equity and Related Stockholder Matters.*

The information required by this item is contained under the sections of the Information Statement entitled “Summary—Questions and Answers About FTAI Infrastructure and the Spin-Off,” “Our Spin-off from FTAI,” “Dividend Policy” and “Description of Our Capital Stock.” Those sections are incorporated herein by reference.

Item 10. *Recent Sales of Unregistered Securities.*

Not applicable.

Item 11. *Description of Registrant’s Securities to be Registered.*

The information required by this item is contained under the section of the Information Statement entitled “Our Spin-Off from FTAI” and “Description of Our Capital Stock.” Those sections are incorporated herein by reference.

Item 12. *Indemnification of Directors and Officers.*

The information required by this item is contained under the section of the Information Statement entitled “Description of Our Capital Stock—Limitations on Liability and Indemnification of Directors and Officers.” That section is incorporated herein by reference.

Item 13. *Financial Statements and Supplementary Data.*

The information required by this item is contained under the sections of the Information Statement entitled “Unaudited Pro Forma Combined Consolidated Financial Information” and “Index to Consolidated and Combined Financial Statements” (and the financial statements and related notes referenced therein). Those sections and the financial statements and related notes referenced therein are incorporated herein by reference.

Item 14. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

Not applicable.

Item 15. *Financial Statements and Exhibits.*

(a) *Financial Statements*

The information required by this item is contained under the sections of the Information Statement entitled “Unaudited Pro Forma Combined Consolidated Financial Information” and “Index to Consolidated and Combined Financial Statements” (and the financial statements and related notes referenced therein). Those sections and the financial statements and related notes referenced therein are incorporated herein by reference.

(b) Exhibits

See below.

The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
<u>2.1</u> **	Separation and Distribution Agreement between FTAI Infrastructure Inc. and Fortress Transportation and Infrastructure Investors LLC.
<u>3.1</u> **	Amended and Restated Certificate of Incorporation of FTAI Infrastructure Inc.
<u>3.2</u> *	Amended and Restated Bylaws of FTAI Infrastructure Inc.
<u>3.3</u> **	Form of Certificate of Designations of Series A Preferred Stock of FTAI Infrastructure Inc.
<u>4.1</u> *	Indenture, dated as of July 7, 2022, between FTAI Infra Escrow Holdings, LLC and U.S. Bank Trust Company, National Association, as trustee and notes collateral agent.
<u>10.1</u> **	Form of Management and Advisory Agreement between FTAI Infrastructure Inc. and FIG LLC.
<u>10.2</u> **	Form of Indemnification Agreement by and between FTAI Infrastructure Inc. and its directors and officers.
<u>10.3</u> **†	Form of FTAI Infrastructure Inc. Nonqualified Stock Option and Incentive Award Plan.
<u>10.4</u> **†	Form of Award Agreement pursuant to the FTAI Infrastructure Inc. Nonqualified Stock Option and Incentive Award Plan.
<u>10.5</u> **†	Form of Director Award Agreement pursuant to the FTAI Infrastructure Inc. Nonqualified Stock Option and Incentive Plan.
<u>10.6</u> **	Form of Registration Rights Agreement among FTAI Infrastructure Inc., FIG LLC and Fortress Transportation and Infrastructure Master GP LLC.
<u>10.7</u>	Engineering, Procuring and Construction Agreement dated as of February 15, 2019, between Long Ridge Energy Generation LLC and Kiewit Power Constructors Co. (incorporated by reference to Exhibit 10.17 of Fortress Transportation and Infrastructure Investors LLC's Quarterly Report on Form 10-Q, filed on May 3, 2019).
<u>10.8</u>	Purchase and Sale of Power Generation Equipment and Related Services Agreement dated as of February 15, 2019, between Long Ridge Energy Generation LLC and General Electric Company (incorporated by reference to Exhibit 10.18 of Fortress Transportation and Infrastructure Investors LLC's Quarterly Report on Form 10-Q, filed on May 3, 2019).
<u>10.9</u>	First Lien Credit Agreement dated as of February 15, 2019, among Ohio River PP Holdco LLC, Ohio Gasco LLC, Long Ridge Energy Generation LLC, the lenders and issuing banks from time to time party thereto, and Cortland Capital Market Services LLC, as administrative agent (incorporated by reference to Exhibit 10.19 of Fortress Transportation and Infrastructure Investors LLC's Quarterly Report on Form 10-Q, filed on May 3, 2019).
<u>10.10</u>	Second Lien Credit Agreement dated as of February 15, 2019, among Ohio River PP Holdco LLC, Ohio Gasco LLC, Long Ridge Energy Generation LLC, the lenders from time to time party thereto, and Cortland Capital Market Services LLC, as administrative agent (incorporated by reference to Exhibit 10.20 of Fortress Transportation and Infrastructure Investors LLC's Quarterly Report on Form 10-Q, filed on May 3, 2019).
<u>10.11</u>	Credit Agreement, dated as of February 11, 2020, among Jefferson 2020 Bond Borrower LLC, as the borrower and Fortress Transportation and Infrastructure Investors LLC, acting through one or more affiliates, as the lender (incorporated by reference to Exhibit 10.15 of Fortress Transportation and Infrastructure Investors LLC's Quarterly Report on Form 10-Q, filed on May 1, 2020).
<u>10.12</u>	Senior Loan Agreement, dated as of February 1, 2020, between Port of Beaumont Navigation District of Jefferson County, Texas, as issuer and Jefferson 2020 Bond Borrower LLC, as borrower (incorporated by reference to Exhibit 10.16 of Fortress Transportation and Infrastructure Investors LLC's Quarterly Report on Form 10-Q, filed on May 1, 2020).
<u>10.13</u>	Deed of Trust, Security Agreement, Financing Statement and Fixture Filing, dated February 1, 2020, from Jefferson 2020 Bond Borrower LLC, as grantor, and Jefferson 2020 Bond Lessee LLC, as grantor, to Ken N. Whitlow, as Deed of Trust Trustee for the benefit of Deutsche Bank National Trust Company, as beneficiary (incorporated by reference to Exhibit 10.17 of Fortress Transportation and Infrastructure Investors LLC's Quarterly Report on Form 10-Q, filed on May 1, 2020).

Exhibit Number	Exhibit Description
10.14	Amended and Restated Lease and Development Agreement, effective as of January 1, 2020, by and between Port of Beaumont Navigation District of Jefferson County, Texas, as lessor, and Jefferson 2020 Bond Lessee LLC, as lessee (incorporated by reference to Exhibit 10.18 of Fortress Transportation and Infrastructure Investors LLC's Quarterly Report on Form 10-Q, filed on May 1, 2020).
10.15	Membership Interest Purchase Agreement, dated June 7, 2021, by and between United States Steel Corporation and Percy Acquisition LLC (incorporated by reference to Exhibit 10.1 of Fortress Transportation and Infrastructure Investors LLC's Current Report on Form 8-K, filed on June 8, 2021).
10.16	Railway Services Agreement, dated July 28, 2021, by and among United States Steel Corporation, Transtar, LLC, Delray Connecting Railroad Company, Fairfield Southern Company, Inc., Gary Railway Company, Lake Terminal Railroad Company, Texas & Northern Railroad Company and Union Railroad Company, LLC (incorporated by reference to Exhibit 10.22 of Fortress Transportation and Infrastructure Investors LLC's Quarterly Report on Form 10-Q, filed on July 29, 2021).
10.17**#	Form of Subscription Agreement
10.18**	Form of Investors' Rights Agreement
10.19**	Form of Warrant Agreement
21.1**	List of Subsidiaries of FTAI Infrastructure Inc.
99.1*	Information Statement of FTAI Infrastructure Inc., subject to completion, dated July 12, 2022.

* Filed herewith.

** Previously filed.

† Management contract or compensatory plan or arrangement.

Schedules and/or exhibits have been omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. We agree to furnish supplementally a copy of any omitted schedule or exhibit to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

FTAI Infrastructure LLC

By: /s/ Kenneth J. Nicholson

Name: Kenneth J. Nicholson

Title: Chief Executive Officer and President

Date: July 12, 2022

AMENDED AND RESTATED BY-LAWS

OF

FTAI INFRASTRUCTURE INC.

A Delaware Corporation

Effective [●], 2022

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**AMENDED AND RESTATED BY-LAWS
OF
FTAI INFRASTRUCTURE INC.
(hereinafter called the “Corporation”)**

ARTICLE I

OFFICES

Section 1.1 **Registered Office.** Unless and until changed by the board of directors of the Corporation (the “Board of Directors”), the registered office of the Corporation in the State of Delaware shall be located at 1209 Orange Street, Wilmington, Delaware 19801, and the registered agent for service of process on the Corporation in the State of Delaware at such registered office shall be Corporation Trust Company. The principal office of the Corporation shall be located at 1345 Avenue of the Americas, 45th floor, New York, New York 10105 or such other place as the Board of Directors may from time to time designate by notice to the stockholders.

Section 1.2 **Other Offices.** The Corporation may maintain offices at such other place or places within or outside the State of Delaware as the Board of Directors determines to be necessary or appropriate.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 2.1 **Place of Meetings.** The Board of Directors and any committee thereof may hold meetings, both regular and special, either within or outside the State of Delaware. The Board of Directors shall designate the place of meeting for any annual meeting or for any special meeting of the stockholders. The Board of Directors may, in its sole discretion, determine that a meeting of the stockholders shall not be held at any place, but may instead be held solely by means of remote communication in the manner authorized by Section 211 of the General Corporation Law of the State of Delaware (the “DGCL”). If no designation is made, the place of meeting shall be the principal office of the Corporation.

Section 2.2 **Stockholder Actions.** All acts of stockholders to be taken hereunder, or under the Certificate of Incorporation of the Corporation, as amended from time to time (including by any certificate of designation in respect of any series of preferred stock of the Corporation, the “Certificate of Incorporation”), the DGCL or otherwise, shall be taken in the manner provided in this Article II or, with respect to the rights of holders of any series of Preferred Stock (as defined in the Certificate of Incorporation) then outstanding, as otherwise set forth in the Share Designation (as defined in the Certificate of Incorporation).

Section 2.3 Annual Meetings. An annual meeting of the stockholders for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held at such time and place as the Board of Directors shall specify. Subject to the provisions of the DGCL or if otherwise authorized by the Board of Directors, and subject to such guidelines and procedures as the Board of Directors may adopt in accordance with the DGCL, stockholders and proxyholders not physically present at a meeting of stockholders may by means of remote communication participate in such meeting and be deemed present in person and vote at such meeting; provided that the Corporation shall implement reasonable measures to verify that each Person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, to provide such stockholders or proxyholders a reasonable opportunity to participate in the meeting and to record the votes or other actions made by such stockholders or proxyholders. A failure to hold the annual meeting of the stockholders at the designated time or to elect a sufficient number of Directors to conduct the business of the Corporation shall not affect otherwise valid acts of the Corporation or work a forfeiture or dissolution of the Corporation. If the annual meeting for election of Directors is not held on the date designated therefor, the Directors shall cause the meeting to be held as soon as is convenient.

Section 2.4 Special Meetings. Subject to the rights of holders of any series of Preferred Stock then outstanding and unless otherwise required by law or the Certificate of Incorporation, special meetings of the stockholders may be called at any time by either (i) the Chairman of the Board of Directors, if there be one, or (ii) the Chief Executive Officer, if there be one, and shall be called by any such officer at the request in writing of (i) a majority of the Board of Directors or (ii) a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers include the authority to call such meetings. Such request shall state the purpose or purposes of the proposed meeting. Subject to the rights of holders of any series of Preferred Stock then outstanding and unless otherwise required by law or the Certificate of Incorporation, no stockholders or group of stockholders, acting in its or their capacity as stockholders, shall have the right to call a special meeting of the stockholders.

Section 2.5 Notice. Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting, in the form of a writing or electronic transmission, stating the place, day and hour of the meeting, the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at such meeting, if such date is different from the record date for determining stockholders entitled to notice of such meeting, and (i) in the case of a special meeting of the stockholders, the purpose or purposes for which the meeting is called, as determined by the Board of Directors or (ii) in the case of an annual meeting, those matters that the Board of Directors, at the time of giving the notice, intends to present for action by the stockholders, shall be delivered by the Corporation not less than 10 calendar days nor more than 60 calendar days before the date of the meeting, in a manner and otherwise in accordance with Section 6.1, to each Record Holder who is entitled to vote at such meeting. Such further notice shall be given as may be required by Delaware law. The notice of any meeting of the stockholders at which Directors are to be elected shall include the name of any nominee or nominees who, at the time of the notice, the Board of Directors intends to present for election. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting.

Section 2.6 Adjournments and Postponements. Any meeting of the stockholders may be adjourned or postponed from time to time by the chairman of such meeting or by the Board of Directors, without the need for approval thereof by the stockholders to reconvene or convene, respectively at the same or some other place. When a meeting is adjourned or postponed to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than thirty (30) days. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with Section 2.5 of this Article II.

Section 2.7 Quorum. Unless otherwise required by the DGCL or other applicable law or the Certificate of Incorporation, at any meeting of the stockholders, the holders of a majority of the outstanding shares of the class or classes or series, or the class, classes or series that are required to vote as a single class, present in person or represented by proxy shall constitute a quorum of such class or classes or series, or of such class, classes or series voting as a single class, unless any such action by the stockholders requires approval by holders of a greater percentage of such shares, in which case the quorum shall be such greater percentage. The submission of matters to stockholders for approval and the election of Directors shall occur only at a meeting of the stockholders duly called and held in accordance with these By-Laws at which a quorum is present; provided, however, that the stockholders present at a duly called and held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum, if any action taken (other than adjournment) is approved by the required percentage of the stockholders entitled to vote at such meeting. Any meeting of stockholders may be adjourned from time to time by the chairman of the meeting to another place or time, without regard to the presence of a quorum.

Section 2.8 Voting and Other Rights.

(a) All matters (other than the election of Directors) submitted to the stockholders for approval shall be determined by a vote of the holders of a majority of the total number of votes of the Corporation's capital stock present at the meeting in person or represented by proxy and entitled to vote on the matters, voting as a single class, except as otherwise required with respect to such matter under the DGCL, under the rules of any National Securities Exchange on which such shares are listed for trading, or under the provisions of the Certificate of Incorporation or these By-Laws.

(b) Except as provided in Section 3.12 or otherwise provided in any Share Designation with respect to the rights of the holders of such series of Preferred Stock to elect Preferred Stock Directors (as defined in the Certificate of Incorporation), Directors will be elected by a plurality of the votes cast for a particular position.

(c) Only those Record Holders of Outstanding shares entitled to vote at the meeting on the Record Date set pursuant to Section 2.11 shall be entitled to notice of, and to vote at, a meeting of stockholders or to act with respect to matters as to which the holders of such shares have the right to vote or to act. All references in these By-Laws to votes of, or other acts that may be taken by, the Outstanding shares entitled to vote at the meeting shall be deemed to be references to the votes or acts of the Record Holders of such shares on such Record Date. The Board of Directors, in its discretion, or the Person acting as chairman of a meeting of the stockholders, in such Person's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

(d) With respect to Outstanding Voting Stock that is held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or an agent of any of the foregoing), in whose name such Outstanding Voting Stock is registered, such other Person shall, in exercising the voting rights in respect of such Outstanding Voting Stock on any matter, and unless the arrangement between such Persons provides otherwise, vote such Outstanding Voting Stock in favor of, and at the direction of, the Person who is the beneficial owner, and the Corporation shall be entitled to assume it is so acting without further inquiry.

Section 2.9 Proxies and Voting.

(a) On any matter that is to be voted on by stockholders, the stockholders may vote in person or by proxy, and such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law, but no such proxy shall be voted or acted upon after three (3) years from its date, unless such proxy provides for a longer period. Any such proxy shall be filed in accordance with the procedure established for the meeting. For purposes of these By-Laws, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process. Any copy, facsimile telecommunication, email or other reliable reproduction of the writing or transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing, or transmission for any and all purposes for which the original writing, could be used; provided, however, that such copy, facsimile telecommunication, email or other reproduction shall be a complete reproduction of the entire original writing or transmission.

(b) In advance of any meeting of the stockholders, the Board of Directors, by resolution, the Chairman of the Board or the Chief Executive Officer shall appoint one or more inspectors to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of the stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before assuming the duties of inspector, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall execute and deliver to the Corporation a certificate of the result of the vote taken and of such other facts as may be required by applicable law.

Section 2.10 List of Stockholders Entitled to Vote. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class or series of Capital Stock and showing the address of each such stockholder and the number of shares of each such class or series registered in the name of such stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days before the meeting, at the principal place of business of the Corporation. The stockholder list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 2.11 Record Date. Except as otherwise provided with respect to any series of Preferred Stock in any applicable Share Designation, for purposes of determining the stockholders entitled to notice of or to vote at a meeting of the stockholders, the Board of Directors may set a Record Date, which Record Date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which Record Date shall not be less than ten (10) nor more than sixty (60) days before the date of the meeting (unless such requirement conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Capital Stock is listed for trading, in which case the rule, regulation, guideline or requirement of such exchange shall govern). If no Record Date is fixed by the Board of Directors, the Record Date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day immediately preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment or postponement of the meeting; provided, however, that the Board of Directors may fix a new Record Date for the adjourned or postponed meeting. In such case, the Board of Directors shall also fix as the Record Date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this Section 2.11 at the adjourned meeting.

Section 2.12 Conduct of Meetings.

(a) The Board of Directors may adopt by resolution such rules and regulations for the conduct of any meeting of the stockholders as it shall deem appropriate. Meetings of stockholders shall be presided over by the Chairman of the Board, if there shall be one, or in his or her absence, or if there shall not be a Chairman of the Board, the President. The Board of Directors shall have the authority to appoint a temporary chairman to serve at any meeting of the stockholders if the Chairman of the Board or the President is unable to do so for any reason. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (vi) limitations on the time allotted to questions or comments by participants.

(b) The chairman of any meeting of stockholders shall have the power and duty to determine all matters relating to the conduct of the meeting, including determining whether any nomination or item of business has been properly brought before the meeting in accordance with these By-Laws (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made, solicited (or is part of a group that solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation), and if the chairman should so determine and declare that any nomination or item of business has not been properly brought before a meeting of stockholders, then such business shall not be transacted or considered at such meeting and such nomination shall be disregarded. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.13 Nomination of Directors. Only persons who are nominated in accordance with the procedures set forth in Section 2.14 of these By-Laws shall be eligible for election as Directors, except for Preferred Stock Directors (whose eligibility and qualifications, if any, shall be as set forth only in the applicable Share Designation or other provisions of the Certificate of Incorporation providing the right to elect such Preferred Stock Directors).

Section 2.14 Notice of Stockholder Business and Nominations.

(a) Subject to clause (3) of Article SIXTH of the Certificate of Incorporation and Section 2.14(f) and Article III of these By-Laws, nominations of Persons for election to the Board of Directors of the Corporation (other than Preferred Stock Directors) and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting delivered pursuant to Section 2.5 of these By-Laws; (ii) by or at the direction of the Board of Directors, (iii) for nominations to the Board of Directors only, by any holder of Outstanding Voting Stock who is entitled to vote at the meeting, who complied with the notice procedures set forth in paragraph (b) or (d) of this Section 2.14 and who was a Record Holder of a sufficient number of Outstanding Voting Stock as of the Record Date for such meeting to elect one or more members to the Board of Directors assuming that such holder cast all of the votes it is entitled to cast in such election in favor of a single candidate and such candidate received no other votes from any other holder of Outstanding Voting Stock, or (iv) by any holder of Outstanding Voting Stock who is entitled to vote at the meeting, who complied with the notice procedures set forth in paragraphs (c) or (d) of this Section 2.14 and who is a Record Holder of Outstanding Voting Stock at the time such notice is delivered to the Secretary of the Corporation.

(b) For nominations to be properly brought before an annual meeting by a stockholder pursuant to Section 2.14(a)(iii), the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary of the date of the immediately preceding annual meeting of stockholders; provided, however, that, in the case of the Corporation's first annual meeting, or if the annual meeting is called for a date that is more than twenty-five (25) days before or after the anniversary of the previous year's annual meeting, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the earlier of the date on which notice of the annual meeting was posted to the stockholders or the day on which public disclosure of the date of the annual meeting is first made (which may be the date on which proxy materials for such meeting are first mailed). In no event shall the adjournment or postponement of an annual meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described in this Section 2.14(b). Such stockholder's notice shall set forth: (A) as to each Person whom the stockholder proposes to nominate for election or reelection as a Director, all information relating to such Person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case, pursuant to Regulation 14A under the Exchange Act, including such Person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected, and (B) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and the class or series and number of shares of Capital Stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner. Such holder shall be entitled to nominate as many candidates for election to the Board of Directors as would be elected assuming such holders cast the precise number of votes necessary to elect each candidate and no more votes were cast by such holder or any other holder for such candidates.

(c) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.14(a)(iv), (i) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation; (ii) such business must be a proper matter for stockholder action under the Certificate of Incorporation, these By-Laws and the DGCL; (iii) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's Outstanding Capital Stock required under the Certificate of Incorporation, these By-Laws or Delaware law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's Outstanding Voting Stock reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice and (iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section 2.14, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary of the date on which the Corporation first made publicly available (whether by mailing, by filing with the Commission or by posting on an internet web site) its proxy materials for the immediately preceding annual meeting of stockholders; provided, however, that, in the case of the Corporation's first annual meeting, or if the annual meeting is called for a date that is more than thirty (30) days before or after the anniversary of the previous year's annual meeting, notice by the stockholders in order to be timely must be so received not later than the close of business on the tenth (10th) day following the earlier of the date on which notice of the annual meeting was posted to the stockholders or the day on which public disclosure of the date of the annual meeting is first made (which may be the date on which proxy materials for such meeting are first made publicly available, whether by mailing, by filing with the Commission or by posting on an internet web site). In no event shall the public announcement or postponement of an annual meeting commence a new time period for the giving of a stockholder's notice as described in this Section 2.14(c). Such stockholder's notice shall set forth: (A) as to each Person whom the stockholder proposes to nominate for election or reelection as a Director, all information relating to such Person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case, pursuant to Regulation 14A under the Exchange Act, including such Person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (1) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (2) the class or series and number of shares of Capital Stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner, and whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's Outstanding Voting Stock required under the Certificate of Incorporation, these By-Laws or Delaware law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's Outstanding Capital Stock to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice"). This Section shall be the exclusive means for a stockholder to make business proposals before a special meeting of stockholders (other than matters properly bought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting). Subject to Rule 14a-8 under the Exchange Act, nothing in this the Certificate of Incorporation or these By-Laws shall be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Corporation's proxy statement any business proposal.

(d) Notwithstanding anything in the second sentence of Section 2.14(b) or the second sentence of Section 2.14(c) to the contrary, if the number of Directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for Director or specifying the size of the increased Board of Directors made by the Corporation at least ninety (90) days prior to the anniversary of the date on which the Corporation first made publicly available (whether by mailing, by filing with the Commission or by posting on an internet web site) its proxy materials for the immediately preceding annual meeting of stockholders, then a stockholder's notice required by this Section 2.14 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(e) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 2.5. Subject to clause (3) of Article SIXTH of the Certificate of Incorporation, nominations of Persons for election to the Board of Directors may be made at a special meeting of stockholders at which Directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors; (ii) by any holder of Outstanding Voting Stock who is entitled to vote at the meeting, who complied with the notice procedures set forth in paragraph (b) or (d) of this Section 2.14 and who was a Record Holder of a sufficient number of Outstanding Voting Stock as of the Record Date for such meeting to elect one or more members to the Board of Directors assuming that such holder cast all of the votes it is entitled to cast in such election in favor of a single candidate and such candidate received no other votes from any other holder of Outstanding Voting Stock; or (iii) by any holder of Outstanding Voting Stock who is entitled to vote at the meeting, who complies with the notice procedures set forth in paragraph (c) or (d) of this Section 2.14 and who is a Record Holder of Outstanding Voting Stock at the time such notice is delivered to the Secretary of the Corporation. Nominations by stockholders of Persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder's notice as required by Section 2.14(b) or Section 2.14(c) shall be delivered to the Secretary of the Corporation not earlier than the ninetieth (90th) day prior to such special meeting and not later than the close of business on the later of the seventieth (70th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. Holders of Outstanding Voting Stock making nominations pursuant to Section 2.14(e)(ii) shall be entitled to nominate the number of candidates for election at such special meeting as provided in Section 2.14(b) for an annual meeting.

(f) Nothing in this Section 2.14 shall be deemed to affect the rights of holders of any series of Preferred Stock pursuant to any applicable provision of the Certificate of Incorporation.

(g) Except to the extent otherwise provided in clause (3) of Article SIXTH of the Certificate of Incorporation with respect to vacancies, only Persons who are nominated in accordance with the procedures set forth in this Section 2.14 shall be eligible to serve as Directors (other than Preferred Stock Directors) and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.14 (subject to the rights of holders of any series of Preferred Stock then outstanding). Except as otherwise provided herein or required by law, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 2.14 and, if any proposed nomination or business is not in compliance with this Section 2.14, to declare that such defective proposal or nomination shall be disregarded.

(h) Notwithstanding the foregoing provisions of this Section 2.14, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.14. Nothing in this Section 2.14 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

ARTICLE III

DIRECTORS

Section 3.1 Duties and Powers. Except as otherwise provided in the DGCL, the Certificate of Incorporation or these By-Laws, or required by the rules and regulations of any National Securities Exchange or quotation system on which the securities of the Corporation are listed or quoted for trading, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. As provided in Article IV of these By-Laws, the Board of Directors shall have the power and authority to appoint officers of the Corporation. No stockholder, by virtue of its status as such, shall have any management power over the business and affairs of the Corporation or actual or apparent authority to enter into, execute or deliver contracts on behalf of, or to otherwise bind, the Corporation. Except as otherwise provided in the DGCL or these By-Laws, and subject to Article TENTH of the Certificate of Incorporation or any other provision of the Certificate of Incorporation with respect to the rights of holders of any series of Preferred Stock, in addition to the powers that now or hereafter can be granted to directors under the DGCL and to all other powers granted under any other provision of these By-Laws, the Board of Directors shall have full power and authority to do, and to direct the officers to do, all things and on such terms as it determines to be necessary or appropriate to conduct the business of the Corporation, to exercise all powers set forth in Article THIRD of the Certificate of Incorporation and to effectuate the purposes set forth in Article THIRD of the Certificate of Incorporation, including the following:

- (a) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness, including indebtedness that is convertible into Capital Stock, and the incurring of any other obligations;
- (b) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Corporation;
- (c) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Corporation or the merger or other combination of the Corporation with or into another Person (subject, however, to any prior approval of stockholders that may be required by the Certificate of Incorporation, these By-Laws or pursuant to applicable law);
- (d) the adoption, amendment, revision or termination of any policies or guidelines with respect to acquisitions or investments made on behalf of any Group Member by an external manager of the Corporation (including the Manager);

(e) the use of the assets of the Corporation (including cash on hand) for any purpose consistent with the terms of the Certificate of Incorporation or these By-Laws, including the financing of the conduct of the operations of the Corporation and its Subsidiaries; the lending of funds to other Persons (including other Group Members); the repayment of obligations of the Corporation and its Subsidiaries; and the making of capital contributions to any stockholder of the Corporation or any of its Subsidiaries;

(f) the negotiation, execution and performance of any contracts, conveyances or other instruments (including instruments that limit the liability of the Corporation under contractual arrangements to all or particular assets of the Corporation);

(g) the declaration and payment of distributions of cash or other assets to stockholders;

(h) the selection and dismissal of an external manager, officers, employees, agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring, and the creation and operation of employee benefit plans, employee programs and employee practices;

(i) the entering into agreements and amendments thereto, including management agreements, with an external manager (including the Manager);

(j) the maintenance of insurance for the benefit of the Corporation Group and the Indemnified Persons;

(k) the formation of, or acquisition or disposition of an interest in, and the contribution of property and the making of loans to, any limited or general partnership, joint venture, corporation, limited liability company or other entity or arrangement;

(l) the control of any matters affecting the rights and obligations of the Corporation, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation, arbitration or remediation, and the incurring of legal expense and the settlement of claims and litigation;

(m) the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(n) the entering into of listing agreements with any National Securities Exchange and the delisting of some or all of the Capital Stock from, or requesting that trading be suspended on, any such exchange;

(o) the issuance, sale or other disposition, and the purchase or other acquisition, of Stock or options, rights, warrants or appreciation rights relating to Capital Stock, including to the Manager;

(p) the undertaking of any action in connection with the Corporation's interest or participation in any Group Member;

(q) the registration of any offer, issuance, sale or resale of Stock or other securities issued or to be issued by the Corporation under the Securities Act and any other applicable securities laws (including any resale of Capital Stock or other securities by stockholders or other securityholders); and

(r) the execution and delivery of agreements with Affiliates of the Corporation or any external manager (including the Manager) to render services to a Group Member.

Section 3.2 Meetings.

(a) The Board of Directors and any committee thereof may hold meetings, both regular and special, either within or outside the State of Delaware.

(b) A regular meeting of the Board of Directors and any committee thereof shall be held without any other notice except as provided for in these By-Laws, immediately after, and at the same place (if any) as, each annual meeting of Common Stockholders. Additional regular meetings of the Board of Directors or any committee thereof may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors or such committee, respectively. Unless otherwise determined by the Board of Directors, the Secretary of the Corporation shall act as Secretary at all regular meetings of the Board of Directors and in the Secretary's absence a temporary Secretary shall be appointed by the chairman of the meeting. The Independent Directors shall meet periodically without any member of management present and, except as the Independent Directors may otherwise determine, without any other Director present to consider the overall performance of management and the performance of the role of the Independent Directors in the governance of the Corporation; such meetings shall be held in connection with a regularly scheduled meeting of the Board of Directors except as the Independent Directors shall otherwise determine.

(c) Special meetings of the Board of Directors may be called by the Chairman of the Board, if there be one, the Chief Executive Officer, or by any two Directors. Special meetings of any committee of the Board of Directors may be called by the chairman of such committee, if there be one, the Chief Executive Officer or any Director serving on such committee. Notice thereof stating the place, date and hour of the special meeting shall be given to each Director (or, in the case of a committee, to each member of such committee) either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone, facsimile, email or other electronic means on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. A notice of a special meeting of the Board of Directors or any committee thereof need not specify the purpose of the meeting unless required by any applicable provisions of the Certificate of Incorporation or these By-laws. Notice of any meetings of the Board shall not, however, be required to be given to any Director who submits a signed waiver of notice, or waives notice of such meeting by electronic transmission, whether before or after the meeting, or if he or she shall be present at such meeting; and any meeting of the Board of Directors shall be a duly convened meeting without any notice thereof having been given if all the Directors then in office shall be present thereat or shall have waived notice thereof.

Section 3.3 Chairman of Meetings. The Board of Directors may elect one of its members as Chairman of the Board (the “Chairman of the Board”). The Chairman of the Board, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board (who must be a Director but is not required to be an employee of the Corporation) shall be designated by the Board of Directors and, except where by law the signature of the Chief Executive Officer or other officer is required, the Chairman of the Board shall possess the same power as the Chief Executive Officer to sign all contracts, certificates and other instruments of the Corporation that may be authorized by the Board of Directors. During the absence or disability of the Chief Executive Officer, the Chairman of the Board shall exercise all the powers and discharge all the duties of the Chief Executive Officer. The Chairman of the Board shall also perform such other duties and may exercise such other powers as may from time to time be assigned by these By-Laws or by the Board of Directors.

Section 3.4 Resignations of Directors . Any Director of the Corporation may resign from the Board of Directors or any committee thereof at any time, by giving notice in writing or electronic transmission to (i) the Chairman of the Board, if there be one, or to the Chief Executive Officer, if there is no Chairman, or (ii) the Secretary of the Corporation and, in the case of a committee, to the chairman of such committee, if there be one. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.5 Quorum. Except as otherwise required by law, the Certificate of Incorporation, these By-Laws or the rules and regulations of any National Securities Exchange on which the Corporation’s securities are listed and traded, at all meetings of the Board of Directors or any committee thereof, a majority of the entire Board of Directors or a majority of the Directors constituting such committee, as the case may be, shall constitute a quorum for the transaction of business, and the act of a majority of the Directors present at a meeting of the entire Board of Directors or a committee thereof at which a quorum has been established, shall be the act of the Board of Directors or such committee, as applicable. If a quorum shall not be present at any meeting of the Board of Directors or any committee, a majority of the Directors or members, as the case may be, present thereat may adjourn the meeting from time to time without further notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 3.6 Actions of the Board by Written Consent. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting by the Board of Directors or any committee thereof, as the case may be, may be taken without a meeting if a consent thereto is signed or transmitted electronically, as the case may be, by all members of the Board of Directors or of such committee, as the case may be, and the consent or consents are filed with the minutes of proceedings of the Board of Directors or such committee.

Section 3.7 Meetings by Means of Conference Telephone. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all Persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

Section 3.8 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the Directors. Each member of a committee must meet the requirements for membership, if any, imposed by applicable law and the rules and regulations of any National Securities Exchange or quotation system on which the securities of the Corporation are listed or quoted for trading. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. Subject to the rules and regulations of any National Securities Exchange or quotation system on which the securities of the Corporation are listed or quoted for trading, in the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another qualified member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it. Each committee shall keep regular minutes and report to the Board of Directors when required. Notwithstanding anything to the contrary contained in these By-Laws, the resolution of the Board of Directors establishing any committee of the Board of Directors and/or the charter of any such committee may establish requirements or procedures relating to the governance and/or operation of such committee that are different from, or in addition to, those set forth in these By-Laws and, to the extent that there is any inconsistency between these By-Laws and any such resolution or charter, the terms of such resolution or charter shall be controlling.

Section 3.9 Subcommittees. Unless otherwise provided in the Certificate of Incorporation, these By-Laws, or the resolution of the Board of Directors designating a committee, such committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee. Except for references to committees and members of committees in this Section 3.9, every reference in these By-Laws to a committee of the Board of Directors or a member of a committee shall be deemed to include a reference to a subcommittee or member of a subcommittee.

Section 3.10 Minutes of Committees. Each committee shall keep regular minutes of its meetings and proceedings and report the same to the Board of Directors at the next meeting thereof.

Section 3.11 Remuneration. The Board of Directors, by affirmative vote of a majority of the Directors then in office, and irrespective of any personal interest of any of its members, may establish reasonable compensation (including reasonable pensions, disability or death benefits, and other benefits or payments) of Directors for services to the Corporation as Directors, or may delegate such authority to an appropriate committee. The Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary for service as a Director, payable in cash or securities. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be compensated for their service on such committee. The amount and form of compensation shall be set by the Board of Directors.

Section 3.12 Vacancies. Subject to the rights of holders of any one or more series of Preferred Stock then outstanding with respect to the election of Preferred Stock Directors, any vacancy on the Board of Directors that results from newly created directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office; provided that a quorum is present, and any other vacancies may be filled by a majority of the Directors then in office, though less than a quorum, or by a sole remaining Director Any Director of any class elected to fill a vacancy resulting from an increase in the number of Directors of such class pursuant to the foregoing sentence shall hold office for a term that shall coincide with the remaining term of that class and until such Director's successor is duly elected or appointed and qualified, or until his or her earlier death, resignation or removal. Any Director elected to fill a vacancy not resulting from an increase in the number of Directors shall have the same remaining term as that of such Director's predecessor and until such Director's successor is duly elected or appointed and qualified, or until his or her earlier death, resignation or removal.

Section 3.13 Interested Directors. No contract or transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its Directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such Director's or officer's vote is counted for such purpose if: (i) the material facts as to the Director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to the Director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes such contract or transaction.

ARTICLE IV

OFFICERS

Section 4.1 General. The officers of the Corporation shall be chosen by the Board of Directors. The Board of Directors, in its discretion, also may choose a Chairman of the Board (who must be a Director but is not required to be an employee of the Corporation), a Treasurer and one or more other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law or these By-Laws. The officers of the Corporation need not be stockholders nor, except in the case of the Chairman of the Board (who must be a Director), be Directors. Whenever an officer or officers is absent, or whenever for any reason the Board of Directors may deem it desirable, the Board may delegate the powers and duties of any officer or officers to any Director or Directors. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any other provision hereof.

Section 4.2 Election. The Board of Directors shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors, and each officer of the Corporation shall hold office until such officer's successor is elected and qualified, or until such officer's earlier death, resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the Board of Directors, including by unanimous written consent. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 4.3 Resignation and Removal. Any officer may resign by delivering his or her written resignation to the Corporation at its principal office, and such resignation shall be effective upon receipt unless it is specified to be effective at a later time. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor shall not take office until the effective date. An officer's resignation shall not affect the Corporation's contract rights, if any, with the officer. The Board of Directors may remove any officer with or without cause. Nothing herein shall limit the power of any officer to discharge any subordinate.

Section 4.4 Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chief Executive Officer, the Chief Financial Officer, the Secretary or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation or other entity in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4.5 Chief Executive Officer. The Chief Executive Officer shall, subject to the oversight and control of the Board of Directors and if there be one, the Chairman of the Board, have general supervision of the affairs of the Corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect. In the absence or disability of the Chairman of the Board, or if there be none, the Chief Executive Officer or his or her designee shall preside at all meetings of the stockholders and; provided that the Chief Executive Officer is also a Director, preside at all meetings of the Board of Directors. The Chief Executive Officer shall see that all orders and resolutions of the Board of Directors and the stockholders are carried into effect. The Chief Executive Officer shall have general authority to execute bonds, deeds and contracts in the name of the Corporation and affix the seal of the Corporation thereto; to sign stock certificates; to cause the employment or appointment of such employees and agents of the Corporation as the proper conduct of operations may require, and to fix their compensation, subject to the provisions of these By-Laws; to remove or suspend any employee or agent who shall have been employed or appointed under the Chief Executive Officer's authority or under authority of an officer subordinate to the Chief Executive Officer; to suspend for cause, pending final action by the authority which shall have elected or appointed the Chief Executive Officer, any officer subordinate to the Chief Executive Officer; and, in general, to exercise all the powers and authority usually appertaining to the chief executive officer of a corporation, except as otherwise provided in these By-Laws.

Section 4.6 Chief Financial Officer. The Chief Financial Officer shall, subject to the oversight and control of the Board of Directors, and if there be one, the Chairman of the Board, and the Chief Executive Officer, cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall cause to be deposited all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as shall be designated by the Board of Directors or, in the absence of such designation in such depositories, as the Chief Financial Officer shall from time to time deem proper. The Chief Financial Officer shall be the Treasurer of the Corporation, unless another Treasurer shall be appointed. The Chief Financial Officer shall disburse the funds of the Corporation as may be ordered by the Board of Directors or the Chief Executive Officer, taking proper vouchers for such disbursements, shall promptly render to the Chief Executive Officer and to the Board of Directors such statements of the Chief Financial Officer's transactions and accounts as the Chief Executive Officer and the Board of Directors respectively may from time to time require, and in general, shall exercise all the powers and authority usually appertaining to the chief financial officer of a corporation, except as otherwise provided in these By-Laws.

Section 4.7 Absence of the Chief Executive Officer. At the request of the Chief Executive Officer or in the Chief Executive Officer's absence or in the event of the Chief Executive Officer's inability or refusal to act (and if there be no Chairman of the Board), another officer designated by the Board of Directors shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. Each officer shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board, the Board of Directors shall designate an officer of the Corporation who, in the absence of the Chief Executive Officer or in the event of the inability or refusal of the Chief Executive Officer to act, shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer.

Section 4.8 Secretary and Assistant Secretary. Except as otherwise provided herein, the Secretary shall record all the proceedings of meetings of the Board of Directors and all meetings of the stockholders in a book or books to be kept for that purpose, and the Secretary shall also perform like duties for committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board or the Chief Executive Officer, under whose supervision the Secretary shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the Chief Executive Officer may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 4.9 Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to appoint such other officers and to prescribe their respective duties and powers.

ARTICLE V

STOCK

Section 5.1 Authorization to Issue Capital Stock. Subject to applicable law and the rights, if any, of holders of any outstanding series of Preferred Stock, the Corporation may issue Capital Stock, and options, rights, warrants and appreciation rights relating to Capital Stock, for any corporate purpose at any time and from time to time to such Persons for such consideration (which may be cash, property, services or any other lawful consideration) and on such terms and conditions as the Board of Directors shall determine, all without the approval of any stockholders (except as otherwise provided by applicable law, the Certificate of Incorporation or these By-Laws). Each share of Capital Stock shall have the rights and be governed by the provisions set forth in the Certificate of Incorporation and these By-Laws. Except to the extent expressly provided in these By-Laws or as otherwise agreed by the Corporation, no Capital Stock shall entitle any stockholder to any preemptive, preferential, or similar rights with respect to the issuance of Capital Stock.

Section 5.2 Certificates. Upon the Corporation's issuance of Capital Stock to any Person, the Corporation may issue one or more certificates in the name of such Person evidencing the number of such Capital Stock being so issued. Any such certificates shall be executed on behalf of the Corporation by any two authorized officers of the Corporation. No certificate representing Capital Stock shall be valid for any purpose until it has been countersigned by the Transfer Agent; provided, however, that if the Board of Directors elects to issue Capital Stock in global form, the certificates representing Capital Stock shall be valid upon receipt of a certificate from the Transfer Agent certifying that the Capital Stock has been duly registered in accordance with the directions of the Corporation. Any or all of the signatures required on the certificate may be by facsimile. If any officer or Transfer Agent who shall have signed or whose facsimile signature shall have been placed upon any such certificate shall have ceased to be such officer or Transfer Agent before such certificate is issued by the Corporation, such certificate may nevertheless be issued by the Corporation with the same effect as if such Person were such officer or Transfer Agent at the date of issue. Certificates for each class of Capital Stock shall be consecutively numbered and shall be entered on the books and records of the Corporation as they are issued and shall exhibit the holder's name and number and type of Capital Stock.

Section 5.3 Lost or Mutilated Certificates. If any mutilated Certificate is surrendered to the Transfer Agent, the appropriate officers on behalf of the Corporation shall execute, and the Transfer Agent shall countersign and deliver in exchange therefor, a new Certificate evidencing the same number and class or series of Capital Stock as the Certificate so surrendered. The appropriate officers on behalf of the Corporation shall execute, and the Transfer Agent shall countersign and deliver, a new Certificate in place of any Certificate previously issued if the Record Holder of the Certificate: (i) makes proof by affidavit, in form and substance satisfactory to the Corporation, that a previously issued Certificate has been lost, destroyed or stolen; (ii) requests the issuance of a new Certificate before the Corporation has received notice that the Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim; (iii) if requested by the Corporation, delivers to the Corporation a bond, in form and substance satisfactory to the Corporation, with surety or sureties and with fixed or open penalty as the Corporation may direct to indemnify the Corporation and the Transfer Agent against any claim that may be made on account of the alleged loss, destruction or theft of the Certificate; and (iv) satisfies any other reasonable requirements imposed by the Corporation. If a stockholder fails to notify the Corporation within a reasonable time after he has notice of the loss, destruction or theft of a Certificate, and a transfer of the Capital Stock represented by the Certificate is registered before the Corporation or the Transfer Agent receives such notification, the Member shall be precluded from making any claim against the Corporation or the Transfer Agent for such transfer or for a new Certificate. As a condition to the issuance of any new Certificate under this Section, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Transfer Agent) reasonably connected therewith.

Section 5.4 Transfer of Capital Stock.

(a) The term “transfer,” when used in these By-Laws with respect to Capital Stock, shall be deemed to refer to a transaction by which the Record Holder of such Capital Stock assigns such Capital Stock to another Person who is or becomes a stockholder, and includes a sale, assignment, gift, exchange or any other disposition by law or otherwise, including any transfer upon foreclosure of any pledge, encumbrance, hypothecation or mortgage.

(b) The Corporation shall keep or cause to be kept on behalf of the Corporation a register that will provide for the registration and transfer of Capital Stock. The Transfer Agent is hereby appointed registrar and transfer agent for the purpose of registering Common Stock and transfers of such Common Stock. Upon surrender of a Certificate for registration of transfer of any Capital Stock evidenced by a Certificate, the appropriate officers of the Corporation shall execute and deliver, and in the case of Common Stock, the Transfer Agent shall countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the Record Holder’s instructions, one or more new Certificates evidencing the same aggregate number and type of Capital Stock as were evidenced by the Certificate so surrendered; provided that a transferor shall provide the address and facsimile number for each such transferee as contemplated by Section 6.1.

(c) To the extent any Capital Stock are represented by Certificates, the Corporation shall not recognize any transfer of Capital Stock until the Certificates evidencing such Capital Stock are surrendered for registration of transfer. No charge shall be imposed by the Corporation for such transfer; provided, that as a condition to the issuance of any new Certificate, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed with respect thereto.

(d) By acceptance of the transfer of any Capital Stock, each transferee of a Capital Stock (including any nominee holder or an agent or representative acquiring such Capital Stock for the account of another Person) shall become the Record Holder of the Capital Stock so transferred.

(e) Every Certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the Transfer Agent. No transfer of Capital Stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5.5 Settlement of Transactions. Nothing contained in these By-Laws shall preclude the settlement of any transactions involving Capital Stock entered into through the facilities of any National Securities Exchange on which such Capital Stock is listed for trading.

Section 5.6 Dividend Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5.7 Record Owners. The Corporation shall be entitled to recognize the Record Holder as the owner of a Capital Stock to receive dividends, to vote as such owner, and to hold liable for calls and assessments, and shall not be bound to recognize any equitable or other claim to or interest in such Capital Stock on the part of any other Person, regardless of whether the Corporation shall have actual or other notice thereof, except as otherwise provided by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which such Capital Stock are listed for trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding Capital Stock, as between the Corporation on the one hand, and such other Persons on the other, such representative Person shall be the Record Holder of such Capital Stock.

Section 5.8 Preferred Stock. Except as set forth in the Certificate of Incorporation or any agreement between the Corporation and any of its stockholders, the holders of Preferred Stock shall have no preemptive right to subscribe for any shares of any class of capital stock of the Corporation whether now or hereafter authorized.

ARTICLE VI

NOTICES

Section 6.1 Notices. Any notice, demand, request, report or proxy materials required or permitted to be given or made to a stockholder under these By-Laws shall be in writing and shall be deemed given or made when delivered in person or when sent by first-class United States mail or by other means of written communication to the stockholder at the address described below. Any notice, payment or report to be given or made to a stockholder hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, upon sending of such notice, payment or report to the Record Holder of such Capital Stock at his address as shown on the records of the Transfer Agent or as otherwise shown on the records of the Corporation, regardless of any claim of any Person who may have an interest in such Capital Stock by reason of any assignment or otherwise. An affidavit or certificate of making of any notice, payment or report in accordance with the provisions of this Section 6.1 executed by the Secretary, an Assistant Secretary, or the Transfer Agent shall be prima facie evidence of the giving or making of such notice, payment or report. If any notice, payment or report given or made in accordance with the provisions of this Section 6.1 is returned marked to indicate that such notice, payment or report was unable to be delivered, such notice, payment or report and, in the case of notices, payments or reports returned by the United States Postal Service (or other physical mail delivery service outside the United States of America) and any subsequent notices, payments and reports shall be deemed to have been duly given or made without further mailing (until such time as such Record Holder or another Person notifies the Transfer Agent or the Corporation of a change in his address) or other delivery if they are available for the stockholder at the principal office of the Corporation for a period of one (1) year from the date of the giving or making of such notice, payment or report to the other stockholders. Any notice to the Corporation shall be deemed given if received by the Secretary at the principal office of the Corporation designated pursuant to Article I of these By-Laws. The Board of Directors and the Officers may rely and shall be protected in relying on any notice or other document from a stockholder or other Person if believed by it to be genuine.

Section 6.2 Waivers of Notice. Whenever notice to the stockholders, a Director, or a member of a committee of the Board of Directors, is required to be given under applicable law, the Certificate of Incorporation or these By-Laws, a written waiver, signed by the Person entitled to notice, whether before or after the time stated therein, or a waiver by electronic transmission by the person or persons entitled to notice, or a waiver by electronic transmission by the person or persons entitled to notice whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a Person at any meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except when the Person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders or any regular or special meeting of the Board of Directors or members of a committee of the Board of Directors need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these By-Laws, or resolution of the Board of Directors. Any Person so waiving notice of a meeting shall be bound by the proceedings of such meeting in all respects as if due notice thereof had been given. All waivers and approvals shall be filed with the Corporation records or made part of the minutes of the meeting.

ARTICLE VII

GENERAL PROVISIONS

Section 7.1 Subject to Certificate of Incorporation, Share Designations and Law.. All powers, duties and responsibilities provided for in these By-laws, whether or not explicitly so qualified, are qualified by the Certificate of Incorporation (including any Share Designation) and applicable law.

Section 7.2 Dividends. Dividends upon the Capital Stock, subject to the requirements of the DGCL and the provisions of the Certificate of Incorporation and any Share Designation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 3.6), and may be paid in cash, in property, or in shares of Capital Stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of Capital Stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 7.3 Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 7.4 Fiscal Year. The fiscal year of the Corporation shall be a calendar year ending December 31, unless otherwise determined by the Board of Directors.

Section 7.5 Construction. Unless the context requires otherwise: (a) any pronoun used in these By-Laws shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (b) references to Articles and Sections refer to Articles and Sections of these By-Laws; and (c) the term “include” or “includes” means includes, without limitation, and “including” means including, without limitation.

Section 7.6 Records and Accounting. The Board of Directors shall keep or cause to be kept at the principal office of the Corporation appropriate books and records with respect to the Corporation's business, including all books and records necessary to provide to the stockholders any information required to be provided pursuant to these By-Laws or under applicable law. Any books and records maintained by or on behalf of the Corporation in the regular course of its business, including the record of the stockholders, books of account and records of Corporation proceedings, may be kept on, or be in the form of, computer disks, hard drives, punch cards, magnetic tape, photographs, micrographics or any other information storage device. The books of the Corporation shall be maintained, for tax and financial reporting purposes, on an accrual basis in accordance with U.S. generally accepted accounting principles.

Section 7.7 Invalidity of Provisions. If any provision of these By-Laws is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 7.8 Definitions. The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in these By-Laws.

(a) "Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with the Person in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

(b) "Business Day" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the State of New York shall not be regarded as a Business Day.

(c) "Capital Stock" means stock (including the Common Stock) issued by the Corporation that evidences a stockholder's rights, powers and duties with respect to the Corporation pursuant to the Certificate of Incorporation, these By-Laws and the DGCL. Capital Stock may be Common Stock or Preferred Stock, and may be issued in different series.

(d) "Certificate" means a certificate (i) in global form in accordance with the rules and regulations of the Depository or (ii) in such other form as may be adopted by the Board of Directors, issued by the Corporation evidencing ownership of one or more shares of Capital Stock.

(e) "Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of any successor law.

(f) "Commission" means the United States Securities and Exchange Commission.

(g) "Common Stock" means any Capital Stock that is not Preferred Stock.

(h) “Common Stockholders” means the stockholders that hold Common Stock, and shall only refer to the Common Stock (and not any Preferred Stock) held by such stockholders.

(i) “Corporation Group” means the Corporation and each Subsidiary of the Corporation.

(j) “Depository” means, with respect to any Capital Stock issued in global form, The Depository Trust Company and its successors and permitted assigns.

(k) “Director” means a member of the Board of Directors.

(l) “Exchange Act” means the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

(m) “Governmental Entity” means any court, administrative agency, regulatory body, commission or other governmental authority, board, bureau or instrumentality, domestic or foreign and any subdivision thereof.

(n) “Group Member” means a member of the Corporation Group.

(o) “Indemnified Person” shall have the meaning ascribed to such term in the Certificate of Incorporation.

(p) “Independent Director” means a Director who (i) qualifies as an “independent director” within the meaning of the corporate governance listing standards from time to time adopted by NASDAQ (or, if at any time the Common Stock are not listed on NASDAQ and are listed on a stock exchange other than NASDAQ, the applicable corporate governance listing standards of such stock exchange) with respect to the composition of the board of directors of a listed company (without regard to any independence criteria applicable under such standards only to the members of a committee of the board of directors) and (ii) in the case elected other than pursuant to a Share Designation, also satisfies the minimum requirements of director independence of Rule 10A-3(b)(1) under the Exchange Act (as from time to time in effect), whether or not such Director is a member of the audit committee and (iii) is not a Related Party of Manager, any other manager or sub-manager of the Corporation or any of its subsidiaries, or any other Person performing similar duties or functions.

(q) “Manager” means FIG LLC, a Delaware limited liability company, together with its permitted assignees under the Management and Advisory Agreement, dated as of May 20, 2015, between the Corporation and FIG LLC, as amended, supplemented or restated from time to time and any Share Designation.

(r) “National Securities Exchange” means an exchange registered with the Commission under Section 6(a) of the Exchange Act.

(s) “Outstanding” means, with respect to a class or series of Capital Stock, all Capital Stock of such class or series that are issued by the Corporation and reflected as outstanding on the Corporation’s books and records as of the date of determination.

(t) “Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, Governmental Entity or other entity.

(u) “Preferred Stock” means any other class of Stock that entitles the Record Holders thereof to a preference or priority over the Record Holders of the Common Stock in (a) the right to share profits or losses or items thereof, (b) the right to share in distributions or (c) rights upon dissolution or liquidation of the Corporation.

(v) “Record Date” means, with respect to any class or series of Capital Stock, the date established by the Corporation for determining (a) the identity of the Record Holders of such class or series of Capital Stock entitled to notice of, or to vote at, any meeting of stockholders or entitled to exercise rights in respect of any lawful action of stockholders, in each case to the extent applicable to such class or series of Capital Stock, or (b) the identity of Record Holders of such class or series entitled to receive any report or payment of any dividend or other distribution on such class or series of Capital Stock or to participate in any offer for such class or series of Capital Stock.

(w) “Record Holder” or “holder” means with respect to any Capital Stock, the Person in whose name such Capital Stock are registered on the books of the Transfer Agent as of the opening of business on a particular Business Day or otherwise the Person in whose name such Capital Stock are registered on the books that the Corporation has caused to be kept as of the opening of business on such Business Day.

(x) “Related Party” means, with respect to any Person, (a) any Affiliate of such Person or any of such Person’s subsidiaries, and (b) any current officers, directors, employees, investment professionals or agents of such initial Person or the Persons described in clause (a) and their respective spouses, parents, parents-in-law, step-parents, children, step-children, siblings, siblings-in-law and step-siblings.

(y) “Securities Act” means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

(z) “Share Designation” shall have the meaning ascribed to such term in the Certificate of Incorporation.

(aa) “Super-Majority” means two-thirds (2/3) of the total votes that may be cast by holders of all Outstanding Voting Stock.

(bb) “Subsidiary” means, with respect to any Person, as of any date of determination, any other Person as to which such Person owns or otherwise controls, directly or indirectly, more than 50% of the voting stock or other similar interests or a sole general partner interest or managing member or similar interest of such Person.

(cc) “Transfer Agent” means, with respect to any class of Capital Stock, such bank, trust company or other Person (including the Corporation or one of its Affiliates) as shall be appointed from time to time by the Corporation to act as registrar and transfer agent for such class of Capital Stock; provided that if no Transfer Agent is specifically designated for such class of Capital Stock, the Corporation shall act in such capacity.

(dd) “Voting Stock” of any Person as of any date means the Capital Stock of such Person that is at the time (i) entitled to vote in the election of the board of directors of such Person or (ii) entitled to vote pursuant to the terms of any Share Designation.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Power to Indemnify in Actions, Suits or Proceedings Other Than Those by or in the Right of the Corporation. Subject to Section 8.3 the Corporation shall indemnify any Indemnified Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of his or her status as such against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such Indemnified Person in connection with such action, suit or proceeding if such Indemnified Person acted in good faith and in a manner such Indemnified Person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such Indemnified Person’s conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnified Person did not act in good faith and in a manner which such Indemnified Person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such Indemnified Person’s conduct was unlawful.

Section 8.2 Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 8.3 the Corporation shall indemnify any Indemnified Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of his or her status as such against expenses (including attorneys’ fees) actually and reasonably incurred by such Indemnified Person in connection with the defense or settlement of such action or suit if such Indemnified Person acted in good faith and in a manner such Indemnified Person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such Indemnified Person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such Indemnified Person is fairly and reasonably entitled to indemnity for such expenses that the Court of Chancery or such other court shall deem proper.

Section 8.3 Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Indemnified Person is proper in the circumstances because such Indemnified Person has met the applicable standard of conduct set forth in Section 8.1 or Section 8.2, as the case may be. Such determination shall be made, with respect to an Indemnified Person who was a Director, officer or other individual designated by the Board of Directors as an Indemnified Person of the Corporation at the time of such determination, (i) by a majority vote of the Directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such Directors designated by a majority vote of such Directors, even though less than a quorum, or (iii) if there are no such Directors, or if such Directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to former Directors, officers or other individuals designated by the Board of Directors as Indemnified Persons of the Corporation, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former Director, officer or other individual designated by the Board of Directors as an Indemnified Person of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such Indemnified Person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such Indemnified Person in connection therewith, without the necessity of authorization in the specific case.

Section 8.4 Good Faith Defined. For purposes of any determination under Section 8.3, an Indemnified Person shall be deemed to have acted in good faith and in a manner such Indemnified Person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such Indemnified Person's conduct was unlawful, if such Indemnified Person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such Indemnified Person by the Officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The provisions of this Section 8.4 shall not be deemed to be exclusive or to limit in any way the circumstances in which an Indemnified Person may be deemed to have met the applicable standard of conduct set forth in Section 8.1 or Section 8.2, as the case may be.

Section 8.5 Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 8.3, and notwithstanding the absence of any determination thereunder, any Indemnified Person may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Section 8.1 or Section 8.2. The basis of such indemnification by a court shall be a determination by such court that indemnification of the Indemnified Person is proper in the circumstances because such Indemnified Person has met the applicable standard of conduct set forth in Section 8.1 or Section 8.2, as the case may be. Neither a contrary determination in the specific case under Section 8.3 nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the Indemnified Person seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 8.5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the Indemnified Person seeking indemnification shall also be entitled to be paid the expense of prosecuting such application; provided, however, that such notice shall not be a requirement for an award of or a determination of entitlement to indemnification or advancement of expenses.

Section 8.6 Expenses Payable in Advance. Expenses (including attorneys' and other professionals' disbursements and fees and court costs) incurred by an Indemnified Person in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of a written undertaking by or on behalf of such Director or officer to repay such amount if it shall ultimately be determined that such Person is not entitled to be indemnified by the Corporation as authorized in this Article VIII. Such expenses (including attorneys' fees) incurred by former Directors and officers or other employees and agents of the Corporation or by persons serving at the request of the Corporation as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 8.7 Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, these By-Laws, any agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of and the advancement of expenses to the persons specified in Section 8.1 and Section 8.2 shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any Person who is not specified in Section 8.1 or Section 8.2 but whom the Corporation would have the power or obligation to indemnify under the provisions of the DGCL or otherwise.

Section 8.8 Insurance. The Corporation may purchase and maintain at its expense insurance on behalf of any Person entitled to indemnification under this Section 8.8 against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such Person against such liability under the provisions of this Article VIII.

Section 8.9 Certain Definitions. For purposes of this Article VIII, references to the “Corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any Person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such Person would have with respect to such constituent corporation if its separate existence had continued. The term “another enterprise” as used in this Article VIII shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such Person is or was serving at the request of the Corporation as a director, officer, employee or agent. For purposes of this Article VIII, references to “fines” shall include any excise taxes assessed on a Person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a Person who acted in good faith and in a manner such Person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article VIII.

Section 8.10 Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a Person who has ceased to be an Indemnified Person and shall inure to the benefit of the heirs, executors and administrators of such a Person.

Section 8.11 Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 8.5), the Corporation shall not be obligated to indemnify any Indemnified Person (or such Indemnified Person’s heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such Indemnified Person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 8.12 Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to Indemnified Persons.

Section 8.13 Indemnification with Respect to Employee Benefit Plans. Any liabilities which an Indemnified Person incurs as a result of acting on behalf of the Corporation (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the United States Internal Revenue Service, penalties assessed by the Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise) shall be treated as liabilities indemnifiable under this Article VIII.

Section 8.14 Contractual Rights. Nothing contained in this Article VIII shall prevent the Corporation from entering into with any Person any agreement that provides independent indemnification, hold harmless or exoneration rights to such Person or further regulates the terms on which indemnification, hold harmless or exoneration rights are to be provided to such Person or provides independent assurance of any one or more of the Corporation's obligations to indemnify, hold harmless, and exonerate such person, whether or not such indemnification, hold harmless or exoneration rights are on the same or different terms than provided for by this Article VIII or is in respect of such Person acting in any other capacity, and nothing contained herein shall be exclusive of, or a limitation on, any right to indemnification, to be held harmless, to exoneration or to advancement of expenses to which any Person is otherwise entitled. The Corporation may create a trust fund, grant a security interest or use other means (including a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification and the advancement of expenses as provided in this Article VIII. The rights conferred upon any Person in this Article VIII shall be contract rights and such rights shall continue as to any Person who has ceased to be a director, officer, employee, trustee or agent of the Corporation, and shall inure to the benefit of such person's heirs, executors and administrators. A right to indemnification or to advancement of expenses arising under a provision of the Certificate of Incorporation or these By-Laws shall not be eliminated or impaired by an amendment to the Certificate of Incorporation or these By-Laws after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

ARTICLE IX

FORUM FOR ADJUDICATION OF CERTAIN DISPUTES

Section 9.1 Forum for Adjudication of Certain Disputes.

(a) Unless the Corporation consents in writing to the selection of an alternative forum (an "Alternative Forum Consent"), the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former Director, officer, employee, agent or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any current or former director, officer, stockholder, employee or agent of the Corporation arising pursuant to any provision of the DGCL, the Certificate of Incorporation or these By-Laws, or (iv) any action asserting a claim against the Corporation or any current or former Director, officer, stockholder employee or agent of the Corporation governed by the internal affairs doctrine of the State of Delaware, in each such case unless the Court of Chancery has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. Any person or entity purchasing or otherwise acquiring any interest in Capital Stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.1 and all other provisions of these By-laws. The existence of any prior Alternative Forum Consent shall not act as a waiver of the Corporation's ongoing consent right as set forth above in this Section 9.1(a) with respect to any current or future actions or claims.

(b) If any provision or provisions of this Section 9.1 shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Section 9.1 (including, without limitation, each portion of any sentence of this Section 9.1 containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

(c) To the fullest extent permitted by law, if any action the subject matter of which is within the scope of Section 9.1(a) is filed in a court other than a court located within the State of Delaware (a “Foreign Action”) in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce Section 9.1(a) (an “FSC Enforcement Action”) and (ii) having service of process made upon such stockholder in any such FSC Enforcement Action by service upon such stockholder’s counsel in the Foreign Action as agent for such stockholder.

(d) Notwithstanding Section 9.1(a), unless the Corporation gives an Alternative Forum Consent, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing, holding, owning or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.1(d) and all other provisions of these By-laws. The existence of any prior Alternative Forum Consent shall not act as a waiver of the Corporation’s ongoing consent right as set forth above in this Section 9.1(d) with respect to any current or future actions or claims arising under the Securities Act.

(e) For the avoidance of doubt, nothing contained in this Section 9.1 shall apply to any action brought to enforce a duty or liability created by the Exchange Act.

ARTICLE X

AMENDMENTS

Section 10.1 General. Except as provided in the Certificate of Incorporation or Sections 10.2 and 10.3 of this Article X, the Board of Directors may amend any of the terms of these By-Laws but only in compliance with the terms, conditions and procedures set forth in this Section 10.1. If the Board of Directors desires to amend any provision of these By-Laws other than pursuant to Section 10.2, then it shall first adopt a resolution setting forth the amendment proposed, declaring its advisability, and then (i) call a special meeting of the stockholders entitled to vote in respect thereof for the consideration of such amendment or (ii) direct that the amendment proposed be considered by the stockholders entitled to vote in respect thereof the next annual meeting of the stockholders. Amendments to these By-Laws may be proposed only by or with the consent of the Board of Directors. Such special or annual meeting shall be called and held upon notice in accordance with these By-Laws. The notice shall set forth such amendment in full or a brief summary of the changes to be effected thereby, as the Board of Directors shall deem advisable. At the meeting, a vote of stockholders entitled to vote thereon shall be taken for and against the proposed amendment. Subject to any Share Designation, a proposed amendment shall be effective (i) if the Common Stockholders are entitled to vote thereon, upon its approval by a Super Majority, unless a greater percentage is required under the By-Laws or by Delaware law; (ii) if the holders of any Preferred Stock are entitled to vote thereon, upon its approval by the requisite vote of the holders of such Preferred Stock as set forth in the applicable Share Designations; or (iii) if the Common Stockholders and the holders of any Preferred Stock are entitled to vote thereon, upon the approval of the Common Stockholders and the holders of such Preferred Stock as described in the foregoing clauses (i) and (ii). The Corporation's Bylaws also may be adopted, amended, altered or repealed by the affirmative vote of a Super Majority, voting together as a single class.

Section 10.2 Amendments to be Adopted by the Board of Directors. Except as provided in the Certificate of Incorporation, the Board of Directors, without the approval of any stockholder, may amend any provision of these By-Laws, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Corporation, the location of the principal place of business of the Corporation, the registered agent of the Corporation or the registered office of the Corporation;

(b) a change that, in the sole discretion of the Board of Directors, it determines (i) does not adversely affect the stockholders (including adversely affecting the holders of any particular class or series of Capital Stock as compared to other holders of other classes or series of Capital Stock) in any material respect; (ii) to be necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the DGCL); (iii) to be necessary, desirable or appropriate to facilitate the trading of the Capital Stock (including the division of any class or classes or series of Outstanding Capital Stock into different classes or series to facilitate uniformity of tax consequences within such classes or series of Capital Stock) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which Capital Stock are or will be listed for trading, compliance with any of which the Board of Directors deems to be in the best interests of the Corporation and the stockholders; (iv) to be necessary or appropriate in connection with action taken by the Board of Directors pursuant to Section 10.2(c) of these By-Laws or (v) is required to effect the intent of the provisions of the Certificate of Incorporation or these By-Laws or is otherwise contemplated by the Certificate of Incorporation or these By-Laws;

(c) a change in the fiscal year or taxable year of the Corporation and any other changes that the Board of Directors determines to be necessary or appropriate as a result of a change in the fiscal year or taxable year of the Corporation;

- (d) an amendment that the Board of Directors determines, based on the advice of counsel, to be necessary or appropriate to prevent the Corporation or its Directors, officers, trustees or agents from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or “plan asset” regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;
- (e) an amendment that the Board of Directors determines to be necessary or appropriate in connection with the authorization or issuance of any class or series of Capital Stock pursuant to Article FOURTH of the Certificate of Incorporation;
- (f) any amendment expressly permitted in the Certificate of Incorporation or these By-Laws to be made by the Board of Directors acting alone;
- (g) an amendment effected, necessitated or contemplated by a merger agreement approved in accordance with the Certificate of Incorporation and these By-Laws;
- (h) an amendment that the Board of Directors determines to be necessary or appropriate to reflect and account for the formation by the Corporation of, or investment by the Corporation in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with the conduct by the Corporation of activities permitted by the terms of Article THIRD of the Certificate of Incorporation;
- (i) a merger, conversion or conveyance approved in accordance with the requirements of the DGCL, the Certificate of Incorporation and these By-Laws; or
- (j) any other amendments substantially similar to the foregoing.

Section 10.3 Amendment Requirements.

- (a) Notwithstanding the provisions of Sections 10.1 and 10.2, no provision of the Certificate of Incorporation or these By-Laws that establishes a percentage of Outstanding Voting Stock required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of reducing such voting percentage unless such amendment is approved by the affirmative vote of holders of Outstanding Voting Stock whose aggregate Outstanding Voting Stock constitute not less than the voting requirement sought to be reduced.
- (b) Notwithstanding the provisions of Sections 10.1 and 10.2, no amendment to the Certificate of Incorporation or these By-Laws may change the term of the Corporation.

* * *

Adopted as of: [●], 2022
Last Amended as of: N/A

FTAI INFRA ESCROW HOLDINGS, LLC

(whose obligations are to be assumed by FTAI Infrastructure Inc.)

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,

as Trustee and as Notes Collateral Agent

INDENTURE

Dated as of July 7, 2022

10.500% SENIOR SECURED NOTES DUE 2027

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INDENTURE, dated as of July 7, 2022, between FTAI Infra Escrow Holdings, LLC (the “Escrow Issuer”), a Delaware limited liability company (whose obligations are to be assumed by FTAI Infrastructure, as hereinafter defined), and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) and as collateral agent (the “Notes Collateral Agent”).

W I T N E S S E T H

WHEREAS, the Issuer (as hereinafter defined) has duly authorized the creation of an issue of \$450,000,000 aggregate principal amount of 10.500% Senior Secured Notes due 2027 (the “Initial Notes”);

WHEREAS, the Issuer has duly authorized the execution and delivery of this Indenture;

WHEREAS, prior to consummation of the Spin-Off (as hereinafter defined), FTAI Infrastructure LLC, a Delaware limited liability company, will convert to a Delaware corporation and change its name to FTAI Infrastructure Inc. (“FTAI Infrastructure”). Upon consummation of the Spin-Off, the Escrow Issuer, a wholly-owned subsidiary of FTAI Infrastructure, will merge with and into FTAI Infrastructure and FTAI Infrastructure will (i) assume the obligations of the Escrow Issuer under this Indenture and the Initial Notes and (ii) execute and deliver the supplemental indenture in the form of Exhibit D with the Guarantors, the Trustee and the Notes Collateral Agent;

WHEREAS, upon consummation of the Spin-Off, the Guarantors will guarantee the Issuer’s obligations under this Indenture on a senior secured basis following the execution and delivery of the supplemental indenture in the form of Exhibit D;

NOW, THEREFORE, the Issuer, the Trustee and the Notes Collateral Agent agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the Notes.

ARTICLE I
Definitions and Incorporation by Reference

SECTION 1.01. Definitions.

“144A Global Note” means a Global Note substantially in the form of Exhibit A bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depository or its nominee that will be issued to evidence Notes sold in reliance on Rule 144A.

“Acquired Indebtedness” means, with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is consolidated with, amalgamated or merged with or into or became a Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person consolidating with, amalgamating or merging with or into or becoming a Subsidiary of such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Additional Notes” means Notes (other than the Initial Notes) issued from time to time under this Indenture in accordance with Section 2.02, but subject to compliance with Section 4.09.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

“Agent” means the Notes Collateral Agent and any Registrar, Paying Agent, Transfer Agent, Custodian or other agent appointed in accordance with this Indenture to perform any function that this Indenture authorizes such agent to perform.

“Applicable Premium” means, as determined by the Issuer with respect to any Note on any Redemption Date, the greater of (a) 1.0% of the principal amount of the Note and (b) the excess (to the extent positive) of:

(1) the sum of the present value at such Redemption Date of (i) the redemption price of the Note at June 1, 2025 (such redemption price being set forth in the table appearing in Section 3.07(b)), *plus* (ii) all required remaining interest payments on such Note through June 1, 2025 (excluding accrued but unpaid interest to the Redemption Date), discounted to the date of redemption using a discount rate equal to the Treasury Rate as of such Redemption Date *plus* 50 basis points; *over*

(2) the then outstanding principal amount of such Note.

The Trustee shall have no responsibility in connection with calculation or determination of the Applicable Premium.

“Applicable Procedures” means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depository, Euroclear and/or Clearstream that apply to such transfer or exchange.

“Asset Sale” means:

(1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a sale and leaseback) of the Issuer or any Restricted Subsidiary (each referred to in this definition as a “disposition”); or

(2) the issuance or sale of Equity Interests of any Restricted Subsidiary, whether in a single transaction or a series of related transactions (other than preferred stock of Restricted Subsidiaries issued in compliance with Section 4.09 or the issuance of directors’ qualifying shares and shares issued to foreign nationals as required by applicable law);

in each case, other than:

(1) a disposition of Cash Equivalents, or dispositions of any surplus, obsolete, unnecessary, unsuitable, damaged or worn-out assets in the ordinary course of business, or dispositions of abandoned, lost, destroyed or stolen assets or assets no longer used, useful or economically practicable to maintain, or any disposition of inventory or goods held for sale in the ordinary course of business;

(2) the disposition of all or substantially all the assets of the Issuer in a manner permitted under Section 5.01 or any disposition that constitutes a Change of Control pursuant to this Indenture;

(3) the making of any Restricted Payment or Permitted Investment that is permitted to be made, and is made, under Section 4.07;

(4) any issuance or sale of Equity Interests of the Issuer;

(5) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of related transactions with an aggregate Fair Market Value of less than \$10,000,000;

(6) any disposition of property or assets or issuance of Equity Interests by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(7) to the extent qualifying for tax-free treatment under Section 1031 of the Code, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(8) the lease, assignment, sub-lease or license of any assets or real or personal property, including the sale of assets to lease customers upon termination any of the foregoing pursuant to the terms thereof, in each case in the ordinary course of business;

(9) any sale of an Investment in Carbonfree Chemicals Holdings, LLC;

(10) any sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(11) foreclosures, condemnations or any similar actions on assets;

(12) (i) any disposition of Securitization Assets in connection with any Qualified Securitization Financing and (ii) the sale or discount of accounts receivable arising (x) in connection with the Credit Facilities or (y) in the ordinary course of business in connection with the compromise or collection thereof or in bankruptcy or similar proceeding;

(13) the surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claim of any kind, in each case, in the ordinary course of business;

(14) the creation of a Lien permitted under this Indenture;

(15) the licensing or sub-licensing of intellectual property and software or other general intangibles in the ordinary course of business;

(16) the unwinding of any Hedging Obligations;

(17) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements; and

(18) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after the Issue Date, including sale leasebacks and asset securitizations permitted by this Indenture.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

“Bankruptcy Law” means the Bankruptcy Code and any similar federal, state or foreign law for the relief of debtors.

“Board of Directors” means (1) with respect to any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the State of New York or the place of payment.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership, limited liability company or business trust, partnership, membership or beneficial interests (whether general or limited) or shares in the capital of a company; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person (but excluding from the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock).

“Capitalized Lease Obligation” means an obligation that is required to be classified and accounted for as a financing or capital lease (and, for the avoidance of doubt, not a straight line or operating lease) for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligation shall be, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid or terminated by the lessee without payment of a penalty; *provided* that leases that are required to be classified and accounted for as capital leases in accordance with GAAP solely because of the duration of the term of the lease or the fact that the present value of the minimum lease payments of the equipment subject to such lease exceeds 90.0% of the Fair Market Value of such equipment shall not be deemed to be Capitalized Lease Obligations.

“Captive Insurance Subsidiary” means a captive subsidiary of the Issuer formed or acquired to provide insurance to the Issuer or its Subsidiaries.

“Cash Equivalents” means:

- (1) United States dollars;
- (2) pounds sterling;
- (3) (a) euro, or any national currency of any participating member state in the European Union;
 - (b) Canadian dollars;
 - (c) Australian dollars; or
 - (d) in the case of any Foreign Subsidiary that is a Restricted Subsidiary, such local currencies held by them from time to time in the ordinary course of business;
- (4) securities issued or directly and fully and unconditionally guaranteed or insured by the United States of America or Canadian government or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full faith and credit obligation of such government with maturities of 24 months or less from the date of acquisition;
- (5) certificates of deposit, time deposits and eurodollar time deposits with maturities of 24 months or less from the date of acquisition, bankers’ acceptances with maturities not exceeding 24 months and overnight bank deposits, in each case with any commercial bank having capital and surplus in excess of \$500,000,000;
- (6) repurchase obligations for underlying securities of the types described in clauses (4) and (5) of this definition entered into with any financial institution meeting the qualifications specified in clause (5) of this definition;
- (7) commercial paper rated at least P-2 by Moody’s or at least A-2 by S&P and in each case maturing within 24 months after the date of creation thereof;
- (8) investment funds investing 95% of their assets in securities of the types described in clauses (1) through (7) of this definition;
- (9) readily marketable direct obligations issued by any state of the United States of America or any political subdivision thereof or any Province of Canada having one of the two highest rating categories obtainable from either Moody’s or S&P with maturities of 24 months or less from the date of acquisition; and
- (10) Indebtedness or preferred stock issued by Persons with a rating of A or higher from S&P or A2 or higher from Moody’s with maturities of 24 months or less from the date of acquisition.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clauses (1) through (3) of this definition; *provided* that such amounts are converted into any currency listed in clauses (1) through (3) of this definition as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

“Certificate of Designations” means Certificate of Designations of Series A Senior Preferred Stock of FTAI Infrastructure Inc., the form of which will be attached as an exhibit to the Subscription Agreements to be entered into by the Issuer, Transtar, LLC and the subscriber parties thereto and that will be filed in the Office of the Secretary of State of the State of Delaware in connection with the Spin-Off, as amended prior to the Spin-Off to revise the definition of HY Premium Rate as contemplated therein, which (i) will contain terms materially consistent with the description of the Preferred Equity in the Offering Memorandum under “Description of Our Capital Stock-Series A Preferred Stock” and (ii) as it relates to Section 4.07(b)(5), will contain dividend rates no higher than those described in the Offering Memorandum under “Description of Our Capital Stock-Series A Preferred Stock.”

“CFC” means a Person that is a controlled foreign corporation under Section 957 of the Code.

“Change of Control” means:

(1) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of shares representing more than 50.0% of the voting power of the Issuer’s Voting Stock; or

(2) (a) all or substantially all the assets of the Issuer and the Restricted Subsidiaries, taken as a whole, are sold or otherwise transferred to any Person other than a Wholly-Owned Restricted Subsidiary or one or more Permitted Holders or (b) the Issuer consolidates, amalgamates or merges with or into another Person or any Person consolidates, amalgamates or merges with or into the Issuer, in either case under this clause (2), in one transaction or a series of related transactions in which immediately after the consummation thereof Persons beneficially owning (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) Voting Stock representing in the aggregate a majority of the total voting power of the Voting Stock of the Issuer immediately prior to such consummation do not beneficially own (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) Voting Stock representing a majority of the total voting power of the Voting Stock of the Issuer, or the applicable surviving or transferee Person; *provided* that this clause shall not apply (i) in the case where immediately after the consummation of the transactions Permitted Holders beneficially own Voting Stock representing in the aggregate a majority of the total voting power of the Issuer, or the applicable surviving or transferee Person, or (ii) to any consolidation, amalgamation or merger of the Issuer with or into (x) a corporation, limited liability company or partnership or (y) a wholly-owned subsidiary of a corporation, limited liability company or partnership that, in either case, immediately following the transaction or series of transactions, has no Person or group (other than Permitted Holders), which beneficially owns Voting Stock representing 50.0% or more of the voting power of the total outstanding Voting Stock of such entity and, in the case of clause (y), the parent of such wholly-owned subsidiary guarantees the Issuer’s obligations under the Notes and this Indenture.

For purposes of this definition, any direct or indirect holding company of the Issuer shall not itself be considered a “person” or “group” for purposes of clause (1) of this definition; *provided* that no “person” or “group” (other than the Permitted Holders) beneficially owns, directly or indirectly, more than 50.0% of the total voting power of the Voting Stock of such holding company.

Notwithstanding the foregoing, neither (i) the Spin-Off and any related transactions (including the issuance of the Preferred Equity) consummated in connection with the Spin-Off nor (ii) the operation of the provisions of Section 7 of the Certificate of Designations shall be deemed to be a Change of Control.

“Clearstream” means Clearstream Banking, *Société Anonyme*.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Collateral” means all of the assets and property of the Issuer or any Guarantor, securing or purported to secure any Secured Notes Obligations, other than Excluded Assets.

“Consolidated Depreciation and Amortization Expense” means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including any amortization of deferred financing fees, amortization in relation to terminated Hedging Obligations and amortization of lease discounts and premiums and incentives, but excluding any items which are classified as Consolidated Interest Expense in accordance with GAAP, of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

“Consolidated First Lien Debt” means, as to any Person at any date of determination, the aggregate principal amount of Consolidated Total Debt of such Person outstanding on such date (a) that constitutes Secured Notes Obligations or (b) that is secured by a Lien on the Collateral that does not rank junior to the Liens on the Collateral securing the Secured Notes Obligations (excluding, for the avoidance of doubt, any Capitalized Lease Obligation or purchase money Indebtedness of the Issuer or any Restricted Subsidiary secured by Liens on the assets subject thereto).

“Consolidated First Lien Leverage Ratio” means the ratio, as of any date of determination, of (a) Consolidated First Lien Debt as of the last day of the Test Period then most recently ended on or prior to such date of determination to (b) EBITDA, in each case of the Issuer and its Restricted Subsidiaries on a consolidated basis.

“Consolidated Interest Expense” means, with respect to any Person for any period, the sum, without duplication, of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted in computing Consolidated Net Income (including (i) amortization of original issue discount resulting from the issuance of Indebtedness at less than par, (ii) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of or hedge ineffectiveness expenses of Hedging Obligations or other derivative instruments pursuant to Financial Accounting Standards Board Accounting Standards Codification 815-Derivatives and Hedging), and (iii) all commissions, discounts and other fees and charges owed with respect to letters of credit or relating to any Qualified Securitization Financing; and *excluding* (i) non-cash interest expense attributable to the amortization of gains or losses resulting from the termination prior to the Issue Date of Hedging Obligations, (ii) the interest component of Capitalized Lease Obligations and net payments, if any, pursuant to interest rate Hedging Obligations, (iii) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses and any expensing of other financing fees (including any expense resulting from bridge, commitment and other financing fees), (iv) amortization of fair value debt discounts and (v) any expense resulting from the application of debt modification accounting or, if applicable, purchase accounting in connection with any acquisition), and

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, less

(3) interest income for such period.

“Consolidated Net Income” means, with respect to any Person for any period, the aggregate of the Net Income, of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided* that:

(1) any net after tax extraordinary, non-recurring or unusual gains or losses, including sales or other dispositions of assets under a Securitization Financing other than in the ordinary course of business (less all fees and expenses relating thereto) or expenses (including relating to severance, relocation and new product introductions) shall be excluded;

(2) the Net Income for such period shall not include the cumulative effect of a change in accounting principles during such period;

(3) any net after-tax income (loss) from disposed or discontinued operations and any net after-tax gains or losses on disposal of disposed or discontinued operations (including operations disposed of during such period whether or not such operations were classified as discontinued) shall be excluded;

(4) any net after-tax gains or losses (less all fees and expenses relating thereto) attributable to asset dispositions other than in the ordinary course of business, as determined in good faith by such Person, shall be excluded;

(5) the Net Income for such period of any Person that is not a Subsidiary, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be excluded; *provided*, however, that Consolidated Net Income of the Issuer shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period;

(6) solely for the purpose of determining the amount available for Restricted Payments under Section 4.07(a)(3)(A), the Net Income for such period of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination wholly permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its shareholders, unless such restriction with respect to the payment of dividends or in similar distributions has been legally waived; *provided, however*, that Consolidated Net Income of the Issuer will be increased by the amount of dividends or other distributions or other payments actually paid in cash (or to the extent converted into cash) to the Issuer or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein;

(7) the effects of adjustments resulting from the application of recapitalization accounting or purchase accounting in relation to any acquisition that is consummated after the Issue Date or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded;

(8) any net after-tax loss from the early extinguishment of Indebtedness or Hedging Obligations or other derivative instruments shall be excluded;

(9) any net after-tax gains or losses resulting from the application of Accounting Standards Codification Topic 805 “Business Combinations,” Accounting Standards Codification Topic 350 “Intangibles - Goodwill and Other,” Accounting Standards Codification Topic 360-10-35-15 “Impairment or Disposal of Long-Lived Assets” or Accounting Standards Codification Topic 480-10-25-4 “Distinguishing Liabilities from Equity - Overall - Recognition” shall be excluded;

(10) any net after-tax gain (loss) arising from changes in the fair value of derivatives shall be excluded;

(11) any net after-tax valuation allowance against a deferred tax asset shall be excluded;

(12) amortization of (i) fair value lease premiums and discounts, (ii) lease incentives, (iii) fair value debt discounts, and (iv) debt discounts in respect of Indebtedness issued prior to the Issue Date shall be excluded;

(13) any restoration to income of any contingency reserve of an extraordinary, nonrecurring or unusual nature, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date shall be excluded;

(14) any net after-tax effect of accretion of accrued interest on discounted liabilities shall be excluded;

(15) any non-cash tax expense pursuant to reversals of deferred tax assets shall be excluded; and

(16) any net after-tax effect of non-cash compensation expense recorded from grants of stock appreciation or similar rights, stock options or other rights to officers, directors or employees shall be excluded.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include the amount of proceeds received from business interruption insurance and reimbursements of any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any Permitted Investment or any sale, conveyance, transfer or other disposition of assets permitted under this Indenture.

Notwithstanding the foregoing, for the purpose of Section 4.07 only (other than Section 4.07(a)(3)(D) thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Issuer and the Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments from the Issuer and the Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by the Issuer or any Restricted Subsidiary, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under Section 4.07 pursuant to Section 4.07(a)(3)(D) thereof.

“Consolidated Secured Debt” means, as to any Person at any date of determination, the aggregate principal amount of Consolidated Total Debt of such Person outstanding on such date that is secured by a Lien on Collateral (excluding, for the avoidance of doubt, any Capitalized Lease Obligation or purchase money Indebtedness of the Issuer or any Restricted Subsidiary secured by Liens on the assets subject thereto).

“Consolidated Secured Leverage Ratio” means the ratio, as of any date of determination, of (a) Consolidated Secured Debt as of the last day of the Test Period then most recently ended on or prior to such date of determination to (b) EBITDA, in each case of the Issuer and its Restricted Subsidiaries on a consolidated basis.

“Consolidated Total Debt” means, as to any Person at any date of determination, an amount equal to the sum of (1) the aggregate principal amount of all third-party debt for borrowed money (including letter of credit drawings that have not been reimbursed within ten Business Days and the outstanding principal balance of all Indebtedness of such Person represented by notes, bonds and similar instruments), Capitalized Lease Obligations and purchase money Indebtedness (but excluding, for the avoidance of doubt, (a) undrawn letters of credit, (b) Hedging Obligations and (c) all obligations relating to Qualified Securitization Financings) and (2) the aggregate amount of all outstanding Disqualified Stock of such Person (excluding, for the avoidance of doubt, the Preferred Equity) and all outstanding preferred stock of a Restricted Subsidiary that is not a Guarantor, in each case, beneficially owned by a third party, with the amount of such Disqualified Stock or preferred stock equal to the greater of their respective voluntary or involuntary liquidation preferences and maximum fixed repurchase prices, in each case of such Person and its Restricted Subsidiaries on such date, on a consolidated basis and determined in accordance with GAAP (excluding, in any event, the effects of any discounting of Indebtedness resulting from the application of purchase or pushdown accounting in connection with the Spin-Off and any related transaction on or around the Effective Date or any acquisition, Investment or other similar transaction); *provided* that “Consolidated Total Debt” shall be calculated (i) net of all unrestricted cash and Cash Equivalents of such Person and its Restricted Subsidiaries at such date of determination (other than the proceeds of any Indebtedness incurred in connection with the transaction for which Consolidated Total Debt is being calculated and (ii) to exclude any obligation, liability or indebtedness of such Person if, upon or prior to the maturity thereof, such Person has irrevocably deposited with the proper Person in trust or escrow the necessary funds (or evidence of indebtedness) for the payment, redemption or satisfaction of such obligation, liability or indebtedness, and thereafter such funds and evidences of such obligation, liability or indebtedness or other security so deposited are not included in the calculation of cash and Cash Equivalents. For purposes hereof, the “maximum fixed repurchase price” of any Disqualified Stock or preferred stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock or preferred stock as if such Disqualified Stock or preferred stock were purchased on any date on which Consolidated Total Debt shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock or preferred stock, such fair market value shall be determined in good faith by the Board of Directors or senior management of such Person.

“Consolidated Total Leverage Ratio” means the ratio, as of any date of determination, of (a) Consolidated Total Debt outstanding as of the last day of the Test Period then most recently ended on or prior to such date of determination to (b) EBITDA, in each case of the Issuer and its Restricted Subsidiaries on a consolidated basis.

“Contingent Obligations” means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness (“primary obligations”) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds:

(A) for the purchase or payment of any such primary obligation, or

(B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“Control Investment Affiliate” means, as to any Person, any other Person that (a) directly or indirectly, is in control of, is controlled by, or is under common control with, such Person and (b) exists primarily for the purpose of making equity or debt investments in one or more companies. For purposes of this definition, “control” of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“Corporate Trust Office of the Trustee” shall be the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office, as at the date of this Indenture, is located at 60 Livingston Avenue, St. Paul, MN 55107, Attention: Joshua Hahn, or such other address as the Trustee may designate from time to time by notice to the Holders and the Issuer, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Issuer).

“Credit Facilities” means one or more debt facilities, indentures or commercial paper facilities providing for revolving credit loans, term loans, notes, debentures, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against receivables), letters of credit or other long-term indebtedness, including any guarantees, collateral documents, mortgages, instruments and agreements executed in connection therewith, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof and any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof.

“Custodian” means the Trustee when serving as custodian for the Depositary with respect to the Global Notes, or any successor entity thereto.

“Customer Contracts” means contracts entered into by the Issuer or any of its Restricted Subsidiaries for the sale, lease and/or other provision of products, goods and services by the Issuer or any such Restricted Subsidiary (i) that require the payment to the Issuer or any Restricted Subsidiary of a minimum amount or the delivery of the Issuer or any Restricted Subsidiary of minimum volumes, which payments are required pursuant to such contracts to continue for a period of time ending no earlier than June 1, 2027 (the provisions of the contracts that require such payments, the “Minimum Delivery Clauses”) and (ii) for which the payments to the Issuer or any Restricted Subsidiary or delivery by the Issuer or any Restricted Subsidiary, as applicable, pursuant to the Minimum Delivery Clauses have commenced.

“Default” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“Definitive Note” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06(c), substantially in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Increases or Decreases of Interests in the Global Note” attached thereto.

“Depository” means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 as the Depository with respect to the Notes, and any and all successors thereto appointed as Depository under this Indenture and having become such pursuant to the applicable provision of this Indenture.

“Designated Non-cash Consideration” means the Fair Market Value of noncash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, executed by a senior vice president or the principal financial officer of the Issuer, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-cash Consideration.

“Designated Preferred Stock” means preferred stock of the Issuer that is issued after the Issue Date for cash and is designated as Designated Preferred Stock, the cash proceeds of which are contributed to the capital of the Issuer and excluded from the calculation set forth in Section 4.07(a)(3). For the avoidance of doubt, the Preferred Equity shall not be Designated Preferred Stock.

“Disqualified Stock” means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is puttable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable, other than as a result of a change of control or asset sale, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, other than as a result of a change of control or asset sale, in whole or in part, in each case prior to the date 91 days after the earlier of the maturity date of the Notes or the date the Notes are no longer outstanding; *provided* that if such Capital Stock is issued to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

“Dividing Person” has the meaning assigned to it in the definition of “Division”.

“Division” means the division of the assets, liabilities and/or obligations of a Person (the “Dividing Person”) among two or more Persons (whether pursuant to a “plan of division” or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

“Division Successor” means any Person that, upon the consummation of a Division of a Dividing Person, holds all or any portion of the assets, liabilities and/or obligations previously held by such Dividing Person immediately prior to the consummation of such Division. A Dividing Person which retains any of its assets, liabilities and/or obligations after a Division shall be deemed a Division Successor upon the occurrence of such Division.

“Domestic Subsidiary” means a Subsidiary that is not a Foreign Subsidiary.

“EBITDA” means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period, *plus* (without duplication):

- (1) collections of the principal portion of any direct finance leases; *plus*
- (2) provision for taxes based on income or profits, *plus* franchise or similar taxes, of such Person for such period deducted in computing Consolidated Net Income; *plus*
- (3) Consolidated Interest Expense (and other components of Fixed Charges to the extent changes in GAAP after the Issue Date result in such components reducing Consolidated Net Income) of such Person for such period to the extent the same was deducted in calculating such Consolidated Net Income, including any noncash interest charges calculated in accordance with GAAP; *plus*
- (4) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent such depreciation and amortization were deducted in computing Consolidated Net Income; *plus*
- (5) any fees, expenses or charges, or any amortization thereof, related to any equity offering, Permitted Investment, acquisition, disposition, recapitalization or Indebtedness permitted to be incurred by this Indenture (whether or not successful) or any repayment of Indebtedness, including such fees, expenses or charges related to the offering of the Notes, and deducted in computing Consolidated Net Income, and including, in each case, any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed, and any charges or non-recurring costs incurred during such period as a result of any such transaction; *plus*
- (6) any loss (or minus any gain) related to the disposition of assets; *plus*
- (7) the amount of any restructuring charge or reserve deducted in such period in computing Consolidated Net Income, including any one-time costs incurred in connection with acquisitions after the Issue Date; *plus*
- (8) any other non-cash charges reducing Consolidated Net Income for such period, excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period; *plus*
- (9) the amount of any non-controlling interest expense deducted in calculating Consolidated Net Income (less the amount of any cash dividends paid to the holders of such minority interests); *plus*
- (10) expenses related to the implementation of new accounting pronouncements and other regulatory requirements; *plus*
- (11) any net loss (or minus any gain) resulting from currency exchange risk Hedging Obligations; *plus*
- (12) foreign exchange loss (or minus any gain) on debt; *plus*

(13) Securitization Fees and the amount of loss on sale of Securitization Assets and related assets to a Securitization Subsidiary in connection with a Qualified Securitization Financing, to the extent deducted in determining Consolidated Net Income; *less*

(14) non-cash items increasing Consolidated Net Income of such Person for such period, excluding any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period; *plus*

(15) any other extraordinary, non-recurring or unusual losses (or minus any other extraordinary, non-recurring or unusual gain); *plus*

(16) other recurring cash revenue received; *plus*

(17) (i) with respect to any Customer Contract for which the Issuer believes in good faith that it will receive payment, solely for the first four fiscal quarters following the commencement of the payments to the Issuer or any Restricted Subsidiary or delivery by the Issuer or any Restricted Subsidiary, as applicable, pursuant to the Minimum Delivery Clauses thereof, the aggregate amount of “run rate” income that would have been earned pursuant to the Minimum Delivery Clauses of Customer Contracts entered into on or prior to the last day of such period (net of actual income earned pursuant to such Customer Contracts during such period) as estimated by the Issuer in good faith as if such Customer Contract had been entered into at the beginning of such period and determined assuming the contracted pricing pursuant to the Minimum Delivery Clauses for such Customer Contract was applicable during the entire period, less (ii) any actual income earned but not received under any Customer Contract that was cancelled or otherwise terminated in accordance with its terms during such period, or for which the Issuer has received notice that such cancellation or termination will occur;

all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in accordance with GAAP.

“Effective Date” means the Escrow Release Date.

“Eligible Escrow Investments” means such customary short-term liquid investments in which the Escrowed Property may be invested in accordance with the Escrow Agreement.

“employees” of the Issuer and its Subsidiaries shall include officers of the Issuer and its Subsidiaries and employees of the Manager or its Affiliates that are involved in the management of the Issuer and its Subsidiaries.

“EMU” means economic and monetary union as contemplated in the Treaty on European Union.

“Equal Lien Priority” means, with respect to specified Indebtedness, such Indebtedness is secured by a Lien that is equal in priority (including any Superpriority Obligations permitted to be incurred by this Indenture) to the Liens on specified Collateral (but without regard to control of remedies) and is subject to the Equal Priority Intercreditor Agreement (or such other intercreditor agreement having substantially similar terms as the Equal Priority Intercreditor Agreement, taken as a whole).

“Equal Priority Intercreditor Agreement” shall have the meaning assigned to such term in the definition of “Equal Priority Obligations.”

“Equal Priority Obligations” means any Obligations with respect to any Indebtedness permitted to be incurred under this Indenture that are (and are permitted by this Indenture to be) secured by a Lien that is equal in priority (including any Superpriority Obligations permitted to be incurred by this Indenture) to the Liens securing the Secured Notes Obligations and is subject to a customary market form (as reasonably determined by the Notes Collateral Agent and the Issuer as set forth in an Officer’s Certificate delivered to the Trustee and the Notes Collateral Agent) equal priority intercreditor agreement (which may include any Superpriority Obligations permitted to be incurred by this Indenture) among the Trustee, the Notes Collateral Agent and the authorized agents of any holders of Equal Priority Obligations (such intercreditor agreement, as the same may be amended, restated, renewed, replaced or otherwise modified from time to time, an “Equal Priority Intercreditor Agreement”).

“Equal Priority Secured Parties” means collectively, (1) the Secured Notes Secured Parties and (2) any holders of any Equal Priority Obligations and any trustee, authorized representative or agent of such Equal Priority Obligations.

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

“Equity Offering” means any public or private sale of common shares or preferred shares of the Issuer (excluding Disqualified Stock), other than:

- (1) public offerings with respect to the Issuer’s common shares registered on Form S-8;
- (2) any sales to the Issuer or any of its Subsidiaries;
- (3) any public or private sale or issuance that constitutes an Excluded Contribution; and
- (4) the issuance and sale of the Preferred Equity and any warrants issued on or prior to the Effective Date.

“Escrow Agent” has the meaning assigned to it in the definition of “Escrow Agreement”.

“Escrow Agreement” means that certain escrow agreement, dated as of the Issue Date, among the Escrow Issuer, the Trustee and U.S. Bank Trust Company, National Association, as escrow agent (in such capacity, the “Escrow Agent”) with respect to the proceeds of the Notes.

“Escrow Issuer” has the meaning set forth in the preamble hereto.

“euro” means the single currency of participating member states of the EMU.

“Euroclear” means Euroclear S.A./N.V., as operator of the Euroclear system.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Excluded Assets” means,

(1) (i) the Equity Interests of any (A) Captive Insurance Subsidiary, (B) not-for-profit or special purpose Subsidiary, (C) Excluded Pledged Subsidiary or (D) Securitization Subsidiary and/or (ii) Voting Stock representing in excess of 65% of the Voting Stock of any CFC or FSHCO, except in the case of this clause (ii) to the extent that a pledge of such excess Voting Stock would not reasonably be expected to result in an adverse tax consequence to the Issuer or any Restricted Subsidiary;

(2) any intent-to-use (or similar) trademark application prior to the filing and acceptance of a “Statement of Use” or “Amendment to Allege Use” notice and/or filing with respect thereto;

(3) any asset, the grant of a security interest in which would (i) require any governmental consent, approval, license or authorization that has not been obtained, (ii) be prohibited by applicable requirements of law, except, in each case of clause (i) above and this clause (ii), to the extent such requirement or prohibition would be rendered ineffective under the UCC or any other applicable law notwithstanding such requirement or prohibition; it being understood that the term “Excluded Asset” shall not include proceeds or receivables arising out of any asset described in clause (i) or clause (ii) to the extent that the assignment of such proceeds or receivables is expressly deemed to be effective under the UCC or any other applicable law notwithstanding the relevant requirement or prohibition or (iii) result in material adverse tax consequences to the Issuer or any of its direct or indirect Subsidiaries as reasonably determined by Issuer in writing delivered to the Notes Collateral Agent;

(4) (i) any leasehold real property interests and (ii) any fee owned real property that is not a Material Real Estate Asset or that is located in a “special flood zone,” unless the portion of such property that is located in the “special flood zone” is legally subdivided, in which case only the portion of such property, including any improvements thereon, that is in the “special flood zone”;

(5) any interest in any partnership, joint venture or non-Wholly-Owned Subsidiary that cannot be pledged without (i) the consent of one or more third parties other than the Issuer or any of its Restricted Subsidiaries under the Organizational Documents (and/or shareholders’ or similar agreement) of such partnership, joint venture or non-Wholly-Owned Subsidiary or (ii) giving rise to a “right of first refusal,” a “right of first offer” or a similar right permitted or otherwise not prohibited by the terms of this Indenture that may be exercised by any third party other than the Issuer or any of its Restricted Subsidiaries in accordance with the Organizational Documents (and/or shareholders’ or similar agreement) of such partnership, joint venture or non-Wholly-Owned Subsidiary except, in each case of clause (i) above and this clause (ii), to the extent such requirement or prohibition would be rendered ineffective under the UCC or any other applicable law notwithstanding such requirement or prohibition;

(6) (i) assets subject to certificates of title, (ii) letter-of-credit rights not constituting supporting obligations of other Collateral and (iii) commercial tort claims with a value (as reasonably estimated by the Issuer) of less than \$15,000,000, except, in each case of clauses (i)-(iii), to the extent a security interest therein can be perfected solely by the filing of a UCC financing statement;

(7) any margin stock;

(8) any lease, license or other agreement or contract or any asset subject thereto (including pursuant to a purchase money security interest, Capitalized Lease Obligations or similar arrangement) that is, in each case, permitted by this Indenture to the extent that the grant of a security interest therein would violate or invalidate such lease, license or agreement or contract or purchase money, Capitalized Lease Obligations or similar arrangement, in each case, to the extent permitted by this Indenture, or trigger a right of termination in favor of any other party thereto (other than the Issuer or any of its Restricted Subsidiaries) after giving effect to the applicable anti-assignment provisions of the UCC or any other applicable law; it being understood that the term “Excluded Asset” shall not include any proceeds or receivables arising out of any asset described in this clause (8) to the extent that the assignment of such proceeds or receivables is expressly deemed to be effective under the UCC or any other applicable law notwithstanding the relevant requirement or prohibition;

(9) any asset with respect to which the Issuer has reasonably determined that the cost, burden, difficulty or consequence (including any effect on the ability of the Issuer or any Guarantor to conduct their operations and business in the ordinary course of business) of obtaining or perfecting a security interest therein outweighs the benefit of a security interest to the Holders of the security afforded thereby, which determination is evidenced in writing to the Notes Collateral Agent; provided that such asset does not secure (or purport to secure) any Equal Priority Obligations or Junior Priority Obligations;

(10) Securitization Assets (i) disposed of to any Securitization Subsidiary in connection with a Qualified Securitization Financing or (ii) otherwise pledged, factored, transferred or sold in connection with any Qualified Securitization Financing; and

(11) any governmental licenses or state or local franchises, charters or authorizations, to the extent a security interest in any such license, franchise, charter or authorization would be prohibited or restricted thereby (including any legally effective prohibition or restriction) except to the extent such requirement or prohibition would be rendered ineffective under the UCC or any other applicable law notwithstanding such requirement or prohibition; it being understood that the term “Excluded Asset” shall not include proceeds or receivables arising out of any the foregoing assets to the extent that the assignment of such proceeds or receivables is expressly deemed to be effective under the UCC or any other applicable law notwithstanding the relevant requirement or prohibition.

Terms defined in the UCC that are not otherwise defined in this Indenture are used in this definition as defined in the UCC.

“Excluded Contribution” means net cash proceeds, marketable securities or Qualified Proceeds received by the Issuer after the Issue Date (other than Otherwise Applied Proceeds) from:

- (1) contributions to its common equity capital; and
- (2) the sale (other than to a Subsidiary of the Issuer or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any distributor equity plan or agreement of the Issuer) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Issuer,

in each case, designated as Excluded Contributions.

“Excluded Pledged Subsidiary” means (a) any Subsidiary that is prohibited by applicable law from having a Lien granted on its Equity Interests except to the extent such prohibition would be rendered ineffective under the UCC or any other applicable law notwithstanding such prohibition, (b) any Unrestricted Subsidiary, (c) any Subsidiary that is not a Material Subsidiary and (d) any Subsidiary that is prohibited by the terms of a contractual obligation not otherwise prohibited by this Indenture that is in effect on the date such Subsidiary is acquired by the Issuer, so long as such prohibition was not incurred in connection with or in contemplation of the acquisition of such Subsidiary, from having a Lien granted on its Equity Interests.

“Excluded Subsidiary” means (a) any Subsidiary that is not a Wholly-Owned Subsidiary on any date such Subsidiary would otherwise be required to become a Guarantor pursuant to the requirements of this Indenture (for so long as such Subsidiary remains a non-Wholly Owned Subsidiary), (b) any Subsidiary that is prohibited by applicable law from providing a Guarantee or granting a Lien on its assets, (c) any Unrestricted Subsidiary, (d) any Subsidiary that is not a Material Subsidiary, (e) any Subsidiary that is prohibited by any contractual obligation existing on the Effective Date (or, if later, the date it first becomes a Subsidiary, so long as such prohibition was not incurred in connection with or in contemplation of the acquisition of such Subsidiary), from providing a Guarantee or granting a Lien on its assets, (f) Ohio River Partners Holdco LLC and its Subsidiaries as of the Issue Date, (g) CPE Investor LLC and its Subsidiaries as of the Issue Date, (h) ARM Investment LLC and its Subsidiaries as of the Issue Date, (i) KAT Holdco LLC and its Subsidiaries as of the Issue Date, (j) FTAI Energy Holdings LLC and its Subsidiaries as of the Issue Date, (k) Delaware River Partners Holdco LLC and its Subsidiaries as of the Issue Date, and (l) a Subsidiary of an Excluded Subsidiary formed to participate in local tax incentive programs.

“Existing Indebtedness” means Indebtedness in existence on the Issue Date of the Issuer and the entities that will become Restricted Subsidiaries on the Effective Date, *plus* interest accruing thereon.

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the chief executive officer, chief financial officer, chief accounting officer or controller of the Issuer or the Restricted Subsidiary, which determination will be conclusive (unless otherwise provided in this Indenture).

“Fitch” means Fitch Ratings or any of its successors or assigns that is a nationally recognized statistical rating organization within the meaning of Rule 3(a)(62) under the Exchange Act.

“Fixed Charge Coverage Ratio” means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period.

“Fixed Charges” means, with respect to any Person for any period, the sum of:

- (1) Consolidated Interest Expense;
- (2) all cash dividend payments (excluding items eliminated in consolidation) on any series of preferred stock (including the Preferred Equity and any series of Designated Preferred Stock) or any Refunding Capital Stock of such Person; and
- (3) all cash dividend payments (excluding items eliminated in consolidation) on any series of Disqualified Stock.

“Foreign Subsidiary” means, with respect to any Person, any Subsidiary of such Person that is not organized or existing under the laws of the United States of America, any state thereof or the District of Columbia.

“Fortress” means Fortress Investment Group LLC.

“FSHCO” shall mean any Subsidiary of the Issuer, substantially all of whose assets are Equity Interests in, and/or indebtedness of, one or more Subsidiaries that are CFCs or other Subsidiaries described in this definition of “FSHCO”.

“FTAI Infrastructure” has the meaning set forth in the recitals hereto.

“GAAP” means generally accepted accounting principles in the United States of America which are in effect on the Issue Date (except with respect to accounting for capital leases, as to which such principles in effect for the Issuer on December 31, 2018 shall apply). At any time after the Issue Date, the Issuer may elect to apply IFRS accounting principles in lieu of GAAP for purposes of calculations hereunder and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in this Indenture); *provided* that calculation or determination in this Indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Issuer’s election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Issuer shall give notice of any such election made in accordance with this definition to the Trustee and the Holders of Notes.

“General Partner” means Fortress Worldwide Transportation and Infrastructure Master GP LLC.

“Global Note Legend” means the legend set forth in Section 2.06(g)(ii), which is required to be placed on all Global Notes issued under this Indenture.

“Global Notes” means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes, substantially in the form of Exhibit A issued in accordance with Section 2.01, 2.06(b) or 2.06(d).

“Government Securities” means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America;

which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

“guarantee” means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

“Guarantee” means the guarantee by any Guarantor of the Issuer’s obligations under this Indenture.

“Guarantor” means any Person that executes a Guarantee in accordance with the provisions of this Indenture and its respective successors and assigns, in each case, until the Guarantee of such Person has been released in accordance with the provisions of this Indenture; *provided* that any Excluded Subsidiaries or Unrestricted Subsidiaries shall not be required to be Guarantors.

“Hedging Obligations” means, with respect to any Person, the obligations of such Person under:

(1) currency exchange, interest rate, inflation or commodity swap agreements, currency exchange, interest rate, inflation or commodity cap agreements and currency exchange, interest rate, inflation or commodity collar agreements; and

(2) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates, inflation or commodity prices.

“Holder” means a Person in whose name a Note is registered in the register.

“IFRS” means the International Financial Reporting Standards issued by the International Accounting Standards Board, as in effect from time to time, to the extent applicable to the relevant financial statements.

“Indebtedness” means, with respect to any Person:

(1) any indebtedness (including principal and premium) of such Person, whether or not contingent:

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers’ acceptances (or, without double counting, reimbursement agreements in respect thereof);

(c) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations but excluding any lease obligations that do not constitute a Capitalized Lease Obligation pursuant to the proviso contained in the definition thereof), except (i) any such balance that constitutes a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business, (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP and is no longer contingent and (iii) any purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the seller; or

(d) representing any Hedging Obligations;

if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP;

(2) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the Indebtedness of another Person, other than by endorsement of negotiable instruments for collection in the ordinary course of business; *provided* that the amount of Indebtedness of any Person for purposes of this clause (2) shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) solely in the case of Non-Recourse Indebtedness of the Issuer or a Restricted Subsidiary, the Fair Market Value of the property encumbered thereby as determined by such Person in good faith; and

(3) to the extent not otherwise included, Indebtedness of another Person secured by a Lien on any asset owned by such Person, whether or not such Indebtedness is assumed by such Person;

provided, that, notwithstanding the foregoing, Indebtedness shall be deemed not to include: (1) Contingent Obligations, (2) obligations under or in respect of a Qualified Securitization Financing, (3) reimbursement obligations under commercial letters of credit (*provided, however*, that unreimbursed amounts under letters of credit shall be counted as Indebtedness on or after three Business Days after such amount is drawn), (4) intercompany liabilities arising from cash management, tax and accounting operations and (5) intercompany loans, advances or Indebtedness having a term not exceeding 364 days (inclusive of any rollover or extensions of term) and made in the ordinary course of business.

The amount of Indebtedness of any Person outstanding at any time in the case of a revolving credit or similar facility shall be the total amount of funds borrowed and then outstanding. The amount of Indebtedness of any Person outstanding at any date shall be determined as set forth in this definition or otherwise provided in this Indenture, and shall equal the amount that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of GAAP.

“Indenture” means this Indenture, as amended or supplemented from time to time.

“Independent Financial Advisor” means an accounting, appraisal, investment banking firm or consultant to Persons engaged in Similar Businesses of nationally recognized standing that is, in the good faith judgment of the Issuer, qualified to perform the task for which it has been engaged.

“Indirect Participant” means a Person who holds a beneficial interest in a Global Note through a Participant.

“Initial Notes” has the meaning assigned to such term in the recitals hereto.

“Initial Purchasers” means Morgan Stanley & Co. LLC and Barclays Capital Inc.

“Interest Payment Date” means June 1 and December 1 of each year, as applicable, to stated maturity.

“Investment Grade Rating” means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

“Investments” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit, advances to customers, commission, travel, moving and similar advances to officers, directors and employees, in each case made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of the Issuer in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property; *provided* that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. For purposes of the definition of “Unrestricted Subsidiary” and Section 4.07:

(1) “Investments” shall include the portion (proportionate to the Issuer’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided* that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Issuer’s “Investment” in such Subsidiary at the time of such redesignation; *less*

(b) the portion (proportionate to the Issuer’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(2) in the case of a Person that was previously a Restricted Subsidiary and ceases to be a Subsidiary, “Investments” shall include the portion (proportionate to the Issuer’s equity interest in such Person) of the Fair Market Value of the net assets of such Person at the time that such Person ceased to be a Subsidiary; and

(3) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer, in each case as determined in good faith by the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment (determined, in the case of an Investment made with assets of the Issuer or any Restricted Subsidiary, based on the net book value of the assets invested), reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash by the Issuer or a Restricted Subsidiary in respect of such Investment.

“Issue Date” means July 7, 2022.

“Issuer” means Escrow Issuer, and following assumption of Escrow Issuer’s obligations hereunder by FTAI Infrastructure, means FTAI Infrastructure.

“Issuer’s Order” means a written request or order signed on behalf of the Issuer, by an Officer of the Issuer who must be (A) the principal executive officer, the principal financial officer or the principal accounting officer of the Issuer or (B) an Executive Vice President, a Senior Vice President, the Treasurer or the Controller of the Issuer, and delivered to the Trustee.

“Junior Lien Priority” means, with respect to specified Indebtedness, such Indebtedness is secured by a Lien that is junior in priority to the Liens on specified Collateral and is subject to a Junior Priority Intercreditor Agreement (or such other intercreditor agreement having substantially similar terms as the Junior Priority Intercreditor Agreement, taken as a whole).

“Junior Priority Collateral Agent” means the Junior Priority Representative for the holders of any initial Junior Priority Obligations.

“Junior Priority Obligations” means the Obligations with respect to any Indebtedness permitted to be incurred under this Indenture and having Junior Lien Priority relative to the Secured Notes Obligations; provided, that such Lien is permitted to be incurred under this Indenture, and provided further, that the holders of such indebtedness or their Junior Priority Representative shall become party to a Junior Priority Intercreditor Agreement.

“Junior Priority Representative” means any duly authorized representative of any holders of Junior Priority Obligations, which representative is named as such in the Junior Priority Intercreditor Agreement or any joinder thereto.

“Junior Priority Secured Parties” means the holders from time to time of any Junior Priority Obligations, the Junior Priority Collateral Agent and each other Junior Priority Representative.

“Legended Regulation S Global Note” means a Global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount at maturity of the Notes initially sold in reliance on Rule 903 of Regulation S.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided* that in no event shall an operating lease be deemed to constitute a Lien.

“Management Agreement” means that certain Amended and Restated Management and Advisory Agreement, dated as of the Effective Date, by and between the Issuer and the Manager.

“Management Group” means at any time, the Chairman of the Board of Directors, any President, any Executive Vice President, any Managing Director, any Treasurer and any Secretary or other executive officer of the Issuer or any Subsidiary at such time.

“Manager” means FIG LLC or its permitted successors or assigns.

“Material Real Estate Asset” means any “fee-owned” real estate asset located in the United States owned by the Issuer or any Guarantor on the Effective Date, acquired by the Issuer or any Guarantor after the Effective Date or owned by any Person at the time such Person becomes a Guarantor, in each case, having a fair market value in excess of \$10,000,000 as of the date of acquisition thereof (or the date of substantial completion of any material improvement thereon or new construction thereof) or if the owning entity becomes a Guarantor after the Effective Date, as of the date such Person becomes a Guarantor.

“Material Subsidiary” means (i) each Subsidiary of the Issuer that, as of the last day of the fiscal quarter of the Issuer most recently ended, had total revenues (excluding intercompany revenues) for such quarter in excess of 2.0% of the consolidated total revenues of the Issuer and its Subsidiaries for such quarter in accordance with GAAP and (ii) any group comprising Wholly-Owned Subsidiaries that each would not have been a Material Subsidiary under clause (i) but that, taken together, as of the last day of the fiscal quarter of the Issuer most recently ended, had total revenues (excluding intercompany revenues) for such quarter in excess of 5.0% of the consolidated total revenues of the Issuer and its Subsidiaries for such quarter in accordance with GAAP.

“Moody’s” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a nationally recognized statistical rating organization within the meaning of Rule 3(a)(62) under the Exchange Act.

“Net Income” means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

“Net Proceeds” means an amount equal to the aggregate cash proceeds received by the Issuer or any Restricted Subsidiary in respect of any Asset Sale, including any cash received upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale, net of the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration, including legal, accounting and investment banking fees, and brokerage and sales commissions, payments made in order to obtain necessary consents required by agreement or by applicable law, any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), other fees and expenses, including title and recordation expenses, amounts required to be applied to the repayment of principal, premium, if any, and interest on Indebtedness secured by a Lien permitted under this Indenture required (other than required by Section 4.10(b)(A)(1) or (B)(1)) to be paid as a result of such transaction and any deduction of appropriate amounts to be provided by the Issuer as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

“Non-Recourse Indebtedness” means with respect to any Person, Indebtedness of such Person and any refinancing Indebtedness thereof for which the sole legal recourse for collection of principal and interest on such Indebtedness is against the specific property identified in the instruments evidencing or securing such Indebtedness.

“Non-Subsidiary Party” means a Person in which the Issuer or any Restricted Subsidiary of the Issuer owns an Equity Interest but that is not a Subsidiary of the Issuer.

“Non-U.S. Person” means a Person who is not a U.S. Person.

“Notes” means any note authenticated and delivered under this Indenture. For all purposes of this Indenture, the term “Notes” shall also include any Additional Notes that may be issued hereafter. The Initial Notes and the Additional Notes, if any, shall be treated as a single class for all purposes under this Indenture (including waivers, amendments, redemptions and offers to purchase), except as specifically noted otherwise herein.

“Notes Collateral Agent” means U.S. Bank Trust Company, National Association, as collateral agent for the holders of the Notes under the Security Documents and any successor pursuant to the provisions of this Indenture and the Security Documents.

“Obligations” means any principal, interest (including any interest, fees and expenses accruing subsequent to the filing of a petition in bankruptcy, reorganization or similar case or proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest, fees, or expenses is an allowed or allowable claim under applicable state, federal or foreign law), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers’ acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, premium, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness.

“Offering Memorandum” means the offering memorandum, dated June 29, 2022, relating to the sale of the Initial Notes.

“Officer” means the Chairman of the board of directors, the Chief Executive Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Chief Financial Officer, the Treasurer, the Secretary or any Assistant Secretary of the Issuer.

“Officer’s Certificate” means a certificate signed on behalf of the Issuer by an Officer of the Issuer, that is the principal executive officer, the principal financial officer, the treasurer, the principal accounting officer or the secretary of the Issuer, that meets the requirements set forth in this Indenture.

“Opinion of Counsel” means an opinion from legal counsel (who may be counsel to the Issuer) that meets the requirements of this Indenture.

“Organizational Documents” mean (i) in the case of any corporation, the certificate of incorporation and by-laws (or similar documents) of such person, (ii) in the case of any limited liability company, the certificate of formation and operating agreement (or similar documents) of such person, (iii) in the case of any limited partnership, the certificate of formation and limited partnership agreement (or similar documents) of such person, (iv) in the case of any general partnership, the partnership agreement (or similar document) of such person, (v) in the case of any trust, the declaration of trust and trust agreement (or similar document) of such person and (vi) in any other case, the functional equivalent of the foregoing.

“Otherwise Applied Proceeds” means, with respect to a specified provision and proceeds of a transaction, proceeds from such transaction that have been or are being applied or allocated under any of the following provisions (other than such specified provision itself): (A) Section 3.07(c), (B) Section 4.09(b)(12)(B), (C) the definition of “Excluded Contribution”, (D) clause (11) of the definition of “Permitted Investments”, (E) clause (20)(y) of the definition of “Permitted Liens” and (F) the definition of “Cumulative Credit”. In addition, (1) the proceeds of the Preferred Equity and any related warrants and (2) the proceeds of a sale or transfer of Equity Interests of the Issuer or a Restricted Subsidiary to the Issuer or a Subsidiary shall be deemed to be Otherwise Applied Proceeds. Notwithstanding anything herein to the contrary, in connection with the Incurrence of Indebtedness pursuant to Section 4.09(b)(12)(B) that is secured by clause (20)(y) of the definition of “Permitted Liens,” any proceeds applied or allocated under such provision shall be deemed not to constitute Otherwise Applied Proceeds pursuant to the other provision.

“Pari Passu Indebtedness” means Indebtedness of the Issuer or a Guarantor that ranks equally in right of payment with the Notes or such Guarantor’s Guarantee, as applicable.

“Participant” means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

“Permitted Asset Swap” means the concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received must be applied in accordance with Section 4.10.

“Permitted Holders” means, collectively, Fortress, its Affiliates and the Management Group; *provided* that the definition of “Permitted Holders” shall not include any Control Investment Affiliate whose primary purpose is the operation of an ongoing business (excluding any business whose primary purpose is the investment of capital or assets). Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of this Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

“Permitted Investments” means:

- (1) any Investment in the Issuer or any Restricted Subsidiary;
- (2) any Investment in cash and Cash Equivalents;
- (3) any Investment by the Issuer or any Restricted Subsidiary in a Person if as a result of such Investment:
 - (A) such Person becomes a Restricted Subsidiary; or
 - (B) such Person, in one transaction or a series of related transactions, is consolidated, amalgamated or merged with or into, or transfers or conveys substantially all its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;
- (4) any Investment in securities or other assets not constituting cash or Cash Equivalents and received in connection with an Asset Sale made pursuant to Section 4.10 or any other disposition of assets not constituting an Asset Sale;
- (5) any Investment (including Investments made by Persons that become Restricted Subsidiaries on the Effective Date) existing on the Issue Date or made pursuant to the terms of any agreement (including binding and contingent commitments) in effect on the Issue Date or an Investment that replaces, refinances or refunds an Investment existing on the Issue Date; *provided* that the amount of any such new Investment is in an amount that does not exceed the amount replaced, refinanced or refunded (after giving effect to write-downs or write-offs with respect to such Investment);
- (6) advances to, or guarantees of Indebtedness of, officers, directors and employees of the Issuer, any Restricted Subsidiary or the Manager not in excess of \$10,000,000 outstanding at any one time, in the aggregate;
- (7) any Investment acquired by the Issuer or any Restricted Subsidiary:
 - (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the Issuer of such other Investment or accounts receivable (including any trade creditor or customer);
 - (b) in satisfaction of judgments against other Persons; or
 - (c) as a result of a foreclosure by the Issuer or any Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;
- (8) any Investments in Hedging Obligations entered into in the ordinary course of business;

(9) loans to officers, directors and employees of the Issuer, any Restricted Subsidiary or the Manager for business-related travel expenses, moving expenses and other similar expenses, in each case incurred in the ordinary course of business;

(10) any Investment having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (10) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash and/or marketable securities), not to exceed the greater of (x) \$75,000,000 and (y) 3.0% of Total Assets at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(11) Investments the payment for which consists of Equity Interests of the Issuer (exclusive of Disqualified Stock); *provided* that the proceeds of such Equity Interests shall be deemed to be Otherwise Applied Proceeds;

(12) Indebtedness and guarantees of Indebtedness permitted under Section 4.09;

(13) any transaction to the extent it constitutes an investment that is permitted and made in accordance with Section 4.11(b);

(14) Investments consisting of purchases, acquisitions and remanufacturing of inventory, supplies, material or equipment or other assets, or purchases, acquisitions, licenses, sublicenses or leases or subleases of intellectual property or other assets, in each case in the ordinary course of business;

(15) Investments consisting of licensing, sublicensing, leasing and subleasing of assets (including of real or personal property and intellectual property rights and other general intangibles) to other Persons in the ordinary course of business or pursuant to joint marketing arrangements with other Persons;

(16) repurchases of the Notes;

(17) any Investments received in compromise or resolution of (i) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (ii) litigation, arbitration or other disputes with Persons who are not Affiliates;

(18) Investments of a Restricted Subsidiary acquired after the Issue Date or of an entity consolidated, amalgamated or merged with or into a Restricted Subsidiary in a transaction that is not prohibited by Section 5.01 after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, consolidation, amalgamation or merger and were in existence on the date of such acquisition, consolidation, amalgamation or merger;

(19) endorsements for collection or deposit in the ordinary course of business;

(20) Investments relating to any Securitization Subsidiary that, in the good faith determination of the Issuer, are necessary or advisable to effect any Qualified Securitization Financing;

(21) any Investment in any Subsidiary of the Issuer or any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business;

(22) Investments made in the ordinary course of business in connection with obtaining, maintaining or renewing client and customer contracts and loans or advances made to, and guarantees with respect to obligations of, distributors, suppliers, licensors and licensees in the ordinary course of business;

(23) Investments in Permitted Joint Ventures in an aggregate amount that taken together with all other Investments made pursuant to this clause (23) that are at that time outstanding, does not exceed the greater of (x) \$75,000,000 and (y) 3.0% of Total Assets, and as of the date of making such Investment and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing;

(24) additional Investments so long as, after giving effect thereto on a pro forma basis, the Consolidated Total Leverage Ratio does not exceed (A) 7.00 to 1.00 or (B) the Consolidated Total Leverage Ratio in effect immediately prior to giving effect to the incurrence of such Investments, in each case calculated on a *pro forma* basis;

(25) Investments made as part of, or which are reasonably necessary or appropriate (as determined by the Issuer in good faith) to effectuate, the Spin-Off; and

(26) Investments made in Clean Planet Energy USA LLC in an aggregate principal outstanding amount not to exceed \$100,000,000.

“Permitted Joint Venture” means any agreement, contract or other arrangement between the Issuer or any Restricted Subsidiary and any Person(s) that permits the parties to share risks or costs, comply with regulatory requirements or satisfy other business objectives customarily achieved through the conduct of a Similar Business jointly with third parties.

“Permitted Jurisdiction” means the United States of America, any state thereof, the District of Columbia, or any territory thereof.

“Permitted Liens” means, with respect to any Person:

(1) pledges or deposits by such Person under workmen’s compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety, customs or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, or premiums to insurance carriers, in each case incurred in the ordinary course of business;

(2) Liens imposed by law, such as carriers’, warehousemen’s, materialmen’s, landlords’, workmen’s, suppliers’, repairmen’s and mechanics’ Liens and other similar Liens arising in the ordinary course of business, in each case for sums not yet overdue for a period of more than 30 days or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review;

(3) Liens for taxes, assessments or other governmental charges or levies not yet overdue for a period of more than 30 days or which are being contested in good faith by appropriate proceedings and for which adequate reserves are maintained on the books of such Person in conformity with GAAP;

(4) Liens in favor of issuers of performance and surety bonds or bid bonds or with respect to other regulatory requirements or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(5) minor survey exceptions, minor encumbrances, minor title deficiencies, easements or reservations of, or rights of others for, licenses, rights-of-way, covenants, encroachments, protrusions, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or Liens incidental, to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(6) Liens existing on the Issue Date;

(7) Liens securing Indebtedness under any Credit Facilities incurred and outstanding pursuant to Section 4.09(b)(1), which Indebtedness may constitute Superpriority Obligations;

(8) Liens on assets or property of or Equity Interests in a Person at the time such Person becomes a Subsidiary; *provided* that such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary; *provided, further*, that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;

(9) Liens on assets or property at the time the Issuer or any Restricted Subsidiary acquired such assets or property, including any acquisition by means of a consolidation, amalgamation or merger with or into the Issuer or any Restricted Subsidiary; *provided* that the Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;

(10) Liens securing Indebtedness or other obligations of the Issuer or a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary permitted to be incurred in accordance with Section 4.09;

(11) Liens securing Hedging Obligations and any guarantees thereof permitted to be incurred pursuant to Section 4.09(b)(10);

(12) Liens on specific items of inventory of other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(13) licenses, sublicenses, leases and subleases (including of real or personal property and intellectual property rights and other general intangibles) granted to others in the ordinary course of business;

(14) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases or consignments entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(15) Liens in favor of the Issuer or a Restricted Subsidiary;

(16) Liens on equipment of the Issuer or any Restricted Subsidiary granted in the ordinary course of business to the Issuer's client at which such equipment is located;

(17) Liens on Securitization Assets and related assets incurred in connection with a Qualified Securitization Financing;

(18) Liens securing Indebtedness permitted to be incurred pursuant to Section 4.09(b)(4) and obligations secured ratably thereunder; *provided* that such Liens extend only to the assets and/or Capital Stock of the applicable Persons pursuant to which the purchase, lease, improvement, development, construction, remanufacturing, refurbishment, handling and repositioning or repair is financed and any replacements, additions and accessions thereto and any income or profits thereof; *provided, further*, that individual financings provided by a lender may be cross collateralized to other financings provided by such lender or its affiliates;

(19) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in clauses (6), (8), (9), (10), (11), (15), (18), (30), (37) and (39) and this clause (19) of this definition; *provided* that (x) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property), (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (6), (8), (9), (10), (11), (15), (18), (30), (37) and (39) and this clause (19) of this definition at the time the original Lien became a Permitted Lien under this Indenture, and (B) an amount necessary to pay any fees and expenses, including premiums, underwriting discounts and defeasance costs related to such refinancing, refunding, extension, renewal or replacement and (z) the new Lien has no greater priority and the holders of the Indebtedness secured by such Lien have no greater intercreditor rights relative to the Notes and Holders thereof than the original Liens and the related Indebtedness;

(20) other Liens securing obligations the principal amount of which does not exceed at any one time outstanding the sum of:

(x) the greater of (1) \$75,000,000 and (2) 3.0% of Total Assets; *plus*

(y) 100.0% of the net cash proceeds received by the Issuer after the Issue Date from the issue or sale of Equity Interests of the Issuer or cash contributed to the capital of the Issuer (in each case, other than Otherwise Applied Proceeds);

(21) Liens securing judgments, attachments or awards for the payment of money not constituting an Event of Default under Section 6.01(a)(5) so long as (i) such judgment is being contested in good faith and any appropriate legal proceedings that may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired or (ii) such Liens are supported by an indemnity by a third party with an Investment Grade Rating;

(22) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(23) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code, or any comparable or successor provision, on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business, and (iii) in favor of banking institutions arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(24) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(25) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Issuer or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(26) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(27) Liens on Equity Interests of Unrestricted Subsidiaries;

(28) Liens placed on the Capital Stock of any non-Wholly-Owned Subsidiary or joint venture in the form of a transfer restriction, purchase option, call or similar right of a third party joint venture partner;

(29) Liens securing Indebtedness permitted to be incurred pursuant to Section 4.09(b)(18); *provided* that such Liens extend only to the assets or Equity Interests of such joint venture;

(30) [reserved];

(31) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by the Issuer or its Restricted Subsidiaries, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements; *provided* that, unless such Liens are non-consensual and arise by operation of law, in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness;

(32) Liens on property or assets under construction (and related rights) in favor of a contractor or developer arising from progress or partial payments by a third party relating to such property or assets;

(33) any reservations, limitations, provisos or conditions, if any, expressed in any grants from any governmental or similar authority;

(34) specific marine mortgages and maritime liens or foreign equivalents on property or assets of the Issuer or any Guarantor;

(35) [reserved];

(36) other Liens on assets securing Indebtedness permitted to be incurred in accordance with Section 4.09; provided that, at the time of incurrence thereof and after giving pro forma effect thereto and the use of the proceeds thereof (without “netting” the cash proceeds of the applicable incurrence), the aggregate amount of Indebtedness then outstanding and secured thereby shall not exceed an amount such that

(I) in the case of any such Liens on the Collateral that have Equal Lien Priority (but without regard to the control of remedies) relative to the Liens on the Collateral securing the Secured Notes Obligations, the Consolidated First Lien Leverage Ratio does not exceed 3.00 to 1.00, calculated on a pro forma basis, (II) in the case of any such Liens on the Collateral that have Junior Lien Priority relative to the Liens securing the Secured Notes Obligations, the Consolidated Secured Leverage Ratio does not exceed 3.50 to 1.00, calculated on a pro forma basis and (III) in the case of any such Indebtedness that is secured by assets that do not constitute Collateral (assuming, for purposes of this clause (III) and future calculations of the Consolidated Secured Leverage Ratio for so long as such Indebtedness remains outstanding, that such assets constitute Collateral), the Consolidated Secured Leverage Ratio does not exceed 3.50 to 1.00; provided that, if such Liens are consensual Liens that are secured by the Collateral, then the holders of the Indebtedness or other obligations secured thereby (or a representative or trustee on their behalf) shall enter into an Equal Priority Intercreditor Agreement or a Junior Priority Intercreditor Agreement, as applicable, providing that the Liens on the Collateral (other than cash and Cash Equivalents) securing such Indebtedness or other obligations shall rank either equal in priority (but without regard to the control of remedies) with, or junior to, the Liens on the Collateral (other than cash and Cash Equivalents) securing the Secured Notes Obligations but, in any event, shall not be required to enter into any such intercreditor agreement with respect to any Collateral consisting of cash and Cash Equivalents;

(37) Liens securing Indebtedness permitted to be incurred pursuant to Section 4.09(b)(25); and

(38) Liens securing Indebtedness of any Restricted Subsidiary that is not a Guarantor permitted to be incurred subsequent to the Issue Date pursuant to Section 4.09; and

(39) Liens securing the Initial Notes and the related Guarantees.

For purposes of determining compliance with this definition, (A) Permitted Liens need not be incurred solely by reference to one category of Permitted Liens described in this definition but are permitted to be incurred in part under any combination thereof and (B) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens described in this definition, the Issuer may, in its sole discretion, classify or reclassify such item of Permitted Liens (or any portion thereof) in any manner that complies with this definition and the Issuer may divide and classify a Lien in more than one of the types of Permitted Liens in one of the above clauses of this definition.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Preferred Equity” means the 300,000 shares of Series A Preferred Stock of the Issuer issued on the Effective Date.

“preferred stock” means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution, or winding up.

“Private Placement Legend” means the legend set forth in Section 2.06(g)(i) to be placed on all Notes issued under this Indenture, except where otherwise permitted by the provisions of this Indenture.

“QIB” means a “qualified institutional buyer” as defined in Rule 144A.

“Qualified Proceeds” means assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business; *provided* that the Fair Market Value of any such assets or Capital Stock shall be determined by the Issuer in good faith.

“Qualified Securitization Financing” means any Securitization Financing of a Securitization Subsidiary, the financing terms, covenants, termination events and other provisions of which, including any Standard Securitization Undertakings, shall be market terms. A securitization of intellectual property that is material to the Issuer or its Restricted Subsidiaries or a securitization of an entire business or an entire business unit shall not be a “Qualified Securitization Financing”.

“Rating Agencies” means Fitch, Moody’s and S&P or if any of Fitch, Moody’s or S&P or all three shall not make a rating on the Notes publicly available, one or more nationally recognized statistical rating organizations within the meaning of Rule 3(a)(62) under the Exchange Act, as the case may be, selected by the Issuer which shall be substituted for any of Fitch, Moody’s or S&P or all three, as the case may be.

“Record Date” for the interest payable on any applicable Interest Payment Date means May 15 or November 15 (whether or not a Business Day) next preceding such Interest Payment Date.

“Regulation S” means Regulation S promulgated under the Securities Act.

“Regulation S Global Note” means a Legended Regulation S Global Note or an Unlegended Regulation S Global Note, as applicable.

“Regulation S Global Note Legend” means the legend set forth in Section 2.06(g)(iii).

“Related Business Assets” means assets (other than cash or Cash Equivalents) used or useful in a Similar Business; *provided* that any assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary shall not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

“Responsible Officer” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such Person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“Restricted Definitive Note” means a Definitive Note bearing the Private Placement Legend.

“Restricted Global Note” means a Global Note bearing the Private Placement Legend.

“Restricted Investment” means an Investment other than a Permitted Investment.

“Restricted Period” means the 40-day distribution compliance period as defined in Regulation S.

“Restricted Subsidiary” means, at any time, any direct or indirect Subsidiary of the Issuer (including any Foreign Subsidiary) that is not then an Unrestricted Subsidiary; *provided* that upon the occurrence of an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of “Restricted Subsidiary.”

“Rule 144” means Rule 144 promulgated under the Securities Act.

“Rule 144A” means Rule 144A promulgated under the Securities Act.

“Rule 903” means Rule 903 promulgated under the Securities Act.

“Rule 904” means Rule 904 promulgated under the Securities Act.

“S&P” means Standard & Poor’s Investors Ratings Services or any of its successors or assigns that is a nationally recognized statistical rating organization within the meaning of Rule 3(a)(62) under the Exchange Act.

“SEC” means the U.S. Securities and Exchange Commission.

“Secured Indebtedness” means any Indebtedness of the Issuer or any of its Restricted Subsidiaries secured by a Lien.

“Secured Notes Obligations” means Obligations in respect of the Notes, this Indenture, the Guarantees and the Security Documents relating to the Notes, including any Additional Notes permitted to be incurred under this Indenture.

“Secured Notes Secured Parties” means the Trustee, the Notes Collateral Agent and the Holders.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Securitization Assets” means the accounts receivable, lease, royalty or other revenue streams and other rights to payment and all related assets (including contract rights, books and records, all collateral securing any and all the foregoing, all contracts and all guarantees or other obligations in respect of any and all the foregoing and other assets that are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving any and all the foregoing) and the proceeds thereof in each case pursuant to a Securitization Financing.

“Securitization Fees” means distributions or payments made directly or by means of discounts with respect to any Securitization Asset or participation interest therein issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Securitization Financing.

“Securitization Financing” means one or more transactions or series of transactions that may be entered into by the Issuer and/or any Restricted Subsidiary pursuant to which the Issuer or any Restricted Subsidiary may sell, convey or otherwise transfer Securitization Assets to (a) a Securitization Subsidiary (in the case of a transfer by the Issuer or any of the Restricted Subsidiaries that are not Securitization Subsidiaries) or (b) any other Person (in the case of a transfer by a Securitization Subsidiary), or may grant a security interest in, any Securitization Assets of the Issuer or any Restricted Subsidiary.

“Securitization Subsidiary” means a Restricted Subsidiary (or another Person formed for the purposes of engaging in a Qualified Securitization Financing in which the Issuer or any Restricted Subsidiary makes an Investment and to which the Issuer or any Restricted Subsidiary transfers Securitization Assets and related assets) that engages in no activities other than in connection with the financing of Securitization Assets of the Issuer or a Restricted Subsidiary, all proceeds thereof and all rights (contingent and other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Issuer or such other Person (as provided below) as a Securitization Subsidiary and (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any Restricted Subsidiary, other than another Securitization Subsidiary (excluding guarantees of obligations pursuant to Standard Securitization Undertakings), (ii) is recourse to or obligates the Issuer or any Restricted Subsidiary, other than another Securitization Subsidiary, in any way other than pursuant to Standard Securitization Undertakings or (iii) subjects any property or asset of the Issuer or any Restricted Subsidiary, other than another Securitization Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings and (b) to which none of the Issuer or any other Restricted Subsidiary, other than another Securitization Subsidiary, has any obligation to maintain or preserve such entity’s financial condition or cause such entity to achieve certain levels of operating results. Any such designation by the Issuer or such other Person shall be evidenced by a resolution of the Issuer or such other Person giving effect to such designation.

“Security Agreement” means that certain Security Agreement, dated as of the Effective Date, among the Issuer, the Guarantors and the Notes Collateral Agent, as amended, restated, renewed, replaced or otherwise modified from time to time.

“Security Documents” means, collectively, the Security Agreement, other security agreements relating to the Collateral securing the Secured Notes Obligations, any joinders related to the foregoing, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement and the instruments filed and recorded in appropriate jurisdictions to preserve and protect the Liens on the Collateral securing the Secured Notes Obligations (including, without limitation, financing statements under the Uniform Commercial Code of the relevant states), each for the benefit of the Notes Collateral Agent, in each case as amended, restated, renewed, replaced or otherwise modified from time to time.

“Significant Subsidiary” means any Restricted Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

“Similar Business” means any business conducted or proposed to be conducted by the Issuer and its Restricted Subsidiaries on the date of this Indenture or any business that is similar, reasonably related, incidental or ancillary thereto, including for the avoidance of doubt, any business that is generally considered to be an infrastructure business.

“Spin-Off” means (i) the distribution of 100% of the issued Equity Interests of FTAI Infrastructure to the holders of the common stock of Fortress Transportation and Infrastructure Investors LLC, a Delaware limited liability company, on the Effective Date as described in the Form 10 of FTAI Infrastructure, dated as of April 29, 2022, as amended from time to time and (ii) the contribution of the Infrastructure Subsidiaries (as defined in the Offering Memorandum) to FTAI Infrastructure.

“Standard Securitization Undertakings” means representations, warranties, covenants and indemnities entered into by the Issuer or any Restricted Subsidiary that are customary for a seller or servicer of assets in a Securitization Financing.

“Subject Transaction” means, with respect to any Test Period, (a) the Spin-Off and related transaction occurring on or around the Effective Date, (b) any acquisition, whether by purchase, merger or otherwise, of all or substantially all of the assets of, or any business line, unit or division of, any Person or the Equity Interests of any Person (and, in any event, including any Investment in (i) any Restricted Subsidiary the effect of which is to increase the Issuer’s or any Restricted Subsidiary’s respective equity ownership in such Restricted Subsidiary or (ii) any joint venture for the purpose of increasing the Issuer’s or its relevant Restricted Subsidiary’s ownership interest in such joint venture), in each case that is not prohibited by this Indenture, (c) any disposition of all or substantially all of the assets or Equity Interests of any Subsidiary (or any facility, business unit, line of business, product line or division of the Issuer or a Restricted Subsidiary) not prohibited by this Indenture, (d) the designation of a Restricted Subsidiary as an Unrestricted Subsidiary or an Unrestricted Subsidiary as a Restricted Subsidiary in accordance with this Indenture and (e) any incurrence or prepayment, repayment, redemption, repurchase, defeasance, satisfaction and discharge or refinancing of Indebtedness.

“Subordinated Indebtedness” means (a) with respect to the Issuer, any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Notes, and (b) with respect to any Guarantor, any Indebtedness of such Guarantor which is by its terms subordinated in right of payment to the Guarantee of such Guarantor.

“Subsidiary” means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50.0% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; and

(2) any partnership, joint venture, limited liability company or similar entity of which

(x) more than 50.0% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, and

(y) such Person or any Restricted Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Issuer.

“Test Period” means the four fiscal quarters then most recently ended for which financial statements are available.

“Total Assets” means the total assets of the Issuer and the Restricted Subsidiaries determined on a consolidated basis in accordance with GAAP, as shown on the most recent balance sheet of the Issuer for which internal financial statements are available immediately preceding the date on which any calculation of Total Assets is being made, with such *pro forma* adjustments for transactions consummated on or prior to or simultaneously with the date of the calculation as are appropriate and consistent with the *pro forma* adjustment provisions set forth in this Indenture.

“Treasury Rate” means, as of any Redemption Date, the rate per annum equal to the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days prior to the Redemption Date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the Redemption Date to June 1, 2025; *provided* that if the period from the Redemption Date to June 1, 2025 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended (15 U.S.C. Sec. 77aaa-77bbb).

“Trustee” means U.S. Bank Trust Company, National Association, as trustee, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving under this Indenture.

“Uniform Commercial Code” or “UCC” means the Uniform Commercial Code (or any similar equivalent jurisdiction) as in effect in any applicable jurisdiction from time to time.

“Unlegended Regulation S Global Note” means a Global Note in the form of Exhibit A hereto bearing the Global Note Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee and issued upon expiration of the Restricted Period.

“Unrestricted Definitive Note” means one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

“Unrestricted Global Note” means a permanent Global Note, substantially in the form of Exhibit A attached hereto that bears the Global Note Legend and that has the “Schedule of Increases or Decreases of Interests in the Global Note” attached thereto, and that is deposited with or on behalf of and registered in the name of the Depository, representing Notes that do not bear and are not required to bear the Private Placement Legend.

“Unrestricted Subsidiary” means:

- (1) any Subsidiary of the Issuer which at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer, as provided below);
- (2) any Subsidiary of an Unrestricted Subsidiary; and
- (3) as of the Effective Date, WWTAI Container Holdco Ltd., an exempted company incorporated with limited liability under the laws of Bermuda, and Long Ridge Terminal LLC, a limited liability company organized under the laws of Delaware (and all Subsidiaries of each of the foregoing).

The Issuer may designate any Subsidiary of the Issuer (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Issuer or any Restricted Subsidiary of the Issuer (other than any Subsidiary of the Subsidiary to be so designated); *provided* that:

(1) such designation complies with Section 4.07; and

(2) each of:

(A) the Subsidiary to be so designated; and

(B) its Subsidiaries

has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any Restricted Subsidiary (other than the Subsidiary to be so designated and its Subsidiaries).

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that, immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing and either:

(1) the Issuer could incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test described in the first sentence under Section 4.09; or

(2) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation, in each case on a *pro forma* basis taking into account such designation.

Any such designation by the Issuer shall be notified by the Issuer to the Trustee by promptly filing with the Trustee a copy of the board resolution giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

“U.S. Person” means a U.S. person as defined in Rule 902(k) under the Securities Act.

“Voting Stock” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness, Disqualified Stock or preferred stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products obtained by multiplying (i) the amount of each (A) then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of such Indebtedness or (B) redemption or similar payment, in respect of such Disqualified Stock or preferred stock by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between the date of determination and the making of such payment; by

(2) the sum of all such payments.

“Wholly-Owned Restricted Subsidiary” means any Wholly-Owned Subsidiary that is a Restricted Subsidiary.

“Wholly-Owned Subsidiary” of the Issuer means a Subsidiary of the Issuer, 100.0% of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares and shares issued to foreign nationals as required by applicable law) shall at the time be owned by the Issuer or by one or more Wholly-Owned Subsidiaries of the Issuer.

SECTION 1.02. Other Definitions.

Term	Defined in Section
“Affiliate Transaction”	4.11
“Asset Sale Offer”	4.10
“Authentication Order”	2.02
“Change of Control Offer”	4.13
“Change of Control Payment”	4.13
“Change of Control Payment Date”	4.13
“Collateral Asset Sale Offer”	4.10
“Collateral Excess Proceeds”	4.10
“Covenant Defeasance”	8.03
“Covenant Suspension Event”	4.15
“Cumulative Credit”	4.07
“DTC”	2.03
“Escrowed Property	14.01
“Escrow Release”	14.01
“Escrow Release Conditions”	14.01
“Escrow Release Date”	14.01
“Event of Default”	6.01
“Excess Proceeds”	4.10
“Increased Amount”	4.12
“incur”, “incurrence”	4.09
“Initial Lien”	4.12
“Junior Priority Intercreditor Agreement”	13.10
“Legal Defeasance”	8.02
“Note Register”	2.03
“Offer Amount”	3.10
“Offer Period”	3.10
“Outside Date”	14.01
“Paying Agent”	2.03
“Permitted Non-Guarantor Indebtedness”	4.09
“Purchase Date”	3.10
“Redemption Date”	3.07
“Refinancing Indebtedness”	4.09
“Refunding Capital Stock”	4.07

Term	Defined in Section
“Registrar”	2.03
“Restricted Payments”	4.07
“Retired Capital Stock”	4.07
“Reversion Date”	4.15
“Special Mandatory Redemption”	14.02
“Special Mandatory Redemption Date”	14.02
“Special Mandatory Redemption Price”	14.02
“Successor Company”	5.01
“Successor Person”	5.01
“Superpriority Obligations”	13.09
“Suspended Covenants”	4.15
“Suspension Period”	4.15
“Transfer Agent”	2.03

SECTION 1.03. Rules of Construction. Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (c) “or” is not exclusive;
- (d) the words “including”, “include” or “includes” shall be deemed to be followed by the words “without limitation”;
- (e) words in the singular include the plural, and in the plural include the singular;
- (f) references to “shall” and “will” are intended to have the same meaning;
- (g) references to sections of, or rules under, the Securities Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time;
- (h) unless the context otherwise requires, any reference to an “Article”, “Section” or “clause” refers to an Article, Section or clause, as the case may be, of this Indenture;
- (i) “furnish to the Trustee” shall be deemed to be followed by the words “or electronically transmit”;
- (j) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not any particular Article, Section, clause or other subdivision; and
- (k) Indebtedness that is unsecured shall not be deemed to be subordinated or junior to Secured Indebtedness merely because it is unsecured, and Indebtedness shall not be deemed to be subordinated or junior to any other Indebtedness merely because it has a junior priority lien with respect to the same collateral.

For purposes of this Indenture and the Notes and the interpretation hereof and thereof, unless the context requires otherwise, the term “consolidated” with respect to any Person refers to such Person consolidated with its Restricted Subsidiaries, and excludes from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person.

SECTION 1.04. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee or the Notes Collateral Agent (as applicable) and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, shall be sufficient for any purpose of this Indenture and (subject to Section 7.01) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section 1.04.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute proof of the authority of the Person executing the same. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner that the Trustee or the Notes Collateral Agent (as applicable) deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of any action taken, suffered or omitted by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

(e) The Issuer may, but shall not be obligated to, set a record date for purposes of determining the identity of Holders entitled to give any request, demand, authorization, direction, notice, consent, waiver or take any other act, or to vote or consent to any action by vote or consent authorized or permitted to be given or taken by Holders. Unless otherwise specified, if not set by the Issuer prior to the first solicitation of a Holder made by any Person in respect of any such action, or in the case of any such vote, prior to such vote, any such record date shall be the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee prior to such solicitation.

(f) Without limiting the foregoing, a Holder entitled to take any action under this Indenture with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents, each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or action taken by a Holder or its agents with regard to different parts of such principal amount pursuant to this Section 1.04 shall have the same effect as if given or taken by separate Holders of each such different part.

(g) Without limiting the generality of the foregoing, a Holder, including the Depositary, may make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders, and the Depositary may provide its proxy or proxies to the beneficial owners of interests in any such Global Note through such depositary's standing instructions and customary practices.

(h) The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Persons who are beneficial owners of interests in any Global Note held by the Depositary entitled under the procedures of such Depositary to make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders. If such a record date is fixed, the Holders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such request, demand, authorization, direction, notice, consent, waiver or other action, whether or not such Holders remain Holders after such record date.

ARTICLE II The Notes

SECTION 2.01. Form and Dating; Terms.

(a) General. The Notes shall be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rules or usage (*provided* that any such notation, legend or endorsement is in a form acceptable to the Issuer). Each Note shall be dated the date of the Trustee's authentication. The Notes shall be in denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000.

(b) Global Notes. Notes issued in global form shall be substantially in the form of Exhibit A attached hereto (including the Global Note Legend thereon and the "Schedule of Increases or Decreases of Interests in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend thereon and without the "Schedule of Increases or Decreases of Interests in the Global Note" attached thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent up to the aggregate principal amount of Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as applicable, to reflect exchanges, repurchases and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee as Custodian (or if the Trustee and the Custodian are not the same Person, by the Custodian at the direction of the Trustee), in accordance with instructions given by the Holder thereof as required by Section 2.06.

(c) Regulation S Global Notes. Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Legended Regulation S Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee as Custodian, and registered in the name of the Depository or the nominee of the Depository for the accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. Upon the expiry of the Restricted Period, beneficial interests in the Legended Regulation S Global Note shall be exchanged for beneficial interests in the Unlegended Regulation S Global Note pursuant to Section 2.06 and the Applicable Procedures. Simultaneously with the authentication of a Unlegended Regulation S Global Note, the Trustee shall cancel the corresponding Legended Regulation S Global Note. The aggregate principal amount of a Regulation S Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

(d) Terms. The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is unlimited.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and the Issuer, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

The Notes may be required to be repurchased by the Issuer pursuant to an Asset Sale Offer as provided in Section 4.10 or a Change of Control Offer as provided in Section 4.13. The Notes shall not be redeemable, other than as provided in Article III.

Additional Notes ranking *pari passu* with the Initial Notes may be created and issued from time to time by the Issuer without notice to or consent of the Holders and shall be consolidated with and form a single class with the other Notes (including any Initial Notes or other Additional Notes) and shall have the same terms as to status, redemption or otherwise as such Notes (other than date of issue and, if applicable, the date from which interest shall accrue and the first date on which payment thereof shall be made); *provided* that the Issuer's ability to issue Additional Notes shall be subject to the Issuer's compliance with Section 4.09. Any Additional Notes may be issued with the benefit of an indenture supplemental to this Indenture.

(e) Euroclear and Clearstream Procedures Applicable. The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream shall be applicable to transfers of beneficial interests in the Regulation S Global Notes that are held by Participants through Euroclear or Clearstream.

SECTION 2.02. Execution and Authentication. At least one Officer of the Issuer shall execute the Notes by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be entitled to any benefit under this Indenture or be valid or obligatory for any purpose until authenticated substantially in the form of Exhibit A attached hereto, by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been duly authenticated and delivered under this Indenture.

On the Issue Date, the Trustee shall, upon receipt of the Issuer's Order (an "Authentication Order"), authenticate and deliver the Initial Notes. In addition, at any time, from time to time, the Trustee shall upon receipt of an Authentication Order authenticate and deliver any Additional Notes for an aggregate principal amount specified in such Authentication Order for such Additional Notes issued under this Indenture. In authenticating such Additional Notes, the Trustee shall receive, and be fully protected in relying upon an Opinion of Counsel which shall state:

(1) that the form and terms of such Additional Notes have been established in conformity with the provisions of this Indenture; and

(2) that such Additional Notes, when authenticated and delivered by the Trustee and issued by the Issuer in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Issuer, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles.

The Trustee may appoint an authenticating agent acceptable to the Issuer to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Issuer.

SECTION 2.03. Registrar, Transfer Agent and Paying Agent. The Issuer shall maintain (i) a registrar with an office or agency where Notes may be presented for registration (the "Registrar"), (ii) a transfer agent with an office or agency where Notes may be presented for transfer or for exchange (the "Transfer Agent") and (iii) a paying agent with an office or agency where Notes may be presented for payment (the "Paying Agent"). The Registrar shall maintain a register reflecting ownership of the Notes outstanding from time to time ("Note Register") and upon written request from the Issuer, the Registrar shall provide the Issuer with a copy of the Note Register. The Issuer may appoint one or more co-registrars, one or more co-transfer agents and one or more additional paying agents. The term "Registrar" includes any co-registrar. The term "Transfer Agent" includes any co-transfer agent. The term "Paying Agent" includes any additional paying agents. The Issuer initially appoints the Trustee as (i) Registrar, Transfer Agent and Paying Agent and (ii) the Custodian with respect to the Global Notes. The Issuer may change the Paying Agents, the Transfer Agents or the Registrars without prior notice to the Holders. The Issuer shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Issuer fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Issuer or any Guarantor may act as a Paying Agent or a Registrar. All Agents appointed under this Indenture shall be appointed pursuant to agency agreements among the Issuer, the Trustee and the Agent, as applicable. In acting hereunder and in connection with the Notes, the Paying Agent and Registrar shall act solely as agent of the Issuer, and will not thereby assume any obligations towards or relationship of agency or trust for or with any Holder.

The Issuer initially appoints The Depository Trust Company ("DTC") to act as Depository with respect to the Global Notes.

SECTION 2.04. Paying Agent to Hold Money in Trust. The Issuer shall require the Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes, and will notify the Trustee of any default by the Issuer in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Issuer or a Subsidiary of the Issuer) shall have no further liability for the money. If the Issuer or a Subsidiary of the Issuer acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Issuer, the Trustee shall serve as Paying Agent for the Notes.

SECTION 2.05. Holder Lists. The Registrar shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee at least two Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes.

SECTION 2.06. Transfer and Exchange.

(a) Transfer and Exchange of Global Notes. Except as otherwise set forth in this Section 2.06, a Global Note may be transferred, in whole and not in part, only to another nominee of the Depository or to a successor thereto or a nominee of such successor. A beneficial interest in a Global Note shall be exchangeable for a Definitive Note if (A) (i) the Depository notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or (ii) the Depository has ceased to be a clearing agency registered under the Exchange Act and, in either case, a successor Depository is not appointed by the Issuer within 120 days of such notice, (B) the Issuer, at its option, notifies the Trustee in writing that it elects to cause the issuance of Definitive Notes; *provided* that in no event shall a Legended Regulation S Global Note be exchanged by the Issuer for Definitive Notes other than in accordance with Section 2.06(b)(iii) or (C) there shall have occurred and be continuing an Event of Default with respect to the Notes and the Depository has requested the issuance of Definitive Notes. Upon the occurrence of any of the preceding events in (A), (B) or (C) above, Definitive Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the Depository (in accordance with its Applicable Procedures). Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10, shall be authenticated and delivered in the form of, and shall be, a Global Note, except for Definitive Notes issued subsequent to any of the preceding events in (A), (B) or (C) above and pursuant to Section 2.06(c). A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); *provided, however*, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b) or (c).

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Neither the Issuer nor any agent of the Issuer shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Note, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act, or for complying with or ensuring compliance with any Applicable Procedures. Beneficial interests in Global Notes shall be transferred or exchanged only for beneficial interests in Global Notes pursuant to this clause (b). Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as, if applicable, one or more of the other following subparagraphs:

(i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided, however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in a Legended Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. Except as required pursuant to the Private Placement Legend, no written orders or instructions shall be required to be delivered to the Transfer Agent to effect the transfers described in this Section 2.06(b)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(i), the transferor of such beneficial interest must deliver to the Transfer Agent (in each case in form and substance satisfactory to the Trustee and the Issuer) either:

(A) (1) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) (1) if Definitive Notes are at such time permitted to be issued under this Indenture, a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depository to the Transfer Agent containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above; *provided* that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in a Legended Regulation S Global Note other than in accordance with Section 2.06(b)(iii).

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h).

(iii) Transfer of Beneficial Interests in a Restricted Global Note to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(ii) and the Transfer Agent receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in a 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; or

(B) if the transferee will take delivery in the form of a beneficial interest in a Legended Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, if the exchange or transfer complies with the requirements of Section 2.06(b)(ii) and the Transfer Agent receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each case, if the Transfer Agent or the Issuer so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Transfer Agent and the Issuer to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to this Section 2.06(b)(iv) at a time when an Unrestricted Global Note has not yet been issued, the Issuer shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to this Section 2.06(b)(iv).

(v) Transfer and Exchange of Beneficial Interests in an Unrestricted Global Note for Beneficial Interests in a Restricted Global Note Prohibited. Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, beneficial interests in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes. Beneficial interests in Global Notes shall be exchanged for Definitive Notes only pursuant to this clause (c).

(i) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon the occurrence of any of the events in clause (A), (B) or (C) of Section 2.06(a), subject to satisfaction of the conditions set forth in Section 2.06(b)(ii) and receipt by the Transfer Agent of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to the Issuer or a Subsidiary of the Issuer, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h), and the Issuer shall execute and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate and mail to the Person designated in the instructions a Definitive Note in the applicable principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall mail such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Beneficial Interests in a Legended Regulation S Global Note to Definitive Notes. Notwithstanding Sections 2.06(c)(i)(A) and (C), a beneficial interest in a Legended Regulation S Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to the expiration of the Restricted Period, except in the case of a transfer pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(iii) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only upon the occurrence of any of the events in clause (A), (B) or (C) of Section 2.06(a), the satisfaction of the conditions set forth in Section 2.06(b)(ii) hereof and if the Transfer Agent receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each case, if the Transfer Agent or the Issuer so request or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Transfer Agent and the Issuer to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iv) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon the occurrence of any of the events in clause (A), (B) or (C) of Section 2.06(a) and satisfaction of the conditions set forth in Section 2.06(b)(ii), the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h), and the Issuer shall execute and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate and mail to the Person designated in the instructions a Definitive Note in the applicable principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iv) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from or through the Depository and the Participant or Indirect Participant. The Trustee shall mail such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iv) shall not bear the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests in Global Notes. Restricted Definitive Notes shall be exchanged for beneficial interests in Restricted Global Notes only pursuant to this clause (d).

(i) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Transfer Agent of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to the Issuer or a Subsidiary of the Issuer, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cancel the Restricted Definitive Note and increase or cause to be increased the aggregate principal amount of the applicable Global Note.

(ii) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Transfer Agent receives the following:

(A) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(B) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each case, if the Transfer Agent or the Issuer so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Transfer Agent and the Issuer to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(ii), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraph (ii) or (iii) above at a time when an Unrestricted Global Note has not yet been issued, the Issuer shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Definitive Notes shall be exchanged for Definitive Notes only pursuant to this clause (e). Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Transfer Agent the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Transfer Agent duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e):

(i) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Transfer Agent receives the following:

(A) if the transfer will be made to a QIB in accordance with Rule 144A, then the transferor must deliver a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; or

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications required by item (3) thereof, if applicable.

(ii) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Transfer Agent receives the following:

(A) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(B) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each case, if the Transfer Agent or the Issuer so requests, an Opinion of Counsel in form reasonably acceptable to the Transfer Agent and the Issuer to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) [Reserved].

(g) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture:

(i) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER: (1) REPRESENTS THAT IT IS NOT AN “AFFILIATE” (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF FTAI INFRASTRUCTURE LLC (“FTAI INFRASTRUCTURE”) AND (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A “QIB”), OR (B) IT IS NOT A U.S. PERSON AND HAS ACQUIRED THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT; (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN EXCEPT (A) TO FTAI INFRASTRUCTURE OR ANY OF ITS SUBSIDIARIES, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (C) TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S OF THE SECURITIES ACT, (D) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (E) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO FTAI INFRASTRUCTURE AND THE TRUSTEE) OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION; (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; AND (4) AGREES THAT ANY SECURITY THAT IS OWNED BY AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF FTAI INFRASTRUCTURE MAY NOT BE RESOLD OR TRANSFERRED BY SUCH AFFILIATE OTHER THAN TO FTAI INFRASTRUCTURE OR A SUBSIDIARY THEREOF OR PURSUANT TO (A) A REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT OR (C) ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (IF AVAILABLE) IN A TRANSACTION THAT RESULTS IN SUCH SECURITY NO LONGER BEING A RESTRICTED SECURITY (AS DEFINED UNDER RULE 144). IN THE EVENT ANY SUCH PERSONS BENEFICIALLY OWN AN INTEREST IN THE SECURITY PRIOR TO THE TIME FTAI INFRASTRUCTURE REMOVES THE RESTRICTIVE LEGEND ON THE SECURITY, FTAI INFRASTRUCTURE MAY REQUIRE THAT SUCH PERSONS HOLD THEIR INTERESTS IN THE SECURITY IN CERTIFICATED FORM BEARING AN APPROPRIATE RESTRICTIVE LEGEND AND A RESTRICTED CUSIP NUMBER. AS USED

HEREIN, THE TERMS “OFFSHORE TRANSACTIONS” AND “UNITED STATES” HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING.”

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraph (b)(iv), (c)(iii), (c)(iv), (d)(ii), (d)(iii), (e)(ii) or (e)(iii) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

“THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

(iii) Regulation S Global Note Legend. The Regulation S Global Note shall bear a legend in substantially the following form:

“THE RIGHTS ATTACHING TO THIS REGULATION S GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN).”

(iv) Original Issue Discount Legend. Each Note issued hereunder that has more than a *de minimis* amount of original issue discount for U.S. Federal income tax purposes shall bear a legend in substantially the following form:

“THIS SECURITY HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT

(“OID”) FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, THE AMOUNT OF OID, THE ISSUE DATE AND THE YIELD TO MATURITY OF THIS SECURITY MAY BE OBTAINED BY CONTACTING THE CHIEF FINANCIAL OFFICER OF FTAI INFRASTRUCTURE, 1345 AVENUE OF THE AMERICAS, 45th FLOOR, NEW YORK, NEW YORK 10105, TELEPHONE NUMBER (212) 798-6100.”

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes or a particular Global Note has been redeemed or repurchased in part, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly

and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Issuer shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 or at the Registrar's request.

(ii) The Registrar, Transfer Agent and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes.

(iii) No service charge shall be made to a holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but Holders shall pay all taxes due on transfer (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.10, 4.10, 4.13 and 9.04).

(iv) Neither the Registrar nor the Issuer shall be required to register the transfer of or exchange of any Note selected for redemption.

(v) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(vi) None of the Registrar, Transfer Agent or the Issuer shall be required (A) to register the transfer of or exchange any Note for a period of 15 days before the giving of a notice of redemption of Notes to be redeemed, (B) to register the transfer of or to exchange a Note between a Record Date and the next succeeding Interest Payment Date or (C) to register the transfer of or to exchange any Notes tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

(vii) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Issuer may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuer shall be affected by notice to the contrary.

(viii) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02.

(ix) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar or Transfer Agent pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by electronic transmission.

(x) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Participants or beneficial owners of interests in any Global Notes) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(xi) Neither the Trustee nor any Agent shall have any responsibility or liability for any actions taken or not taken by the Depository.

(xii) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in, Depository or other Person with respect to the accuracy of the records of Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than a Depository) of any notice (including any notice of redemption or purchase) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to or upon the order of the registered Holders (which shall be the Depository or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners.

SECTION 2.07. Replacement Notes. If any mutilated Note is surrendered to the Trustee, or the Registrar, the Issuer and the Trustee receive evidence to their satisfaction of the ownership and destruction, loss or theft of any Note, the Issuer shall issue and the Trustee, upon receipt of an Authentication Order, shall authenticate a replacement Note if the Trustee's and the Issuer's requirements are met. An indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Issuer to protect the Issuer, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is so replaced. The Issuer may charge for its expenses (including the expenses of the Trustee) in replacing a Note.

Every replacement Note is a contractual obligation of the Issuer and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued under this Indenture.

SECTION 2.08. Outstanding Notes. The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09, a Note does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Note.

If a Note is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Issuer, a Subsidiary of the Issuer or an Affiliate of any thereof) holds, on a Redemption Date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

SECTION 2.09. Treasury Notes. In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer, or by any Affiliate of the Issuer, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. Notwithstanding the foregoing, Notes that are to be acquired by the Issuer, any Subsidiary of the Issuer or an Affiliate of the Issuer pursuant to an exchange offer, tender offer or other similar agreement shall not be deemed to be owned by the Issuer, a Subsidiary of the Issuer or an Affiliate of the Issuer until legal title to such Notes passes to the Issuer, such Subsidiary or such Affiliate, as the case may be. For the avoidance of doubt, the vote on any consent, waiver or amendment of notes beneficially owned by the holders of the Preferred Equity and their Affiliates (other than the Issuer and its Subsidiaries, to the extent applicable) shall not be disregarded solely as a result of such holders or their Affiliates being deemed to be or becoming Affiliates of the Issuer as a result of such holdings of Preferred Equity or the operation of the provisions of the Certificate of Designations.

SECTION 2.10. Temporary Notes. Until certificates representing Notes are ready for delivery, the Issuer may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of certificated Notes but may have variations that the Issuer considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuer shall prepare and upon receipt of an Authentication Order, the Trustee shall authenticate Definitive Notes in exchange for temporary Notes.

Holders and beneficial holders, as the case may be, of temporary Notes shall be entitled to all of the benefits accorded to Holders, or beneficial holders, respectively, of Notes under this Indenture.

SECTION 2.11. Cancellation. The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar, Transfer Agent and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee or, at the direction of the Trustee, the Registrar, Transfer Agent or the Paying Agent and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall dispose of cancelled Notes (subject to the record retention requirement of the Exchange Act) in accordance with its customary procedures. Confirmation of the disposal of all cancelled Notes shall be delivered to the Issuer upon its written request. The Issuer may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.12. Defaulted Interest. If the Issuer defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest to Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01. The Issuer shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such defaulted interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such defaulted interest as provided in this Section 2.12. The Issuer shall fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date shall be less than ten days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Issuer (or, upon the written request of the Issuer, the Trustee, in the name and at the expense of the Issuer) shall mail or cause to be mailed, first-class postage prepaid, (or otherwise deliver in accordance with the applicable procedures of the Depository) to each Holder a notice at his or her address as it appears in the Note Register that states the special record date, the related payment date and the amount of such interest to be paid.

Subject to the foregoing provisions of this Section 2.12 and for greater certainty, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 2.13. CUSIP/ISIN Numbers. The Issuer in issuing the Notes may use CUSIP or ISIN numbers, as applicable (if then generally in use), and, if so, the Trustee may use CUSIP or ISIN numbers, as applicable, in notices to Holders as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption or other action shall not be affected by any defect in or omission of such numbers. The Issuer shall as promptly as practicable notify the Trustee in writing of any change in the CUSIP or ISIN numbers, as applicable. Additional Notes will not be issued with the same CUSIP, if any, as any existing Notes unless such Additional Notes are fungible with such existing Notes for U.S. federal income tax purposes.

ARTICLE III Redemption

SECTION 3.01. Notices to Trustee. If the Issuer elects to redeem Notes pursuant to Section 3.07, it shall furnish to the Trustee, at least five Business Days (or such later date acceptable to the Trustee) before notice of redemption is mailed or caused to be mailed (or otherwise sent in accordance with the applicable procedures of the Depository) to the applicable Holders pursuant to Section 3.03, an Officer's Certificate setting forth (i) the paragraph or subparagraph of such Note and/or Section of this Indenture pursuant to which the redemption shall occur, (ii) the Redemption Date (subject to any conditions precedent applicable thereto), (iii) the principal amount of the Notes to be redeemed and (iv) the redemption price (or manner of calculation if not then known). If the redemption price is not known at the time such notice is to be given, the actual redemption price, calculated as described in the terms of the Notes and/or this Indenture, will be set forth in an Officer's Certificate delivered to the Trustee no later than the Redemption Date.

SECTION 3.02. Selection of Notes to Be Redeemed. If less than all of the Notes are to be redeemed at any time, selection of Notes for redemption shall be made by the Trustee in accordance with the applicable procedures of the Depository; *provided* that no Notes of \$2,000 or less shall be redeemed in part.

The Trustee shall promptly notify the Issuer in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in amounts of \$2,000 or whole multiples of \$1,000 in excess thereof; no Notes of \$2,000 or less can be redeemed in part, except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder, even if not a multiple of \$1,000, shall be redeemed. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

SECTION 3.03. Notice of Redemption. The Issuer shall mail or cause to be mailed by first-class mail (or otherwise delivered in accordance with the applicable procedures of the Depository), notices of redemption at least 10 days but not more than 60 days before the Redemption Date to each Holder at such Holder's registered address or otherwise in accordance with the applicable procedures of the Depository, except that redemption notices may be mailed (or otherwise sent in accordance with the applicable procedures of the Depository) more than 60 days prior to a Redemption Date if the notice is issued in connection with Article VIII, Article XI or a purchase or a redemption of the Notes subject to one or more conditions precedent. If any Note is to be redeemed in part only, any notice of redemption that relates to such Note shall state the portion of the principal amount thereof that has been or is to be redeemed. In the case of any book-entry only Notes, notices of redemption shall be given to DTC in accordance with its applicable procedures. The Issuer shall issue a new Note in a principal amount equal to the unredeemed portion of the original Note redeemed in the name of the Holder thereof upon cancellation of the original Note.

The notice shall identify the Notes (including the CUSIP or ISIN number) to be redeemed and shall state:

- (A) subject to clause (I) below, the Redemption Date;
- (B) the redemption price (or manner of calculation if not then known);
- (C) if any Note is to be redeemed in part only, the portion of the principal amount of that Note that has been or is to be redeemed and that, after the Redemption Date upon surrender of such Note, the Issuer will issue a new Note or Notes in principal amount equal to the unredeemed portion of the original Note in the name of the Holder upon cancellation of the original Note;
- (D) the name and address of the Paying Agent;
- (E) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (F) that, unless the Issuer defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the Redemption Date;
- (G) the paragraph or subparagraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed;
- (H) that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number, as applicable, if any, listed in such notice or printed on the Notes; and
- (I) any condition to such redemption.

At the Issuer's written request, the Trustee shall give the notice of redemption in the Issuer's name and at its expense; *provided* that the Issuer shall have delivered to the Trustee, at least five Business Days before notice of redemption is required to be mailed or caused to be mailed (or sent or caused to be sent in accordance with the applicable procedures of the Depository) to Holders pursuant to this Section 3.03 (unless a shorter notice shall be agreed to by the Trustee), an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in this Section 3.03.

Any notice of any redemption may be given prior to the redemption thereof, and any such redemption or notice may, at the Issuer's option and discretion, be subject to one or more conditions precedent, including the consummation of an incurrence or issuance of debt or equity or a Change of Control or other corporate transaction. In addition, if such redemption is subject to satisfaction of one or more conditions precedent, such notice of redemption shall describe each such condition and, if applicable, shall state that, in the Issuer's discretion, the applicable Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion) or that such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the applicable Redemption Date as stated in such notice, or by the applicable Redemption Date as so delayed. The Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

SECTION 3.04. Effect of Notice of Redemption. Subject to the last paragraph of Section 3.03 and the terms of the applicable redemption notice (including any conditions precedent contained therein), once notice of redemption is mailed in accordance with Section 3.03, Notes called for redemption become irrevocably due and payable on the Redemption Date at the redemption price, subject to the satisfaction of any conditions precedent to the redemption. The notice, if mailed in a manner herein provided, shall be conclusively presumed to have been given, whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the Holder of the Notes designated for redemption in whole or in part shall not affect the validity of the proceedings for the redemption of any other Notes. Subject to Section 3.05, on and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption.

SECTION 3.05. Deposit of Redemption Price. Prior to 11:00 a.m. (New York City time) on the Redemption Date, the Issuer shall deposit with the Paying Agent money sufficient to pay the redemption price of and accrued and unpaid interest on all Notes to be redeemed on that date. On the written request of the Issuer, the Paying Agent shall promptly return to the Issuer any money deposited with the Paying Agent by the Issuer in excess of the amounts necessary to pay the redemption price of, and accrued and unpaid interest on, all Notes to be redeemed.

If the Issuer complies with the provisions of this Section 3.05, on and after the Redemption Date, interest shall cease to accrue on the Notes or the portions of the Notes called for redemption. If a Note is redeemed on or after a Record Date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest to the Redemption Date shall be paid to the Person in whose name such Note was registered at the close of business on such Record Date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Issuer to comply with this Section 3.05, interest shall be paid on the unpaid principal, from the Redemption Date until such principal is paid, and to the extent lawful on any interest accrued to the Redemption Date not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01.

SECTION 3.06. Notes Redeemed in Part. Upon surrender of a Note that is redeemed in part, the Issuer shall issue and the Trustee shall authenticate for the Holder at the expense of the Issuer a new Note equal in principal amount to the unredeemed portion of the Note surrendered representing the same indebtedness to the extent not redeemed; *provided* that each new Note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof. It is understood that, notwithstanding anything in this Indenture to the contrary, only an Authentication Order and not an Opinion of Counsel or Officer's Certificate is required for the Trustee to authenticate such new Note.

SECTION 3.07. Optional Redemption.

(a) Prior to June 1, 2025, the Issuer may, at its option and at any time, redeem all or a part of the Notes, upon notice as described in Section 3.03, at a redemption price equal to 100.0% of the principal amount of Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but not including, the applicable date of redemption (the “Redemption Date”), subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date.

(b) From and after June 1, 2025, the Issuer may, at its option and at any time, redeem all or a part of the Notes, upon notice as described in Section 3.03, at the redemption prices (expressed as percentages of principal amount on the Redemption Date) set forth below, plus accrued and unpaid interest thereon, if any, to, but not including, the applicable Redemption Date, subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date, if redeemed during the twelve-month period beginning on June 1 of each of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2025	105.250%
2026 and thereafter	100.000%

(c) In addition, at any time prior to June 1, 2025, the Issuer may, at its option and at any time, redeem up to 40.0% of the aggregate principal amount of Notes at a redemption price equal to 110.500% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to, but not including, the applicable Redemption Date, subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date, with the net proceeds (other than Otherwise Applied Proceeds) of one or more Equity Offerings (within 180 days of the consummation of each such Equity Offering); *provided* that at least 60.0% of the aggregate principal amount of Notes remains outstanding immediately after the occurrence of each such redemption.

(d) The Issuer may, at its option and at any time, redeem the Notes at 101.0% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to, but not including, the applicable Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, following the consummation of a Change of Control if at least 90.0% of the Notes outstanding prior to such date of purchase are purchased pursuant to a Change of Control Offer with respect to such Change of Control.

SECTION 3.08. Mandatory Redemption. Except as provided for in Sections 4.10, 4.13 and 14.02, the Issuer shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

SECTION 3.09. [Reserved]

SECTION 3.10. Offers to Repurchase by Application of Excess Proceeds.

(a) In the event that, pursuant to Section 4.10, the Issuer shall be required to commence an Asset Sale Offer or a Collateral Asset Sale Offer, as applicable, it shall follow the procedures specified below.

(b) The Asset Sale Offer or Collateral Asset Sale Offer, as applicable, shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the “Offer Period”). No later than five Business Days after the termination of the Offer Period (the “Purchase Date”), the Issuer shall apply all Excess Proceeds or Collateral Excess Proceeds, as applicable (the “Offer Amount”), to the purchase of Notes and, if required by the terms of any Pari Passu Indebtedness, such Pari Passu Indebtedness (on a *pro rata* basis, if applicable), or, if less than the Offer Amount has been tendered, all Notes and Pari Passu Indebtedness tendered in response to the Asset Sale Offer or Collateral Asset Sale Offer, as applicable. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.

(c) If the Purchase Date is on or after a Record Date and on or before the related Interest Payment Date, any accrued and unpaid interest, if any, up to but excluding the Purchase Date, shall be paid to the Person in whose name a Note is registered at the close of business on such Record Date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Asset Sale Offer or Collateral Asset Sale Offer, as applicable.

(d) Upon the commencement of an Asset Sale Offer or Collateral Asset Sale Offer, as applicable, the Issuer shall send, by first-class mail (or otherwise sent in accordance with the applicable procedures of the Depository), a notice to each of the Holders, with a copy mailed or electronically transmitted to the Trustee and Agents. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer or Collateral Asset Sale Offer, as applicable. The Asset Sale Offer or Collateral Asset Sale Offer, as applicable, shall be made to all Holders and, if required by the terms of any Pari Passu Indebtedness, holders of such Pari Passu Indebtedness. The notice, which shall govern the terms of the Asset Sale Offer or Collateral Asset Sale Offer, as applicable, shall state:

(i) that the Asset Sale Offer or Collateral Asset Sale Offer, as applicable, is being made pursuant to this Section 3.10 and Section 4.10 and the length of time the Asset Sale Offer or Collateral Asset Sale Offer, as applicable, shall remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Note not tendered or accepted for payment shall continue to accrue interest;

(iv) that, unless the Issuer defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer or Collateral Asset Sale Offer, as applicable, shall cease to accrue interest after the Purchase Date;

(v) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer or Collateral Asset Sale Offer, as applicable, may elect to have Notes purchased in denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000;

(vi) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer or Collateral Asset Sale Offer, as applicable, shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" attached to the Note completed, or transfer by book-entry transfer, to the Issuer, the Depository, if appointed by the Issuer, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(vii) that Holders shall be entitled to withdraw their election if the Issuer, the Depository or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(viii) that, if the aggregate principal amount of Notes and Pari Passu Indebtedness surrendered by the Holders thereof exceeds the Offer Amount, the Trustee shall select the Notes and the Issuer or the agent for such Pari Passu Indebtedness shall select such Pari Passu Indebtedness to be purchased on a *pro rata* basis (or as nearly *pro rata* as practicable) based on the amount of the Notes and such Pari Passu Indebtedness tendered, unless otherwise required by law or the rules of the principal national securities exchange, if any, on which the Notes or such Pari Passu Indebtedness are listed or by lot or such other similar method in accordance with the applicable procedures of the Depository; *provided* that no Notes of \$2,000 or less shall be repurchased in part; and

(ix) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer) representing the same indebtedness to the extent not repurchased.

(e) On or before the Purchase Date, the Issuer shall, to the extent lawful, (1) accept for payment, on a *pro rata* basis to the extent necessary, the Offer Amount of Notes or portions thereof validly tendered pursuant to the Asset Sale Offer or Collateral Asset Sale Offer, as applicable, or if less than the Offer Amount has been tendered, all Notes tendered and (2) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof so tendered.

(f) The Issuer, the Depository or the Paying Agent, as the case may be, shall promptly mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes properly tendered by such Holder and accepted by the Issuer for purchase, and the Issuer shall promptly issue a new Note, and the Trustee, upon receipt of an Authentication Order, shall authenticate and mail or deliver (or cause to be transferred by book-entry) such new Note to such Holder in a principal amount equal to any unpurchased portion of the Note surrendered representing the same indebtedness to the extent not repurchased; *provided* that each such new Note shall be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess of \$2,000. Any Note not so accepted shall be promptly mailed or delivered by the Issuer to the Holder thereof. The Issuer shall publicly announce the results of the Asset Sale Offer or Collateral Asset Sale Offer, as applicable, on or as soon as practicable after the Purchase Date.

ARTICLE IV Covenants

SECTION 4.01. Payment of Notes. The Issuer shall pay or cause to be paid to the Paying Agent the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Issuer or a Subsidiary, holds on the due date money deposited by the Issuer in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due. In any case where an Interest Payment Date, Redemption Date or any other stated maturity of any payment required to be made on the Notes shall not be a Business Day, then each such payment need not be made on such date, but shall be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date, Redemption Date or stated maturity of such payment and no additional interest shall be payable as a result of such delay in payment.

The Issuer shall pay the Paying Agent interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to the then applicable interest rate on the Notes to the extent lawful; it shall pay the Paying Agent interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest at the same rate to the extent lawful.

SECTION 4.02. Maintenance of Office or Agency. The Issuer shall maintain the office or agency required under Section 2.03 (which may be an office of the Trustee or an Affiliate of the Trustee) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided* that no such designation or rescission shall in any manner relieve the Issuer of their obligation to maintain an office or agency required under Section 2.03. The Issuer shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Issuer hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Issuer in accordance with Section 2.03.

SECTION 4.03. Reports and Other Information.

(a) Notwithstanding that the Issuer may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the SEC, the Issuer shall be required to file with the SEC, or provide the Trustee and the Holders with:

(1) within 90 days (or the successor time period then in effect under the Exchange Act for a non-accelerated filer plus any grace period provided by Rule 12b-25 under the Exchange Act) after the end of each fiscal year, annual reports of the Issuer on Form 10-K, or any successor or comparable form;

(2) within 45 days (or the successor time period then in effect under the Exchange Act for a non-accelerated filer plus any grace period provided by Rule 12b-25 under the Exchange Act) after the end of each of the first three fiscal quarters of each fiscal year, quarterly reports of the Issuer on Form 10-Q, or any successor or comparable form; and

(3) within the time periods specified for filing Current Reports on Form 8-K after the occurrence of each event that would have been required to be reported in a Current Report on Form 8-K under the Exchange Act if the Issuer had been a reporting company under the Exchange Act, current reports on Form 8-K, or any successor or comparable form; *provided* that no such Current Reports shall be required to be filed or provided that are not material to the interests of Holders in their capacities as such (as determined in good faith by the Issuer) or the business, assets, operations, financial positions or prospects of the Issuer and the Restricted Subsidiaries, taken as a whole.

Notwithstanding the foregoing, (A) none of the foregoing reports shall be required to (i) contain the separate financial information for Guarantors and non-guarantor subsidiaries contemplated by Rule 3-09, 3-10, 3-16, 13-01 or 13-02 of Regulation S-X promulgated by the SEC (or, in each case, any successor item or provision in respect thereof) or (ii) present any information required by Item 9A of Form 10-K, Items 307 or 308 of Regulation S-K (or, in each case, any successor item or provision in respect thereof) or any other rule or regulation implementing Sections 302, 404 and 906 of the Sarbanes-Oxley Act of 2002, or Item 402 of Regulation S-K, or Item 601 of Regulation S-K (or, in each case, any successor item or provision in respect thereof) and (B) if any direct or indirect parent company of the Issuer is a Guarantor of the Notes, the reports, information and other documents required to be filed and provided as described above may be those of a parent Issuer, rather than those of the Issuer, so long as such filings would otherwise satisfy in all material respects the requirements of clauses (1), (2) or (3) above; *provided* that if such parent company holds material assets (other than cash, Cash Equivalents and the Capital Stock of the Issuer and Restricted Subsidiaries) such annual and quarterly reports shall include a reasonable explanation of the material differences between the assets, liabilities and results of operations of such parent company and its consolidated Subsidiaries on the one hand, and the Issuer and the Restricted Subsidiaries on the other hand. Delivery of such reports to the trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

(b) Notwithstanding anything herein to the contrary, (A) the Issuer shall not be deemed to have failed to comply with any of its obligations described under this Section 4.03 for purposes of Section 6.01(a)(3) until 60 days after the date any such report is due hereunder and (B) the Issuer shall not be so obligated to file such reports with the SEC (i) if the SEC does not permit such filing and (ii) subject to clause (A) of this sentence, the Issuer makes available the applicable information to prospective purchasers of Notes upon request, in addition to providing such information to the Trustee, in each case, within 15 days after the applicable date the Issuer would be required to file such information pursuant to the first paragraph of this section. To the extent any such information is not so filed or furnished, as applicable, within the time periods specified above and such information is subsequently filed or furnished, as applicable, the Issuer shall be deemed to have satisfied its obligations with respect thereto at such time and any Default or Event of Default (unless the Notes have been accelerated at such time) with respect thereto shall be deemed to have been cured.

(c) If the Issuer has designated any of its Subsidiaries as an Unrestricted Subsidiary, then the annual and quarterly information required by clauses (1) and (2) of Section 4.03(a) shall include information (which need not be audited or reviewed by the Issuer's auditors) regarding such Unrestricted Subsidiaries substantially comparable to the financial information of the Unrestricted Subsidiaries presented in the Offering Memorandum under "Summary--The Offering--Unrestricted Subsidiaries"; *provided* that no such information shall be required if such financial information is not material compared to the applicable financial information of the Issuer and its Subsidiaries on a consolidated basis or if such Unrestricted Subsidiaries are not material to the Issuer and its Subsidiaries on a consolidated basis.

(d) So long as the Notes are outstanding and the reports required to be delivered under this Section 4.03 are not filed with the SEC, the Issuer shall maintain a website (that, at the option of the Issuer, may be password protected) to which Holders, prospective investors, broker-dealers and securities analysts are given access promptly upon request and to which all the reports required by this Section 4.03 are posted.

(e) To the extent not satisfied by the reports referred to in Section 4.03(a), the Issuer shall furnish to the Holders, prospective investors, broker-dealers and securities analysts, upon their request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Securities Act.

(f) The Trustee shall have no obligation to determine whether or not such information, documents or reports in this Section have been filed by the Issuer.

SECTION 4.04. Compliance Certificate.

(a) The Issuer shall deliver to the Trustee, within 120 days after the end of each fiscal year ending after the Issue Date, an Officer's Certificate certifying that, as to such Officer signing such certificate, to the best of his or her knowledge the Issuer has kept, observed, performed and fulfilled each and every condition and covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions, covenants and conditions of this Indenture (or, if a Default shall have occurred and is continuing, describing all such Defaults of which he or she may have knowledge).

(b) The Issuer shall, within five Business Days, upon becoming aware of any Default or Event of Default or any default under any document, instrument or agreement representing Indebtedness of the Issuer or any Guarantor, deliver to the Trustee a statement specifying such Default or Event of Default.

SECTION 4.05. Taxes. The Issuer shall, and shall cause each of its Restricted Subsidiaries to, pay, before the same shall become delinquent or in default, all material taxes, assessments, and governmental levies except where (a) the validity or amount thereof is being contested in good faith by appropriate negotiations or proceedings or (b) the failure to make such payment is not adverse in any material respect to the Holders of the Notes.

SECTION 4.06. Stay, Extension and Usury Laws. The Issuer and each of the Guarantors covenant (to the extent that they may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer and each of the Guarantors (to the extent that they may lawfully do so) hereby expressly waive all benefit or advantage of any such law, and covenant that they shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.07. Limitation on Restricted Payments.

(a) The Issuer shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly:

(i) declare or pay any dividend or make any distribution on account of the Issuer's or any Restricted Subsidiary's Equity Interests, including any dividend or distribution payable in connection with any consolidation, amalgamation or merger other than:

(A) dividends or distributions by the Issuer payable in Equity Interests (other than Disqualified Stock) of the Issuer or in options, warrants or other rights to purchase such Equity Interests; or

(B) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly-Owned Subsidiary, the Issuer or a Restricted Subsidiary receives at least its *pro rata* share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities;

(ii) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Issuer, including in connection with any consolidation, amalgamation or merger;

(iii) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value in each case, prior to any scheduled repayment, sinking fund payment or maturity, any Subordinated Indebtedness, other than (x) the purchase, repurchase or other acquisition of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase or acquisition, and (y) Indebtedness of the Issuer to a Restricted Subsidiary or a Restricted Subsidiary to the Issuer or another Restricted Subsidiary; or

(iv) make any Restricted Investment;

(all such payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as “Restricted Payments”), unless, at the time of such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer could incur \$1.00 of additional Indebtedness under Section 4.09(a); and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Issue Date (including Restricted Payments permitted by clause (1) of Section 4.07(b), but excluding all other Restricted Payments permitted by Section 4.07(b)), is less than the sum (such sum, the “*Cumulative Credit*”) of:

(A) 50.0% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from April 1, 2022 to the end of the Issuer’s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment, or, in the case such Consolidated Net Income for such period is a deficit, minus 100.0% of such deficit; *plus*

(B) 100.0% of the aggregate net cash proceeds and the Fair Market Value of marketable securities or other property received by the Issuer after the Issue Date (other than such net cash proceeds that are Otherwise Applied Proceeds) from the issue or sale of:

(i) Equity Interests of the Issuer (other than the Preferred Equity), or

(ii) debt securities, Designated Preferred Stock or Disqualified Stock of the Issuer or any Restricted Subsidiary that have been converted into or exchanged for such Equity Interests of the Issuer;

provided that this clause (B) shall not include the proceeds from (a) Refunding Capital Stock, (b) Equity Interests or converted or exchanged debt securities of the Issuer sold to a Restricted Subsidiary or the Issuer, as the case may be or (c) Disqualified Stock or debt securities that have been converted into or exchanged for Disqualified Stock; *plus*

(C) 100.0% of the aggregate amount of cash and the Fair Market Value of marketable securities or other property contributed to the capital of the Issuer following the Issue Date (other than (x) by a Restricted Subsidiary or (y) net cash proceeds of any such contributed capital to the extent such net cash proceeds are Otherwise Applied Proceeds); *plus*

(D) [reserved]; *plus*

(E) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary after the Issue Date, the Fair Market Value of the Investment in such Unrestricted Subsidiary at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary, other than to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to Section 4.07(b)(6) or to the extent such Investment constituted a Permitted Investment; *plus*

(F) \$25,000,000.

(b) Section 4.07(a) shall not prohibit any of the following:

(1) the payment of any dividend or distribution or the consummation of any redemption within 60 days after the date of declaration thereof or notice of such redemption, if at the date of declaration or notice such payment would have complied with the provisions of this Indenture;

(2) the redemption, repurchase or other acquisition or retirement of Subordinated Indebtedness of the Issuer or a Guarantor made by exchange for, or out of the proceeds of the substantially concurrent sale of, new Indebtedness of the Issuer or a Guarantor, as the case may be, which is incurred in compliance with Section 4.09 so long as:

(A) the principal amount (or accreted value) of such new Indebtedness does not exceed the principal amount (or accreted value), plus any accrued and unpaid interest, of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired, plus the amount of any premium and any tender premiums, defeasance costs or other fees and expenses incurred in connection with the issuance of such new Indebtedness,

(B) such Indebtedness has a final scheduled maturity date equal to or later than the earlier of (x) the final scheduled maturity date of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired and (y) 91 days following the maturity of the Notes, and

(C) such Indebtedness (x) has a Weighted Average Life to Maturity which is not less than the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired or (y) requires no or nominal payments in cash prior to the date that is 91 days following the maturity of the Notes (other than scheduled payments prior to the date that is 91 days following the maturity of the Notes not in excess of, or prior to, the scheduled payments due prior to such date for the Indebtedness being so redeemed, repurchased, acquired or retired);

(3) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of common Equity Interests of the Issuer held by any future, present or former employee, member of management, officer, director or consultant (or any spouses, successors, executors, administrators, heirs or legatees of any of the foregoing) of the Issuer or any of its Subsidiaries pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement or any stock subscription or shareholder agreement; *provided* that the aggregate Restricted Payments made under this clause (3) may not exceed in any calendar year \$5,000,000 (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum (without giving effect to the following proviso) of \$10,000,000 in any calendar year); *provided, further*, that any such amount under this clause (3) in any calendar year may be increased by an amount not to exceed:

(A) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Issuer to employees, members of management, officers, directors or consultants of the Issuer or any of its Subsidiaries that occurred after the Issue Date, to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of Section 4.07(a)(3); *plus*

(B) the cash proceeds of key man life insurance policies received by the Issuer and the Restricted Subsidiaries after the Issue Date; *less*

(C) the amount of any Restricted Payments previously made pursuant to subclauses (A) and (B) of this Section 4.07(b)(3);

provided, further, that (x) the Issuer may elect to apply all or any portion of the aggregate increase contemplated by subclauses (A) and (B) of this Section 4.07(b)(3) in any calendar year and (y) cancellation of Indebtedness owing to the Issuer from any present or former employee, member of management, officer, director or consultant of the Issuer or any of its Subsidiaries in connection with the repurchase of Equity Interests of the Issuer or any direct or indirect parent entity of the Issuer shall not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of this Indenture;

(4) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any other Restricted Subsidiary or any class or series of preferred stock of any Restricted Subsidiary issued in accordance with Section 4.09 to the extent such dividends are included in the definition of Fixed Charges;

(5) (x) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock and other than the Preferred Equity) issued by the Issuer after the Issue Date; *provided* that the aggregate amount of dividends paid pursuant to this clause shall not exceed the aggregate amount of cash actually received by the Issuer from the sale of such Designated Preferred Stock; *provided, however*, in the case of this Section 4.07(b)(5), that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock, after giving effect to such issuance on a *pro forma* basis, the Issuer and the Restricted Subsidiaries could incur \$1.00 of additional Indebtedness under Section 4.09(a) and (y) the declaration and payment of dividends in the amounts required by the terms of the Certificate of Designations (as in effect on the Effective Date) to holders of the Preferred Equity issued by the Issuer;

(6) Investments in Unrestricted Subsidiaries made after the Issue Date having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this Section 4.07(b)(6) that are at the time outstanding, not to exceed the greater of (x) \$75,000,000 and (y) 3.0% of Total Assets at the time of such investment; *provided* that the dollar amount of Investments made pursuant to this Section 4.07(b)(6) may be reduced by the Fair Market Value of the proceeds received by the Issuer and/or its Restricted Subsidiaries from the subsequent sale, disposition or other transfer of such Investments (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(7) (A) repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants and repurchases of Equity Interests or options to purchase Equity Interests in connection with the exercise of stock options to the extent necessary to pay applicable withholding taxes, and (B) payment of dividend equivalents pursuant to grants of Equity Interests to employees and directors of the Issuer or any of its Restricted Subsidiaries under the Issuer's equity incentive plans;

(8) Restricted Payments that are made with Excluded Contributions;

(9) other Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this Section 4.07(b)(9) not to exceed the greater of (x) \$50,000,000 and (y) 2.0% of Total Assets;

(10) Restricted Payments by the Issuer or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of any such Person;

(11) the purchase by the Issuer of fractional shares arising out of stock dividends, splits or combinations or business combinations;

(12) distributions or payments of Securitization Fees, sales contributions and other transfers of Securitization Assets and purchases and repurchases of Securitization Assets in connection with a Qualified Securitization Financing;

(13) (A) payments by the Issuer or any Restricted Subsidiary to its Manager, the General Partner or any Permitted Holder (whether directly or indirectly) of management, consulting, monitoring, refinancing, transaction or advisory fees, and related expenses or termination fees, including payments or reimbursements made to satisfy advances or payments made on behalf of or for the Issuer or any Restricted Subsidiary, (B) customary payments and reimbursements by the Issuer or any Restricted Subsidiary to its Manager, the General Partner or any Permitted Holder (whether directly or indirectly) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures and (C) any payments, reimbursements or other transactions pursuant to the Management Agreement;

(14) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness required pursuant to the provisions similar to those described in Section 4.10 and Section 4.13; *provided* that there is a concurrent or prior Change of Control Offer, Collateral Asset Sale Offer or Asset Sale Offer, as applicable, and all Notes tendered by Holders in connection with such Change of Control Offer, Collateral Asset Sale Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;

(15) payment or distributions to satisfy dissenters' or appraisal rights pursuant to or in connection with a consolidation, merger or transfer of assets that complies with Section 5.01;

(16) dividends or other distributions of Capital Stock of, or Indebtedness owed to the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries (unless the Unrestricted Subsidiary's principal asset is cash or Cash Equivalents);

(17) any Restricted Payment made as part of, or which are reasonably necessary or appropriate (as determined by the Issuer in good faith) to effectuate, the Spin-Off;

(18) (A) any Restricted Payment in exchange for, or out of the proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary) of, Equity Interests of the Issuer (other than any Disqualified Stock) ("Refunding Capital Stock") and (B) if immediately prior to the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Issuer ("Retired Capital Stock"), the Issuer and the Restricted Subsidiaries could incur \$1.00 of additional Indebtedness under Section 4.09(a), the declaration and payment of dividends on the Refunding Capital Stock in an aggregate amount per year no greater than the aggregate amount of dividends per annum that was declarable and payable on such Retired Capital Stock immediately prior to such retirement;

(19) additional Restricted Payments so long as the Consolidated Total Leverage Ratio, calculated on a pro forma basis at the time of the declaration thereof, would not exceed 7.00 to 1.00; and

(20) Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this clause (20) not to exceed 100% of the aggregate amount received in cash and the Fair Market Value of marketable securities or other property received by the Issuer or a Restricted Subsidiary by means of, in each case, only to the extent such amount does not also increase the amount available under any exception contained in the definition of "Permitted Investments":

(x) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of Investments made by the Issuer and its Restricted Subsidiaries, or a dividend or distribution from an Investment made by the Issuer and its Restricted Subsidiaries and repurchases and redemptions of such Investments from the Issuer and its Restricted Subsidiaries and repayments of loans or advances which constitute Investments by the Issuer and its Restricted Subsidiaries in each case after the Issue Date; or

(y) the sale (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a dividend or distribution from an Unrestricted Subsidiary in each case after the Issue Date;

provided, however, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (4), (5), (6), (9) and (19) of this Section 4.07(b), no Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

(c) The Issuer shall not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the last sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated shall be deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of "Investments." Such designation shall be permitted only if a Restricted Payment or Permitted Investment in such amount would be permitted at such time and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries shall not be subject to any of the restrictive covenants set forth in this Indenture.

(d) For purposes of this Section 4.07, if any Investment or Restricted Payment (or a portion thereof) would be permitted pursuant to one or more provisions described in this Section 4.07 and/or one or more of the exceptions contained in the definition of “Permitted Investments,” the Issuer may divide and classify such Investment or Restricted Payment (or a portion thereof) in any manner that complies with this covenant and may later divide and reclassify any such Investment or Restricted Payment so long as the Investment or Restricted Payment (as so divided and/or reclassified) would be permitted to be made in reliance on the applicable exception as of the date of such reclassification.

SECTION 4.08. Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

(a) The Issuer shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to:

(1) (A) pay dividends or make any other distributions to the Issuer or any Restricted Subsidiary on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits; or

(B) pay any Indebtedness owed to the Issuer or any Restricted Subsidiary;

(2) make loans or advances to the Issuer or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any Restricted Subsidiary that is a Guarantor.

(b) The restrictions in Section 4.08(a) shall not apply to encumbrances or restrictions existing under or by reason of:

(1) contractual encumbrances or restrictions in effect on the Issue Date;

(2) this Indenture and the Notes and the Guarantees thereof;

(3) purchase money obligations for property acquired in the ordinary course of business and lease obligations (including Capitalized Lease Obligations and any encumbrance or restriction pursuant to any arrangement entered into in the ordinary course of business providing for the lease or rental by a customer of the Issuer or any Restricted Subsidiary, as the case may be, from the Issuer or any such Restricted Subsidiary, as lessor, of any assets or personal property and any amendment, extension, renewal, modification or combination of any of the foregoing, including the sale of assets to lease customers upon termination any of the foregoing pursuant to the terms thereof) that impose restrictions of the nature discussed in Section 4.08(a)(3) above on the property so acquired;

(4) applicable law or any applicable rule, regulation or order;

(5) any agreement or other instrument of a Person acquired by the Issuer or any Restricted Subsidiary in existence at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person so acquired and its Subsidiaries, other than the Person and its Subsidiaries, or the property or assets of the Person, so acquired;

(6) contracts for the sale of assets or the sale of a Subsidiary, including customary restrictions with respect to a Subsidiary pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Subsidiary that impose restrictions on the assets to be sold;

(7) Secured Indebtedness otherwise permitted to be incurred pursuant to Sections 4.09 and 4.12 that limit the right of the debtor to dispose of the assets securing such Indebtedness;

(8) restrictions on cash (or Cash Equivalents) or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(9) Indebtedness, Disqualified Stock or preferred stock of any Restricted Subsidiary that is not a Guarantor permitted to be incurred subsequent to the Issue Date pursuant to the provisions of Section 4.09 that impose restrictions solely on Restricted Subsidiaries that are not Guarantors party thereto;

(10) customary provisions in joint venture agreements and other similar agreements relating solely to such joint venture;

(11) customary provisions contained in leases and other agreements entered into in the ordinary course of business;

(12) customary provisions contained in licenses or sub-licenses of intellectual property and software or other general intangibles entered into in the ordinary course of business;

(13) restrictions or conditions contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any Restricted Subsidiary is a party entered into in the ordinary course of business; *provided* that such agreement prohibits the encumbrance solely of the property or assets of the Issuer or such Restricted Subsidiary that are the subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Issuer or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary;

(14) any such encumbrance or restriction pursuant to an agreement governing Indebtedness incurred pursuant to Section 4.09, which encumbrances or restrictions are, in the good faith judgment of the Issuer not materially more restrictive, taken as a whole, than customary provisions in comparable financings and that the management of the Issuer determines, at the time of such financing, shall not materially impair the Issuer's ability to make payments as required under the Notes;

(15) restrictions created in connection with any Qualified Securitization Financing that, in the good faith determination of the Issuer, are necessary or advisable to effect such Qualified Securitization Financing;

(16) the Preferred Equity; and

(17) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) of Section 4.08(a) imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (16) of this Section 4.08(b); *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancing are, in the good faith judgment of the Issuer, no more restrictive, taken as a whole, with respect to such encumbrance and other restrictions than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

SECTION 4.09. Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.

(a) The Issuer shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, “incur” and collectively, an “incurrence”) with respect to any Indebtedness (including Acquired Indebtedness) and the Issuer shall not issue any shares of Disqualified Stock and shall not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or preferred stock; *provided* that the Issuer may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any Restricted Subsidiary may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of preferred stock, if the Fixed Charge Coverage Ratio for the Issuer and the Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.00 to 1.00, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or preferred stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; *provided, further*, that the aggregate amount of Indebtedness that may be incurred and Disqualified Stock that may be issued pursuant to this Section 4.09(a) by Restricted Subsidiaries (other than FTAI Energy Holdings LLC, Delaware River Partners Holdco LLC and their respective Subsidiaries) that are not Guarantors shall not exceed the greater of (x) \$150,000,000 and (y) 6.0% of Total Assets.

(b) The provisions of Section 4.09(a) shall not apply to:

(1) the incurrence of Indebtedness of the Issuer or any Restricted Subsidiary under Credit Facilities in an aggregate amount at any time outstanding pursuant to this Section 4.09(b)(1) not to exceed \$75,000,000; *provided* that (x) Indebtedness incurred under this clause (b)(1) may constitute Superpriority Obligations and (y) no Indebtedness may be incurred pursuant to this clause (b)(1) on or prior to the date that is 30 days after the Issue Date;

(2) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Notes (other than any Additional Notes) (including any Guarantee);

(3) Existing Indebtedness (other than Indebtedness described in clauses (1) and (2) of this Section 4.09(b)) and the Preferred Equity;

(4) Indebtedness (including Capitalized Lease Obligations), Disqualified Stock and preferred stock incurred by the Issuer or any Restricted Subsidiary, to finance the purchase, lease, improvement, development, construction, remanufacturing, refurbishment, handling and repositioning or repair of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, in an aggregate principal amount which, when aggregated with the principal amount of all other Indebtedness, Disqualified Stock and preferred stock then outstanding and incurred pursuant to this Section 4.09(b)(4) and including all Refinancing Indebtedness incurred to refund, refinance or replace any other Indebtedness, Disqualified Stock or preferred stock incurred pursuant to this Section 4.09(b)(4), does not exceed the greater of (x) \$75,000,000 and (y) 3.0% of Total Assets;

(5) Indebtedness incurred by the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit and bank guarantees issued, or deposits made, in the ordinary course of business, including letters of credit in respect of workers' compensation claims, health, disability or other benefits to employees or former employees or their families or property, casualty or liability insurance or self-insurance, and letters of credit in connection with the maintenance of, or pursuant to the requirements of, environmental or other permits or licenses from governmental authorities, or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims; *provided* that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(6) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, earn-outs or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition;

(7) Indebtedness of the Issuer to a Restricted Subsidiary; *provided* that, other than in the case of (i) intercompany liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and the Restricted Subsidiaries and (ii) intercompany lease obligations, any such Indebtedness owing to a Restricted Subsidiary that is not a Guarantor is subordinated in right of payment to the Notes; *provided, further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this Section 4.09(b)(7);

(8) Indebtedness of a Restricted Subsidiary to the Issuer or another Restricted Subsidiary; *provided* that, other than in the case of (i) intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its subsidiaries to finance working capital needs of the Restricted Subsidiaries and (ii) intercompany lease obligations, if a Guarantor incurs such Indebtedness to a Restricted Subsidiary that is not a Guarantor, such Indebtedness is subordinated in right of payment to the Guarantee of such Guarantor; *provided, further*, that any subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary) shall be deemed in each case to be an incurrence of such Indebtedness not permitted by this Section 4.09(b)(8);

(9) shares of preferred stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of preferred stock (except to the Issuer or another Restricted Subsidiary) shall be deemed in each case to be an issuance of such shares of preferred stock not permitted by this Section 4.09(b)(9);

(10) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes) and any guarantees thereof;

(11) obligations in respect of self-insurance and obligations in respect of performance, bid, appeal and surety bonds and completion guarantees and guarantees of indemnification obligations provided by the Issuer or any Restricted Subsidiary in the ordinary course of business or consistent with past practice or industry practice;

(12) Indebtedness, Disqualified Stock and preferred stock of the Issuer or any Restricted Subsidiary not otherwise permitted hereunder in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and preferred stock then outstanding and incurred pursuant to this Section 4.09(b)(12) and including all Refinancing Indebtedness incurred to refund, refinance or replace any other Indebtedness, Disqualified Stock or preferred stock incurred pursuant to this Section 4.09(b)(12), does not at any one time outstanding exceed the sum of:

(A) the greater of (1) \$75,000,000 and (2) 3.0% of Total Assets; *plus*

(B) 100.0% of the net cash proceeds received by the Issuer after the Issue Date from the issue or sale of Equity Interests of the Issuer or cash contributed to the capital of the Issuer (in each case, other than Otherwise Applied Proceeds or proceeds of Disqualified Stock) as determined in accordance with Section 4.07(a)(3)(B) and (C) to the extent such net cash proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments or to make other investments, payments or exchanges pursuant to Section 4.07(b) or to make Permitted Investments (other than Permitted Investments specified in clauses (1) and (3) of the definition thereof);

(13) (a) any guarantee by the Issuer of Indebtedness or other obligations of any Restricted Subsidiary so long as the incurrence of such Indebtedness incurred by such Restricted Subsidiary is permitted under the terms of this Indenture, or (b) any guarantee by a Restricted Subsidiary of Indebtedness of the Issuer or another Restricted Subsidiary so long as the incurrence of such Indebtedness incurred by the Issuer or such other Restricted Subsidiary is permitted under the terms of this Indenture;

(14) the incurrence by the Issuer or any Restricted Subsidiary of Indebtedness, Disqualified Stock or preferred stock which serves to extend, replace, refund, refinance, renew or defease any Indebtedness, Disqualified Stock or preferred stock incurred as permitted under Section 4.09(a) and clauses (2), (3), (14), (15) and (24) of this Section 4.09(b) or any Indebtedness, Disqualified Stock or preferred stock issued to extend, replace, refund, refinance, renew or defease such Indebtedness, Disqualified Stock or preferred stock including additional Indebtedness, Disqualified Stock or preferred stock incurred to pay premiums (including tender premiums), defeasance costs, underwriting discounts, other costs and expenses and fees in connection therewith (the “Refinancing Indebtedness”) prior to its respective maturity; so long as such Refinancing Indebtedness:

(A) solely in the case of Indebtedness incurred pursuant to Section 4.09(b)(3) or any Refinancing Indebtedness of such Indebtedness, (x) has a Weighted Average Life to Maturity which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness being so extended, replaced, refunded, refinanced, renewed or defeased or (y) requires no or nominal payments in cash prior to the date that is 91 days following the maturity of the Notes (other than scheduled payments prior to the date that is 91 days following the maturity of the Notes not in excess of, or prior to, the scheduled payments due prior to such date for the Indebtedness being so extended, replaced, refunded, refinanced, renewed or defeased);

(B) to the extent such Refinancing Indebtedness extends, replaces, refunds, refinances, renews or defeases (x) Indebtedness subordinated in right of payment to the Notes, such Refinancing Indebtedness is subordinated in right of payment to the Notes at least to the same extent as the Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased or (y) Disqualified Stock or preferred stock, such Refinancing Indebtedness must be Disqualified Stock or preferred stock, respectively; and

(C) shall not include

(x) Indebtedness, Disqualified Stock or preferred stock of a Subsidiary that is not a Guarantor that refinances Indebtedness, Disqualified Stock or preferred stock of the Issuer; or

(y) Indebtedness, Disqualified Stock or preferred stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or preferred stock of a Guarantor.

(15) Indebtedness, Disqualified Stock or preferred stock (x) of the Issuer or any Restricted Subsidiary incurred, issued or assumed in connection with or in anticipation of an acquisition of any assets (including Capital Stock), business or Person and (y) of Persons that are acquired by the Issuer or any Restricted Subsidiary or consolidated, amalgamated or merged into the Issuer or a Restricted Subsidiary in accordance with the terms of this Indenture; *provided* that after giving effect to such acquisition, consolidation, amalgamation or merger, either:

(A) the Issuer would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a); or

(B) the Fixed Charge Coverage Ratio is greater than immediately prior to such acquisition, consolidation, amalgamation or merger;

(16) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of its incurrence;

(17) any increase in the aggregate amount of all outstanding Preferred Equity in the form of accrued and accumulated dividends pursuant to the Certificate of Designations;

(18) Indebtedness or guarantees of Indebtedness of the Issuer or any Restricted Subsidiary in connection with or on behalf of joint ventures in a Similar Business in an aggregate principal amount, including all Refinancing Indebtedness incurred to refund, refinance or replace any other Indebtedness or guarantees of Indebtedness incurred pursuant to this clause (18), not to exceed the greater of (x) \$25,000,000 and (y) 1.0% of Total Assets at any one time outstanding pursuant to this clause (18);

(19) Indebtedness of the Issuer or any Restricted Subsidiary consisting of (x) the financing of insurance premiums or (y) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(20) Indebtedness of the Issuer or any Restricted Subsidiary arising in connection with trade creditors or customers or endorsements of instruments for deposit, in each case, in the ordinary course of business;

(21) Indebtedness of the Issuer or any Restricted Subsidiary pursuant to any Qualified Securitization Financing;

(22) Indebtedness consisting of Indebtedness from the repurchase, retirement or other acquisition or retirement for value by the Issuer of common stock (or options, warrants or other rights to acquire common stock) of the Issuer from any future, current or former officer, director, manager, employee or consultant (or any spouses, successors, executors, administrators, heirs or legatees of any of the foregoing) of the Issuer or any of its Subsidiaries or their authorized representatives to the extent described in Section 4.07(b)(3);

(23) Indebtedness of the Issuer or any Restricted Subsidiary undertaken in connection with cash management and related activities, including netting services, automatic clearing house arrangements, employees' credit or purchase cards, overdraft protections and similar arrangements, with respect to the Issuer, any Subsidiary or joint venture in the ordinary course of business;

(24) Indebtedness of the Issuer or any Restricted Subsidiary borrowed from or guaranteed by any federal, state or local governmental entities or agencies incurred for investment in, or the purchase, lease, development, construction, maintenance or improvement of property (real or personal) or equipment that is used or useful in, a Similar Business;

(25) Non-Recourse Indebtedness of the Issuer or any Restricted Subsidiary;

(26) Indebtedness incurred or Disqualified Stock issued by the Issuer or any Restricted Subsidiary or preferred stock issued by any of its Restricted Subsidiaries to the extent that the net proceeds thereof are promptly deposited with the Trustee to satisfy and discharge the Notes in accordance with this Indenture; and

(27) Indebtedness, Disqualified Stock or preferred stock of any Restricted Subsidiary that is not a Guarantor in an aggregate principal amount, including all Refinancing Indebtedness incurred to refund, refinance or replace any other Indebtedness, Disqualified Stock or preferred stock incurred pursuant to this clause (27), not to exceed the greater of (x) \$50,000,000 and (y) 2.0% of Total Assets.

(c) For purposes of determining compliance with this Section 4.09, in the event that an item of Indebtedness, Disqualified Stock or preferred stock meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or preferred stock described in clauses (1) through (27) of Section 4.09(b) or is entitled to be incurred pursuant to Section 4.09(a), the Issuer, in its sole discretion, may classify or reclassify such item of Indebtedness in any manner that complies with this covenant and the Issuer may divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in Sections 4.09(a) and (b). Accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness, Disqualified Stock or preferred stock and the reclassification of any operating lease as a Capitalized Lease Obligation as a result of (i) the modification or extension of the term of such lease or (ii) changes in GAAP that are not a result of a modification or extension pursuant to clause (i) shall not be deemed to be an incurrence of Indebtedness, Disqualified Stock or preferred stock for purposes of this Section 4.09; *provided* that no Indebtedness incurred pursuant to clause (b)(1) of this Section 4.09 that constitutes Superpriority Obligations may be reclassified. For the avoidance of doubt, no Indebtedness may constitute Superpriority Obligations other than Indebtedness incurred pursuant to clause (b)(1) of this Section 4.09.

(d) For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the principal amount of such Indebtedness being refinanced *plus* (ii) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing.

(e) The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

(f) The Issuer shall not, and shall not permit any Guarantor to, directly or indirectly, incur any Indebtedness (including Acquired Indebtedness) that is subordinated or junior in right of payment to any Indebtedness of the Issuer or such Guarantor unless such Indebtedness is expressly subordinated in right of payment to the Notes or such Guarantor's Guarantee to the extent and in the same manner as such Indebtedness is subordinated in right of payment to other Indebtedness of the Issuer or such Guarantor, as the case may be.

SECTION 4.10. Asset Sales.

(a) The Issuer shall not, and shall not permit any Restricted Subsidiary to, cause, make or suffer to exist an Asset Sale unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value (at the time of contractually agreeing to such Asset Sale) of the assets or Equity Interests sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration therefor received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; *provided* that the amount of:

(A) any liabilities (as shown on the Issuer's, or such Restricted Subsidiary's most recent internally available balance sheet or in the notes thereto) of the Issuer or any Restricted Subsidiary (other than liabilities that are (1) contingent or (2) by their terms subordinated to the Notes in contractual right of payment, (3) with respect to a sale, conveyance, transfer or disposition of Collateral, unsecured liabilities of the Issuer or a Guarantor or (4) with respect to a sale, conveyance, transfer or disposition of Collateral, liabilities that are secured by Liens on the Collateral that rank junior to the Liens securing the Notes or the Guarantees) that are assumed by the transferee of any such assets and as a result of which the Issuer and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

(B) any securities, notes or other obligations or assets received by the Issuer or a Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received) within 180 days following the closing of such Asset Sale;

(C) any Capital Stock or assets, so long as such receipt of Capital Stock or assets would qualify under Section 4.10(b)(A)(2) or (B)(2); and

(D) any Designated Non-cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (D) that is at that time outstanding, not to exceed the greater of (x) \$100,000,000 and (y) 4.0% of Total Assets at the time of the receipt of such Designated Non-cash Consideration, with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value

shall be deemed to be cash or Cash Equivalents for purposes of this provision and for no other purpose.

(b) Within 365 days after the Issuer's or a Restricted Subsidiary's receipt of the Net Proceeds of any Asset Sale covered by Section 4.10(a), the Issuer or such Restricted Subsidiary, at its option, may apply the Net Proceeds from such Asset Sale:

(A) to the extent such Net Proceeds are from an Asset Sale of assets that constitute Collateral (a "Collateral Asset Sale");

(1) to make one or more offers to the Holders (and, at the option of the Issuer, the holders of other Equal Priority Obligations) to purchase Notes (and such Equal Priority Obligations) pursuant to and subject to the conditions contained in this Indenture (each, a "Collateral Asset Sale Offer"); provided that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (1), the Issuer or such Restricted Subsidiary shall permanently retire such Indebtedness; *provided, further*, that if the Issuer or such Restricted Subsidiary shall so reduce any Equal Priority Obligations (other than the Notes), the Issuer will equally and ratably reduce Indebtedness under the Notes by making an offer to all Holders to purchase at a purchase price equal to 100.0% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any, the *pro rata* principal amount of the Notes, such offer to be conducted in accordance with the procedures set forth below for a Collateral Asset Sale Offer;

(2) to make an investment in (a) any one or more businesses, (b) capital expenditures or (c) acquisitions of other property or long-term assets that, in each of (a), (b), and (c), are used or useful in a Similar Business;

(3) to reduce Equal Priority Obligations of the Issuer or any Guarantor, other than Indebtedness owed to the Issuer or any Restricted Subsidiary; *provided* that the acquisition of Indebtedness of a Guarantor by the Issuer shall constitute a reduction in such Indebtedness; or

(4) any combination of the foregoing.

(B) to the extent such Net Proceeds are from an Asset Sale of assets that do not constitute Collateral (a “Non-Collateral Asset Sale”):

(1) to make one or more offers to the Holders (and, at the option of the Issuer, the holders of other senior Indebtedness) to purchase Notes (and such senior Indebtedness) pursuant to and subject to the conditions contained in this Indenture (each, an “Asset Sale Offer”); *provided* that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (1), the Issuer or such Restricted Subsidiary shall permanently retire such Indebtedness; *provided, further*, that if the Issuer or such Restricted Subsidiary shall so reduce any senior Indebtedness (other than the Notes), the Issuer shall equally and ratably reduce Indebtedness under the Notes by making an offer to all Holders to purchase at a purchase price equal to 100.0% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any, the *pro rata* principal amount of the Notes, such offer to be conducted in accordance with the procedures set forth below for an Asset Sale Offer;

(2) to make an investment in (a) any one or more businesses, (b) capital expenditures or (c) acquisitions of other property or long-term assets that, in each of (a), (b) and (c), are used or useful in a Similar Business;

(3) to reduce Secured Indebtedness of the Issuer or any Restricted Subsidiary and/or to reduce Indebtedness of any Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or any Restricted Subsidiary; *provided* that the acquisition of Indebtedness of a Restricted Subsidiary by the Issuer shall constitute a reduction in such Indebtedness; or

(4) any combination of the foregoing.

(c) Notwithstanding the foregoing, to the extent that repatriation to the United States of America of any or all the Net Proceeds of any Asset Sale by a Foreign Subsidiary (x) is prohibited or delayed by applicable local law or (y) would have a material adverse tax consequence (taking into account any foreign tax credit or other net benefit actually realized in connection with such repatriation that would not otherwise be realized), as determined by the Issuer in its sole discretion exercised in good faith, the portion of such Net Proceeds so affected shall not be required to be applied in compliance with this covenant, and such amounts may be retained by the applicable Foreign Subsidiary; *provided* that clause (x) of this Section 4.10(c) shall apply to such amounts for so long, but only for so long, as the applicable local law shall not permit repatriation to the United States of America (the Issuer hereby agreeing to use commercially reasonable efforts to cause the applicable Foreign Subsidiary to take all actions reasonably required by the applicable local law, applicable organizational impediments or other impediment to permit such repatriation), and if such repatriation of any of such affected Net Proceeds is permitted under the applicable local law and is not subject to clause (y) of this Section 4.10(c), then such repatriation shall be promptly effected and such repatriated Net Proceeds shall be applied (net of additional taxes payable or reserved against as a result thereof, to the extent not already taken into account under the definition of “Net Proceeds”) in compliance with this covenant. The time periods set forth in this covenant shall not start until such time as the Net Proceeds may be repatriated (whether or not such repatriation actually occurs).

(d) Any Net Proceeds of an Asset Sale of assets that constitute Collateral that are not invested or applied as provided in Section 4.10(b)(A) within 365 days after the Issuer's or a Restricted Subsidiary's receipt of the Net Proceeds of any Collateral Asset Sale shall be deemed to constitute "Collateral Excess Proceeds". In the case of Section 4.10(b)(A)(2), a binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment; *provided* that (x) such investment is consummated within 545 days after receipt by the Issuer or any Restricted Subsidiary of the Net Proceeds of any Collateral Asset Sale, and (y) if such investment is not consummated within the period set forth in this Section 4.10(d)(x), the Net Proceeds not so applied will be deemed to be Collateral Excess Proceeds. When the aggregate amount of Collateral Excess Proceeds exceeds \$25,000,000, the Issuer shall make a Collateral Asset Sale Offer to all Holders, and, if required by the terms of any other Equal Priority Obligations of the Issuer, to the holders of such other Equal Priority Obligations, to purchase, on a pro rata basis, the maximum principal amount of Notes and such other Equal Priority Obligations, that are \$2,000 or an integral multiple of \$1,000 in excess thereof that may be purchased out of the Collateral Excess Proceeds at an offer price in cash in an amount equal to 100.0% of the principal amount thereof (or, in the case of any other Equal Priority Obligations offered at a significant original issue discount, 100.0% of the accreted value thereof, if permitted by the relevant indenture or other agreement governing such other Equal Priority Obligations), plus accrued and unpaid interest, if any, to, but not including, the date fixed for the closing of such offer, in accordance with the procedures set forth in this Indenture. The Issuer will commence a Collateral Asset Sale Offer with respect to Collateral Excess Proceeds within 30 days after the date that Collateral Excess Proceeds exceeds \$25,000,000 by giving the notice required pursuant to the terms of this Indenture, with a copy to the Trustee. The Issuer may, at its option, satisfy the foregoing obligations with respect to any Net Proceeds from a Collateral Asset Sale of assets that constitute Collateral by making a Collateral Asset Sale Offer with respect to such Net Proceeds prior to the expiration of the relevant 365 days (or such longer period provided under this Section 4.10) or with respect to Collateral Excess Proceeds of \$25,000,000 or less. To the extent that the aggregate amount of Notes and such Equal Priority Obligations tendered pursuant to a Collateral Asset Sale Offer is less than the Collateral Excess Proceeds, the Issuer may use any remaining Collateral Excess Proceeds for general corporate purposes, subject to other covenants contained in this Indenture. If the aggregate principal amount of Notes or such Equal Priority Obligations surrendered by such holders thereof exceeds the amount of Collateral Excess Proceeds, the Notes and such Equal Priority Obligations will be purchased on a pro rata basis based on the accreted value or principal amount of the Notes or such Equal Priority Obligations tendered, subject to adjustments by the Issuer so that no Notes or such Equal Priority Obligations are left outstanding in unauthorized denominations. Upon completion of any such Collateral Asset Sale Offer, the amount of Collateral Excess Proceeds shall be reset at zero.

(e) Any Net Proceeds that are not invested or applied as provided in Section 4.10(b)(B) within 365 days after the Issuer's or a Restricted Subsidiary's receipt of the Net Proceeds of any Non-Collateral Asset Sale shall be deemed to constitute "Excess Proceeds." In the case of Section 4.10(b)(B)(2), a binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment; *provided* that (x) such investment is consummated within 545 days after receipt by the Issuer or any Restricted Subsidiary of the Net Proceeds of any Non-Collateral Asset Sale, and (y) if such investment is not consummated within the period set forth in this Section 4.10(e)(x), the Net Proceeds not so applied shall be deemed to be Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds \$25,000,000, the Issuer shall make an Asset Sale Offer to all Holders, and, if required by the terms of any other senior Indebtedness of the Issuer, to the holders of such other senior Indebtedness, to purchase, on a *pro rata* basis, the maximum principal amount of Notes and such other senior Indebtedness, that are \$2,000 or an integral multiple of \$1,000 in excess thereof that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100.0% of the principal amount thereof (or, in the case of any other senior Indebtedness offered at a significant original issue discount, 100.0% of the accreted value thereof, if permitted by the relevant indenture or other agreement governing such other senior Indebtedness), plus accrued and unpaid interest, if any, to, but not including, the date fixed for the closing of such offer, in accordance with the procedures set forth in this Indenture. The Issuer shall commence an Asset Sale Offer with respect to Excess Proceeds within 30 days after the date that Excess Proceeds exceeds \$25,000,000 by giving the notice required pursuant to the terms of this Indenture, with a copy to the Trustee. The Issuer may, at its option, satisfy the foregoing obligations with respect to any Net Proceeds from a Non-Collateral Asset Sale by making an Asset Sale Offer with respect to such Net Proceeds prior to the expiration of the relevant 365 days (or such longer period provided under this Section 4.10) or with respect to Excess Proceeds of \$25,000,000 or less. To the extent that the aggregate amount of Notes and such senior Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in this Indenture. If the aggregate principal amount of Notes or the senior Indebtedness surrendered by such holders thereof exceeds the amount of Excess Proceeds, the Notes and such senior Indebtedness shall be purchased on a *pro rata* basis based on the accreted value or principal amount of the Notes or such senior Indebtedness tendered, subject to adjustments by the Issuer so that no Notes or such other senior Indebtedness are left outstanding in unauthorized denominations. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

(f) Pending the final application of any such amount of Net Proceeds of a Collateral Asset Sale or a Non-Collateral Asset Sale, the Issuer or such Restricted Subsidiary may temporarily reduce Indebtedness under a revolving credit facility, if any, or otherwise invest or utilize such Net Proceeds in any manner not prohibited by this Indenture.

(g) The Issuer shall comply with the requirements of Section 14(e) under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to any Collateral Asset Sale Offer or Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Indenture, the Issuer shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in this Indenture by virtue thereof. The provisions under this Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Sale may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

SECTION 4.11. Transactions with Affiliates.

(a) The Issuer shall not, and shall not permit any Restricted Subsidiary to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an "Affiliate Transaction") involving aggregate payments or consideration in excess of \$10,000,000, unless:

(1) such Affiliate Transaction is on terms that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary at the time of such transaction or at the time of the execution of the agreement providing therefor than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of \$25,000,000, the Issuer delivers to the Trustee a resolution adopted by a majority of the disinterested directors on the Board of Directors of the Issuer approving such Affiliate Transaction.

(b) Section 4.11(a) shall not apply to the following:

(1) transactions between or among the Issuer and/or any of the Restricted Subsidiaries and/or any entity that becomes a Restricted Subsidiary as a result of such transaction;

(2) Restricted Payments permitted by Section 4.07 and Permitted Investments;

(3) payment of reasonable and customary fees and reasonable out-of-pocket costs and compensation (including salaries, bonuses and equity) paid to, and reimbursement of expenses and indemnities provided on behalf of, officers, directors, employees or consultants of the Issuer or any Restricted Subsidiary;

(4) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or meets the requirements of Section 4.11(a)(1);

(5) payments or loans (or cancellation of loans) to employees or consultants of the Issuer or any Restricted Subsidiary which are approved by the Issuer or the applicable Restricted Subsidiary in good faith;

(6) any agreement as in effect as of the Issue Date, or any amendment thereto (so long as any such amendment, taken as a whole, is no less favorable in any material respect to the Issuer and its Restricted Subsidiaries than the agreement in effect on the Issue Date (as determined by the Issuer in good faith));

(7) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, any limited liability company, limited partnership or other Organizational Document or joint venture, investors or shareholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Effective Date and any similar agreements which it may enter into thereafter; *provided* that the existence of, or the performance by the Issuer or any Restricted Subsidiary of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Effective Date shall only be permitted by this Section

4.11(b)(7) to the extent that the terms of any such amendment or new agreement, taken as a whole, is not disadvantageous to the Holders in any material respect compared to the agreement in effect on the date of this Indenture (as determined by the Issuer in good faith), or is otherwise customary;

(8) transactions with customers, clients, suppliers, trade creditors, joint venture partners or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture;

(9) the issuance of Equity Interests (other than Disqualified Stock) of the Issuer to any Affiliate of the Issuer and other customary rights in connection therewith;

(10) transactions or payments pursuant to any employee, officer or director compensation (including bonuses) or benefit plans, employment agreements, severance agreement, indemnification agreements or any similar arrangements entered into in the ordinary course of business or approved by the Issuer;

(11) transactions in the ordinary course with (i) Unrestricted Subsidiaries or (ii) joint ventures in which the Issuer or a Subsidiary of the Issuer holds or acquires an ownership interest (whether by way of Capital Stock or otherwise) so long as the terms of any such transactions are no less favorable to the Issuer or such Subsidiary participating in such joint ventures than they are to other joint venture partners, in each case as determined by the Issuer in good faith;

(12) transactions with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Issuer solely because the Issuer owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(13) transactions involving Securitization Assets, or participations therein, in connection with any Qualified Securitization Financing;

(14) any Indebtedness from time to time owing by the Issuer or any Restricted Subsidiary to the Issuer or any Restricted Subsidiary;

(15) any servicing and/or management agreements or arrangements in effect on the Effective Date or any amendment, modification or supplement to such servicing and/or management agreements or arrangements or replacement thereof or any substantially similar servicing and/or management agreement or arrangement entered into after the Effective Date;

(16) any transaction with an Affiliate of the Issuer where the only consideration paid by the Issuer or any Restricted Subsidiary is the issuance of Equity Interests (other than Disqualified Stock);

(17) the licensing or sub-licensing of intellectual property and software or other general intangibles in the ordinary course of business;

(18) investments by Fortress or its Affiliates in securities of the Issuer or any Restricted Subsidiary so long as the investment is being or has been offered generally to other unaffiliated investors on the same or more favorable terms or the securities are acquired in market transactions;

(19) any transactions (including any sale and leaseback transactions or other lease obligations) by and among Fortress or its Affiliates and the Issuer and its Restricted Subsidiaries, as the case may be, so long as the terms of such transaction are not materially less favorable to the Issuer or the relevant Restricted Subsidiary at the time of such transaction or at the time of the execution of the agreement providing therefor than those that would be obtained in a comparable transaction by the Issuer or such Subsidiary with a non-Affiliate of Fortress;

(20) (A) payments by the Issuer or any Restricted Subsidiary to its Manager, the General Partner or any Permitted Holder (whether directly or indirectly) of management, consulting, monitoring, refinancing, transaction or advisory fees, and related expenses or termination fees, including payments or reimbursements made to satisfy advances or payments made on behalf of or for the Issuer or any Restricted Subsidiary, (B) customary payments and reimbursements by the Issuer or any Restricted Subsidiary to its Manager, the General Partner or any Permitted Holder (whether directly or indirectly) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, and (C) any payments, reimbursements or other transactions pursuant to the Management Agreement; and

(21) any transactions made as part of, or which are reasonably necessary or appropriate (as determined by the Issuer in good faith) to effectuate, the Spin-Off.

SECTION 4.12. Liens. The Issuer shall not, and shall not permit any Restricted Subsidiary to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien that secures obligations under any Indebtedness of the Issuer or a Restricted Subsidiary (the “Initial Lien”) of any kind upon any of its property or assets, now owned or hereafter acquired unless:

(a) in the case of any Initial Lien on any Collateral, such Initial Lien is a Permitted Lien; and

(b) in the case of any Initial Lien on any asset or property that is not Collateral, (i) the Notes and the related Guarantees are equally and ratably secured with (or on a senior basis to, in the case such Initial Lien secures any Subordinated Indebtedness) the Obligations secured by such Initial Lien until such time as such Obligations are no longer secured by such Initial Lien or (ii) such Initial Lien is a Permitted Lien.

Any Lien created for the benefit of the Holders pursuant to clause (b)(i) of the preceding paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien that gave rise to the obligation to secure the Notes. In addition, in the event that an Initial Lien is or becomes a Permitted Lien, the Issuer may, at its option and without consent from any Holder, elect to release and discharge any Lien created for the benefit of the Holders pursuant to the preceding paragraph in respect of such Initial Lien.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increase in the value of property securing Indebtedness.

SECTION 4.13. Offer to Repurchase Upon Change of Control.

(a) If a Change of Control occurs, the Issuer shall make an offer to purchase all the Notes pursuant to the offer described below (the “Change of Control Offer”) at a price in cash (the “Change of Control Payment”) equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer shall send notice of such Change of Control Offer electronically or by first class mail, postage prepaid, with a copy to the Trustee, to each Holder to the address of such Holder appearing in the security register or otherwise in accordance with the procedures of DTC, with the following information:

(1) a Change of Control Offer is being made pursuant to this Section 4.13, and all Notes properly tendered pursuant to such Change of Control Offer shall be accepted for payment;

(2) the purchase price and the purchase date (the “Change of Control Payment Date”), which shall be no earlier than 10 days nor later than 60 days from the date such notice is given, except in the case of a conditional Change of Control Offer made in advance of a Change of Control as described in Section 4.13(c);

(3) any Note not properly tendered shall remain outstanding and continue to accrue interest;

(4) unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest on, but not including, the Change of Control Payment Date;

(5) Holders electing to have any Notes purchased pursuant to a Change of Control Offer shall be required to surrender such Notes, with the form entitled “Option of Holder to Elect Purchase” on the reverse of such Notes completed, to the Paying Agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) Holders shall be entitled to withdraw their tendered Notes and their election to require the Issuer to purchase such Notes; *provided* that the Paying Agent receives, not later than the close of business on the last day of the offer period, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Notes and its election to have such Notes purchased;

(7) if such notice is mailed or otherwise delivered prior to the occurrence of a Change of Control, stating the Change of Control Offer is conditional on the occurrence of such Change of Control; and

(8) Holders whose Notes are being purchased only in part shall be issued Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to \$2,000 or an integral multiple of \$1,000 in excess thereof.

While the Notes are in global form and the Issuer makes an offer to purchase all the Notes pursuant to the Change of Control Offer, a Holder may exercise its option to elect for the purchase of the Notes through the facilities of DTC, subject to DTC’s rules and regulations.

(b) The Issuer shall not be required to make a Change of Control Offer following a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.13 and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (2) notice of redemption has been given pursuant to this Indenture pursuant to Section 3.03 unless and until there is a default in payment of the applicable redemption price.

(c) Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, subject to one or more conditions precedent including completion of such Change of Control.

(d) Notes repurchased by the Issuer pursuant to a Change of Control Offer shall have the status of Notes issued but not outstanding or shall be retired and cancelled at the option of the Issuer. Notes purchased by a third party pursuant to Section 4.13(b) shall have the status of Notes issued and outstanding.

(e) The Issuer shall comply with the requirements of Section 14(e) under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Indenture, the Issuer shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in this Indenture by virtue thereof.

(f) On the Change of Control Payment Date, the Issuer shall, to the extent permitted by law,

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer,

(2) deposit with the Paying Agent an amount equal to the aggregate Change of Control Payment in respect of all Notes or portions thereof so tendered, and

(3) at the option of the Issuer, deliver, or cause to be delivered, to the Trustee for cancellation the Notes so accepted together with an Officer's Certificate stating that such Notes or portions thereof have been tendered to and purchased by the Issuer.

(g) The Paying Agent shall promptly mail to each Holder the Change of Control Payment for such Notes, and the Trustee, upon the Issuer's order, shall promptly authenticate and mail to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note shall be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof. The Issuer shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

SECTION 4.14. Limitation on Guarantees and Incurrence of Indebtedness by Restricted Subsidiaries.

(a) Subject to Article XIII, on the Effective Date, the Issuer will cause each of its Domestic Subsidiaries (other than Excluded Subsidiaries) as of the Effective Date to become Guarantors by executing and delivering to the Trustee a supplemental indenture in the form of Exhibit D hereto and to enter into the Security Documents. In addition, within 45 days after (i) the acquisition or formation of a Domestic Subsidiary that is not an Excluded Subsidiary or (ii) an Excluded Subsidiary that is a Domestic Subsidiary ceasing to constitute an Excluded Subsidiary, the Issuer shall cause such Domestic Subsidiary to satisfy the Joinder Requirements (as defined below). In addition, the Issuer shall cause each Restricted Subsidiary or Non-Subsidiary Party to satisfy the Joinder Requirements (as defined below) if (a) such Subsidiary or Non-Subsidiary Party provides direct credit support (including a pledge of assets or “keep-well” or similar arrangement) for Indebtedness in an aggregate principal amount in excess of \$1,000,000 of the Issuer or a Guarantor or (b) such Subsidiary or Non-Subsidiary Party receives direct credit support (including a pledge of assets or “keep-well” or similar arrangement) for Indebtedness in an aggregate principal amount in excess of \$1,000,000 from the Issuer or a Guarantor (in each of clauses (a) and (b), other than (v) an Investment not prohibited by this Indenture that does not constitute becoming liable for, becoming an obligor on or pledging assets to secure, Indebtedness owed to a third party, (w) customary commitment letters and similar arrangements in connection with acquisitions not prohibited by this Indenture, (x) Standard Securitization Undertakings in connection with a Qualified Securitization Financing and (y) guarantees of Non-Recourse Indebtedness, and (z) any arrangements in existence on the Issue Date), within 45 days after providing or receiving such credit support.

As used herein, the term “Joinder Requirements” means that the applicable Subsidiary or Non-Subsidiary Party:

(1) executes and delivers to the Trustee (i) a supplemental indenture and Guarantee, the form of which is attached as Exhibit E hereto, pursuant to which such Subsidiary or Non-Subsidiary Party shall guarantee on a senior basis all of the Issuer’s obligations under the Notes and this Indenture and other terms contained in the applicable supplemental indenture and subject to the conditions contained in such supplemental indenture and (ii) joinders to any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement and applicable Security Documents or new intercreditor agreements and Security Documents, together with any filings and agreements to the extent required by (and within the time periods as set forth in) the Security Documents to create or perfect the security interests for the benefit of the Holders in the Collateral of such Subsidiary or Non-Subsidiary Party; and

(2) delivers to the Trustee an Officer’s Certificate and an Opinion of Counsel (which may contain customary exceptions) that such supplemental indenture, Security Documents and Guarantee have been duly authorized, executed and delivered by such Subsidiary or Non-Subsidiary Party and constitute legal, valid, binding and enforceable obligations of such Subsidiary or Non-Subsidiary Party.

(b) If the Issuer otherwise elects to have a Subsidiary or Non-Subsidiary Party become a Guarantor, then, in each such case, the Issuer shall cause such Subsidiary or Non-Subsidiary Party to satisfy the Joinder Requirements.

(c) Each Guarantee of a Subsidiary or Non-Subsidiary Party shall be limited to an amount not to exceed the maximum amount that can be guaranteed by that Subsidiary without rendering the Guarantee, as it relates to such Subsidiary, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

(d) Each Guarantee shall be released upon the terms and in accordance with Section 10.06.

SECTION 4.15. Suspension of Certain Covenants.

(a) If on any date following the Issue Date (i) the Notes have Investment Grade Ratings from two Rating Agencies, and (ii) no Default has occurred and is continuing under this Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a “Covenant Suspension Event”), the Issuer and the Restricted Subsidiaries shall not be subject to Section 4.07, Section 4.08, Section 4.09, Section 4.10, Section 4.11, Section 4.14 and clause (4) of Section 5.01(a) (collectively, the “Suspended Covenants”). In addition, during the Suspension Period, the Guarantees shall be automatically released and the obligation to grant further Guarantees shall be suspended.

(b) In the event that the Issuer and the Restricted Subsidiaries are not subject to the Suspended Covenants under this Indenture for any period of time as a result of the foregoing, and on any subsequent date (the “Reversion Date”) the Notes cease to have Investment Grade Ratings from two Rating Agencies, then the Issuer and the Restricted Subsidiaries shall thereafter again be subject to the Suspended Covenants under this Indenture with respect to future events. The period of time between the date of the Covenant Suspension Event and the Reversion Date is referred to in this description as the “Suspension Period.”

(c) Upon the occurrence of a Covenant Suspension Event, the amount of Excess Proceeds from Net Proceeds shall be reset at zero. During the Suspension Period no additional subsidiary may be designated an Unrestricted Subsidiary unless such designation would have been permitted if Section 4.07 had been in effect at all times during the Suspension Period. In the event of any such reinstatement, no action taken or omitted to be taken by the Issuer or any of its Restricted Subsidiaries prior to such reinstatement shall give rise to a Default or Event of Default under this Indenture with respect to Notes; *provided* that (1) with respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments made shall be calculated as though Section 4.07 had been in effect prior to, but not during the Suspension Period, (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period shall be classified to have been incurred or issued pursuant to Section 4.09(b)(3), (3) any Affiliate Transaction entered into after the Reversion Date pursuant to an agreement entered into during any Suspension Period shall be deemed to be permitted pursuant to Section 4.11(b)(6), (4) any encumbrance or restriction on the ability of any Restricted Subsidiary that is not a Guarantor to take any action described in clauses (1) through (3) of Section 4.08(a) that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to Section 4.08(b)(1) and (5) no Restricted Subsidiary shall be required to comply with Section 4.14 after such reinstatement with respect to any guarantee entered into or any Indebtedness incurred by such Restricted Subsidiary during any Suspension Period.

(d) On and after each Reversion Date, the Issuer and its Subsidiaries shall be permitted to consummate the transactions contemplated by any contract entered into during the Suspension Period, so long as such contract and such consummation would have been permitted during such Suspension Period.

(e) The Issuer shall give written notice to the Trustee and the Holders within 30 days of the date of any Covenant Suspension Event and/or any Reversion Date.

SECTION 4.16. Calculations.

(a) All financial ratios, tests, covenants, calculations and measurements (including Consolidated Total Leverage Ratio, Consolidated Secured Leverage Ratio, Consolidated First Lien Leverage Ratio, Fixed Charge Coverage Ratio, Consolidated Interest Expense, Fixed Charges, Consolidated Net Income, Total Assets and EBITDA) contained in this Indenture that are calculated with respect to any period during which any Subject Transaction occurs shall be calculated with respect to such period and each such Subject Transaction on a pro forma basis. Further, if, subsequent to the commencement of the period for which the financial ratio, test, covenant, calculation or measurement is being calculated but prior to the event for which such calculation is made (the “Calculation Date”) (i) any Subject Transaction has occurred or (ii) any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into the Issuer or any of its Restricted Subsidiaries or any joint venture since the beginning of such period has consummated any Subject Transaction, then, in each case, any applicable financial ratio, test, covenant, calculation or measurement shall be calculated on a pro forma basis for such period as if such Subject Transaction (including, without duplication of any amounts otherwise reflected in EBITDA for the applicable Test Period, the “run rate” income described, and calculated as set forth, in clause (17)(i) of the definition of EBITDA) had occurred at the beginning of the applicable Test Period (or, in the case of Total Assets, as of the last day of such Test Period).

(b) For purposes of financial ratios, tests, covenants, calculations and measurements (including Consolidated Total Leverage Ratio, Consolidated Secured Leverage Ratio, Consolidated First Lien Leverage Ratio, Fixed Charge Coverage Ratio, Consolidated Interest Expense, Fixed Charges, Consolidated Net Income, Total Assets and EBITDA), whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer (including pro forma expense and cost reductions, regardless of whether these cost savings could then be reflected in pro forma financial statements in accordance with Regulation S-X promulgated under the Securities Act or any other regulation or policy of the SEC related thereto). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computations referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

ARTICLE V Successors

SECTION 5.01. Amalgamation, Merger, Consolidation or Sale of All or Substantially All Assets.

(a) The Issuer may not consummate a Division as a Dividing Person, consolidate with, amalgamate or merge into (whether or not the Issuer is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all its properties or assets, taken as a whole, in one or more related transactions, to any Person unless:

(1) (A) the Issuer shall be the surviving Person or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a Person organized or existing under the laws of a Permitted Jurisdiction (such Person, as the case may be, being herein called the “Successor Company”) or (B) in the case of a Division where the Issuer is the Dividing Person, each Division Successor shall remain or become a co-issuer of the Notes;

(2) (A) the Successor Company, if other than the Issuer, expressly assumes all the obligations of the Issuer under this Indenture, the Notes, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement and the applicable Security Documents pursuant to supplemental indentures, joinders to the applicable Security Documents, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement or other customary documents or instruments, as applicable or (B) in the case of a Division where the Issuer is the Dividing Person, each Division Successor shall remain or become a co-issuer of the Notes pursuant to supplemental indentures, joinders to the applicable Security Documents, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement or other customary documents or instruments, as applicable;

(3) immediately after such transaction no Event of Default shall have occurred and be continuing;

(4) immediately after giving *pro forma* effect to such transaction, as if such transaction had occurred at the beginning of the applicable four-quarter period:

(A) the Successor Company or Division Successors, as applicable, would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a); or

(B) the Fixed Charge Coverage Ratio for the Successor Company or the Division Successors, as applicable, and the Restricted Subsidiaries would be equal to or greater than such ratio for the Issuer and the Restricted Subsidiaries immediately prior to such transaction;

(5) each Guarantor, unless it is the other party to the transactions described in Section 5.01(a)(1) through (4), in which case Section 5.01(b)(2) shall apply, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under this Indenture and the Notes; and

(6) the Issuer, such Successor Company or Division Successors, as applicable, shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, amalgamation, merger, sale, assignment, transfer, lease, conveyance or disposition and such supplemental indentures, amendments, supplements or other instruments, if any, comply with this Indenture.

The Successor Company or Division Successors shall succeed to, and be substituted for, the Issuer under this Indenture and the Notes, and the Issuer shall automatically be released and discharged from its obligations under this Indenture and the Notes. Notwithstanding the foregoing clauses (3) and (4),

(A) the Issuer may consolidate with, amalgamate or merge into or sell, assign, transfer, lease, convey or otherwise dispose of all or part of its properties and assets to any Guarantor;

(B) any Restricted Subsidiary may consolidate with, amalgamate or merge into or sell, assign, transfer, lease, convey or otherwise dispose of all or part of its properties and assets to the Issuer;

(C) the Issuer may consolidate with, amalgamate or merge into with an Affiliate of the Issuer solely for the purpose of reincorporating or reorganizing the Issuer in any Permitted Jurisdiction so long as the amount of Indebtedness of the Issuer and the Restricted Subsidiaries is not increased thereby (unless such increase is permitted by this Indenture);

(D) the Issuer may convert into a corporation, partnership, limited partnership, limited liability company or trust organized or existing under the laws of the jurisdiction of organization of the Issuer or the laws of any Permitted Jurisdiction;

(E) the Issuer may change its name; and

(F) the Escrow Issuer may merge with and into FTAI Infrastructure on the Effective Date.

(b) Subject to Section 10.06, each Guarantor shall not, and the Issuer shall not permit any Guarantor to, consummate a Division as the Dividing Person (whether or not the Issuer or such Guarantor is the surviving Person), consolidate with, amalgamate or merge into (whether or not such Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all its properties or assets, taken as a whole, in one or more related transactions, to any Person (other than the Issuer or a Guarantor) unless:

(1) (A) (x) such Guarantor is the surviving Person or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a Person organized or existing under the laws of the jurisdiction of organization of such Guarantor or a Permitted Jurisdiction (such Guarantor or such Person, as the case may be, being herein called the “Successor Person”) or (y) in the case of a Division where a Guarantor is the Dividing Person, each Division Successor shall remain or become a Guarantor;

(B) the Successor Person, if other than such Guarantor, or Division Successors, as applicable, expressly assumes all the obligations of such Guarantor under this Indenture and such Guarantor’s Guarantee, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement and the applicable Security Documents pursuant to supplemental indentures, joinders to the applicable Security Documents, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement or other customary documents or instruments, as applicable;

(C) immediately after such transaction no Event of Default shall have occurred and be continuing; and

(D) the Issuer shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that such consolidation, amalgamation, merger, sale, assignment, transfer, lease, conveyance or disposition and such supplemental indentures, amendments, supplements or other instruments, if any, comply with this Indenture; or

(2) with respect to the Guarantors, the transaction is not prohibited by Section 4.10.

Subject to Section 10.06, the Successor Person or Division Successors, as applicable, shall succeed to, and be substituted for, such Guarantor under this Indenture and such Guarantor's Guarantee, and such Guarantor shall automatically be released and discharged from its obligations under this Indenture and such Guarantee. Notwithstanding the foregoing Section 5.01(b),

(A) a Guarantor may (x) consolidate with, amalgamate or merge into or sell, assign, transfer, lease, convey or otherwise dispose of all or part of its properties and assets to the Issuer or any Guarantor or (y) dissolve if such Guarantor sells, assigns, transfers, leases, conveys or otherwise disposes of all or substantially all its properties and assets to another Person in compliance with Section 4.10, and, after giving effect to such sale, assignment, transfer, lease, conveyance or disposition and prior to such dissolution, has no or a de minimis amount of assets;

(B) any Restricted Subsidiary may consolidate with, amalgamate or merge into or sell, assign, transfer, lease, convey or otherwise dispose of all or part of its properties and assets to any Guarantor;

(C) a Guarantor may consolidate with, amalgamate or merge into an Affiliate of the Issuer solely for the purpose of reincorporating or reorganizing such Guarantor in any Permitted Jurisdiction so long as the amount of Indebtedness of the Issuer and the Restricted Subsidiaries is not increased thereby (unless such increase is permitted by this Indenture);

(D) a Guarantor may convert into a corporation, partnership, limited partnership, limited liability company or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor or the laws of any Permitted Jurisdiction; and

(E) a Guarantor may change its name.

ARTICLE VI Defaults and Remedies

SECTION 6.01. Events of Default and Remedies.

(a) "Event of Default" wherever used herein means any one of the following events with respect to the Notes:

(1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Notes;

(2) default for 30 days or more in the payment when due of interest on or with respect to the Notes;

(3) failure by the Issuer or any Restricted Subsidiary for 60 days after receipt of written notice given by the Trustee to the Issuer or by Holders of at least 25.0% in aggregate principal amount of the Notes then issued and outstanding to the Issuer (with a copy to the Trustee) to comply with any of its other agreements in this Indenture, the Notes or the Security Documents;

(4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Issuer or any Restricted Subsidiary (or the payment of which is guaranteed by the Issuer or any Restricted Subsidiary), other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or guarantee exists as of the Issue Date or is created after the Issue Date, if both:

(A) such default either:

(x) results from the failure to pay any such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods and extensions thereof); or

(y) relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity; and

(B) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods and any extensions thereof), or the maturity of which has been so accelerated, aggregate in excess of \$25,000,000 at any one time outstanding, in each case without such acceleration having been rescinded, annulled or otherwise cured; *provided* that if any such acceleration is being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, then the Event of Default by reason thereof would not be deemed to have occurred until the conclusion of such proceedings; *provided, further*, that such default shall not be an Event of Default with respect to (a) Indebtedness owed to the Issuer or a Restricted Subsidiary, or (b) Indebtedness of a Restricted Subsidiary as to which the Issuer delivers to the Trustee an Officer's Certificate certifying a resolution adopted by the Issuer to the effect that the obligees of such Indebtedness have no recourse to the assets of the Issuer or any Guarantor;

(5) failure by the Issuer or any Significant Subsidiary to pay final judgments for the payment of money aggregating in excess of \$25,000,000 (to the extent not adequately covered by insurance as to which a solvent insurance company has not denied coverage or an indemnity by a third party with an Investment Grade Rating from any Rating Agency), which final judgments remain unpaid, undischarged, unwaived and unstayed for a period of more than 90 days after such judgment becomes final, and in the event such judgment is covered by insurance or indemnity, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed; *provided* that such failure shall not be an Event of Default with respect to a judgment against a Significant Subsidiary as to which the Issuer delivers to the Trustee an Officer's Certificate certifying a resolution adopted by the Board of Directors of the Issuer to the effect that the creditors of such Significant Subsidiary have no recourse to the assets of the Issuer or any Guarantor (other than such Significant Subsidiary) and that the Board of Directors of the Issuer has determined in good faith that the assets of such Significant Subsidiary have a Fair Market Value less than the sum of (x) the amount of such outstanding judgment, and (y) the outstanding Indebtedness of such Significant Subsidiary;

(6) The Issuer or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(i) commences proceedings to be adjudicated bankrupt or insolvent;

(ii) consents to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under applicable Bankruptcy Law;

(iii) consents to the appointment of a receiver, liquidator, assignee, trustee or other similar official of it or for all or substantially all of its property;

(iv) makes a general assignment for the benefit of its creditors; or

(v) makes an admission in writing of its inability generally to pay its debts as they become due; or

(7) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Issuer or any Significant Subsidiary in a proceeding in which it is to be adjudicated bankrupt or insolvent;

(ii) appoints a receiver, liquidator, assignee, trustee or other similar official of the Issuer or any Significant Subsidiary or for all or substantially all of the property of the Issuer or any Significant Subsidiary; or

(iii) orders the liquidation of the Issuer or any Significant Subsidiary; and the order or decree remains unstayed and in effect for 60 consecutive days;

provided that, in the case of Section 6.01(a)(6) or Section 6.01(a)(7), such events of bankruptcy or insolvency shall not be an Event of Default with respect to a Significant Subsidiary if both (A) such event of bankruptcy or insolvency is commenced by creditors of such Significant Subsidiary that have no recourse to the assets of the Issuer or any Guarantor; and (B) the Issuer delivers to the Trustee an Officer's Certificate certifying a resolution adopted by the Board of Directors of the Issuer to the effect that the creditors of such Significant Subsidiary have no recourse to the assets of the Issuer or any Guarantor (other than such Significant Subsidiary) and that the Board of Directors of the Issuer has determined in good faith that the assets of such Significant Subsidiary have a Fair Market Value less than the amount of its outstanding Indebtedness;

(8) (A) the Liens created by the Security Documents shall at any time not constitute a valid and perfected Lien on any material portion of the Collateral intended to be covered thereby (unless perfection is not required by this Indenture or the Security Documents) other than (x) in accordance with the terms of the relevant Security Document and this Indenture and (y) the satisfaction in full of all Secured Notes Obligations and (B) such default continues for 30 days after receipt of written notice given by the Trustee or the Holders of not less than 30% in aggregate principal amount of the then outstanding Notes; or

(9) the Issuer or any Guarantor shall assert, in any pleading in any court of competent jurisdiction, that any security interest governed by any Security Document is invalid or unenforceable (other than by reason of the satisfaction in full of all obligations under this Indenture and discharge of this Indenture, the release of the Guarantee of such Guarantor in accordance with the terms of this Indenture or the release of such security interest in accordance with the terms of this Indenture and the Security Documents).

(b) The Trustee may withhold from the Holders notice of any continuing Default or Event of Default, except a Default or Event of Default relating to the payment of principal, premium, if any, or interest, if it determines that withholding notice is in their interest.

SECTION 6.02. Acceleration. If any Event of Default (other than of a type specified in Section 6.01(a)(6) or Section 6.01(a)(7)) occurs and is continuing under this Indenture, the Trustee, by notice to the Issuer, or the Holders of at least 25.0% in aggregate principal amount of the then outstanding Notes, by notice to the Issuer (with a copy to the Trustee), may declare the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Notes to be due and payable immediately. Upon the effectiveness of such declaration, such principal, premium, if any, and interest shall be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under Section 6.01(a)(6) or Section 6.01(a)(7), all outstanding Notes shall become due and payable without further action or notice. Holders may not enforce this Indenture or the Notes except as provided in this Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee shall have no obligation to accelerate the Notes.

SECTION 6.03. Other Remedies. Subject to the duties of the Trustee as provided for in Article VII, if an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture. Subject to the terms of any applicable intercreditor agreement, if an Event of Default occurs and is continuing, the Notes Collateral Agent may pursue any available remedy under the Security Documents and this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee, the Notes Collateral Agent or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04. Waiver of Defaults.

(a) The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of the Holders of all such Notes waive any existing Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of interest on, premium, if any, or the principal of any such Note held by a non-consenting Holder and rescind any acceleration with respect to the Notes and its consequences (except if such rescission would conflict with any judgment of a court of competent jurisdiction).

(b) In the event of any Event of Default specified in Section 6.01(a)(4), such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of the acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 30 days after such Event of Default arose:

- (1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged;
- (2) the Holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or
- (3) if the default that is the basis for such Event of Default has been cured.

SECTION 6.05. Control by Majority. Holders of a majority in principal amount of the outstanding Notes may direct in writing the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or the Notes Collateral Agent, as applicable, subject to the provisions of this Indenture.

SECTION 6.06. Limitation on Suits. Subject to the provisions of this Indenture relating to the duties of the Trustee and the Notes Collateral Agent hereunder, in case an Event of Default occurs and is continuing, neither the Trustee nor the Notes Collateral Agent shall be under any obligation to exercise any of their rights or powers under this Indenture at the request of any Holder, unless such Holder has offered to the Trustee and the Notes Collateral Agent security and indemnity satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder of a Note may pursue any remedy with respect to this Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee and the Notes Collateral Agent written notice that an Event of Default is continuing with respect to the Notes;
- (2) Holders of at least 25% in principal amount of the total outstanding Notes have requested the Trustee and the Notes Collateral Agent in writing to pursue the remedy;
- (3) Holders of the Notes have offered the Trustee and the Notes Collateral Agent security or indemnity satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee and the Notes Collateral Agent have not complied with such written request within 60 days after the receipt thereof and the offer of security or indemnity against any loss, liability or expense; and
- (5) Holders of a majority in aggregate principal amount at maturity of the total outstanding Notes have not given the Trustee and the Notes Collateral Agent a direction inconsistent with such request within such 60-day period.

SECTION 6.07. Rights of Holders of Notes to Receive Payment. Notwithstanding any other provision of this Indenture, the legal right of any Holder of a Note to receive payment of principal, premium, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an Asset Sale Offer or a Change of Control Offer), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired without the consent of such Holder.

SECTION 6.08. Collection Suit by Trustee. If an Event of Default specified in Section 6.01(a)(1) or (2) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Issuer for the whole amount of principal of and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation of the Trustee and the Notes Collateral Agent and the reasonable and documented out-of-pocket expenses, disbursements and advances of the Trustee and the Notes Collateral Agent, their respective agents and counsel, in each case as set forth in Section 7.07.

SECTION 6.09. Restoration of Rights and Remedies. If the Trustee, the Notes Collateral Agent or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee, the Notes Collateral Agent or to such Holder, then and in every such case, subject to any determination in such proceedings, the Issuer, the Trustee, the Notes Collateral Agent and the Holders shall be restored severally and respectively to their former positions under this Indenture and thereafter all rights and remedies of the Trustee, the Notes Collateral Agent and the Holders shall continue as though no such proceeding has been instituted.

SECTION 6.10. Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 2.07, no right or remedy herein conferred upon or reserved to the Trustee, the Notes Collateral Agent or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under this Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under this Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 6.11. Delay or Omission Not Waiver. No delay or omission of the Trustee, the Notes Collateral Agent or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee, the Notes Collateral Agent or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, the Notes Collateral Agent or by the Holders, as the case may be.

SECTION 6.12. Trustee May File Proofs of Claim. The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Notes Collateral Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, the Collateral Agent and their respective agents and counsel) and the Holders allowed in any judicial proceedings relative to the Issuer (or any other obligor upon the Notes including the Guarantors), its creditors or its property and shall be entitled and empowered to participate as a member in any official committee of creditors appointed in such matter and to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and the Notes Collateral Agent, and in the event that the Trustee or the Notes Collateral Agent shall consent to the making of such payments directly to the Holders, to pay to the Trustee and the Notes Collateral Agent any amount due to it for the reasonable compensation and the reasonable and documented out-of-pocket expenses, disbursements and advances of the Trustee and the Collateral Agent, their respective agents and counsel, and any other amounts due the Trustee and the Notes Collateral Agent under Section 7.07. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee and the Notes Collateral Agent, its agents and counsel, and any other amounts due the Trustee and the Notes Collateral Agent under Section 7.07 out of the estate in any such proceeding shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.13. Priorities. If the Trustee, the Notes Collateral Agent or any other Agent collects any money pursuant to this Article VI, it shall pay out the money in the following order:

(i) to the Trustee, the Agents, and their agents and attorneys for amounts due under Section 7.07, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee, the Notes Collateral Agent or any other Agent and the costs and expenses of collection;

(ii) to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

(iii) to the Issuer or to such party as a court of competent jurisdiction shall direct including a Guarantor, if applicable.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.13.

SECTION 6.14. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.14 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE VII

Trustee

SECTION 7.01. Duties of Trustee.

(a) If an Event of Default has occurred (and has not been cured), the Trustee shall, in the exercise of its power, use the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions that by any provision are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculation or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (c) does not limit the effect of clause (b) of this Section 7.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved in a court of competent jurisdiction that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to clauses (a), (b) and (c) of this Section 7.01.

(e) Subject to this Article VII, whether or not an Event of Default has occurred and is continuing, neither the Trustee nor the Notes Collateral Agent shall be under any obligation to exercise any of the rights or powers under this Indenture at the written request or written direction of any Holder or Holders of the Notes unless such Holder or Holders have offered to the Trustee and the Notes Collateral Agent indemnity or security satisfactory to the Trustee against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. Rights of Trustee.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuer and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificates or Opinion of Counsel. The Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it under this Indenture in good faith and in accordance with the advice or opinion of such counsel.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) The permissive right of the Trustee to take actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

(e) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture; *provided, however*, that the Trustee's conduct does not constitute willful misconduct or gross negligence.

(f) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer shall be sufficient if signed by an Officer.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event that is in fact such a Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture.

(h) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities under this Indenture, and each agent, custodian and other Person employed to act under this Indenture, including the Notes Collateral Agent.

(j) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties under this Indenture.

(k) The Trustee may request that the Issuer deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

(l) Notwithstanding anything to the contrary contained in this Indenture (as amended or supplemented), the Issuer, the Trustee and any Paying Agent may, to the extent it is required to do so by law, deduct or withhold income or other similar taxes imposed from principal or interest payments hereunder. The Issuer, the Trustee and any Paying Agent shall reasonably cooperate with each other and shall provide each other with copies of documents or information reasonably necessary for each of the Issuer, the Trustee and any such Paying Agent to comply with any withholding tax or tax information reporting obligations imposed on any of them, including any obligations imposed pursuant to an agreement with a governmental authority.

(m) The Trustee shall have the right to rely upon and comply with instructions and directions sent by e-mail, facsimile and other similar unsecured electronic methods by persons believed in good faith by the Trustee to be authorized to give instructions and directions on behalf of the Person or Persons authorized to give such notice or other communication hereunder. If the Trustee believes in good faith that a Person is authorized to give such instructions and directions hereunder, the Trustee shall have no further duty or obligation to verify or confirm that the Person who sent such instructions or directions is, in fact, a Person authorized to give instructions or directions on behalf of the Person or Persons sending a notice or other communication; and the Trustee shall have no liability for any losses, liabilities, costs or expenses incurred or sustained by such Person sending such notice or other communication as a result of such reliance upon or compliance with such instructions or directions; *provided, however*, that such losses have not arisen from gross negligence or willful misconduct of the Trustee. The Person sending such notice or other communication agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

SECTION 7.03. Individual Rights of Trustee. The Trustee and the Notes Collateral Agent, as applicable, in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or any Affiliate of the Issuer with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as Trustee or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.09 and 7.10.

SECTION 7.04. Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Security Documents, the Escrow Agreement, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement or the Notes, it shall not be accountable for the Issuer's use of the proceeds from the Notes or any money paid to the Issuer or upon the Issuer's direction under any provision of this Indenture or such other documents, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

SECTION 7.05. Notice of Defaults. If a Default occurs and is continuing and is actually known to the Trustee, the Trustee shall mail to Holders of Notes a notice of the Default within 90 days after it occurs. Except in the case of a Default relating to the payment of principal, premium, if any, or interest on any Note, the Trustee may withhold from the Holders notice of any continuing Default if it determines that withholding notice is in the interest of the Holders of the Notes. The Trustee shall not be deemed to know of any Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event that is such a Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture.

SECTION 7.06. [Reserved].

SECTION 7.07. Compensation and Indemnity. The Issuer shall pay to each of the Trustee and the Notes Collateral Agent from time to time such compensation for its acceptance of this Indenture and services under this Indenture as the parties shall agree in writing from time to time. Such compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse each of the Trustee and the Notes Collateral Agent promptly upon request for all reasonable and documented out-of-pocket disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable and documented out-of-pocket compensation, disbursements and expenses of the Trustee's and the Notes Collateral Agent's agents and counsel.

The Issuer and the Guarantors, jointly and severally, shall indemnify each of the Trustee and the Notes Collateral Agent for, and hold the Trustee and the Notes Collateral Agent harmless against, any and all loss, damage, claims, liability or expense (including reasonable and documented out-of-pocket attorneys' fees and expenses) incurred by the Trustee or the Notes Collateral Agent (as evidenced in writing from the Trustee or the Collateral Agent, as applicable) in connection with the acceptance or administration of this trust and the performance of its duties under this Indenture, the Security Documents or any Equal Priority Intercreditor Agreement or Junior Priority Intercreditor Agreement (including the costs and expenses of enforcing this Indenture, the Security Documents or any Equal Priority Intercreditor Agreement or Junior Priority Intercreditor Agreement against the Issuer or any of the Guarantors (including this Section 7.07) or defending itself against any claim whether asserted by any Holder, the Issuer or any Guarantor, or liability in connection with the acceptance, exercise or performance of any of its powers or duties). Each of the Trustee and the Notes Collateral Agent shall notify the Issuer promptly of any claim for which it may seek indemnity. Failure by the Trustee or the Notes Collateral Agent to so notify the Issuer shall not relieve the Issuer of its obligations under this Indenture or the Security Documents. The Issuer shall defend the claim and the Trustee and the Notes Collateral Agent shall provide reasonable cooperation at the Issuer's expense in the defense. Each of the Trustee and the Notes Collateral Agent may have separate counsel and the Issuer shall pay the fees and expenses of such counsel; *provided, however*, that the Issuer shall not be required to pay such fees and expenses if it assumes the Trustee's or the Notes Collateral Agent's defense and, in the Trustee's or the Notes Collateral Agent's reasonable judgment, there is no conflict of interest between the Issuer and the Trustee or the Notes Collateral Agent in connection with such defense. Any settlement which affects the Trustee or the Notes Collateral Agent may not be entered into without the consent of the Trustee or the Notes Collateral Agent, as applicable, unless the Trustee or the Notes Collateral Agent is given a full and unconditional release from liability with respect to the claims covered thereby and such settlement does not include a statement or admission of fault, culpability or failure to act by or on behalf of the Trustee or the Notes Collateral Agent. The Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee or the Collateral Agent through the Trustee's or the Notes Collateral Agent's own willful misconduct or any settlement made without the Issuer's consent, which consent shall not be unreasonably withheld.

The obligations of the Issuer under this Section 7.07 shall survive the satisfaction and discharge of this Indenture or the earlier resignation or removal of the Trustee or the Notes Collateral Agent.

To secure the payment obligations of the Issuer and the Guarantors in this Section 7.07, the Trustee and the Notes Collateral Agent shall have a Lien prior to the Notes on all money or property held or collected by the Trustee or the Notes Collateral Agent, except for money or property held in trust to pay principal and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture, or the earlier resignation or removal of the Trustee or the Notes Collateral Agent.

When the Trustee or the Notes Collateral Agent incurs expenses or renders services after an Event of Default specified in Section 6.01(a)(6) or (7) occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.08. Replacement of Trustee. A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08. The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Issuer. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuer in writing. The Issuer may remove the Trustee if:

- (a) the Trustee fails to comply with Section 7.10;
- (b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (c) a receiver, custodian or other public officer takes charge of the Trustee or its property; or
- (d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of the Trustee for any reason, the Issuer shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuer.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the Issuer's expense), the Issuer or the Holders of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee; *provided* all sums owing to the Trustee under this Indenture have been paid and subject to the Lien provided for in Section 7.07. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. Successor Trustee by Merger, etc. If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor under this Indenture or in the name of the successor to the Trustee; *provided* that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Notes in the name of any predecessor Trustee shall only apply to its successor or successors by merger, consolidation or conversion.

SECTION 7.10. Eligibility; Disqualification. There shall at all times be a Trustee under this Indenture that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition.

SECTION 7.11. Intercreditor Agreements and Security Documents. By their acceptance of the Notes, the Holders hereby authorize and direct the Trustee and the Notes Collateral Agent, as the case may be, to execute and deliver the Security Documents, any Equal Priority Intercreditor Agreement, and any Junior Priority Intercreditor Agreement in which the Trustee or the Notes Collateral Agent, as applicable, is named as a party, including any Security Document executed after the Issue Date. It is hereby expressly acknowledged and agreed that, in doing so, the Trustee and the Notes Collateral Agent are (a) expressly authorized to make the representations attributed to Holders in any such agreements and (b) not responsible for the terms or contents of such agreements, or for the validity or enforceability thereof, or the sufficiency thereof for any purpose. Whether or not so expressly stated therein, in entering into, or taking (or forbearing from) any action under, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement or any Security Documents, the Trustee and the Notes Collateral Agent shall each have all of the rights, immunities, indemnities, privileges and other protections granted to it under this Indenture and the Security Documents (in addition to those that may be granted to it under the terms of such other agreement or agreements).

ARTICLE VIII
Legal Defeasance and Covenant Defeasance

SECTION 8.01. Option to Effect Legal Defeasance or Covenant Defeasance. The Issuer may, at its option and at any time, elect to have either Section 8.02 or 8.03 applied to all outstanding Notes upon compliance with the conditions set forth below in this Article VIII.

SECTION 8.02. Legal Defeasance and Discharge. Upon the Issuer's exercise under Section 8.01 of the option applicable to this Section 8.02, the Issuer and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04, be deemed to have been discharged from their obligations with respect to the Notes, the applicable Security Documents and Guarantees, and have Liens on the Collateral securing the Notes released and to have cured all then existing Events of Default on the date the conditions set forth below are satisfied ("Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuer shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 and the other Sections of this Indenture referred to in clauses (a) and (b) of this Section 8.02, to have satisfied all their other obligations under the Notes, the applicable Security Documents and this Indenture (including those of the Guarantors) and to have cured all then existing Events of Default (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged under this Indenture:

- (a) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due solely out of the trust created pursuant to Section 8.05;
- (b) the Issuer's obligations pursuant to Sections 2.03, 2.07, 2.10 and 4.02;
- (c) the rights, powers, trusts, duties and immunities of the Trustee and the Notes Collateral Agent, and the Issuer's obligations in connection therewith; and
- (d) the provisions of this Section 8.02.

Subject to compliance with this Article VIII, the Issuer may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03.

SECTION 8.03. Covenant Defeasance. Upon the Issuer's exercise under Section 8.01 of the option applicable to this Section 8.03, the Issuer and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04, be released from their obligations under the covenants contained in Sections 4.03, 4.04, 4.05, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13 and 4.14 and Section 5.01 with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied ("Covenant Defeasance"), and such Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes under this Indenture (it being understood that such Notes may not be outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to such outstanding Notes, the Issuer or any Guarantor, as applicable, may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01, but, except as specified above, the remainder of this Indenture and the Notes shall be unaffected thereby. In addition, upon the Issuer's exercise under Section 8.01 of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04, Sections 6.01(a)(3), 6.01(a)(4), 6.01(a)(5), 6.01(a)(6) (solely with respect to Significant Subsidiaries), 6.01(a)(7) (solely with respect to Significant Subsidiaries), 6.01(a)(8) and 6.01(a)(9) shall not constitute Events of Default.

SECTION 8.04. Conditions to Legal or Covenant Defeasance. The following shall be the conditions to the application of either Section 8.02 or 8.03 to the outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Notes:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as shall be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest due on the Notes on the stated maturity date or on the Redemption Date, as the case may be, of such principal, premium, if any, or interest on the Notes;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel in the United States of America confirming that, subject to customary assumptions and exclusions, (i) the Issuer has received from, or there has been published by, the United States Internal Revenue Service a ruling or (ii) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel in the United States of America shall confirm that, subject to customary assumptions and exclusions, the beneficial owners of the Notes shall not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and shall be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel in the United States of America confirming that, subject to customary assumptions and exclusions, the beneficial owners of the Notes shall not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and shall be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit or the granting of Liens in connection therewith) shall have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under any other material agreement or instrument (other than this Indenture) to which the Issuer is a party or by which the Issuer is bound (other than that resulting from borrowing funds to be applied to make such deposit and the granting of Liens in connection therewith);

(6) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(7) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel in the United States of America (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

SECTION 8.05. Deposited Money and Government Securities to Be Held in Trust; Other Miscellaneous Provisions. Subject to the provisions of Section 8.06, all money and Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 8.04 shall be held in trust and applied by the Trustee in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer or a Guarantor acting as Paying Agent), as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee.

The Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against Government Securities deposited pursuant to Section 8.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

SECTION 8.06. Repayment to Issuer. Anything in this Article VIII or Article XI to the contrary notwithstanding, each of the Trustee and each Paying Agent shall promptly deliver or pay to the Issuer upon request any money or Government Securities held by it in accordance with this Article VIII or Article XI which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1)), are in excess of the amount thereof which would then be required to be deposited to effect an equivalent Legal Defeasance, Covenant Defeasance or discharge in accordance with Article XI.

Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Issuer on its written request or (if then held by the Issuer) shall be discharged from such trust; and the Holder of such Note shall thereafter look only to the Issuer for payment thereof, and all liability of the Trustee or any Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, shall thereupon cease.

SECTION 8.07. Reinstatement. If the Trustee or the Paying Agent is unable to apply any United States dollars or Government Securities in accordance with Section 8.02 or 8.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03, as the case may be; *provided* that, if the Issuer makes any payment of principal of, premium or interest on any Note following the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or the Paying Agent.

ARTICLE IX
Amendment, Supplement and Waiver

SECTION 9.01. Without Consent of Holders of Notes. Notwithstanding Section 9.02, without the consent of any Holder, the Issuer, any Guarantor (with respect to its Guarantee, this Indenture, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement or the Security Documents to which it is a party and excluding any amendment or supplement the sole purpose of which is to add an additional Guarantor), the Trustee and the Notes Collateral Agent, without the consent of any Holders, may amend the Notes, the Guarantee, this Indenture, the Escrow Agreement, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement or the Security Documents (including, in each case, if applicable, the form of agreements attached thereto as exhibits), for any of the following purposes:

- (1) to cure any ambiguity, omission, mistake, defect or inconsistency, as evidenced in an Officer's Certificate;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions of this Indenture relating to the form of Notes (including the related definitions) in a manner that does not materially adversely affect any Holder;
- (3) to comply with Section 5.01;
- (4) to provide for the assumption of the obligations of the Issuer or any Guarantor to Holders;
- (5) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the rights under this Indenture of any such Holder;
- (6) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer;
- (7) at the Issuer's election, to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act, if such qualification should become required;
- (8) to evidence and provide for the acceptance and appointment under this Indenture of a successor Trustee, a successor Notes Collateral Agent or a successor paying agent hereunder pursuant to the requirements thereof;

- (9) to provide for the issuance of Additional Notes;
- (10) to add guarantees of the Notes under this Indenture in accordance with the terms of this Indenture;
- (11) to conform the text of this Indenture, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement, the Security Documents, the Guarantees or the Notes to any provision of the “Description of the Notes” section of the Offering Memorandum to the extent that such provision in the “Description of the Notes” was intended by the Issuer to be a verbatim recitation of a provision of this Indenture, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement, the Security Documents, the Guarantees or the Notes, such intention to be evidenced by an Officer’s Certificate of the Issuer delivered to the Trustee;
- (12) to make any amendment to the provisions of this Indenture relating to the transfer and legending of Notes as permitted by this Indenture, including to facilitate the issuance and administration of Notes; *provided* that (i) compliance with this Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of Holders to transfer Notes;
- (13) to add Collateral with respect to any or all of the Notes and/or the Guarantees;
- (14) to release any Guarantor from its Guarantee pursuant to this Indenture when permitted or required by this Indenture;
- (15) to release any Collateral from the Lien securing the Notes when permitted or required by the Security Documents, this Indenture (including pursuant to the second paragraph under Section 4.12 and including any release of any lien that is not then otherwise required by this Indenture to be pledged as security for the Notes), any Equal Priority Intercreditor Agreement or any Junior Priority Intercreditor Agreement;
- (16) to comply with the rules of any applicable securities depository;
- (17) to add any Equal Priority Secured Parties or Junior Priority Secured Parties to any Security Documents, any Equal Priority Intercreditor Agreement or any Junior Priority Intercreditor Agreement;
- (18) in the case of any Security Document, to include therein any legend required to be set forth therein pursuant to any Equal Priority Intercreditor Agreement or any Junior Priority Intercreditor Agreement, or to modify any such legend as required by any Equal Priority Intercreditor Agreement or any Junior Priority Intercreditor Agreement;
- (19) with respect to the Security Documents, any Equal Priority Intercreditor Agreement and any Junior Priority Intercreditor Agreement, as provided in the relevant Security Document, Equal Priority Intercreditor Agreement or Junior Priority Intercreditor Agreement as applicable; or
- (20) to provide for the succession of any parties to the Security Documents, any Equal Priority Intercreditor Agreement or any Junior Priority Intercreditor Agreement (and any amendments that are administrative or ministerial in nature) in connection with an amendment, renewal, extension, substitution, refinancing, restructuring, replacement, supplementing or other modification from time to time of any other agreement that is not prohibited by this Indenture.

SECTION 9.02. With Consent of Holders of Notes. Except as provided in Section 9.01 or in this Section 9.02, the Issuer, the Notes Collateral Agent and the Trustee may amend or supplement this Indenture, any related Guarantee, the Notes, the Security Documents, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement and the Escrow Agreement with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding, including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes, and, subject to Sections 6.04 and 6.07, any existing Default or Event of Default (other than a continuing Default in the payment of interest on, premium, if any, or the principal of, any Note, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture or the Notes issued under this Indenture, the Escrow Agreement, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement or any Security Document may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes). Sections 2.08 and 2.09 shall determine which Notes are considered to be “outstanding” for the purposes of this Section 9.02. Notwithstanding the foregoing, without the consent of the Holders of at least 66 2/3% in aggregate principal amount of the Notes then outstanding, no amendment or waiver may (A) make any change in any Security Document, any Equal Priority Intercreditor Agreement, any Junior Priority Intercreditor Agreement or the provisions in this Indenture dealing with Collateral or application of trust proceeds of the Collateral with the effect of releasing the Liens on all or substantially all of the Collateral which secure the Secured Notes Obligations or (B) change or alter the priority of the Liens securing the Secured Notes Obligations in any material portion of the Collateral in any way materially adverse, taken as a whole, to the Holders, other than, in each case, as provided under the terms of this Indenture, the Security Documents, any Equal Priority Intercreditor Agreement or any Junior Priority Intercreditor Agreement.

The consent of the Holders of Notes is not necessary under this Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under this Indenture by any Holder given in connection with a tender of such Holder’s Notes shall not be rendered invalid by such tender.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Issuer shall deliver electronically or mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver.

Without the consent of each affected Holder of Notes, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

- (1) reduce the percentage of the aggregate principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any such Note;
- (3) reduce the rate of or change the time for payment of interest on any Note;

(4) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes, except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration;

(5) make any Note payable in money other than that stated in such Note;

(6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of or premium, if any, or interest on the Notes;

(7) reduce the premium payable upon, or otherwise alter or waive in a manner that would materially adversely affect any Holder the provisions with respect to, the redemption of any Note or change the time at which any Note may be redeemed as described under Section 3.07 (other than any change to the notice periods with respect to such redemption);

(8) impair the right of any Holder to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;

(9) make the Notes (or any Guarantee) subordinated in right of payment to any other obligations or otherwise modify the ranking of the Notes in a way that would materially adversely affect the Holder; or

(10) make any change in these amendment and waiver provisions.

SECTION 9.03. Revocation and Effect of Consents. Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the earlier of the date the waiver, supplement or amendment becomes effective and the date on which the Trustee receives an Officer's Certificate from the Issuer certifying that the requisite principal amount of Notes have consented. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement, or waiver. If a record date is fixed, then, notwithstanding the preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only such Persons, shall be entitled to consent to such amendment, supplement, or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date.

SECTION 9.04. Notation on or Exchange of Notes. If an amendment changes the terms of a Note, the Trustee may require the Holder of the Note to deliver it to the Trustee so an appropriate notation may be reflected therein. The Trustee may also place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. Alternatively, the Issuer in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.05. Trustee, Notes Collateral Agent to Sign Amendments, etc. The Trustee and the Notes Collateral Agent shall sign any amendment, supplement or waiver authorized pursuant to this Article IX if the amendment, supplement or waiver does not adversely affect the rights, duties, liabilities or immunities of the Trustee or the Notes Collateral Agent, as applicable. If it does, the Trustee and the Notes Collateral Agent may but need not sign it. In executing any amendment, supplement or waiver, the Trustee (subject to Section 7.01) may request and shall be fully protected in conclusively relying upon, in addition to the documents required by Section 12.03, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amendment, supplement or waiver is authorized or permitted by this Indenture, the Security Documents and any Equal Priority Intercreditor Agreement and any Junior Priority Intercreditor Agreement and an Opinion of Counsel stating that such amendment, supplement or waiver is the legal, valid and binding obligation of the Issuer and any Guarantors party thereto, enforceable against them in accordance with its terms, subject to customary exceptions. No Opinion of Counsel shall be required by the immediately preceding sentence for the Trustee to execute any amendment or supplement adding a new Guarantor under this Indenture.

SECTION 9.06. Payment for Consent. The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

ARTICLE X Guarantees

SECTION 10.01. Guarantee. Prior to the Effective Date, the Escrow Issuer will be the only Subsidiary of FTAI Infrastructure, the Escrow Issuer will have no Subsidiaries, and the Notes will not be guaranteed. As of the Effective Date, the obligations of the Issuer pursuant to the Notes will be unconditionally guaranteed, jointly and severally, by each Subsidiary of the Issuer as of the Effective Date (other than Excluded Subsidiaries) and each other Person that executes a Guarantee in accordance with the provisions of this Indenture and its respective successors and assigns, in each case, until the Guarantee of such Person has been released in accordance with the provisions of this Indenture.

After the Effective Date, certain Restricted Subsidiaries will be required to guarantee the Notes, but only under the conditions described under Section 4.14, shall jointly and severally, fully and unconditionally guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Security Documents, the Notes or the obligations of the Issuer under this Indenture or thereunder: (a) the performance and full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Issuer under this Indenture, the Security Documents and the Notes, whether for payment of principal of, premium or interest on the Notes, expenses, indemnification or otherwise, on the terms set forth in this Indenture; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

The Guarantors hereby agree that their obligations under this Indenture shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or the Guarantors, any amount paid either to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

Each Guarantor also agrees to pay any and all reasonable and documented out-of-pocket costs and expenses (including reasonable and documented out-of-pocket attorneys' fees and expenses) incurred by the Trustee or any Holder in enforcing any rights under this Section 10.01.

Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article VI for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article VI, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Guarantee. Each Guarantor that makes a payment for distribution under its Guarantee shall be entitled to a contribution from each other Guarantor in a *pro rata* amount based on adjusted net assets of each Guarantor.

Each Guarantee shall remain in full force and effect and continue to be effective should any petition be filed by or against the Issuer for liquidation, reorganization, should the Issuer become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Issuer's assets, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Notes are, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee on the Notes or Guarantees, whether as a voidable preference, fraudulent transfer or otherwise, all as though such payment or performance had not been made. In the event that any payment or any part thereof, is rescinded, reduced, restored or returned, the Notes shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

In case any provision of any Guarantee shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Each payment to be made by a Guarantor in respect of its Guarantee shall be made without set-off, counterclaim, reduction or diminution of any kind or nature.

SECTION 10.02. Limitation on Guarantor Liability. Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor shall be limited to the maximum amount as shall, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article X, result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under applicable law.

SECTION 10.03. Notation Not Required. Each Guarantor hereby agrees that its Guarantee set forth in Section 10.01 shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

The delivery of any Note by the Trustee, after the authentication thereof under this Indenture, shall constitute due delivery of the Guarantee set forth in this Indenture on behalf of the Guarantors.

SECTION 10.04. Subrogation. Each Guarantor shall be subrogated to all rights of Holders of Notes against the Issuer in respect of any amounts paid by any Guarantor pursuant to the provisions of Section 10.01; *provided* that, no Guarantor shall be entitled to enforce or receive any payments arising out of, or based upon, such right of subrogation until all obligations of the Issuer under this Indenture and the Notes shall have been paid in full.

SECTION 10.05. Benefits Acknowledged. Each Guarantor acknowledges that it shall receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the guarantee and waivers made by it pursuant to its Guarantee are knowingly made in contemplation of such benefits.

SECTION 10.06. Release of Guarantees. The Guarantee of a Guarantor shall be automatically and unconditionally released, and no further action by such Guarantor, the Issuer or the Trustee is required for the release of such Guarantor's Guarantee:

(1) in connection with any sale, exchange, transfer or other disposition of all or substantially all the assets of that Guarantor (including by way of merger, consolidation or dissolution) to a Person that is not the Issuer or a Restricted Subsidiary, if the sale, exchange, transfer or other disposition does not violate Section 4.10, it being understood, for the avoidance of doubt, that such release shall not occur pursuant to this clause if such Guarantor holds all or a material portion of the proceeds of such sale, exchange, transfer or other disposition (excluding, for the avoidance of doubt, proceeds reasonably required to conduct a dissolution in accordance with applicable law);

(2) in connection with any sale, transfer or other disposition of Capital Stock of that Guarantor to a Person that is not the Issuer or a Restricted Subsidiary and that results in such Guarantor ceasing to be a Subsidiary, if the sale, transfer or other disposition does not violate Section 4.10; provided that, in the case of a Non-Subsidiary Party, after giving effect to such sale, transfer or other disposition, no material portion of the Capital Stock of such Non-Subsidiary Party is beneficially owned by the Issuer or its Restricted Subsidiaries;

(3) if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the provisions set forth under Section 4.07(c) and the definition of "Unrestricted Subsidiary" in this Indenture;

(4) any Restricted Subsidiary that at such time both (i) has become an Excluded Subsidiary (other than pursuant to clause (a) of the definition of “Excluded Subsidiary”) pursuant to a transaction not prohibited by this Indenture and (ii) does not then have outstanding any obligation that would give rise to an obligation to provide a guarantee pursuant to Section 4.14 (it being understood if any such obligation of such Restricted Subsidiary that would require such Restricted Subsidiary to be a Guarantor pursuant to the covenant described under Section 4.14 is reinstated, such Guarantee shall also be reinstated);

(5) any Non-Subsidiary Party that does not then have outstanding any obligation that would require such Non-Subsidiary Party to provide a guarantee pursuant to Section 4.14 (it being understood if any such obligation of such Non-Subsidiary Party that would require such Non-Subsidiary Party to be a Guarantor pursuant to Section 4.14 is reinstated, such Guarantee shall also be reinstated);

(6) upon the Issuer’s exercise of its legal defeasance option as described under Article VIII or the Issuer’s obligations under this Indenture being discharged in the manner described in Article XI; and

(7) upon the occurrence of a Covenant Suspension Event as described in Section 4.15.

Upon the written request of the Issuer, the Trustee and the Notes Collateral Agent shall evidence such release by a supplemental indenture or other instrument which may be executed by the Trustee and the Notes Collateral Agent without the consent of any Holder.

ARTICLE XI Satisfaction and Discharge

SECTION 11.01. Satisfaction and Discharge. This Indenture shall be discharged and shall cease to be of further effect as to all of the Notes issued hereunder and the Liens on the Collateral securing the Notes shall be released, when either:

(1) all such Notes theretofore authenticated and delivered, except lost stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(2) (a) all such Notes not theretofore delivered to such Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise or shall become due and payable within one year, and the Issuer or any other Person on behalf of the Issuer has irrevocably deposited or caused to be deposited with such Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as shall be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(b) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit or the granting of Liens in connection therewith) with respect to this Indenture or the Notes issued thereunder shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit shall not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer is a party or by which the Issuer is bound (other than an instrument to be terminated contemporaneously with or prior to the borrowing of funds to be applied to make such deposit and the granting of Liens in connection therewith);

(c) the Issuer has paid or caused to be paid all other sums payable by it under this Indenture; and

(d) the Issuer has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of such Notes at maturity or the Redemption Date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money shall have been deposited with the Trustee pursuant to subclause (a) of clause (2) of this Section 11.01, the provisions of Section 11.02 and Section 8.06 shall survive.

SECTION 11.02. Application of Trust Money. Subject to the provisions of Section 8.06, all money and Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 11.01 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer or any Guarantor acting as the Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 11.01 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01 until such time as the Trustee or any Paying Agent is permitted to apply all such money or Government Securities in accordance with Section 11.01; *provided* that if the Issuer has made any payment of principal of, premium, if any, or interest on any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE XII
Miscellaneous

SECTION 12.01. Notices. Any notice or communication by the Issuer, any Guarantor, the Trustee, the Notes Collateral Agent or any Paying Agent to the others is duly given if in writing and delivered in person, electronically transmitted (only in the case of notices or communications to the Trustee) or mailed by first-class mail (registered or certified, return receipt requested) or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Issuer and/or any Guarantor:

FTAI Infra Escrow Holdings, LLC
Fortress Transportation and Infrastructure Investors LLC
1345 Avenue of the Americas, 45th Floor
New York, New York 10105
Attention: Kevin Krieger, Secretary

If to the Trustee or to the Notes Collateral Agent:

U.S. Bank Trust Company, National Association
60 Livingston Avenue
St. Paul, Minnesota 55107
Attention: Joshua Hahn

The Issuer, any Guarantor, the Trustee, the Notes Collateral Agent or any Paying Agent, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five calendar days after being deposited in the mail, postage prepaid, if mailed by first-class mail (or in the case of Notes in global form, on the date the notice is sent pursuant to the applicable procedures of the Depository); the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery; and on the first date of which publication is made, if given by publication; and when sent, if sent electronically; *provided* that any notice or communication delivered to the Trustee shall be deemed effective upon actual receipt thereof.

Any notice or communication to a Holder shall be mailed by first class mail, postage prepaid, to its address shown on the register kept by the Registrar or otherwise in accordance with the procedures of the Depository. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Issuer mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 12.02. Communication by Holders of Notes with Other Holders of Notes. Holders may communicate with other Holders with respect to their rights under this Indenture or the Notes.

SECTION 12.03. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuer or any of the Guarantors to the Trustee or the Notes Collateral Agent to take any action under this Indenture, the Issuer or such Guarantor, as the case may be, shall furnish to the Trustee (except as set forth in Section 9.05):

(1) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.04) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.04) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

In giving any Opinion of Counsel under this Indenture, counsel may rely as to factual matters on an Officer's Certificate or certificates of public officials.

SECTION 12.04. Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to Section 4.04) shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with (which examination or investigation, in the case of an Opinion of Counsel, may be limited to reliance on an Officer's Certificate as to matters of fact or certificates of public officials); and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with; *provided, however*, that with respect to matters of fact an Opinion of Counsel may rely on an Officer's Certificate or certificates of public officials.

SECTION 12.05. Rules by Trustee and Agents. The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar, Transfer Agent or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 12.06. No Personal Liability of Directors, Officers, Employees and Stockholders. No director, officer, employee, incorporator, member, partner or shareholder of the Issuer or any Guarantor shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Guarantees, the Security Documents, the Escrow Agreement or this Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

SECTION 12.07. Governing Law. THIS INDENTURE, THE NOTES, THE ESCROW AGREEMENT, THE SECURITY AGREEMENT AND ANY GUARANTEE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

SECTION 12.08. Waiver of Jury Trial. EACH OF THE ISSUER, THE GUARANTORS, THE HOLDERS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 12.09. Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused by, directly or indirectly, forces beyond its reasonable control, including strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software or hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 12.10. Benefits of Indenture. Nothing in this Indenture or the Notes shall give to any Person, other than the parties hereto, any Paying Agent, any Transfer Agent, any Registrar and its successors hereunder and the Holders any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 12.11. No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Issuer or any of the Restricted Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 12.12. Successors. All agreements of the Issuer in this Indenture and the Notes shall bind its successors. All agreements of the Trustee, the Notes Collateral Agent or any Agent in this Indenture shall bind its successors. All agreements of each Guarantor in this Indenture shall bind its successors, except as otherwise provided in Section 10.06.

SECTION 12.13. Severability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.14. Counterpart Originals. This Indenture may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument. Any signature to this Indenture may be delivered by facsimile, electronic mail (including pdf) or any electronic signature complying with the U.S. Federal E-SIGN Act of 2000 or the New York Electronic Signature and Records Act or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes to the fullest extent permitted by applicable law. Each of the parties hereto represents and warrants to the other parties that it has the corporate or other capacity and authority to execute this Indenture through electronic means and there are no restrictions for doing so in that party's constitutive documents.

SECTION 12.15. Table of Contents, Headings, etc. The Table of Contents, the cross-reference table in Section 1.02 and the headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 12.16. U.S.A. Patriot Act. The parties hereto acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001))), all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. Each party to this agreement agrees that it shall provide to the Trustee such information as the Trustee may request, from time to time, in order for the Trustee to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that shall allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

ARTICLE XIII
Collateral

SECTION 13.01. The Collateral. The due and punctual payment of the principal of, premium on, if any, and interest on the Notes when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, and interest on the overdue principal of, premium on, if any, and interest on the Notes and performance of all other Secured Notes Obligations of the Issuer and the Guarantors to the Holders or the Trustee and/or Notes Collateral Agent (as applicable), according to the terms of this Indenture, the Notes and the Guarantees, shall be secured as provided in the Security Documents, which the Issuer and the Guarantors will enter into on the Effective Date and which define the terms of the Liens that secure the Secured Notes Obligations.

The Trustee, the Issuer and the Guarantors hereby acknowledge and agree that the Notes Collateral Agent holds the Collateral for the benefit of the Holders, the Trustee and the Notes Collateral Agent and pursuant to the terms of the Security Documents. Each Holder, by accepting a Note, consents and agrees to the terms of the Security Documents, the Equal Priority Intercreditor Agreement and Junior Priority Intercreditor Agreement (including the provisions providing for the possession, use, release and foreclosure of Collateral), each as may be in effect or may be amended from time to time in accordance with their terms and the terms of this Indenture, and authorizes and directs the Notes Collateral Agent and/or the Trustee, as applicable, to enter into the Security Documents, any Junior Priority Intercreditor Agreement in respect of permitted Junior Priority Obligations and any the Equal Priority Intercreditor Agreement in respect of permitted Equal Priority Obligations, and any amendments, supplements, and/or joinders to the foregoing to which it is a party, at any time after the Issue Date, if applicable, and to perform its obligations and exercise its rights thereunder in accordance therewith.

On or following the Effective Date, the Issuer shall deliver to the Notes Collateral Agent copies of all documents required to be filed pursuant to the Security Documents, and shall do or cause to be done all such acts and things as may be necessary, proper, or as may be required by the Security Documents, to assure and confirm to the Notes Collateral Agent the security interest in the Collateral contemplated hereby, by the Security Documents or any part thereof, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Notes secured hereby, according to the intent and purposes herein expressed. On or following the Effective Date, the Issuer and the Guarantors shall execute any and all further documents, financing statements (including continuation statements and amendments to financing statements), agreements and instruments, make all filings (including filings of financing statements under the UCC and continuation statements and amendments to such financing statements that may be necessary to continue the effectiveness of such financing statements and any filings with the Surface Transportation Board (as defined in the Security Agreement)), and take all further action that may be required under applicable law in order to grant, preserve, maintain, protect and perfect (or continue the perfection of) the validity and priority of the Liens and security interests created or intended to be created by the Security Documents in the Collateral, subject to Permitted Liens.

SECTION 13.02. Release of Collateral. The Issuer and the Guarantors will be entitled to the release of property and other assets constituting Collateral from the Liens securing the Notes and the Guarantees under any one or more of the following circumstances:

- (1) to enable the Issuer or any Guarantor to consummate the sale, transfer, or other disposition of such Collateral to any Person other than the Issuer or a Guarantor, to the extent such sale, transfer or other disposition is not prohibited by Section 4.10;
- (2) in the case of a Guarantor that is released from its Guarantee, with respect to the property and other assets of such Guarantor, upon the release of such Guarantor from its Guarantee;
- (3) with respect to any Collateral that becomes an “Excluded Asset,” upon it becoming an Excluded Asset in accordance with a transaction not prohibited by this Indenture;
- (4) in accordance with the second paragraph under Section 4.12;
- (5) as required pursuant to the terms of any Equal Priority Intercreditor Agreement or any Junior Priority Intercreditor Agreement; or
- (6) as described under Article IX.

The Liens on the Collateral securing the Notes and the related Guarantees also shall automatically, without the need for any further action by any Person, be terminated and released, (i) upon payment in full of the principal of, together with accrued and unpaid interest on, the Notes and all other Obligations in respect of the Notes under this Indenture, the related Guarantees and the Security Documents that are due and payable at or prior to the time such principal, together with accrued and unpaid interest, are paid, other than any contingent obligations not yet due or payable or (ii) upon a legal defeasance or covenant defeasance with respect to the Notes under this Indenture as described under Article VIII or a satisfaction and discharge of this Indenture with respect to the Notes as described under Article XI, in each case other than any contingent obligations (including contingent indemnity obligations not yet due or payable).

Upon the written request of the Issuer, the Trustee and the Notes Collateral Agent shall evidence such release by an instrument which may be executed by the Trustee and the Notes Collateral Agent without the consent of any Holder. In connection with any release of Liens on Collateral that requires execution by the Notes Collateral Agent, the Notes Collateral Agent shall receive an Officer’s Certificate and an Opinion of Counsel, upon which it may conclusively rely without liability, stating that such release is permitted by this Indenture and the Security Documents.

SECTION 13.03. Possession of the Collateral. Pursuant to and subject to the terms of the Security Documents, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral and to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

SECTION 13.04. After-Acquired Collateral. From and after the Effective Date, and subject to certain limitations and exceptions, if the Issuer or any Guarantor directly creates, or acquires any security interest upon any property or asset (other than Excluded Assets) that would constitute Collateral, the Issuer and each of the Guarantors must concurrently grant a first-priority perfected security interest (subject to Permitted Liens) upon any such Collateral, as security for the Secured Notes Obligations. From and after the Effective Date, if the Issuer or any Guarantor creates or perfects any additional security interest upon any property or assets to secure any Equal Priority Obligations or Junior Priority Obligations, it must concurrently grant and perfect a first-priority perfected security interest (subject to Permitted Liens) in such property as security for the Secured Notes Obligations with the priority required by this Indenture and the Security Documents.

SECTION 13.05. Further Assurances. The Issuer and the Guarantors shall, at their sole expense, take all actions (including filing Uniform Commercial Code and other financing statements, mortgages and deeds of trust) that may be required under applicable law, or that the Trustee or the Notes Collateral Agent may reasonably request, in order to ensure the creation, perfection and priority (or continuance thereof) of the security interests created or intended to be created by the Security Documents.

SECTION 13.06. Equal Priority Intercreditor Agreement. If the Issuer or any Guarantor (i) incurs any obligations in respect of Equal Priority Obligations (including any Superpriority Obligations (as defined below)) at any time when no applicable Equal Priority Intercreditor Agreement is in effect or at any time when Indebtedness constituting Equal Priority Obligations entitled to the benefit of an existing Equal Priority Intercreditor Agreement is concurrently retired, and (ii) delivers to the Notes Collateral Agent an Officer's Certificate so stating and requesting the Notes Collateral Agent to enter into an equal priority intercreditor agreement (in customary market form (as reasonably determined by the Notes Collateral Agent and the Issuer as set forth in an Officer's Certificate delivered to the Trustee and the Notes Collateral Agent)) in favor of a designated agent or representative for the holders of the Equal Priority Obligations so incurred, the Notes Collateral Agent shall (and is hereby authorized and directed to) enter into such intercreditor agreement (at the sole expense and cost of the Issuer, including reasonable legal fees and expenses of the Notes Collateral Agent), bind the Holders on the terms set forth therein and perform and observe its obligations thereunder. The Equal Priority Intercreditor Agreement may provide that certain Equal Priority Obligations will have priority in right of payment (any such obligations, the "Superpriority Obligations") upon a foreclosure, enforcement or exercise of remedies with respect to the Collateral or a bankruptcy, insolvency or similar event or if the Notes Collateral Agent or any other agent representing the Equal Priority Obligations receives payment with respect to any Collateral pursuant to any intercreditor Agreement and will be repaid prior to the payment of the Secured Notes Obligations and the other Equal Priority Obligations.

SECTION 13.07. Junior Priority Intercreditor Agreement. If the Issuer and the Guarantors incur Junior Priority Obligations secured (and permitted by this Indenture to be secured) by Liens on the Collateral having, or intending to have, a Junior Lien Priority ranking relative to the Liens on the Collateral securing the Secured Notes Obligations, the Notes Collateral Agent and the applicable Junior Priority Collateral Agent(s) will enter into a junior priority intercreditor agreement (in customary market form (as reasonably determined by the Notes Collateral Agent and the Issuer as set forth in an Officer's Certificate delivered to the Trustee and the Notes Collateral Agent)) (as the same may be amended, restated, renewed, replaced or otherwise modified from time to time, a "Junior Priority Intercreditor Agreement"). The Junior Priority Intercreditor Agreement may be entered into and amended from time to time thereafter without the consent of the Holders to add other parties holding Equal Priority Obligations and/or Junior Priority Obligations permitted to be incurred and secured under this Indenture and the relevant agreements, or their respective representatives.

SECTION 13.08. Authorization of Actions to be Taken by the Trustee or the Notes Collateral Agent under the Security Documents. Subject to the provisions of the Security Documents, the Junior Priority Intercreditor Agreement (if any) and the Equal Priority Intercreditor Agreement (if any), each of the Trustee or the Notes Collateral Agent may (but shall not be obligated to), in its sole discretion and without the consent of the Holders, on behalf of the Holders, take all actions it deems necessary or appropriate in order to (a) enforce any of its rights or any of the rights of the Holders under the Security Documents, the Junior Priority Intercreditor Agreement (if any) and the Equal Priority Intercreditor Agreement (if any) and (b) collect and receive any and all amounts payable in respect of the Collateral in respect of the obligations of the Issuer and the Guarantors hereunder and thereunder. Subject to the provisions of the Security Documents, the Junior Priority Intercreditor Agreement (if any) and the Equal Priority Intercreditor Agreement (if any), the Trustee or the Notes Collateral Agent shall have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Documents, the Junior Priority Intercreditor Agreement (if any), the Equal Priority Intercreditor Agreement (if any) or this Indenture, and such suits and proceedings as the Trustee or the Notes Collateral Agent may deem expedient to preserve or protect its interest and the interests of the Holders in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders, the Collateral Agent or the Trustee).

The Trustee or the Notes Collateral Agent shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral. Neither the Trustee nor the Notes Collateral Agent shall have responsibility for recording, filing, re-recording or refiling any financing statement, continuation statement, document, instrument or other notice in any public office at any time or times or to otherwise take any action to perfect or maintain the perfection of any security interest granted to it under the Security Documents or otherwise. The Trustee shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Trustee in good faith.

SECTION 13.09. Appointment and Authorization of Notes Collateral Agent. U.S Bank Trust Company, National Association, is hereby designated and appointed as the Notes Collateral Agent under the Security Documents, and is authorized as the Notes Collateral Agent to execute and enter into each of the Security Documents and all other instruments relating to the Security Documents and (i) to take action an exercise such powers as are expressly required or permitted under this Indenture and the Security Documents and all instruments relating hereto and thereto, including entering into any amendments, supplements, modifications, joinders or intercreditor agreements relating thereto and (ii) to exercise such powers and perform such duties as are in each case, expressly delegated to the Notes Collateral Agent by the terms hereof and thereof together with such other powers as are reasonably incidental hereto and thereto.

The Notes Collateral Agent shall incur no liability to anyone in acting upon any signature, instrument, statement, notice, resolution, request, direction, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be signed by the proper party or parties. The Notes Collateral Agent may exercise any of its rights or powers hereunder or perform any of its duties hereunder either directly or by or through agents or attorneys, and the Notes Collateral Agent shall not be responsible for any willful misconduct or gross negligence on the part of any agent or attorney appointed hereunder with due care by it. Anything in this Indenture or Security Documents notwithstanding, in no event shall the Notes Collateral Agent be liable for special, punitive, indirect or consequential damage of any kind whatsoever (including but not limited to lost profits), even if the Notes Collateral Agent has been advised of such loss or damage and regardless of the form of action.

SECTION 13.10. Collateral Accounts. The Trustee and the Notes Collateral Agent are authorized to receive any funds for the benefit of the Holders distributed under, and in accordance with, the Security Documents, and to make further distributions of such funds to the Holders according to the provisions of this Indenture, the Security Documents and any Equal Priority Intercreditor Agreement or Junior Priority Intercreditor Agreement.

SECTION 13.11. Purchaser Protected.

In no event shall any purchaser in good faith of any property purported to be released hereunder or under any Security Document be bound to ascertain the authority of the Notes Collateral Agent or the Trustee to execute the applicable release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor shall any purchaser or other transferee of any property or rights permitted by this Article XIII to be sold be under any obligation to ascertain or inquire into the authority of the Issuer or the applicable Guarantor to make any such sale or other transfer.

SECTION 13.12. Resignation and Replacement of the Notes Collateral Agent. The Notes Collateral Agent may resign at any time by written notice to the Issuer, such resignation to be effective upon the acceptance of a successor agent to its appointment as Notes Collateral Agent. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Notes Collateral Agent by so notifying the Notes Collateral Agent and the Issuer in writing. The Issuer or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Notes Collateral Agent if:

- (a) the Notes Collateral Agent has or acquires a conflict of interest that is not eliminated;
- (b) fails to meet certain minimum limits regarding the adequacy of its capital or surplus or
- (c) becomes incapable of acting as Notes Collateral Agent or becomes insolvent or bankrupt.

If the Notes Collateral Agent resigns under this Indenture, the Issuer shall appoint a successor collateral agent. If no successor collateral agent is appointed prior to the intended effective date of the resignation of the Notes Collateral Agent (as stated in the notice of resignation), the Trustee, at the direction of the Holders of a majority of the aggregate principal amount of the Notes then outstanding, may appoint a successor collateral agent, subject to the consent of the Issuer (which consent shall not be unreasonably withheld and which shall not be required during a continuing Event of Default). If no successor collateral agent is appointed and consented to by the Issuer pursuant to the preceding sentence within sixty (60) days after the intended effective date of resignation (as stated in the notice of resignation) the Issuer or the Holders of at least 10% in principal amount of the then outstanding Notes shall be entitled to petition a court of competent jurisdiction to appoint a successor.

A successor Notes Collateral Agent shall deliver a written acceptance of its appointment to the retiring Notes Collateral Agent and to the Issuer. Upon the acceptance of its appointment as successor collateral agent hereunder, such successor collateral agent shall succeed to all the rights, powers and duties of the retiring Notes Collateral Agent, and the term "Notes Collateral Agent" shall mean such successor collateral agent, and the retiring Collateral Agent's appointment, powers and duties as the Collateral Agent shall be terminated.

The successor Notes Collateral Agent shall mail a notice of its succession to Holders. The retiring Notes Collateral Agent shall promptly transfer all property held by it as Notes Collateral Agent to the successor Trustee; provided all sums owing to the Notes Collateral Agent under this Indenture have been paid and subject to the Lien provided for in Section 7.07. After the retiring Notes Collateral Agent's resignation hereunder, the provisions of this Section 13.12 shall continue to inure to its benefit and the retiring Notes Collateral Agent shall not by reason of such resignation be deemed to be released from liability as to any actions taken or omitted to be taken by it while it was the Notes Collateral Agent under this Indenture.

SECTION 13.13. Certain Limitations on the Collateral. Notwithstanding anything to the contrary herein or in any Security Document, to the extent that the Lien on any Collateral is not or cannot be created and/or perfected on the Effective Date (other than (a) by the execution and delivery of the Security Agreement by the Issuer and the Guarantors, (b) a Lien on Collateral that is of the type that may be perfected by the filing of a financing statement under the UCC and (c) a Lien on the Equity Interests or instruments constituting Collateral that may be perfected on the Effective Date by the delivery of a stock or equivalent certificate or such instrument (together with a stock power or similar instrument endorsed in blank for the relevant certificate or instrument)), in each case after the Issuer's use of commercially reasonable efforts to do so or without undue burden or expense, the Issuer shall use commercially reasonable efforts to create and/or perfect such Lien within 180 days after the Effective Date.

Notwithstanding anything to the contrary herein or in any Security Document:

- (a) Liens required to be granted from time to time pursuant to this Indenture shall be subject to exceptions and limitations set forth in the applicable Security Documents;
- (b) (A) perfection by control will not be required with respect to assets requiring perfection through control agreements or other control arrangements, including deposit accounts, securities accounts and commodities accounts (other than control or possession of pledged Equity Interests (to the extent certificated) and instruments that constitute Collateral) and (B) no blocked account agreement, securities account control agreement or similar agreement will be required for any deposit account, securities account or commodities account;
- (c) no actions will be required to be taken, and the Notes Collateral Agent will not be authorized to take any action, in any non-U.S. jurisdiction or required by the laws of any non-U.S. jurisdiction to create any security interests in assets located or titled outside of the U.S. or to perfect or make enforceable any security interests in any such assets (it being understood that there shall be no security agreements or pledge agreements governed under the laws of any non-U.S. jurisdiction and no non-U.S. filings, searches or schedules);
- (d) no actions will be required to perfect a security interest in (A) any assets subject to a certificate of title or (B) letter-of-credit rights not constituting supporting obligations of other Collateral, except in the case of each of clauses (A) and (B), perfection actions limited solely to the filing of a UCC financing statement; and
- (e) no title insurance or survey shall be required to be delivered for any Material Real Estate Asset comprised of rail lands and no landlord lien waivers, consents, estoppels or collateral access letters shall be required to be delivered in connection with any Collateral.

Terms defined in the UCC that are not otherwise defined in this Indenture are used in this Section 13.13 as defined in the UCC.

ARTICLE XIV
ESCROW ARRANGEMENT; SPECIAL MANDATORY REDEMPTION

SECTION 14.01. Escrow of Proceeds. Concurrently with the closing of this offering, the Escrow Issuer will enter into the Escrow Agreement with the Trustee and the Escrow Agent. The Escrow Issuer will deposit (or cause to be deposited) into the Escrow Account an amount equal to the gross proceeds of the Notes sold on the Issue Date, plus accrued interest on the Notes through and including September 10, 2022 (the “Outside Date”) (collectively and, together with any other property from time to time held by the Escrow Agent in the Escrow Account, the “Escrowed Property”). Escrow Issuer will cause an additional amount to be deposited into the Escrow Account such that the Escrowed Property is sufficient to yield the Special Mandatory Redemption Price as of the Special Mandatory Redemption Date (each as defined under Section 14.02).

The Escrowed Property will be held in the Escrow Account until the earlier of (i) an Escrow Release (as defined below) following the delivery by Issuer to the Escrow Agent of the Officer’s Certificate referred to in the next succeeding paragraph and (ii) a Special Mandatory Redemption Date. The Escrow Issuer will grant the Trustee, for its benefit and the benefit of the Holders, subject to certain Liens of the Escrow Agent, a first-priority Lien in the Escrow Account and all Eligible Escrow Investments therein to secure the payment of the Special Mandatory Redemption Price (as defined below); provided, however, that such Lien shall automatically be released and terminated at such time as the Escrowed Property is released from the Escrow Account on the Escrow Release Date (as defined below). The Escrow Agent will invest the Escrowed Property in such Eligible Escrow Investments, and liquidate such Eligible Escrow Investments, as the Issuer will from time to time direct in writing.

Subject to the provisions described in Section 14.02, the Escrow Issuer will only be entitled to direct the Escrow Agent to release Escrowed Property (in which case the Escrowed Property will be paid to or as directed by the Escrow Issuer) (the “Escrow Release”) upon delivery to the Escrow Agent, on or prior to the Outside Date, of an Officer’s Certificate, certifying that the following conditions (the “Escrow Release Conditions”) have been or, substantially concurrently with the release of the Escrowed Property, will be satisfied (the date of the Escrow Release is hereinafter referred to as the “Escrow Release Date”):

- (1) the Spin-Off will occur substantially concurrently with such release;
- (2) the Issuer shall have sold \$300,000,000 of Preferred Equity substantially concurrently with such release with terms materially consistent with the description of the Preferred Equity in the Offering Memorandum under “Description of our Capital Stock -- Series A Preferred Stock”;
- (3) the Escrow Issuer will have merged with and into FTAI Infrastructure and FTAI Infrastructure will have become the Issuer of the Notes;
- (4) the Issuer and the Guarantors will have entered into a supplemental indenture guaranteeing the Notes in the form of Exhibit D attached hereto; and
- (5) FTAI Infrastructure and the Guarantors will have entered into the Security Documents.

The Escrow Release shall occur promptly upon receipt by the Escrow Agent of an Officer’s Certificate certifying to the foregoing. Upon the occurrence of the Escrow Release, the Escrow Account shall be reduced to zero and the Escrowed Property and interest thereon shall be paid out in accordance with the Escrow Agreement.

SECTION 14.02. Special Mandatory Redemption. If (i) the Escrow Agent has not received the Officer's Certificate described under Section 14.01 on or prior to the Outside Date or (ii) the Escrow Issuer notifies the Escrow Agent in writing that in its reasonable judgment the Spin-Off will not be consummated on or prior to the Outside Date, then the Escrow Agent shall release the Escrowed Property (including investment earnings thereon and proceeds thereof) to the Trustee, on the third Business Day succeeding (a) the Outside Date (in the case of clause (i)) or (b) the date of such notice (in the case of clause (ii)), as the case may be (such third Business Day, the "Special Mandatory Redemption Date"), and the Trustee shall pay the amounts to the Paying Agent for payment to the Holders of the Notes (the "Special Mandatory Redemption") at a redemption price calculated by Issuer (the "Special Mandatory Redemption Price") equal to 100% of the initial issue price of the Notes, plus accrued and unpaid interest from the Issue Date to, but excluding, the Special Mandatory Redemption Date. On the Special Mandatory Redemption Date, the Trustee will pay to the Escrow Issuer any Escrowed Property (including investment earnings thereon and proceeds thereof) in excess of the amount necessary to effect the Special Mandatory Redemption of such Notes on the Special Mandatory Redemption Date.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the date first above written.

FTAI INFRA ESCROW HOLDINGS, LLC, as Issuer

By: /s/ Joseph P. Adams, Jr.

Name: Joseph P. Adams, Jr., President

[Signature Page to Indenture]

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as
Trustee and as Notes Collateral Agent

By: /s/ Joshua A. Hahn
Name: Joshua A. Hahn
Title: Vice President

[Signature Page to Indenture]

[FACE OF NOTE]

[Insert the Global Note Legend, if applicable pursuant to the provisions of this Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of this Indenture]

[Insert the Regulation S Global Note Legend, if applicable pursuant to the provisions of this Indenture]

[Insert the Original Issue Discount Legend, if applicable pursuant to the provisions of this Indenture]

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[144A CUSIP: 30327T AA7]
[Reg S CUSIP: U34870 AA0]
[144A ISIN: US30327TAA79]
[Reg S ISIN: USU34870AA07]

[RULE 144A][REGULATION S] GLOBAL NOTE
10.500% Senior Secured Notes due 2027

No. ____

[\$]

FTAI INFRA ESCROW HOLDINGS, LLC
(whose obligations are to be assumed by FTAI Infrastructure Inc.)

promise to pay (without duplication) to [] or registered assigns, the principal sum [set forth on the Schedule of Increases and Decreases of Interests in the Global Note attached hereto] [of United States Dollars] on June 1, 2027.

Interest Payment Dates: June 1 and December 1, commencing on December 1, 2022

Record Dates: May 15 and November 15

IN WITNESS HEREOF, the Issuer has caused this instrument to be duly executed.

FTAI INFRA ESCROW HOLDINGS, LLC (whose obligations are to be assumed by FTAI Infrastructure Inc.), as Issuer

By

Name:

Title:

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This is one of the Notes referred to in the within-mentioned Indenture:

Dated: []

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as
Trustee

By

Authorized Signatory

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10.500% Senior Secured Notes due 2027

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest. The Issuer promises to pay (without duplication) interest on the principal amount of this Note at 10.500% per annum. The Issuer shall pay interest semi-annually in arrears on June 1 and December 1 of each year, as applicable, to stated maturity (each, an “Interest Payment Date”). The first Interest Payment Date shall be December 1, 2022.¹ The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to the then applicable interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest at the same rate to the extent lawful. Interest on the Notes shall accrue from the most recent date on which interest was paid or, if no interest has been paid, from July 7, 2022.² At maturity, the Issuer shall pay accrued and unpaid interest from the most recent date to which interest has been paid or provided for. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

2. Method of Payment. The Issuer shall pay interest on the Notes to the Persons who are registered Holders of Notes at the close of business on the May 15 or November 15 (whether or not a Business Day), as the case may be (each, a “Record Date”), immediately preceding the Interest Payment Date, even if such Notes are canceled after such Record Date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. Principal of, premium, if any, and interest on the Notes will be payable at the office or agency of the Issuer maintained for such purpose pursuant to Section 4.02 of the Indenture or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their respective addresses set forth in the register of Holders; *provided* that all payments of principal, premium, if any, and interest with respect to Notes represented by one or more Global Notes registered in the name of or held by DTC or its nominee will be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. In any case where an Interest Payment Date, Redemption Date or any other stated maturity of any payment required to be made on the Notes shall not be a Business Day, then each such payment need not be made on such date, but shall be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date, Redemption Date or stated maturity of such payment and no additional interest shall be payable as a result of such delay in payment.

3. Paying Agent, Transfer Agent and Registrar. Initially, U.S. Bank Trust Company, National Association shall act as Paying Agent, Transfer Agent and Registrar. The Issuer may change the Paying Agent, the Transfer Agent or the Registrar without prior notice to the Holders. An Issuer or any Guarantor may act as a Paying Agent or Registrar.

1 With respect to the Initial Notes.

2 With respect to the Initial Notes.

4. Indenture. The Issuer issued the Notes under an Indenture, dated as of July 7, 2022 (the “Indenture”), between the Issuer, U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) and as notes collateral agent (the “Notes Collateral Agent”). This Note is one of a duly authorized issue of Notes of the Issuer designated as its 10.500% Senior Secured Notes due 2027. The Issuer shall be entitled to issue Additional Notes pursuant to Article II and Section 4.09 of the Indenture. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are senior secured obligations of the Issuer and the Guarantors, secured by a first-priority security interest in the Collateral (subject to Permitted Liens).

5. Optional Redemption.

(a) Prior to June 1, 2025, the Issuer may, at its option, redeem the Notes, in whole at any time or in part from time to time, upon notice as described in Section 3.03 of the Indenture, at a redemption price equal to 100.0% of the principal amount of Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but not including, the applicable Redemption Date, subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date.

(b) From and after June 1, 2025, the Issuer may, at its option, redeem the Notes, in whole at any time or in part from time to time, upon notice as described in Section 3.03 of the Indenture, at the redemption prices (expressed as percentages of principal amount on the Redemption Date) set forth below, plus accrued and unpaid interest thereon, if any, to, but not including, the applicable Redemption Date, subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date, if redeemed during the twelve-month period beginning on June 1 of each of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2025	105.250%
2026 and thereafter	100.000%

(c) In addition, at any time prior to June 1, 2025, the Issuer may, at its option, at any time and from time to time, upon notice as described in Section 3.03 of the Indenture, redeem up to 40.0% of the aggregate principal amount of Notes at a redemption price equal to 110.500% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to, but not including, the applicable Redemption Date, subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date, with the net proceeds (other than Otherwise Applied Proceeds) of one or more Equity Offerings (within 180 days of the consummation of each such Equity Offering); *provided* that at least 60.0% of the aggregate principal amount of Notes remains outstanding immediately after the occurrence of each such redemption.

(d) The Issuer may, at its option and at any time, redeem the Notes at 101.0% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to, but not including, the applicable Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, following the consummation of a Change of Control if at least 90.0% of the Notes outstanding prior to such date of purchase are purchased pursuant to a Change of Control Offer with respect to such Change of Control.

6. Mandatory Redemption. Except as provided for in Sections 4.10, 4.13 and 14.02 of the Indenture, the Issuer shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

7. Notice of Redemption. Notice of redemption shall be mailed by first-class mail (or otherwise delivered in accordance with the applicable procedures of the Depository) at least 10 days but not more than 60 days before the Redemption Date to each Holder at such Holder's registered address or otherwise in accordance with the applicable procedures of the Depository, except that redemption notices may be mailed (or otherwise sent in accordance with the applicable procedures of the Depository) more than 60 days prior to a Redemption Date if the notice is issued in connection with Article VIII, Article XI of the Indenture or a purchase or a redemption of the Notes subject to one or more conditions precedent. Notes in denominations larger than \$2,000 may be redeemed in part but only in whole multiples of \$1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the Redemption Date interest ceases to accrue on Notes or portions thereof called for redemption.

8. Offers to Repurchase.

(a) Upon the occurrence of a Change of Control, the Issuer shall make an offer (a "Change of Control Offer") to each Holder to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of each Holder's Notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon, if any, to, but excluding, the date of purchase (the "Change of Control Payment"). The Change of Control Offer shall be made in accordance with Section 4.13 of the Indenture.

(b) If the Issuer or any of the Restricted Subsidiaries consummates an Asset Sale, within 30 days of each date that Excess Proceeds or Collateral Excess Proceeds, as applicable, exceed \$25,000,000, the Issuer or any Restricted Subsidiary shall make an offer to all Holders of the Notes and, if required by the terms of any Indebtedness that is *pari passu* with the Notes ("Pari Passu Indebtedness"), to the holders of such Pari Passu Indebtedness (an "Asset Sale Offer"), to purchase the maximum aggregate principal amount of Notes and such Pari Passu Indebtedness that may be purchased out of the Excess Proceeds or Collateral Excess Proceeds, as applicable, at an offer price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon, if any (or, in respect of such Pari Passu Indebtedness, such lesser price, if any, as may be provided for or permitted by the terms of such Pari Passu Indebtedness), to the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture. Any Asset Sale Offer shall be made in accordance with Section 4.10 of the Indenture.

9. Denominations, Transfer, Exchange. The Notes are in registered form without coupons in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar, Transfer Agent and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of the Notes. Holders shall pay all taxes due on transfer. The Issuer is not required to transfer or exchange any Note selected for redemption or surrendered for repurchase in connection with an Asset Sale Offer or Change of Control Offer. Also, the Issuer is not required to transfer or exchange any Notes for a period of 15 days before the mailing of a notice of redemption of Notes to be redeemed or between a Record Date and the following Interest Payment Date.

10. Persons Deemed Owners. The registered Holder of a Note shall be treated as the owner of it for all purposes. Only registered Holders shall have rights under the Indenture and this Note.

11. Amendment, Supplement and Waiver. The Indenture, the Guarantees, the Security Documents or the Notes may be amended or supplemented as provided in the Indenture.

12. Defaults and Remedies. The Events of Default relating to the Notes are defined in Section 6.01 of the Indenture. If any Event of Default (other than an Event of Default arising from certain events of bankruptcy or insolvency) occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare the principal of, and accrued but unpaid interest, if any, on, all the then total outstanding Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, the principal of, and accrued but unpaid interest, if any, on, all the then outstanding Notes shall become due and payable without further action or notice. Holders may not enforce the Indenture, the Notes or the Guarantees except as provided in the Indenture. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in writing in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default, except a Default or Event of Default relating to the payment of principal or interest, if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except, a continuing Default or Event of Default in payment of the interest on or the principal of any Note held by a non-consenting Holder. The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuer is required within five Business Days after becoming aware of any Default, to deliver to the Trustee a statement specifying such Default.

13. Guarantees. Following the consummation of the Spin-Off, the Issuer's obligations under the Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors, subject to the terms of the Indenture.

14. Authentication. This Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of the Trustee.

15. Security. This Note shall be secured by the Collateral on the terms and subject to the conditions set forth in the Indenture, the Security Documents, the Escrow Agreement and any Equal Priority Intercreditor Agreement or Junior Priority Intercreditor Agreement. The Notes Collateral Agent holds the Collateral in trust for the benefit of the Trustee, the Holders and the Notes Collateral Agent pursuant to the Security Documents and the Escrow Agreement. Each Holder, by accepting this Note, consents and agrees to the terms of the Security Documents (including the provisions providing for the foreclosure and release of Collateral), the Escrow Agreement and any Equal Priority Intercreditor Agreement or any Junior Priority Intercreditor Agreement as the same may be in effect or may be amended from time to time in accordance with its terms and the Indenture and authorizes and directs the Notes Collateral Agent to enter into the Security Documents and to perform its obligations and exercise its rights thereunder in accordance therewith.

15. Governing Law. THE INDENTURE, THE NOTES, THE ESCROW AGREEMENT, THE SECURITY AGREEMENT AND THE GUARANTEES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

16. CUSIP and ISIN Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP and ISIN numbers to be printed on the Notes and the Trustee may use CUSIP and ISIN numbers in notices to Holders as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice and reliance may be placed only on the other identification numbers placed thereon.

17. No Personal Liability of Directors, Officers, Employees and Stockholders. No director, officer, employee, incorporator, member, partner or shareholder of the Issuer or any Guarantor shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Guarantees, the Security Documents, the Escrow Agreement or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

The Issuer will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to the Issuer at the following address:

FTAI Infra Escrow Holdings, LLC
1345 Avenue of the Americas, 45th Floor
New York, New York 10105
Attention: Kevin Krieger, Secretary

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to:

(Insert assignee's legal name)

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date:

Your Signature:

(Sign exactly as your name appears
on the face of this Note)

Signature Guarantee*:

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 4.10 (Asset Sales) or Section 4.13 (Offer to Repurchase Upon Change of Control) of the Indenture, check the appropriate box below:

Section 4.10 Section 4.13

If you want to elect to have only part of this Note purchased by the Issuer pursuant to Section 4.10 or Section 4.13 of the Indenture, state the amount you elect to have purchased:

\$ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears
on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF INCREASES AND DECREASES OF INTERESTS
IN THE GLOBAL NOTE*

The initial outstanding principal amount of this Global Note is \$_. The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global or Definitive Note for an interest in this Global Note or increases or decreases in the outstanding principal amount of this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Note Custodian
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* This schedule should be included only if the Note is issued in global form.

FORM OF CERTIFICATE OF TRANSFER

FTAI Infra Escrow Holdings, LLC
1345 Avenue of the Americas, 45th Floor
New York, New York 10105
Attention: Kevin Krieger, Secretary

U.S. Bank Trust Company, National Association
as Trustee, Notes Collateral Agent Registrar and Transfer Agent
60 Livingston Avenue
St. Paul, Minnesota 55107
Telephone No.: 651-466-6309

Re: 10.500% Senior Secured Notes due 2027

Reference is hereby made to the Indenture, dated as of July 7, 2022 (the “Indenture”), among FTAI Infra Escrow Holdings, LLC, as Issuer (the “Issuer”) (whose obligations are to be assumed by FTAI Infrastructure Inc.) and U.S. Bank Trust Company, National Association, as trustee and as notes collateral agent . Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the “Transferor”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of \$_in such Note[s] or interests (the “Transfer”), to (the “Transferee”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE 144A GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO RULE 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States of America and other jurisdictions. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

2. CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE LEGENDED REGULATION S GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO REGULATION S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States of America and (x) at the time the buy order was originated, the Transferee was outside the United States of America or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States of America or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States of America, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Legended Regulation S Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

3. CHECK AND COMPLETE IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE RESTRICTED DEFINITIVE NOTE PURSUANT TO ANY PROVISION OF THE SECURITIES ACT OTHER THAN RULE 144A OR REGULATION S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States of America, and accordingly the Transferor hereby further certifies that (check one):

(a) such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) such Transfer is being effected to the Issuer or a subsidiary thereof;

or

(c) such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

4. CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE OR OF AN UNRESTRICTED DEFINITIVE NOTE.

(a) CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States of America and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) CHECK IF TRANSFER IS PURSUANT TO REGULATION S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States of America and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States of America and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

[INSERT NAME OF TRANSFEROR]

By

Name:

Title:

Dated: _____

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ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) a beneficial interest in the:

(i) 144A Global Note (CUSIP/ISIN:), or

(ii) Regulation S Global Note (CUSIP/ISIN:), or

(b) a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) a beneficial interest in the:

(i) 144A Global Note (CUSIP/ISIN:), or

(ii) Regulation S Global Note (CUSIP/ISIN:), or

(iii) Unrestricted Global Note (CUSIP/ISIN:); or

(b) a Restricted Definitive Note; or

(c) an Unrestricted Definitive Note, in accordance with the terms of the Indenture.

FORM OF CERTIFICATE OF EXCHANGE

FTAI Infra Escrow Holdings, LLC
1345 Avenue of the Americas, 45th Floor
New York, New York 10105
Attention: Kevin Krieger, Secretary

U.S. Bank Trust Company, National Association
as Trustee, Notes Collateral Agent, Registrar and Transfer Agent
60 Livingston Avenue
St. Paul, Minnesota 55107
Telephone No.: 651-466-6309

Re: 10.500% Senior Secured Notes due 2027

Reference is hereby made to the Indenture, dated as of July 7, 2022 (the “Indenture”), among FTAI Infra Escrow Holdings, LLC, as Issuer (the “Issuer”) (whose obligations are to be assumed by FTAI Infrastructure Inc.) and U.S. Bank Trust Company, National Association, as trustee and as notes collateral agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the “Owner”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of \$ in such Note[s] or interests (the “Exchange”). In connection with the Exchange, the Owner hereby certifies that:

(1) EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN A RESTRICTED GLOBAL NOTE FOR UNRESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN AN UNRESTRICTED GLOBAL NOTE

(a) CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the “Securities Act”), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States of America.

(b) CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States of America.

(c) CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States of America.

(d) CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States of America.

(2) EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES FOR RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES

(a) CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO RESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] 144A Global Note Regulation S Global Note, with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States of America. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

[INSERT NAME OF TRANSFEROR]

By

Name:

Title:

Dated: _____

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[FORM OF SUPPLEMENTAL INDENTURE TO BE
DELIVERED ON THE ESCROW RELEASE DATE]

Supplemental Indenture (this “Supplemental Indenture”), dated as of , among FTAI Infrastructure Inc., a Delaware corporation (the “Issuer”), the guarantors party hereto (the “Guarantors”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) and as notes collateral agent (the “Notes Collateral Agent”).

W I T N E S S E T H

WHEREAS, FTAI Infra Escrow Holdings, LLC, a Delaware limited liability company (the “Escrow Issuer”), the Trustee and the Notes Collateral Agent have heretofore executed and delivered an indenture dated as of July 7, 2022 (as amended, supplemented or otherwise modified from time to time, the “Initial Indenture”), providing for the issuance of an unlimited aggregate principal amount of 10.500% Senior Secured Notes due 2027 (the “Notes”).

WHEREAS, as of the Escrow Release Date (as defined in the Initial Indenture), the Escrow Issuer has merged with and into the Issuer, with the Issuer surviving, assuming and succeeding the obligations of the Escrow Issuer by operation of law, including the obligations of the Escrow Issuer under the Notes and the Indenture;

WHEREAS, the Initial Indenture permits each of the foregoing the transactions (including, without limitation, the merger of the Escrow Issuer with and into the Issuer), provided that, on the consummation of the merger on the Escrow Release Date, the Issuer and the Guarantors shall execute and deliver to the Trustee a supplemental indenture pursuant to which (x) the Issuer shall expressly and unconditionally assume the Escrow Issuer’s obligations under the Notes and the Initial Indenture and (y) each of the Guarantors shall expressly and unconditionally guarantee, on a joint and several basis, all of the Escrow Issuer’s obligations (as assumed by the Issuer) under the Notes and the Initial Indenture on the terms and conditions set forth herein and under the Indenture (the “Guarantee”); and

WHEREAS, Section 9.01 of the Initial Indenture provides that, among other things, the Escrow Issuer, the Guarantors, the Trustee and the Notes Collateral Agent may amend or supplement the Initial Indenture without the consent of any Holder of the Notes.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

(1) Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Initial Indenture.

(2) Agreement to be Bound; Guarantee.

(a) On the merger of the Escrow Issuer with and into the Issuer on the Escrow Release Date, the Issuer hereby agrees to unconditionally assume the Escrow Issuer's obligations with respect to the Notes and the Initial Indenture and to be bound by all other applicable provisions of the Notes and the Initial Indenture and to perform all of the obligations and agreements of the "Issuer" under the Notes and the Initial Indenture as if it was in effect with respect to the Issuer since the Escrow Release Date.

(b) Each Guarantor by executing this Supplemental Indenture agrees to be a Guarantor (as defined in the Initial Indenture referred to above) under the Indenture for all purposes thereof and as such will have all of the rights and be subject to all of the obligations and agreements of a "Guarantor" under the Indenture, including but not limited to the obligations and agreements in Article X thereof.

(3) Governing Law. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

(4) Counterparts. This Supplemental Indenture may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument. Any signature to this Supplemental Indenture may be delivered by facsimile, electronic mail (including pdf) or any electronic signature complying with the U.S. Federal E-SIGN Act of 2000 or the New York Electronic Signature and Records Act or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes to the fullest extent permitted by applicable law. Each of the parties hereto represents and warrants to the other parties that it has the corporate or other capacity and authority to execute this Supplemental Indenture through electronic means and there are no restrictions for doing so in that party's constitutive documents.

(5) Effect of Headings. The Section headings herein are for convenience of reference only, and are not to be considered part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions.

(6) The Trustee and the Notes Collateral Agent. Neither the Trustee nor the Notes Collateral Agent shall be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Issuer and the Guarantors.

(7) Effectiveness of Supplemental Indenture. This Supplemental Indenture shall become effective immediately upon its execution and delivery by the Issuer, the Guarantors, the Trustee and the Notes Collateral Agent.

(8) Benefits Acknowledged. The Guarantors' Guarantees are subject to the terms and conditions set forth in the Initial Indenture. The Issuer acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Initial Indenture and this Supplemental Indenture and that the assumption made by it pursuant to this Supplemental Indenture is knowingly made in contemplation of such benefits. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Initial Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to this Guarantee are knowingly made in contemplation of such benefits.

(9) Ratification of Initial Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Initial Indenture is in all respects ratified and confirmed, and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Initial Indenture for all purposes, and each Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby and entitled to the benefits hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

FTAI INFRASTRUCTURE INC.

By

Name:

Title:

[GUARANTORS]

By

Name:

Title:

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U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as
Trustee and as Notes Collateral Agent

By

Name:

Title:

[FORM OF SUPPLEMENTAL INDENTURE TO BE
DELIVERED BY SUBSEQUENT GUARANTORS]

Supplemental Indenture (this “Supplemental Indenture”), dated as of , among (the “Guaranteeing Subsidiary”), an affiliate of FTAI Infrastructure Inc., a Delaware corporation (the “Issuer”), and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) and as notes collateral agent (the “Notes Collateral Agent”).

W I T N E S S E T H

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee and the Notes Collateral Agent an indenture, dated as of July 7, 2022 (as amended, supplemented or otherwise modified from time to time, the “Indenture”), providing for the issuance of an unlimited aggregate principal amount of Senior Secured Notes due 2027 (the “Notes”);

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee and the Notes Collateral Agent a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer’s obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the “Guarantee”); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Notes Collateral Agent is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

- (1) Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.
- (2) Agreement to be Bound; Guarantee. Each Guaranteeing Subsidiary by executing this Supplemental Indenture agrees to be a Guarantor (as defined in the Indenture referred to above) under the Indenture for all purposes thereof and as such will have all of the rights and be subject to all of the obligations and agreements of a “Guarantor” under the Indenture, including but not limited to the obligations and agreements in Article X thereof.
- (3) Governing Law. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.
- (4) Counterparts. This Supplemental Indenture may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument. Any signature to this Supplemental Indenture may be delivered by facsimile, electronic mail (including pdf) or any electronic signature complying with the U.S. Federal E-SIGN Act of 2000 or the New York Electronic Signature and Records Act or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes to the fullest extent permitted by applicable law. Each of the parties hereto represents and warrants to the other parties that it has the corporate or other capacity and authority to execute this Supplemental Indenture through electronic means and there are no restrictions for doing so in that party’s constitutive documents.

(5) Effect of Headings. The Section headings herein are for convenience of reference only, and are not to be considered part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions.

(6) The Trustee and the Notes Collateral Agent. Neither Trustee nor the Notes Collateral Agent shall be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary.

(7) Benefits Acknowledged. The Guaranteeing Subsidiary's Guarantee is subject to the terms and conditions set forth in the Indenture. The Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to this Guarantee are knowingly made in contemplation of such benefits.

(8) Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed, and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby and entitled to the benefits hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

[GUARANTEEING SUBSIDIARY]

By

Name:

Title:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as
Trustee and as Notes Collateral Agent

By

Name:

Title:

E-3



, 2022

Letter to FTAI Shareholders:

We are pleased to inform you that on July 11, 2022, the board of directors of Fortress Transportation & Infrastructure Investors LLC (“FTAI”) approved the details and timing of a distribution of all the shares owned by FTAI of common stock of FTAI Infrastructure Inc. (“FTAI Infrastructure”), a majority-owned subsidiary of FTAI, to FTAI shareholders. FTAI Infrastructure holds or will hold prior to the distribution, directly or indirectly, all of FTAI’s investments in infrastructure related assets.

Upon the distribution, FTAI shareholders will own substantially all of the common stock of FTAI Infrastructure. The board of directors of FTAI delegated to a special committee comprised solely of independent and disinterested board members the full power and responsibility to, among other things, (x) review, evaluate and negotiate certain transactions relating to the management agreements, the treatment of certain income incentive allocations and capital gains incentive allocations and the treatment of certain outstanding options held by FTAI’s manager and the non-employee directors of FTAI (collectively, the “Specified Matters”) and (y) act with respect to the Specified Matters. The special committee, after consultation with its independent legal and financial advisors, has unanimously approved the terms of, and the entry into the agreements providing for, the Specified Matters. Following the determination of the special committee, the board of directors of FTAI unanimously approved the transactions described herein, subject to the board of directors declaring the distribution prior to the closing of the transaction.

Following the completion of the spin-off, FTAI plans to undertake a merger transaction, subject to shareholder approval, pursuant to which FTAI will merge with a subsidiary of FTAI and FTAI shareholders will receive stock in a non-U.S. company that holds FTAI’s aviation subsidiaries.

The distribution of FTAI Infrastructure common stock will occur on August 1, 2022 by way of a pro rata special distribution to FTAI shareholders of record on the record date of the distribution. Each FTAI shareholder will be entitled to receive one share of FTAI Infrastructure common stock for each FTAI common share held by such shareholder at the close of business on July 21, 2022, the record date of the distribution. The FTAI Infrastructure common stock will be issued in book-entry form only, which means that no physical stock certificates will be issued.

Shareholder approval of the distribution is not required, and you are not required to take any action to receive your FTAI Infrastructure common stock.

Following the distribution, you will own shares in both FTAI and FTAI Infrastructure. The number of FTAI shares you own will not change as a result of this distribution. FTAI’s common shares will continue to trade on The Nasdaq Global Select Market under the symbol “FTAI.” FTAI Infrastructure has applied to list its common stock on The Nasdaq Global Select Market under the symbol “FIP.”

The enclosed Information Statement describes the distribution in detail and contains important information about FTAI Infrastructure, its business, financial condition and operations. We urge you to read the Information Statement carefully.

We want to thank you for your continued support of FTAI and we look forward to your future support of FTAI Infrastructure.

Sincerely,

Joseph P. Adams
Chairman and Chief Executive Officer of FTAI and
Chairman of the Board of FTAI Infrastructure Inc.



FTAI Infrastructure Inc.

, 2022

Dear Future FTAI Infrastructure Inc. Stockholders:

It is our pleasure to welcome you as a stockholder of our company, FTAI Infrastructure Inc. (“FTAI Infrastructure”). Following the spin-off of our company from Fortress Transportation & Infrastructure Investors LLC (“FTAI”), we will be a newly listed public company with a portfolio of infrastructure related assets. We will be externally managed by FIG LLC (“FIG”), an affiliate of Fortress Investment Group LLC (“Fortress”) and FTAI’s current manager. As a result of our management agreement with FIG, we are able to draw upon the long-standing expertise and resources of Fortress, a global investment management firm with \$53.0 billion of alternative and traditional assets under management as of March 31, 2022.

Our goal is to drive strong risk-adjusted returns primarily through acquiring, managing and disposing of a diverse mix of infrastructure facilities, operations and equipment that combine to deliver significant cash flows and asset appreciation. We intend to invest in assets that generate significant cash flows and have the potential for meaningful capital appreciation. We expect to generate attractive and reliable returns for our stockholders by investing in a diversified portfolio of assets, including investments in sustainable technologies and processes, while maintaining financial strength and flexibility.

We were formed on December 13, 2021 as FTAI Infrastructure LLC, a Delaware limited liability company and subsidiary of FTAI. Prior to the completion of the spin-off, we will convert into FTAI Infrastructure Inc., a Delaware corporation. We have applied to list our common stock on The Nasdaq Global Select Market under the symbol “FIP.”

We invite you to learn more about FTAI Infrastructure by reviewing the enclosed Information Statement. We urge you to read the Information Statement carefully. We look forward to our future and to your support as a holder of FTAI Infrastructure common stock.

Sincerely,

Joseph P. Adams
Chairman and Chief Executive Officer of FTAI and
Chairman of the Board of FTAI Infrastructure Inc.

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The information in this Information Statement is subject to completion or amendment. A registration statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

**PRELIMINARY INFORMATION STATEMENT
(SUBJECT TO COMPLETION, DATED JULY 11, 2022)**

INFORMATION STATEMENT



FTAI Infrastructure Inc.

Common Stock

(Par Value, \$0.01 Per Share)

This information statement (the “Information Statement”) is being furnished in connection with the distribution by Fortress Transportation & Infrastructure Investors LLC (“FTAI”) of all of the outstanding shares of common stock of FTAI Infrastructure Inc. (“FTAI Infrastructure” or the “Company,” and “we,” “us” and “our”), a subsidiary of FTAI. FTAI Infrastructure will hold, directly or indirectly, all of FTAI’s infrastructure business comprised of (i) a multi-modal crude oil and refined products terminal in Beaumont, Texas (“Jefferson Terminal”), (ii) a deep-water port located along the Delaware River with an underground storage cavern and multiple industrial development opportunities (“Repauno”), (iii) an equity method investment in a multi-modal terminal located along the Ohio River with multiple industrial development opportunities, including a power plant in operation (“Long Ridge”), (iv) five freight railroads and one switching company (“Transtar”) that provide rail service to certain manufacturing and production facilities, (v) an equity method investment in two ventures developing battery and metal recycling technology (“Aleon” and “Gladieux”), (vi) a tank car cleaning and repair business (“KRS”), (vii) a green-tech company that is developing recycling facilities to process traditionally non-recyclable waste plastics in key North American markets (“Clean Planet USA”), (viii) an operating company that provides roadside assistance services for the intermodal and over-the-road trucking industries (“FYX”), (ix) a business that develops technologies to capture carbon dioxide from industrial emissions sources (“CarbonFree”) and (x) shipping containers that are owned and leased (“Containers”). To implement the distribution, FTAI will distribute the shares of FTAI Infrastructure common stock owned by FTAI on a pro rata basis.

For every common share of FTAI held of record by you as of the close of business on July 21, 2022, the record date for the distribution, you will receive one share of FTAI Infrastructure common stock. As discussed under “The Separation and Distribution—Trading Between the Record Date and Distribution Date,” if you sell your common shares of FTAI in the “regular-way” market after the record date and before the distribution, you also will be selling your right to receive shares of FTAI Infrastructure common stock in connection with the separation. Shares of FTAI Infrastructure common stock are expected to be distributed by FTAI to you on August 1, 2022. The date of the distribution of the FTAI Infrastructure common stock is referred to in this Information Statement as the “distribution date.”

No vote of FTAI’s shareholders is required in connection with this distribution. Therefore, you are not being asked for a proxy, and you are requested not to send us a proxy, in connection with the spin-off. You do not need to pay any consideration, exchange or surrender your existing common shares of FTAI or take any other action to receive your shares of FTAI Infrastructure common stock.

FTAI Infrastructure is an “emerging growth company” as defined under the federal securities laws. See “Summary—Emerging Growth Company Status.”

There is no current trading market for FTAI Infrastructure common stock, although FTAI Infrastructure expects that a limited market, commonly known as a “when-issued” trading market, will develop on or shortly before the record date for the distribution, and that “regular-way” trading of FTAI Infrastructure common stock will begin on the first trading day following the completion of the distribution. FTAI Infrastructure intends to apply to have its common stock authorized for listing on The Nasdaq Global Select Market (“Nasdaq”) under the symbol “FIP.”

In reviewing this Information Statement, you should carefully consider the matters described under the caption “Risk Factors” beginning on page 23.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved these securities or determined if this Information Statement is truthful or complete. Any representation to the contrary is a criminal offense.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

This Information Statement will be first mailed to FTAI shareholders on or about , 2022.

The date of this Information Statement is , 2022.

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MARKET AND INDUSTRY DATA

We obtained the market, industry and competitive position data used throughout this Information Statement from internal surveys as well as third-party sources, including market research, publicly available information and industry publications as indicated herein. Industry publications, surveys and forecasts, including those referenced herein, generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We have not independently verified any of the information or data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys and market research, while believed to be reliable, have not been independently verified, and we do not make any representation as to the accuracy of such information.

While we are not aware of any misstatements regarding the market, industry and competitive position data presented herein, such data and management estimates are subject to change and are uncertain due to limits on reliability of primary sources of information and the voluntary nature of the data gathering process. Projections, assumptions, expectations and our estimates regarding any of the topics or matters referred to above involve risks and uncertainties and are subject to change based on various factors, including those discussed under the headings “Risk Factors” and “Special Note Regarding Forward-Looking Statements” in this Information Statement. We cannot guarantee the accuracy or completeness of such information and data contained in this Information Statement. In addition, certain of these publications, studies, surveys, forecasts and reports were published before the global COVID-19 pandemic and therefore do not reflect any impact of the COVID-19 pandemic on any specific market or globally.

TRADEMARKS, SERVICE MARKS AND COPYRIGHTS

We own or have rights to trademarks, logos, service marks and trade names that we use in connection with the operation of our business. In addition, our names, logos and website names and addresses are our service marks or trademarks. We also own or have rights to copyrights that protect the content of our products. Solely for convenience, the trademarks, service marks, trade names and copyrights included or referred to in this Information Statement are listed without the TM, SM, © and ® symbols, but such references do not constitute a waiver of any rights that might

be associated with the respective trademarks, service marks, trade names and copyrights included or referred to in this Information Statement and the documents incorporated by reference herein and therein.

SUMMARY

This summary highlights selected information from this Information Statement relating to FTAI Infrastructure, our spin-off from FTAI and the distribution of our common stock by FTAI to FTAI's shareholders. Per share and share ownership information contained in this Information Statement does not give effect to the issuance of the Warrants (as defined below) to be issued in connection with the New Financing (as defined below). For a more complete understanding of our business and the spin-off, you should carefully read the entire Information Statement.

Our Company

We are in the business of acquiring, developing and operating assets and businesses that represent critical infrastructure for customers in the transportation and energy industries. We were formed on December 13, 2021 as FTAI Infrastructure LLC, a Delaware limited liability company and subsidiary of FTAI. Prior to the completion of the spin-off, we will convert into FTAI Infrastructure Inc., a Delaware corporation, and will hold all of the material assets and investments that comprise FTAI's infrastructure business. Prior to the spin-off, we are a subsidiary of FTAI, which is a Nasdaq-listed company that is externally managed and advised by our Manager (as defined below).

Our operations consist of three primary business lines: (i) Ports and Terminals, (ii) Railroads and (iii) companies and assets participating in global Energy Transition. Our Ports and Terminals business develops or acquires industrial properties in strategic locations that store and handle for third parties a variety of energy products, including crude oil, refined products and clean fuels. In certain cases, we also develop and operate facilities, such as a 485 megawatt power plant at our Long Ridge terminal in Ohio, that leverage our property's location and key attributes to generate incremental value. Our Railroads business primarily invests in and operates short line and regional railroads in North America. Our Energy Transition business focuses on investments in companies and assets that utilize green technology, produce sustainable fuels and products, or enable customers to reduce their carbon footprint. For the year ended December 31, 2021, (i) our Ports and Terminals business accounted for 48% of our total revenue, (ii) our Railroads business accounted for 48% of our total revenue and (iii) our Energy Transition business accounted for 0% of our total revenue. Corporate and other sources accounted for the remaining 4% of our total revenue.

We expect to continue to invest in such market sectors, and pursue additional investment opportunities in other infrastructure businesses and assets that we believe to be attractive and meet our investment objectives. Our team focuses on acquiring a diverse group of long-lived assets or operating businesses that provide mission-critical services or functions to infrastructure networks and typically have high barriers to entry, strong margins, stable cash flows and upside from earnings growth and asset appreciation driven by increased use and inflation. We believe that there are a large number of acquisition opportunities in our markets and that our Manager's expertise and business and financing relationships, together with our access to capital and generally available capital for infrastructure projects in today's marketplace, will allow us to take advantage of these opportunities. As of March 31, 2022, on a pro forma basis, we had total consolidated assets of \$2,437.6 million and total preferred and shareholder's equity of \$932.5 million. For the three months ended March 31, 2022 and the year ended December 31, 2021, on a pro forma basis, we had net loss attributable to shareholders of \$69.5 million and \$161.1 million, respectively.

We target sectors that we believe enjoy strong long-term growth potential and proactively seek investment opportunities within those sectors that we believe will generate strong risk-adjusted returns. We take an opportunistic approach—targeting assets that are distressed or undervalued, or where we believe we can add value through active management, without heavy reliance on the use of financial leverage to generate returns. We also seek to develop incremental opportunities to deploy capital through follow-on investments in our existing assets in order to grow our earnings and create value. Following the spin-off and after giving effect to the New Financing (as defined below), our leverage on a weighted basis across our existing portfolio will be approximately 55% of our total capital. While leverage on any individual asset may vary, we target overall leverage for our assets on a consolidated basis of no greater than 50% of our total capital.

We will be externally managed by FIG LLC (our "Manager"), an affiliate of Fortress Investment Group LLC ("Fortress"), which has a dedicated team of experienced professionals focused on the acquisition of infrastructure assets since 2002.

Our Strategy

We invest across a number of major sectors including energy, intermodal transport, ports and terminals and rail, and we may pursue acquisitions in other areas as and when they arise in the future. In general, we seek to own a diverse mix of high-quality infrastructure facilities, operations and equipment within our target sectors that generate

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predictable cash flows in markets that we believe provide the potential for strong long-term growth and attractive returns on deployed capital. We believe that by investing in a diverse mix of assets across sectors, we can select from among the best risk-adjusted investment opportunities, while avoiding overconcentration in any one segment, further adding to the stability of our business.

We take a proactive investment approach by identifying key secular trends as they emerge within our target sectors and then pursuing what we believe are the most compelling opportunities within those sectors. We look for unique investments, including assets that are distressed or undervalued, or where we believe that we can add value through active management. We consider investments across the size spectrum, including smaller opportunities often overlooked by other investors, particularly where we believe we may be able to grow the investment over time. We believe one of our strengths is our ability to create attractive follow-on investment opportunities and deploy incremental capital within our existing portfolio. We have several such opportunities currently identified, including significant potential for future investment at our Jefferson Terminal, Repauno and Long Ridge sites, in addition to our other assets, as discussed below.

Our Manager has significant prior experience in all of our target sectors, as well as a network of industry relationships, that we believe positions us well to make successful acquisitions and to actively manage and improve operations and cash flows of our existing and newly-acquired assets. These relationships include senior executives at lessors and operators, end users of transportation and infrastructure assets, as well as banks, lenders and other asset owners.

We have a robust current pipeline of potential investment opportunities. This current pipeline consists of opportunities for renewable and non-renewable energy, intermodal, rail and port-related investments.

Asset Acquisition Process

Our strategy is to acquire assets that we believe are essential to global infrastructure. We acquire assets that are used by major operators of infrastructure networks. We seek to acquire assets and businesses that we believe operate in sectors with long-term macroeconomic growth opportunities and that have significant cash flow and upside potential from earnings growth and asset appreciation.

We approach markets and opportunities by first developing an asset acquisition strategy with our Manager and then pursuing optimal opportunities within that strategy. In addition to relying on our own experience, we source new opportunities through our Manager's network of industry relationships in order to find, structure and execute attractive acquisitions. We believe that sourcing assets both globally and through multiple channels will enable us to find the most attractive opportunities. We are selective in the assets we pursue and efficient in the manner in which we pursue them.

Once attractive opportunities are identified, our Manager performs detailed due diligence on each of our potential acquisitions. Due diligence on each of our assets always includes a comprehensive review of the asset itself as well as the industry and market dynamics, competitive positioning, and financial and operational performance. Where appropriate, our Manager conducts physical inspections, a review of the credit quality of each of our counterparties, the regulatory environment, and a review of all material documentation. In some cases, third-party specialists are hired to physically inspect and/or value the target assets.

We and our Manager also spend a significant amount of time on structuring our acquisitions to minimize risks while also optimizing expected returns. We employ what we believe to be reasonable amounts of leverage in connection with our acquisitions. In determining the amount of leverage for each acquisition, we consider a number of characteristics, including, but not limited to, the existing cash flow, the length of the lease or contract term, and the specific counterparty.

Our Strengths

Strong Contracted Cash Flows Plus Growth Potential—We target a diverse mix of infrastructure facilities, operations and equipment that deliver, on a combined basis, significant and predictable current cash flows plus the potential for earnings growth and asset appreciation. Our current portfolio includes assets in the energy, intermodal transport and rail sectors, among others. Our holdings include value-add projects where we expect to be able to generate strong earnings and cash flow growth through development and asset repositioning. We expect our future investments to continue to deliver a mix of current cash flow and growth potential.

Opportunistic Investment Approach—We take an opportunistic approach to buying and managing assets by targeting assets that are distressed or undervalued, or where we believe we can add value through active management. We also try to develop incremental opportunities to deploy significant amounts of capital through follow-on investments in our existing assets in order to drive cash flow and growth. In these ways, we seek to deliver attractive returns on our portfolio without heavy reliance on financial leverage. Following the spin-off and after giving effect to the New Financing (as defined below), our leverage on a weighted basis across our existing portfolio will be approximately 55% of our total capital. While leverage on any individual asset may vary, we target overall leverage for our assets on a consolidated basis of no greater than 50% of our total capital.

Experienced Investment Team—Our Manager is an affiliate of Fortress, a leading, diversified global investment firm with approximately \$53.0 billion under management as of March 31, 2022. Founded in 1998, Fortress manages assets on behalf of over 1,900 institutional clients and private investors worldwide across a range of credit and real estate, private equity and permanent capital investment strategies. Over the last ten years, Fortress has been one of the industry’s most active investors in infrastructure-, energy- and transportation-related assets and equipment globally. The Fortress team of investment professionals has over fifty years of combined experience in acquiring, managing and marketing infrastructure assets. The team has been working directly together for over fifteen years and has invested in infrastructure-related assets since 2002. Some of our Manager’s prior transactions include the growth and sale of Florida East Coast Railway, a major regional freight railroad operating mainline track along the east coast of Florida, the creation of New Fortress Energy, a fully integrated, global provider of natural gas-fueled energy solutions operating a growing network of liquefied natural gas terminals, power generation facilities and natural gas logistics infrastructure, Aircastle Ltd., one of the world’s leading aircraft lessors, SeaCube Container Leasing Ltd., one of the world’s largest container lessors, RailAmerica Inc., a leading short-line rail operator, Global Signal Inc., an owner operator and lessor of towers and other communication structures for wireless communications, and Brightline Holdings, an owner and operator of an express passenger rail system connecting major population centers in Florida, with plans to expand operations in Los Angeles, Las Vegas and elsewhere in North America.

Extensive Relationships with Experienced Operators—Through our Manager, we have numerous relationships with operators across the infrastructure industry. We typically seek to partner and often co-invest with experienced operators and owners when making acquisitions, and our existing relationships enable us not only to source opportunities, but also to maximize the value of each asset post-closing. Our strategy is to actively manage our investments to improve operations, grow cash flows and develop incremental investment opportunities.

Overview of the Separation

Before the spin-off, FTAI Infrastructure will enter into a separation and distribution agreement with FTAI to effect the separation (the “Separation and Distribution Agreement”) and provide a framework for our relationship with FTAI after the separation. This will provide for the allocation between FTAI and FTAI Infrastructure of FTAI’s assets, liabilities and obligations.

Following the completion of the spin-off, FTAI plans to undertake a merger transaction, subject to shareholder approval, pursuant to which FTAI will merge with a subsidiary of FTAI and FTAI shareholders will receive stock in a non-U.S. company that holds the Aviation Subsidiaries (as defined herein, and such merger, the “Aviation Merger”).

In connection with the spin-off, FTAI has undertaken and will undertake certain internal reorganization steps to separate the entities that hold its infrastructure business, comprised of Jefferson Terminal, Repauno, Long Ridge, Transtar, Aleon and Gladieux, KRS, Clean Planet USA, FYX, CarbonFree and Containers (the “Infrastructure Subsidiaries”) from the entities that primarily hold its aviation business (the “Aviation Subsidiaries”).

The following transactions and actions have also occurred or are expected to occur with, prior to or immediately following the completion of the separation (together with the internal reorganization steps described above, the “Restructuring Transactions”):

- In connection with the spin-off, FTAI Infrastructure expects to raise approximately \$450.0 million of debt financing from the issuance of 10.5% Senior Secured Notes due 2027 (the “Notes”) and \$300.0 million of preferred equity financing (consisting of Series A Senior Preferred Stock (the “Series A Preferred Stock”) and Warrants (as defined below)), the net proceeds of which will be paid to FTAI in connection with the spin-off (the “New Financing”);

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- Fortress Worldwide Transportation and Infrastructure General Partnership (the “Partnership”) will establish the desired parent holding entity for the Infrastructure Subsidiaries. To accomplish this, among other transactions:
 - FTAI Infrastructure will convert into a Delaware corporation, FTAI Infrastructure Inc.; and
 - The Partnership will contribute the Infrastructure Subsidiaries to FTAI Infrastructure;
- The Partnership will distribute 100% of the shares of FTAI Infrastructure to FTAI and Fortress Transportation and Infrastructure Master GP LLC (the “Master GP”) pro rata in accordance with FTAI’s and the Master GP’s interests in the Partnership, and FTAI will distribute to FTAI shareholders one share of FTAI Infrastructure per share of FTAI, representing FTAI’s entire interest in FTAI Infrastructure. Following the separation, FTAI shareholders will own approximately 99.99% of FTAI Infrastructure and the Master GP will hold approximately 0.01% of FTAI Infrastructure, and the Master GP will not have any further rights to any additional economics of FTAI Infrastructure, other than the shares it will own following the spin-off; and
- Following the separation, FTAI will continue to remain obligated under its existing debt agreements, which includes 6.50% senior notes due 2025, 9.75% senior notes due 2027, 5.50% senior notes due 2028, and a revolving credit agreement, and will retain the Aviation Subsidiaries; and FTAI Infrastructure will hold the Infrastructure Subsidiaries.

The New Financing

Preferred Stock

On June 30, 2022, we entered into subscription agreements (collectively, the “subscription agreement”) with entities affiliated with Ares Management LLC (“Ares”) for the purchase of \$300.0 million of Series A Preferred Stock and Warrants. The consummation of the transactions contemplated by the subscription agreement are subject to certain closing conditions, including the closing of the spin-off.

Upon consummation of the spin-off, the Company will have approximately 300,000 issued and outstanding shares of Series A Preferred Stock. The Series A Preferred Stock will not be registered under Section 12 of the Exchange Act. Each share of Series A Preferred Stock will have an initial stated value of \$1,000. We will pay dividends on the Series A Preferred Stock at a rate equal to 14% per annum, subject to increase in accordance with the terms of the Series A Preferred Stock. Specifically, the rate would be increased by 2.0% per annum for any periods during the first two years following closing where the dividend is not paid in cash. Prior to the second anniversary of the issuance date, such dividends will automatically accrue and accumulate on each share of Series A Preferred Stock, whether or not declared and paid, or they may be paid in cash at our discretion. After the second anniversary of the issuance date, we are required to pay such dividends in cash. Failure to pay such dividends would result in a dividend rate equal to 18.0% per annum, subject to increase as described below, and a failure to pay cash dividends for 12 monthly dividend periods (whether or not consecutive) following the second anniversary of the issuance date would constitute an Event of Noncompliance (as defined herein). The dividend rate on the Series A Preferred Stock will increase by 1.0% per annum beginning on the fifth anniversary of the issuance date of the Series A Preferred Stock. In addition, the dividend rate on the Series A Preferred Stock will be subject to additional increases upon the occurrence of certain events. The terms of the Series A Preferred Stock will also require us to redeem the Series A Preferred Stock upon the occurrence of certain events. For more information, see “Description of Our Capital Stock—Series A Preferred Stock.” Prior to an Event of Noncompliance, the Series A Preferred Stock will not vote with our common stock.

The Company will issue to the holders of the Series A Preferred Stock (i) warrants (the “Series I Warrants”) entitling the holders thereof to purchase 3,342,566 shares of common stock, at an exercise price equal to \$10.00 per share (as adjusted in accordance with the agreement governing the Warrants (the “Warrant Agreement”), exercisable until the Expiration Time (as defined below); and (ii) warrants (the “Series II Warrants”, and together with the Series I Warrants, the “Warrants”) entitling holders thereof to purchase 3,342,566 shares of common stock, at an exercise price equal to \$0.01 per share, exercisable until the Expiration Time.

The Warrants will expire (the “Expiration Time”) upon the earlier of (i) the eight-year anniversary of their issuance or (ii) a sale of the Company.

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2027 Notes

On June 29, 2022, FTAI Infrastructure priced the offering of \$450.0 million aggregate principal amount of its 10.5% senior secured notes due 2027 (the “2027 Notes”). The 2027 Notes were initially issued through our subsidiary, FTAI Infra Escrow Holdings, LLC (the “Escrow Issuer”). Upon consummation of the spin-off, the Escrow Issuer will be merged with and into FTAI Infrastructure, and FTAI Infrastructure will become the issuer of the 2027 Notes. The 2027 Notes were issued on July 7, 2022 pursuant to an indenture between the Escrow Issuer and U.S. Bank Trust Company, National Association, as trustee and collateral agent.

The 2027 Notes will bear interest at a rate of 10.5% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, commencing on December 1, 2022, to persons who are registered holders of the 2027 Notes on the immediately preceding May 15 and November 15, respectively. The 2027 Notes will mature on June 1, 2027.

Following the completion of the spin-off, the 2027 Notes (i) will be fully and unconditionally guaranteed on a joint and several basis by certain of FTAI Infrastructure’s subsidiaries, which will initially be Transtar and its subsidiaries, and (ii) will be secured by a first-priority security interest in substantially all assets of FTAI Infrastructure and the subsidiaries of FTAI Infrastructure guaranteeing the 2027 Notes, subject to permitted liens and certain exceptions. The collateral securing the 2027 Notes will consist primarily of the assets held by Transtar and the stock of the direct subsidiaries of FTAI Infrastructure.

FTAI Infrastructure intends to distribute the net proceeds from the issuance of the 2027 Notes to FTAI in connection with the spin-off.

Potential Additional Debt Financing

Prior to the completion of the spin-off, FTAI Infrastructure may incur approximately \$50 million aggregate principal amount of additional debt financing, the net proceeds of which would be expected to be distributed to FTAI in connection with the spin-off. The timing, terms and size of any additional debt financing is dependent on market conditions and there can be no assurances given with respect to the terms of any such additional debt or that we will incur such debt at all.

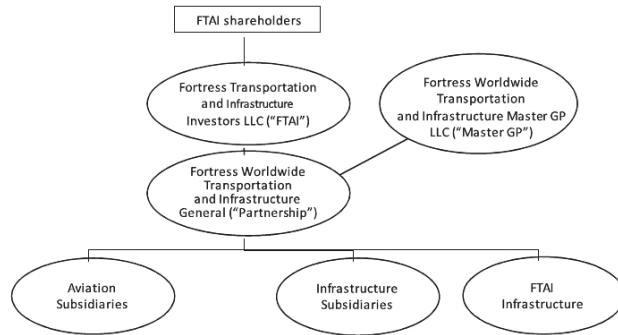
Future Financing

We have historically relied in part upon FTAI to provide credit support or fund our working capital requirements and other cash requirements. After the separation and distribution, we will not be able to rely on the earnings, assets or cash flow of FTAI, and FTAI will not provide credit support or funds to finance our working capital or other cash requirements. As a result, after the separation and distribution, we will be responsible for servicing our own debt and obtaining and maintaining sufficient working capital and other funds to satisfy our cash requirements. After the spin-off, our access to and cost of debt financing will be different from the historical access to and cost of debt financing under FTAI. Differences in access to and cost of debt financing may result in differences in the interest rates charged to us on financings, as well as the amount of indebtedness, types of financing structures and debt markets that may be available to us. Our ability to make payments on and to refinance our indebtedness, including the New Financing, as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings and/or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

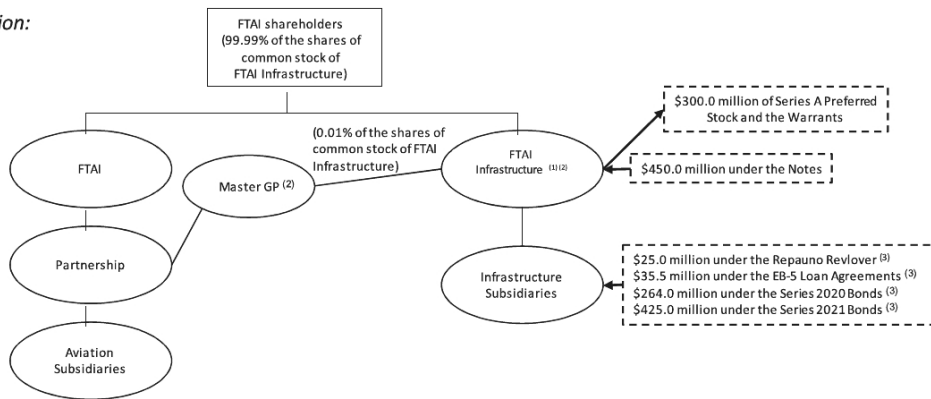
Organizational Structure

The following chart depicts a simplified graphical representation of the relevant portion of FTAI’s corporate structure before and after the separation.

Before the separation:



After the separation:



- (1) We will be externally managed by FIG LLC, an affiliate of Fortress, a leading global investment management firm. Master GP is an affiliate of Fortress, a partner of the Partnership. Following the transaction, Master GP will only have an ownership interest in the Company as described below.
- (2) Following the spin-off: (i) Master GP will own 8,696 shares of common stock of FTAI Infrastructure, or approximately 0.01% of the total shares outstanding following the spin-off, and the Master GP will not have any further rights to any additional economics of FTAI Infrastructure pursuant to an ownership interest, (ii) Principal Holdings I LP will hold 748,644 shares of FTAI Infrastructure, or 0.75% of the total shares outstanding following the spin-off and (iii) our Manager will own 3,737,742 options to purchase shares of common stock of FTAI Infrastructure, not including any options related to the closing of the Series A Preferred Stock offering. Principal Holdings I LP is a subsidiary of Fortress Investment Group LLC.
- (3) For additional information, see “Description of Indebtedness.”

Reasons for the Spin-Off

FTAI’s board of directors periodically reviews strategic alternatives. The FTAI board of directors, and a special committee thereof, determined upon careful review and consideration that the spin-off of FTAI Infrastructure is in the best interests of FTAI. The FTAI board of directors’ determination to move forward was based on a number of factors, including those set forth below.

- ***Creates two independent companies, each with the opportunity to pursue growth through the execution of distinctly different business plans.*** We and FTAI’s board of directors believe that having two independent companies with distinct investment profiles will maximize the strategic focus and financial flexibility of each company to grow and return capital to stockholders. We and FTAI’s board of directors believe that the two businesses, each with a clear focus, strong, independent boards of directors, and strengthened balance sheets, will create greater shareholder value as two companies than as one.
- ***Enhances investor transparency, better highlights the attributes of both companies, and provides investors with the option to invest in one or both companies.*** The separation will provide each shareholder

the opportunity to make an individual allocation of capital to one or both of the two differentiated businesses, each with a distinct investment risk/return profile. In addition, we and FTAI's board of directors believe the separation will make FTAI Infrastructure and FTAI more competitive and appealing to a broader investor audience moving forward, providing them with the opportunity to invest in two companies with compelling value propositions and distinct investment strategies. Investors can increase their allocation to FTAI Infrastructure or to FTAI, depending on their preference.

- **Tailored capital structure and financing options.** Each company will have the flexibility to create a capital structure tailored to its needs, and each may be able to attain more favorable financing terms separately. In addition, tailored capital structures will facilitate each company's ability to pursue acquisitions, possibly using common stock, and other strategic alliances.
- **Stock ownership.** We believe the conversion of FTAI Infrastructure to a Delaware corporation and the subsequent spin-off of FTAI Infrastructure will make it easier for both domestic and international investors to own its stock and help simplify shareholders' tax reporting, which we expect should provide for significant growth potential for our shareholders. In addition, FTAI's subsequent restructuring from a publicly traded partnership to a corporation for U.S. federal income tax purposes is also expected to provide for significant growth potential for FTAI's shareholders.

The board of directors of FTAI also considered a number of potentially negative factors in evaluating the separation, including the following:

- **Anticipated benefits of the separation may not be realized.** Following the separation, FTAI Infrastructure and FTAI will be independent companies. FTAI Infrastructure and/or FTAI may not be able to achieve some or all of the benefits that it expects to achieve as a company independent from the other in the time it expects, if at all.
- **There may be disruptions to the business as a result of the separation.** The actions required to separate FTAI Infrastructure and FTAI could disrupt FTAI Infrastructure's and FTAI's operations after the separation. The separation and distribution may divert management's time and attention, which could have a material adverse effect on the business, results of operations, financial condition and cash flows.
- **Costs of the separation.** FTAI Infrastructure and FTAI will incur costs in connection with the transition to being separate public companies that include accounting, tax, legal and other professional service costs. In addition, FTAI Infrastructure and FTAI will incur costs in connection with operating as separate, stand-alone public companies that the combined company otherwise shared, such as expenses associated with reporting and compliance as public companies and separate management and incentive fees, working capital requirements, overhead, insurance, financing and other operating costs, as well the potentially higher cost of capital as separate companies.
- **There may be conflicts between FTAI Infrastructure and FTAI.** There may be, or there may be the appearance of, conflicts of interest in FTAI Infrastructure's relationship with FTAI. We expect certain directors to overlap at least at the outset and we expect that, if and to the extent matters come before the board as to which there is a conflict between the two companies, that the companies would take appropriate steps so that decisions with respect to such matters are made by disinterested and independent directors. The agreements between FTAI and us, if any, generally will not limit or restrict FTAI or its affiliates from engaging in any business or managing other entities that engage in business of the type conducted by us. Actual, potential, or perceived conflicts could give rise to investor dissatisfaction, settlements with stockholders, litigation, or regulatory inquiries or enforcement actions.

As part of the FTAI board of director's process, the members of the special committee were involved in various discussions since February 2021 related to investor relations, share price and certain value creation solutions, including but not limited to, a discussion to potentially spin out FTAI's infrastructure business. During this time, the FTAI board of directors discussed FTAI's projections, financial and otherwise, continuing as a consolidated business versus spinning off the infrastructure business and decided there was sufficient growth potential to split FTAI into two independent publicly-traded companies. FTAI also made a large acquisition of Transtar from U.S. Steel which bolstered its infrastructure business and EBITDA projections. The members of the special committee, as part of the full FTAI board of director's process, had a number of discussions with management as they explored the potential of spinning out the infrastructure business and considered various topics, including potential additional expenses

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related to running two public companies, potential market and analyst reactions to a spin-off for both FTAI and the new entity, the post-split projected economics, and potential capital structures for the two entities post-spin-off and how each could create greater shareholder value. The special committee concluded that the proposed spin-off is in the best interests of FTAI and its shareholders.

Following the separation, FTAI Infrastructure will be an infrastructure assets company and will not operate under the umbrella of FTAI. FTAI Infrastructure's business may be negatively impacted by this loss of operating diversity, including the purchasing power, financing options, and ability to share overhead costs associated with operating as part of a larger organization. The board of directors of FTAI concluded that the potential benefits of the separation outweighed these factors. For more information about the risks associated with the spin-off, see "Risk Factors."

Our Manager and Our Management Agreement

Our Manager is an affiliate of Fortress, a leading global investment management firm. Our management agreement between us and our Manager (the "Management Agreement") will require our Manager to manage our business affairs in conformity with the broad investment guidelines adopted and monitored by our board of directors. For more information about our investment guidelines, see "Our Manager and Management Agreement" included elsewhere in this Information Statement.

Our Management Agreement has an initial six-year term and will be automatically renewed for one-year terms thereafter unless terminated either by us or our Manager. Our Manager is entitled to receive from us a management fee and incentive compensation that is based on our performance. In addition, we are obligated to reimburse certain expenses incurred by our Manager. Our Manager is also entitled to receive a termination fee from us under certain circumstances. The terms of our Management Agreement are summarized below and described in more detail under "Our Manager and Management Agreement" included elsewhere in this Information Statement.

<u>Type</u>	<u>Description</u>
Management Fee	We will pay a management fee equal to 1.5% per annum of our total equity, which will be calculated and payable monthly in arrears in cash. Total equity is our equity value (including any preferred equity), determined on a consolidated basis in accordance with GAAP, but reduced proportionately in the case of a subsidiary to the extent we own, directly or indirectly, less than 100% of the equity interests in such subsidiary.
Incentive Compensation	<p>Under the terms of the Management Agreement, our Manager will be entitled to an income incentive fee (the "Income Incentive Fee"). The Income Incentive Fee is calculated and paid quarterly in arrears based on our pre-incentive fee net income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net income means, with respect to a calendar quarter, net income attributable to shareholders during such quarter calculated in accordance with U.S. GAAP excluding our pro rata share of (1) realized or unrealized gains and losses, (2) certain non-cash or one-time items and (3) any other adjustments as may be approved by our independent directors. Pre-incentive fee net income does not include any Income Incentive Fees or Capital Gains Incentive Fees (described below) paid to our Manager during the relevant quarter.</p> <p>We pay our Manager the Income Incentive Fee with respect to our pre-incentive fee net income in each calendar quarter as follows: (1) no Income Incentive Fee in any calendar quarter in which pre-incentive fee net income, expressed as a rate of return on the average value of our net equity capital (excluding non-controlling interests) at the end of the two most recently completed calendar quarters, does not exceed 2% for such quarter (8% annualized); (2) 100% of pre-incentive fee net income with respect to that portion of such pre-incentive fee net income, if any, that is equal to or exceeds 2% but does not exceed 2.2223% for such quarter; and (3) 10% of the amount of pre-incentive fee net income, if any, that exceeds 2.2223% for such quarter. These calculations will be prorated for any period of less than</p>

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Type	Description
	<p>three months. With respect to the first determination of pre-incentive fee net income following the date of the spin-off, pre-incentive fee net income for any portion of the quarter occurring prior to the date of the spin-off will be determined considering only the FTAI Infrastructure assets and liabilities.</p> <p>Under the terms of the Management Agreement, our Manager will also be entitled to a capital gains incentive fee (the “Capital Gains Incentive Fee”). The Capital Gains Incentive Fee is calculated and distributable in arrears as of the end of each calendar year and is equal to 10% of our pro rata share of cumulative realized gains from the date of the spin-off through the end of the applicable calendar year, net of our pro rata share of cumulative realized or unrealized losses, the cumulative non-cash portion of equity-based compensation expenses (the “Loss Carryforward”) and all realized gains upon which prior performance-based Capital Gains Incentive Fee payments were made to our Manager. As of the date of the spin-off, our Loss Carryforward will equal our portion of the cumulative realized or unrealized losses and cumulative non-cash portion of equity based compensation expenses of FTAI attributable to the FTAI Infrastructure assets and liabilities from the date of FTAI's initial public offering through the date of the spin-off, measured as of the open of business on date of the spin-off. In addition, as of the date of the spin-off, our pro rata share of cumulative realized gains from the date of the spin-off will be equal to FTAI's pro rata share of cumulative realized gains attributable to the FTAI Infrastructure assets and liabilities from the date of FTAI's initial public offering through the date of the spin-off minus all realized gains attributable to the FTAI Infrastructure assets and liabilities upon which prior performance-based capital gains incentive allocations we previously paid by FTAI to our Manager or its affiliates.</p>
Reimbursement of Expenses	<p>We will pay all of our operating expenses, except those specifically required to be borne by the Manager under the Management Agreement. The expenses required to be paid by us include, but are not limited to, issuance and transaction costs incident to the acquisition, disposition and financing of our assets, legal and auditing fees and expenses, the compensation and expenses of our independent directors, the costs associated with the establishment and maintenance of any credit facilities and other indebtedness of ours (including commitment fees, legal fees, closing costs, etc.), expenses associated with other securities offerings of ours, costs and expenses incurred in contracting with third parties (including affiliates of the Manager), the costs of printing and mailing proxies and reports to our stockholders, costs incurred by the Manager or its affiliates for travel on our behalf, costs associated with any computer software or hardware that is used by us, costs to obtain liability insurance to indemnify our directors and officers and the compensation and expenses of our transfer agent, and all other expenses incurred by our Manager which are reasonably necessary for the performance of its duties under the Management Agreement.</p> <p>We will pay or reimburse the Manager and its affiliates for performing certain legal, accounting, due diligence tasks and other services that outside professionals or outside consultants otherwise would perform, <i>provided</i> that such costs and reimbursements are no greater than those which would be paid to outside professionals or consultants. The Manager is responsible for all of its other costs incident to the performance of its duties under the Management Agreement, including compensation of the Manager's employees, rent for facilities and other “overhead” expenses; we will not reimburse the Manager for these expenses.</p>

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Type	Description
Termination Fees	If we terminate the Management Agreement, we will generally be required to pay the Manager a termination fee. The termination fee is equal to (i) the amount of the management fee during the 12 months immediately preceding the date of the termination and (ii) the amount of the Income Incentive Fee and Capital Gains Incentive Fee as if our assets were sold for cash at their then current fair market value.
Summary Risk Factors	
<p>You should carefully read and consider the risk factors set forth under “Risk Factors,” as well as all other information contained in this Information Statement. If any of the following risks occur, our business, financial condition and results of operations could be materially and adversely affected, and the trading price of our common stock could decline.</p>	
<i>Risks Related to Our Business</i>	
<ul style="list-style-type: none">• We have no operating history as an independent company and may not be able to successfully execute our business strategy, generate sufficient revenue to make or sustain distributions to our stockholders or meet our contractual commitments.• The historical and pro forma financial information included in this Information Statement may not be indicative of the results we would have achieved as a separate stand-alone company and are not a reliable indicator of our future performance or results.• A pandemic, including the coronavirus disease (“COVID-19”), could have an adverse impact on our business, financial condition, and results of operations.• Uncertainty relating to macroeconomic conditions may reduce the demand for our assets, limit our ability to obtain additional capital to finance new investments, or refinance existing debt, or have other unforeseen negative effects.• The industries in which we operate have experienced periods of oversupply during which lease rates and asset values have declined, particularly during the most recent economic downturn, and any future oversupply could materially adversely affect our results of operations and cash flows.• There can be no assurance that any target returns will be achieved.• Contractual defaults may adversely affect our business, prospects, financial condition, results of operations and cash flows by decreasing revenues and increasing storage, positioning, collection, recovery and lost equipment expenses.• If we acquire a high concentration of a particular type of asset, or concentrate our investments in a particular sector, our business, prospects, financial condition, results of operations and cash flows could be adversely affected by changes in market demand or problems specific to that asset or sector.• We may not generate a sufficient amount of cash or generate sufficient free cash flow to fund our operations or repay our indebtedness.	
<i>Risks Related to Our Capital Structure</i>	
<ul style="list-style-type: none">• The terms of our Series A Preferred Stock have provisions that could result in the holders of the Series A Preferred Stock having the ability to elect a majority of our board of directors in the case of an Event of Noncompliance, including our failure to pay amounts due upon redemption of Series A Preferred Stock.• The failure of the Company to pay required dividends on its Series A Preferred Stock following the second anniversary of the issuance date may have a material adverse effect on the Company’s financial condition.	
<i>Risks Related to Our Manager</i>	
<ul style="list-style-type: none">• We are dependent on our Manager and other key personnel at Fortress and may not find suitable replacements if our Manager terminates the Management Agreement or if other key personnel depart.• There are conflicts of interest in our relationship with our Manager.	

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- Our directors have approved a broad asset acquisition strategy for our Manager and will not approve each acquisition we make at the direction of our Manager. In addition, we may change our strategy without a stockholder vote, which may result in our acquiring assets that are different, riskier or less profitable than our current assets.
- Our Manager will not be liable to us for any acts or omissions performed in accordance with the Management Agreement, including with respect to the performance of our assets.
- Our Manager's due diligence of potential asset acquisitions or other transactions may not identify all pertinent risks, which could materially affect our business, financial condition, liquidity and results of operations.

Risks Related to the Separation

- We may be unable to achieve some or all of the benefits that we expect to achieve from our separation from FTAI.
- Our agreements with FTAI may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties.
- The ownership by some of our executive officers and directors of common shares, options, or other equity awards of FTAI may create, or may create the appearance of, conflicts of interest.
- We may compete with affiliates of or entities managed by our Manager, including FTAI, which could adversely affect our and their results of operations.
- We will share certain key directors and officers with FTAI, which means those officers will not devote their full time and attention to our affairs and the overlap may give rise to conflicts.
- We expect to incur indebtedness in connection with the separation from FTAI, and the degree to which we will be leveraged could cause a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Related to Our Common Stock

- The market price and trading volume of our common stock may be volatile, which could result in rapid and substantial losses for our stockholders.
- An increase in market interest rates may have an adverse effect on the market price of our common stock.
- There can be no assurance that the market for our stock will provide you with adequate liquidity.
- Substantial sales of common stock may occur in connection with the distribution, which could cause our stock price to decline.
- We are an "emerging growth company" under the JOBS Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our securities less attractive to investors.
- Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have a material adverse effect on our business and stock price.
- Your percentage ownership in our company may be diluted in the future.
- Our common stock will be subject to ownership and transfer restrictions intended to preserve our ability to use net operating loss carryforwards and other tax attributes.

Conflicts of Interest

Although we will establish certain policies and procedures designed to mitigate conflicts of interest, there can be no assurance that these policies and procedures will be effective in doing so. It is possible that actual, potential or perceived conflicts of interest could give rise to investor dissatisfaction, litigation or regulatory enforcement actions. Below is a summary of certain factors that could result in conflicts of interest.

One or more of our officers and directors will have responsibilities and commitments to entities other than us, including, but not limited to, FTAI. In addition, we will not have a policy that expressly prohibits our directors, officers, securityholders or affiliates from engaging for their own account in business activities of the types conducted by us. Moreover, our certificate of incorporation will provide that if any of FTAI, Fortress or SoftBank Group Corp.

(“SoftBank”) and their respective affiliates, including the Manager and Master GP (the “Fortress Parties”), or any of their officers, directors or employees acquire knowledge of a potential transaction that could be a corporate opportunity for us, they have no duty, to the fullest extent permitted by law, to offer such corporate opportunity to us. In the event that any of our directors and officers who is also a director, officer or employee of any of the Fortress Parties acquires knowledge of a corporate opportunity or is offered a corporate opportunity, *provided* that this knowledge was not acquired solely in such person’s capacity as a director or officer of us and such person acts in good faith, then such person is deemed to have fully satisfied such person’s fiduciary duties owed to us and is not liable to us, to the fullest extent permitted by law, if any of the Fortress Parties or their respective affiliates, pursues or acquires the corporate opportunity or if such person does not present the corporate opportunity to us. See “Risk Factors—Risks Related to Our Manager—There are conflicts of interest in our relationship with our Manager.”

Our key agreements, including our Management Agreement, were negotiated among related parties, and their respective terms, including fees and other amounts payable, may not be as favorable to us as terms negotiated on an arm’s-length basis with unaffiliated parties.

The structure of the Manager’s compensation arrangement may have unintended consequences for us. We have agreed to pay our Manager a management fee that is not tied to our performance and incentive compensation that is based entirely on our performance. The management fee may not sufficiently incentivize our Manager to generate attractive risk-adjusted returns for us, while the performance-based incentive compensation component may cause our Manager to place undue emphasis on the maximization of earnings, including through the use of leverage, at the expense of other objectives, such as preservation of capital, to achieve higher incentive distributions. Since investments with higher yield potential are generally riskier or more speculative than investments with lower yield potential, this could result in increased risk to the value of our portfolio of assets and your investment in us.

We may compete with entities affiliated with or managed by our Manager or Fortress for certain assets that we may seek to acquire. From time to time, entities affiliated with or managed by our Manager or Fortress may focus on investments in assets with a similar profile as our target assets. These entities may have meaningful purchasing capacity, which may change over time depending upon a variety of factors, including, but not limited to, available equity capital and debt financing, market conditions and cash on hand. Fortress has funds invested in transportation-related infrastructure with approximately \$3.5 billion in investments in aggregate as of both December 31, 2020 and December 31, 2021. Fortress funds generally have a fee structure similar to the structure of the fees in our Management Agreement, but the fees actually paid will vary depending on the size, terms and performance of each fund.

Our Manager may determine, in its discretion, to make a particular investment through an investment vehicle other than us. Investment allocation decisions will reflect a variety of factors, such as a particular vehicle’s availability of capital (including financing), investment objectives and concentration limits, legal, regulatory, tax and other similar considerations, the source of the investment opportunity and other factors that the Manager, in its discretion, deems appropriate. Our Manager does not have an obligation to offer us the opportunity to participate in any particular investment, even if it meets our investment objectives.

Emerging Growth Company Status

We qualify as an “emerging growth company” as defined in Section 2(a) of the Securities Act of 1933, as amended (the “Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including, but not limited to, an exemption from the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002 and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved under Section 14A(a) and (b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), respectively. We may take advantage of some or all of the reduced regulatory and reporting requirements that will be available to us as long as we qualify as an emerging growth company.

In addition, Section 107 of the JOBS Act also provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 13(a) of the Exchange Act, for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected not to take advantage of the benefits of this extended transition period. Therefore, we will be subject to the same new or revised accounting standards as other public companies that are not “emerging growth companies.” This election is irrevocable.

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We will remain an “emerging growth company” until the earliest of (a) the last day of the first fiscal year in which our annual gross revenues exceed \$1.07 billion, (b) the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common equity securities pursuant to an effective registration statement under the Securities Act, (c) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million, or (d) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period.

Corporate Information

We were formed on December 13, 2021 as FTAI Infrastructure LLC, a Delaware limited liability company and subsidiary of FTAI. Prior to the completion of the spin-off, we will convert into FTAI Infrastructure Inc., a Delaware corporation. On August 1, 2022, we will be spun off from FTAI through the distribution of all of the shares of our common stock owned by FTAI to the holders of FTAI’s common shares on the record date for the distribution and become a stand-alone publicly traded company. Our principal executive offices are located at 1345 Avenue of the Americas, 45th Floor, New York, NY 10105, care of FTAI Infrastructure LLC. Our telephone number is (212) 798-6100. Our web address is www.fipinc.com. The information on or otherwise accessible through our website does not constitute a part of this Information Statement or any other report or document we file with or furnish to the SEC.

Questions and Answers about FTAI Infrastructure and the Spin-Off

The following questions and answers briefly address some commonly asked questions about the spin-off. They may not include all the information that is important to you. We encourage you to read carefully this entire Information Statement and the other documents to which we have referred you. We have included references in certain parts of this section to direct you to a more detailed discussion of each topic presented in this section.

What is FTAI Infrastructure Inc. and why is FTAI separating its business and distributing FTAI Infrastructure common stock?

We were formed on December 13, 2021 as FTAI Infrastructure LLC, a Delaware limited liability company and subsidiary of FTAI. Prior to the completion of the spin-off, we will convert into FTAI Infrastructure Inc., a Delaware corporation and will hold, directly or indirectly, all of the material assets and investments comprising FTAI's infrastructure business: (i) the Jefferson Terminal, a multi-modal crude oil and refined products terminal in Beaumont, Texas, (ii) Repauno, a deep-water port located along the Delaware River with an underground storage cavern and multiple industrial development opportunities, (iii) Long Ridge, an equity method investment in a multi-modal terminal located along the Ohio River with multiple industrial development opportunities, including a power plant in operation, (iv) Transtar, comprising five freight railroads and one switching company that provide rail service to certain manufacturing and production facilities, (v) Aleon and Gladieux, an equity method investment in two ventures developing battery and metal recycling technology, (vi) KRS, a tank car cleaning and repair business, (vii) Clean Planet USA, a green-tech company that is developing recycling facilities to process traditionally non-recyclable waste plastics in key North American markets, (viii) FYX, an operating company that provides roadside assistance services for the intermodal and over-the-road trucking industries, (ix) CarbonFree, a business that develops technologies to capture carbon dioxide from industrial emissions sources and (x) Containers, which consists of containers that are owned and leased. As part of the spin-off, these infrastructure businesses will be contributed to a new holding company which will result in the infrastructure business being considered the predecessor of the newly formed FTAI Infrastructure. Following the completion of the spin-off, FTAI plans to undertake the Aviation Merger, subject to shareholder approval. The separation of FTAI Infrastructure from FTAI and the distribution of FTAI Infrastructure common stock are intended to create two independent companies, enhance investor transparency, better highlight the attributes of both companies and allow for tailored capital structure and financing options. FTAI and FTAI Infrastructure expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in the section entitled "Our Spin-Off from FTAI—Reasons for the Spin-Off." In connection with the spin-off transaction, FTAI is being treated as the accounting spinnor, consistent with the legal form of the transaction.

Why am I receiving this document?

You are receiving this document because you are a holder of FTAI common shares on the record date for the distribution and, as such, will be entitled to receive shares of FTAI Infrastructure common stock upon completion of the transactions described in this Information Statement. We are sending you this document to inform you about the spin-off and to provide you with information about FTAI Infrastructure and its business and operations upon completion of the spin-off.

Who is entitled to receive the distribution and what will they receive?

Holders of FTAI common shares as of July 21, 2022, the record date of the spin-off, will be entitled to receive shares of our common stock. For each FTAI common share held on the record date, FTAI common shareholders will receive one share of FTAI Infrastructure common stock.

Immediately after the distribution, holders of FTAI common shares as of the record date will hold all of the outstanding shares of our common stock. Based on the number of FTAI common shares outstanding on April 1, 2022, FTAI expects to distribute approximately 99,188,696 shares of our common stock in the spin-off.

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<i>Why is the spin-off of FTAI Infrastructure structured as a distribution?</i>	FTAI believes that a distribution of our common stock is an efficient way to separate our assets from the rest of FTAI's portfolio and that the spin-off will create benefits and value for us and FTAI. For more information on the reasons for the spin-off, see "Our Spin-Off from FTAI—Reasons for the Spin-Off."
<i>What business will FTAI Infrastructure engage in after the spin-off?</i>	FTAI Infrastructure will continue to focus on investments in infrastructure assets. For more detail on FTAI Infrastructure's business, see "Business."
<i>When will the distribution occur?</i>	We expect that FTAI will distribute the shares of our common stock on August 1, 2022 to holders of record of FTAI common shares on July 21, 2022, subject to certain conditions described under "Our Spin-Off from FTAI—Conditions to the Distribution."
<i>What do I need to do to receive my shares of FTAI Infrastructure common stock?</i>	As long as you hold FTAI common shares as of the record date, you will not need to take any action to receive common stock of FTAI Infrastructure in the distribution. You will not be required to make any payment, surrender or exchange your FTAI common shares or take any other action to receive your shares of our common stock. No shareholder approval of the distribution is required or sought. We are not asking you for a proxy, and you are requested not to send us a proxy. However, if you sell FTAI common shares in the "regular-way" market through the distribution date, you will also be selling your right to receive shares of FTAI Infrastructure common stock in the distribution. For more information, see "Our Spin-Off from FTAI—Market for Common Stock—Trading Between the Record Date and Distribution Date" in this Information Statement. Following the distribution, shareholders whose shares are held in book-entry form may request that their shares of FTAI Infrastructure common stock held in book-entry form be transferred to a brokerage or other account at any time, without charge.
<i>What will govern my rights as an FTAI Infrastructure stockholder?</i>	Your rights as an FTAI Infrastructure stockholder will be governed by Delaware law, as well as our certificate of incorporation and our bylaws. Except with respect to ownership and transfer restrictions intended to preserve our ability to use net operating loss carryforwards and other tax attributes, and the exclusive forum provisions, there are no material changes in stockholder rights between the stockholder rights at FTAI and FTAI Infrastructure. A description of these rights is included in this Information Statement under the heading "Description of Our Capital Stock."
<i>Will I be taxed on the shares of FTAI Infrastructure common stock that I receive in the distribution?</i>	<p>In general, for U.S. federal income tax purposes, your receipt of FTAI Infrastructure common stock is not expected to be taxable.</p> <p>However, the tax consequences to you of the spin-off will depend on your individual situation, and certain shareholders may be subject to different consequences than those described herein. You are urged to consult with your tax advisor as to the particular tax consequences of the distribution to you, including the applicability of any U.S. federal, state, local and non-U.S. tax laws. For more information, see "U.S. Federal Income Tax Consequences of the Spin-Off" included elsewhere in this Information Statement.</p>
<i>Can FTAI decide to cancel the distribution of the common stock even if all the conditions have been met?</i>	Yes. Although the distribution is subject to the satisfaction or waiver of certain conditions, see "Our Spin-Off from FTAI—Conditions to the Distribution" included elsewhere in this Information Statement, FTAI has the right not to complete the distribution if at any time prior to the distribution date (even if all of the conditions are satisfied), its board of directors determines, in its sole discretion, that the distribution is not in the best interests of FTAI or that market conditions are such that it is not advisable to separate FTAI Infrastructure from FTAI.

The conditions to the distribution are that: (i) our registration statement on Form 10, of which this Information Statement is a part, shall have become effective under the Exchange Act, and no stop order relating to the registration statement shall be in effect;

(ii) all other actions and filings necessary or appropriate under applicable federal or state securities laws

and state blue sky laws in connection with the transactions shall have been taken; (iii) an outside valuation advisory firm or firms acceptable to FTAI shall have delivered one or more opinions to the board of directors of FTAI regarding solvency and capital adequacy matters with respect to FTAI and FTAI Infrastructure after consummation of the distribution, and such opinions shall be acceptable to FTAI in form and substance in FTAI's sole discretion and such opinions shall not have been withdrawn or rescinded; (iv) the listing of our common stock on Nasdaq shall have been approved, subject to official notice of issuance; (v) the Restructuring Transactions shall have been completed; (vi) any ancillary agreements shall have been executed and delivered by each of FTAI and us, as applicable, and no party to any of the ancillary agreements will be in material breach of any such agreement; (vii) any material governmental and third-party approvals shall have been obtained and be in full force and effect; and (viii) no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the transactions related thereto, including the transfers of assets and liabilities contemplated by the Separation and Distribution Agreement, shall be in effect. We cannot assure you that all of the conditions will be satisfied or waived. In addition, if the separation is completed and FTAI's board of directors waives any such condition, such waiver could have a material adverse effect on FTAI's and FTAI Infrastructure's respective business, financial condition or results of operations, including, without limitation, as a result of illiquid trading due to the failure of FTAI Infrastructure common stock to be accepted for listing, litigation relating to any preliminary or permanent injunctions that sought to prevent the consummation of the separation, or the failure of FTAI or FTAI Infrastructure to obtain any required regulatory approvals. As of the date hereof, the board of directors of FTAI does not intend to waive any of the conditions described herein and would only consider such a waiver if it determined that such action was in the best interests of FTAI and its shareholders.

The fulfillment of the above conditions will not create any obligation on behalf of FTAI to effect the separation. Until the separation has occurred, FTAI has the right to terminate the separation, even if all the conditions have been satisfied, if the board of directors of FTAI determines, in its sole discretion, that the separation is not in the best interests of FTAI and its shareholders or that market conditions or other circumstances are such that the separation of FTAI Infrastructure and FTAI is no longer advisable at that time.

Does FTAI Infrastructure plan to pay dividends?

We intend to make regular quarterly dividends to holders of our common stock out of assets legally available for this purpose, subject to satisfactory financial performance and approval by our board of directors. However, our ability to pay dividends is subject to a number of risks and uncertainties, including actual results of operations, liquidity and financial condition restrictions under Delaware law, limitations under our contractual agreements, including the agreements governing the New Financing, our financial condition, our taxable income, our operating expenses and other factors our directors may deem relevant. As such, there can be no assurance regarding whether we will pay dividends in the future. For more information, see "Dividend Policy" included elsewhere in this Information Statement.

How will distributions from FTAI Infrastructure be treated for U.S. federal income tax purposes?

For U.S. federal income tax purposes, distributions from FTAI Infrastructure following the spin-off are generally expected to be treated as dividends to the extent paid out of FTAI Infrastructure's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, with any excess dividends treated as return of capital to the extent of the stockholder's basis (thereby reducing that basis) and as capital gain from the sale of FTAI Infrastructure stock thereafter. Such dividends are generally expected to be treated as "qualified dividend income" in the case of non-corporate holders and as eligible for the dividends received deduction in the case of corporate holders, in each case subject to holding period and other requirements.

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Non-U.S. stockholders may be subject to 30% withholding tax on distributions to the extent of FTAI Infrastructure's earnings and profits, subject to potential reduction by treaty. Because FTAI Infrastructure is expected to be a U.S. real property holding corporation, withholding may be required equal to 15% of any distribution to a non-U.S. stockholder that exceeds FTAI Infrastructure's earnings and profits if FTAI Infrastructure common stock is not then treated as regularly traded on an established securities market. Non-U.S. stockholders should consult their own tax advisors with respect to the tax consequences and reporting requirements related to distributions and gains under the tax laws of the United States and of their jurisdiction of residence. For more information, see "U.S. Federal Income Tax Considerations" included elsewhere in this Information Statement.

How will the spin-off affect my tax basis and holding period in FTAI common shares?

Your tax basis in FTAI common shares held at the time of the distribution generally will be reduced (but not below zero) by FTAI's tax basis immediately prior to the distribution in the FTAI Infrastructure common stock received by you. Your holding period for such FTAI common shares will not be affected by the distribution. FTAI may not be able to advise stockholders of the tax basis of the distributed shares until after the spin-off occurs. For more information, see "U.S. Federal Income Tax Consequences of the Spin-Off" included elsewhere in this Information Statement.

What will my tax basis and holding period be for common stock of FTAI Infrastructure that I receive in the distribution?

Your tax basis in FTAI Infrastructure common stock received in the spin-off will generally be equal to the lesser of (i) FTAI's basis in such stock on the distribution date, and (ii) your tax basis in FTAI common shares immediately prior to the distribution. FTAI may not be able to advise stockholders of its basis in FTAI Infrastructure common stock until after the spin-off occurs.

Your holding period in FTAI Infrastructure common stock received in the spin-off will generally equal FTAI's holding period in FTAI Infrastructure common stock, which may be divided into blocks. For more information, see "U.S. Federal Income Tax Consequences of the Spin-Off" included elsewhere in this Information Statement.

Will FTAI Infrastructure have any debt?

Yes. We have entered into the New Financing, pursuant to which we expect to raise approximately \$450.0 million of debt financing from the issuance of 10.5% Senior Secured Notes due 2027 and \$300.0 million of preferred equity financing (consisting of Series A Senior Preferred Stock and Warrants, the net proceeds of which will be distributed or otherwise transferred to FTAI in connection with the spin-off. Prior to the completion of the spin-off, FTAI Infrastructure may incur approximately \$50 million aggregate principal amount of additional debt financing, the net proceeds of which would be expected to be distributed to FTAI in connection with the spin-off. FTAI Infrastructure may also seek other forms of financing. In addition, certain of our subsidiaries will continue to be obligated under a revolving credit facility (the "DRP Revolver") that provides for revolving loans in the aggregate amount of \$25.0 million, the Series 2020 Bonds and the Series 2021 Bonds. For additional information relating to our planned financing arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" included elsewhere in this Information Statement.

What will the spin-off cost?

FTAI expects to incur pre-tax costs of approximately \$12.0 million to \$14.0 million in connection with the spin-off.

What will be the relationships between FTAI and FTAI Infrastructure following the spin-off?

Before the spin-off, we will enter into a Separation and Distribution Agreement to effect the spin-off. This agreement will provide for the allocation between us and FTAI of FTAI's assets, liabilities and obligations attributable to periods prior to the spin-off. We cannot assure you that this agreement will be on terms as favorable to us as it may have been if negotiated at arms-length between unaffiliated parties. For more information, see "Certain Relationships and Related Party Transactions" included elsewhere in this Information Statement.

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Will I receive physical certificates representing shares of FTAI Infrastructure common stock following the spin-off?

No. Following the spin-off, neither FTAI nor FTAI Infrastructure will be issuing physical certificates representing shares of FTAI Infrastructure common stock. Instead, FTAI, with the assistance of American Stock Transfer & Trust Company, LLC (“AST”), the distribution agent, will electronically issue shares of our common stock to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. The distribution agent will mail you a book-entry account statement that reflects your shares of FTAI Infrastructure common stock, or your bank or brokerage firm will credit your account for the shares. A benefit of issuing stock electronically in book-entry form is that there will be none of the physical handling and safekeeping responsibilities that are inherent in owning physical stock certificates.

You should consult with your financial advisors, such as your stockbroker, bank or tax advisor. Neither FTAI nor FTAI Infrastructure makes any recommendations on the purchase, retention or sale of FTAI common shares or the FTAI Infrastructure common stock to be distributed.

What if I want to sell my FTAI common shares or my FTAI Infrastructure common stock, and where will I be able to trade shares of FTAI Infrastructure common stock?

If you decide to sell any shares before the distribution, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your FTAI common shares, the FTAI Infrastructure common stock you will receive in the distribution, or both.

There is not currently a public market for FTAI Infrastructure’s common stock. FTAI Infrastructure has applied to list our common stock on Nasdaq under the symbol “FIP.” We anticipate that trading in shares of our common stock will begin on a “when-issued” basis on or shortly before the record date and will continue through the distribution date and that “regular-way” trading in shares of our common stock will begin on the first trading day following the distribution date. If trading begins on a “when-issued” basis, you may purchase or sell our common stock up to and including through the distribution date, but your transaction will not settle until after the distribution date. If the distribution is cancelled, your transaction will not settle and will have to be disqualified. For more information, see “Our Spin-Off from FTAI—Market for Common Stock—Trading Between the Record Date and Distribution Date” included elsewhere in this Information Statement.

Will the number of FTAI common shares I own change as a result of the distribution?

No. The number of FTAI common shares you own will not change as a result of the distribution.

What will happen to the listing of FTAI common shares?

Nothing. It is expected that after the distribution of FTAI Infrastructure common stock, FTAI common shares will continue to be traded on Nasdaq under the symbol “FTAI.”

Will the distribution affect the market price of my FTAI shares?

Yes. As a result of the distribution, we expect the trading price of FTAI common shares immediately following the distribution to be lower than immediately prior to the distribution, because the trading price will no longer reflect the value of FTAI Infrastructure’s assets. Furthermore, until the market has fully analyzed the value of FTAI without FTAI Infrastructure’s assets, the price of FTAI common shares may fluctuate significantly. In addition, although FTAI believes that over time following the spin-off, the common shares and stock of the separated companies should have a higher aggregate market value than the combined company, on a fully distributed basis and assuming similar market conditions pre- and post-spin-off, there can be no assurance in this regard. It is possible that the combined trading prices of FTAI common shares and FTAI Infrastructure common stock after the distribution may be equal to or less than the trading price of FTAI common shares before the distribution.

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Are there risks to owning FTAI Infrastructure common stock?

Yes. Our business is subject to a variety of risks that are described in the “Risk Factors” section of this Information Statement beginning on page [23](#). We encourage you to read that section carefully.

Where can FTAI shareholders get more information?

Before the distribution, if you have any questions relating to the distribution, you should contact:

Fortress Transportation & Infrastructure Investors LLC
Investor Relations
1345 Avenue of the Americas, 45th Floor
New York, NY 10105
Tel: (212) 798-6100
www.ftandi.com

After the spin-off, if you have any questions relating to our common stock, you should contact:

FTAI Infrastructure Inc.
1345 Avenue of the Americas, 45th Floor
New York, NY 10105
Tel: (212) 798-6100
www.ftpinc.com

The Spin-Off

The following is a summary of the material terms of the spin-off and other related transactions.

<i>Distributing company</i>	Fortress Transportation & Infrastructure Investors LLC. After the distribution, FTAI will not own any shares of our common stock.
<i>Distributed company</i>	FTAI Infrastructure. We are a Delaware limited liability company and, prior to the spin-off, a subsidiary of FTAI. Upon our conversion and the distribution, we will be an independent, publicly traded Delaware corporation.
<i>Distribution ratio</i>	Each holder of FTAI common shares will receive one share of our common stock for each FTAI common share held on July 21, 2022.
<i>Distributed securities</i>	All of FTAI Infrastructure's shares of common stock that are owned by FTAI, which will be approximately 99.99% of FTAI Infrastructure common stock outstanding immediately prior to the distribution.
<i>Record date</i>	The record date for the distribution is the close of business on July 21, 2022.
<i>Distribution date</i>	The distribution date is August 1, 2022.
<i>Distribution</i>	On the distribution date, FTAI, with the assistance of AST, the distribution agent, will electronically issue shares of our common stock to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. You will not be required to make any payment, surrender or exchange your FTAI common shares or take any other action to receive your shares of our common stock. If you sell FTAI common shares in the "regular-way" market through the distribution date, you will be selling your right to receive shares of FTAI Infrastructure common stock in the distribution. Registered stockholders will receive additional information from the distribution agent shortly after the distribution date. Following the distribution, stockholders whose shares are held in book-entry form may request that their shares of FTAI Infrastructure common stock be transferred to a brokerage or other account at any time, without charge. Beneficial stockholders that hold shares through brokerage firms will receive additional information from their brokerage firms shortly after the distribution date.
<i>Conditions to the distribution</i>	The distribution of our common stock is subject to the satisfaction of the following conditions: <ul style="list-style-type: none">• our registration statement on Form 10, of which this Information Statement is a part, shall have become effective under the Exchange Act, and no stop order relating to the registration statement shall be in effect;• all other actions and filings necessary or appropriate under applicable federal or state securities laws and state blue sky laws in connection with the transactions shall have been taken;• an outside valuation advisory firm or firms acceptable to FTAI shall have delivered one or more opinions to the board of directors of FTAI regarding solvency and capital adequacy matters with respect to FTAI and FTAI Infrastructure after consummation of the distribution, and such opinions

shall be acceptable to FTAI in form and substance in FTAI's sole discretion and such opinions shall not have been withdrawn or rescinded;

- the FTAI Infrastructure common stock to be distributed in the separation shall have been accepted for listing on Nasdaq, subject to compliance with applicable listing requirements;
- the Restructuring Transactions shall have been completed;
- any ancillary agreements shall have been executed and delivered by each of FTAI and us, as applicable, and no party to any of the ancillary agreements will be in material breach of any such agreement;
- any material governmental and third-party approvals shall have been obtained and be in full force and effect; and
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the transactions related thereto, including the transfers of assets and liabilities contemplated by the Separation and Distribution Agreement, shall be in effect.

We cannot assure you that all of the conditions will be satisfied or waived. In addition, if the separation is completed and FTAI's board of directors waives any such condition, such waiver could have a material adverse effect on FTAI's and FTAI Infrastructure's respective business, financial condition or results of operations, including, without limitation, as a result of illiquid trading due to the failure of FTAI Infrastructure common stock to be accepted for listing, litigation relating to any preliminary or permanent injunctions that sought to prevent the consummation of the separation, or the failure of FTAI or FTAI Infrastructure to obtain any required regulatory approvals. As of the date hereof, the board of directors of FTAI does not intend to waive any of the conditions described herein and would only consider such a waiver if it determined that such action was in the best interests of FTAI and its shareholders.

The fulfillment of the above conditions will not create any obligation on behalf of FTAI to effect the separation. Until the separation has occurred, FTAI has the right to terminate the separation, even if all the conditions have been satisfied, if the board of directors of FTAI determines, in its sole discretion, that the separation is not in the best interests of FTAI and its shareholders or that market conditions or other circumstances are such that the separation of FTAI Infrastructure and FTAI is no longer advisable at that time.

We have applied to list our common stock on Nasdaq under the ticker symbol "FIP." We anticipate that on or prior to the record date for the distribution, trading of our common stock will begin on a "when-issued" basis and will continue up to and including the distribution date. See "Our Spin-Off from FTAI—Market for Common Stock—Trading Between the Record Date and Distribution Date" included elsewhere in this Information Statement.

Stock exchange listing

It is expected that after the distribution of FTAI Infrastructure common stock, FTAI common shares will continue to be traded on Nasdaq under the symbol "FTAI." FTAI Infrastructure has applied to list its common stock on Nasdaq under the symbol "FIP."

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Distribution agent

AST.

Following the spin-off, you will hold shares in a U.S. corporation. All of the net income attributable to FTAI Infrastructure will be subject to U.S. federal (and state and local) corporate income taxes, which we do not anticipate will have a material impact on stockholder returns because such assets were held in corporate subsidiaries of FTAI prior to the spin-off.

Tax considerations

You should consult your tax advisor as to the particular tax consequences of the distribution to you, including the applicability of any U.S. federal, state, local and non-U.S. tax laws with respect to distributions from a U.S. corporation to you and with respect to sale or other transfers of stock in a U.S. corporation. For more information, see “U.S. Federal Income Tax Considerations” included elsewhere in this Information Statement.

Separation and Distribution Agreement

Before the distribution, we will enter into the Separation and Distribution Agreement to effect the spin-off. This agreement will provide for the allocation between us and FTAI of FTAI’s assets, liabilities and obligations (including tax-related assets and liabilities) attributable to periods prior to our spin-off from FTAI. For a discussion of this and other arrangements, see “Certain Relationships and Related Party Transactions” included elsewhere in this Information Statement.

Equitable adjustment of options in connection with the distribution

In connection with the distribution, each FTAI option held as of the date of the distribution by our Manager or by the directors, officers, employees, service providers, consultants and advisors of our Manager will be converted into an adjusted FTAI option and a new FTAI Infrastructure option. The exercise price of each adjusted FTAI option and FTAI Infrastructure option will be set to collectively maintain the intrinsic value of the FTAI option immediately prior to the distribution and to maintain the ratio of the exercise price of the adjusted FTAI option and the FTAI Infrastructure option, respectively, to the fair market value of the underlying shares as of the distribution. The terms and conditions applicable to each FTAI Infrastructure option will be substantially similar to the terms and conditions otherwise applicable to the FTAI option as of the date of distribution. The grant of such FTAI Infrastructure options will not reduce the number of shares of our common stock otherwise available for issuance under the Plan (as defined below).

RISK FACTORS

You should carefully consider the following risks and other information in this Information Statement in evaluating us and our common stock. Any of the following risks, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our results of operations or financial condition. The risk factors generally have been separated into the following groups: risks related to our business, risks related to our Manager, risks related to the separation and risks related to our common stock. However, these categories do overlap and should not be considered exclusive.

Risks Related to Our Business

We have no operating history as an independent company and may not be able to successfully operate our business strategy, generate sufficient revenue to make or sustain distributions to our stockholders or meet our contractual commitments.

We have no experience operating as an independent company and cannot assure you that we will be able to successfully operate our business or implement our operating policies and strategies as described in this Information Statement. The timing, terms, price and form of consideration that we pay in future transactions may vary meaningfully from prior transactions.

Once we commence operations as an independent company, there can be no assurance that we will be able to generate sufficient returns to pay our operating expenses and make satisfactory distributions to our stockholders, or any distributions at all. Our results of operations and our ability to make or sustain distributions to our stockholders depend on several factors, including the availability of opportunities to acquire attractive assets, the level and volatility of interest rates, the availability of adequate short- and long-term financing, the financial markets and economic conditions.

The historical and pro forma financial information included in this Information Statement may not be indicative of the results we would have achieved as a separate stand-alone company and are not a reliable indicator of our future performance or results.

We did not operate as a separate, stand-alone company for the entirety of the historical periods presented in the financial information included in this Information Statement, which has been derived from FTAI's historical financial statements. Therefore, the financial information in this Information Statement does not necessarily reflect what our financial condition, results of operations or cash flows would have been had we been a separate, stand-alone public company prior to our spin-off from FTAI. This is primarily a result of the following factors:

- the financial results in this Information Statement do not reflect all of the expenses we will incur as a public company;
- the working capital requirements and capital for general corporate purposes for our assets were satisfied prior to the spin-off as part of FTAI's corporate-wide cash management policies. FTAI is not required, and does not intend, to provide us with funds to finance our working capital or other cash requirements, so we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements; and
- our cost structure, management, financing and business operations will be significantly different as a result of operating as an independent public company. These changes result in increased costs, including, but not limited to, fees paid to our Manager, legal, accounting, compliance and other costs associated with being a public company with equity securities traded on Nasdaq.

In addition, the unaudited pro forma financial information of the Company is based in part on certain assumptions regarding the spin-off and the New Financing that we believe are reasonable under the circumstances. However, our assumptions and estimates are preliminary and may not prove to be accurate over time. As a result, investors should not place undue reliance on the unaudited pro forma financial information of the Company.

A pandemic, including COVID-19, could have an adverse impact on our business, financial condition, and results of operations.

In recent years, the outbreaks of certain highly contagious diseases have increased the risk of a pandemic resulting in economic disruptions. In particular, the ongoing COVID-19 pandemic has led to severe disruptions in the market and the global, U.S. and regional economies that may continue for a prolonged duration and trigger a

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recession or a period of economic slowdown. In response, various governmental bodies and private enterprises have implemented numerous measures to mitigate the outbreak, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. The COVID-19 outbreak continues to be dynamic and evolving, including a resurgence of COVID-19 cases in certain geographies, and its ultimate scope, duration, effects and the availability of vaccines remain uncertain.

The ongoing COVID-19 pandemic adversely affected our Jefferson Terminal business in several material ways during the years ended December 31, 2020 and 2021. Although difficult to quantify the impact, the pandemic adversely affected macro trends in refinery utilization rates in the United States and the global consumption of petroleum and liquid fuels in 2020 and part of 2021, which adversely affected our revenue potential at our Jefferson Terminal business. In addition, we were unable to complete anticipated new customer contracts and certain of our existing customers did not increase volumes as anticipated which also adversely affected our revenue potential for those periods.

We expect that this pandemic, and any future epidemic or pandemic crises, could result in direct and indirect adverse effects on our industry and customers, which in turn may impact our business, results of operations and financial condition. Effects of the current pandemic have included, or may in the future include, among others:

- deterioration of worldwide, regional or national economic conditions and activity, which could adversely affect demand for our services;
- disruptions to our operations as a result of the potential health impact, such as the availability and efficacy of vaccines, on our employees and crew, and on the workforces of our customers and business partners;
- disruptions to our business from, or additional costs related to, new regulations, directives or practices implemented in response to the pandemic, such as travel restrictions, increased inspection regimes, hygiene measures (such as quarantining and physical distancing) or increased implementation of remote working arrangements;
- potential reduced cash flows and financial condition, including potential liquidity constraints;
- reduced access to capital, including the ability to refinance any existing obligations, as a result of any credit tightening generally or due to continued declines in global financial markets, including to the prices of publicly traded securities of us, our peers and of listed companies generally; and
- potential deterioration in the financial condition and prospects of our customers, joint venture partners or business partners, or attempts by customers or third parties to invoke force majeure contractual clauses as a result of delays or other disruptions.

As COVID-19 continues to evolve, the extent to which COVID-19 impacts operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to try and contain COVID-19 or treat its impact. We continue to monitor the pandemic and, the extent to which the continued spread of the virus adversely affects our customer base and therefore revenue. As the COVID-19 pandemic is complex and rapidly evolving, our plans as described above may change. At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, financial position and cash flows.

Uncertainty relating to macroeconomic conditions may reduce the demand for our assets, limit our ability to obtain additional capital to finance new investments or refinance existing debt, or have other unforeseen negative effects.

Uncertainty and negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets and commodity price volatility, historically have created difficult operating environments for owners and operators in the infrastructure industry. Many factors, including factors that are beyond our control, may impact our operating results or financial condition. For some years, the world has experienced weakened economic conditions and volatility following adverse changes in global capital markets. Excess supply in oil and gas markets can put significant downward pressure on prices for these commodities, and may affect demand for assets used in production, refining and transportation of oil and gas. In the past, a significant decline in oil prices has led to lower production and transportation budgets worldwide. These conditions have resulted in significant contraction, deleveraging and reduced liquidity in the credit markets. A number of governments have implemented, or are considering implementing, a broad variety of governmental actions or new regulations for the financial

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markets. In addition, limitations on the availability of capital, higher costs of capital for financing expenditures or the desire to preserve liquidity, may cause our current or prospective customers to make reductions in future capital budgets and spending.

The industries in which we operate have experienced periods of oversupply during which asset values have declined, particularly during the most recent economic downturn, and any future oversupply could materially adversely affect our results of operations and cash flows.

The oversupply of a specific asset is likely to depress the value of our assets and result in decreased utilization of our assets, and the industries in which we operate have experienced periods of oversupply during which asset values have declined, particularly during the most recent economic downturn. Factors that could lead to such oversupply include, without limitation:

- general demand for the type of assets that we purchase;
- general macroeconomic conditions, including market prices for commodities that our assets may serve;
- geopolitical events, including war, prolonged armed conflict and acts of terrorism;
- outbreaks of communicable diseases and natural disasters;
- governmental regulation;
- interest rates;
- the availability of credit;
- restructurings and bankruptcies of companies in the industries in which we operate, including our customers;
- manufacturer production levels and technological innovation;
- manufacturers merging or exiting the industry or ceasing to produce certain asset types;
- retirement and obsolescence of the assets that we own;
- increases in supply levels of assets in the market due to the sale or merging of our customers; and
- reintroduction of previously unused or dormant assets into the industries in which we operate.

These and other related factors are generally outside of our control and could lead to persistence of, or increase in, the oversupply of the types of assets that we acquire or decreased utilization of our assets, either of which could materially adversely affect our results of operations and cash flows.

There can be no assurance that any target returns will be achieved.

Our target returns for assets are targets only and are not forecasts of future profits. We develop target returns based on our Manager's assessment of appropriate expectations for returns on assets and the ability of our Manager to enhance the return generated by those assets through active management. There can be no assurance that these assessments and expectations will be achieved and failure to achieve any or all of them may materially adversely impact our ability to achieve any target return with respect to any or all of our assets.

In addition, our target returns are based on estimates and assumptions regarding a number of other factors, including, without limitation, holding periods, the absence of material adverse events affecting specific investments (which could include, without limitation, natural disasters, terrorism, social unrest or civil disturbances), general and local economic and market conditions, changes in law, taxation, regulation or governmental policies and changes in the political approach to infrastructure investment, either generally or in specific countries in which we may invest or seek to invest. Many of these factors, as well as the other risks described elsewhere in this Information Statement, are beyond our control and all could adversely affect our ability to achieve a target return with respect to an asset. Further, target returns are targets for the return generated by specific assets and not by us. Numerous factors could prevent us from achieving similar returns, notwithstanding the performance of individual assets, including, without limitation, taxation and fees payable by us or our operating subsidiaries, including fees and incentive allocation payable to our Manager.

There can be no assurance that the returns generated by any of our assets will meet our target returns, or any other level of return, or that we will achieve or successfully implement our asset acquisition objectives, and failure

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to achieve the target return in respect of any of our assets could, among other things, have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. Further, even if the returns generated by individual assets meet target returns, there can be no assurance that the returns generated by other existing or future assets would do so, and the historical performance of the assets in our existing portfolio should not be considered as indicative of future results with respect to any assets.

Contractual defaults may adversely affect our business, prospects, financial condition, results of operations and cash flows by decreasing revenues and increasing storage, positioning, collection, recovery and lost equipment expenses.

The success of our business depends in large part on the success of the operators in the sectors in which we participate. Cash flows from our assets are substantially impacted by our ability to collect compensation and other amounts to be paid in respect of such assets from the customers with whom we enter into contractual arrangements. Inherent in the nature of the arrangements for the use of such assets is the risk that we may not receive, or may experience delay in realizing, such amounts to be paid. While we target the entry into contracts with credit-worthy counterparties, no assurance can be given that such counterparties will perform their obligations during the term of the contractual arrangement. In addition, when counterparties default, we may fail to recover all of our assets, and the assets we do recover may be returned in damaged condition or to locations where we will not be able to efficiently use or sell them.

If we acquire a high concentration of a particular type of asset, or concentrate our investments in a particular sector, our business, prospects, financial condition, results of operations and cash flows could be adversely affected by changes in market demand or problems specific to that asset or sector.

If we acquire a high concentration of a particular asset, or concentrate our investments in a particular sector, our business and financial results could be adversely affected by sector-specific or asset-specific factors. Furthermore, as a result of the spin-off transaction, our assets will be focused on infrastructure and we will not have any interest in FTAI's aviation assets, which limits the diversity of our portfolio. Any decrease in the value and rates of our assets may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We may not generate a sufficient amount of cash or generate sufficient free cash flow to fund our operations or repay our indebtedness.

Our ability to make payments on our indebtedness as required depends on our ability to generate cash flow in the future. This ability, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we do not generate sufficient free cash flow to satisfy our debt obligations, including interest payments and the payment of principal at maturity, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timeliness and amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our various debt instruments then in effect. Furthermore, our ability to refinance would depend upon the condition of the finance and credit markets. Our inability to generate sufficient free cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms or on a timely basis, would materially affect our business, financial condition and results of operations.

We operate in highly competitive markets.

The business of acquiring infrastructure assets is highly competitive. Market competition for opportunities includes traditional infrastructure companies, commercial and investment banks, as well as a growing number of non-traditional participants, such as hedge funds, private equity funds and other private investors, including Fortress-related entities. Some of these competitors may have access to greater amounts of capital and/or to capital that may be committed for longer periods of time or may have different return thresholds than us, and thus these competitors may have certain advantages not shared by us. In addition, competitors may have incurred, or may in the future incur, leverage to finance their debt investments at levels or on terms more favorable than those available to us. Strong competition for investment opportunities could result in fewer such opportunities for us, as certain of these competitors have established and are establishing investment vehicles that target the same types of assets that we intend to purchase.

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In addition, some of our competitors may have longer operating histories, greater financial resources and lower costs of capital than us, and consequently, may be able to compete more effectively in one or more of our target markets. We likely will not always be able to compete successfully with our competitors and competitive pressures or other factors may also result in significant price competition, particularly during industry downturns, which could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

The values of our assets may fluctuate due to various factors.

The fair market values of our assets may decrease or increase depending on a number of factors, including general economic and market conditions affecting our target markets, type and age of assets, supply and demand for assets, competition, new governmental or other regulations and technological advances, all of which could impact our profitability and our ability to develop, operate, or sell such assets. In addition, our assets depreciate as they age and may generate lower revenues and cash flows. We must be able to replace such older, depreciated assets with newer assets, or our ability to maintain or increase our revenues and cash flows will decline. In addition, if we dispose of an asset for a price that is less than the depreciated book value of the asset on our balance sheet or if we determine that an asset's value has been impaired, we will recognize a related charge in our combined consolidated statement of operations and such charge could be material.

We may acquire operating businesses, including businesses whose operations are not fully matured and stabilized. These businesses may be subject to significant operating and development risks, including increased competition, cost overruns and delays, and difficulties in obtaining approvals or financing. These factors could materially affect our business, financial condition, liquidity and results of operations.

We will receive in the spin-off, and may in the future acquire, operating businesses, including businesses whose operations are not fully matured and stabilized (including, but not limited to, our businesses within the Jefferson Terminal, Ports and Terminals and Transtar segments). While our Manager has deep experience in the construction and operation of these companies, we are nevertheless subject to significant risks and contingencies of an operating business, and these risks are greater where the operations of such businesses are not fully matured and stabilized. Key factors that may affect our operating businesses include, but are not limited to:

- competition from market participants;
- general economic and/or industry trends, including pricing for the products or services offered by our operating businesses;
- the issuance and/or continued availability of necessary permits, licenses, approvals and agreements from governmental agencies and third parties as are required to construct and operate such businesses;
- changes or deficiencies in the design or construction of development projects;
- unforeseen engineering, environmental or geological problems;
- potential increases in construction and operating costs due to changes in the cost and availability of fuel, power, materials and supplies;
- the availability and cost of skilled labor and equipment;
- our ability to enter into additional satisfactory agreements with contractors and to maintain good relationships with these contractors in order to construct development projects within our expected cost parameters and time frame, and the ability of those contractors to perform their obligations under the contracts and to maintain their creditworthiness;
- potential liability for injury or casualty losses which are not covered by insurance;
- potential opposition from non-governmental organizations, environmental groups, local or other groups which may delay or prevent development activities;
- local and economic conditions;
- recent geopolitical events;
- changes in legal requirements; and
- force majeure events, including catastrophes and adverse weather conditions.

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Any of these factors could materially affect our business, financial condition, liquidity and results of operations.

Our use of joint ventures or partnerships, and our Manager's outsourcing of certain functions, may present unforeseen obstacles or costs.

We will receive in the spin-off, and may in the future acquire, interests in certain assets in cooperation with third-party partners or co-investors through jointly owned acquisition vehicles, joint ventures or other structures. In these co-investment situations, our ability to control the management of such assets depends upon the nature and terms of the joint arrangements with such partners and our relative ownership stake in the asset, each of which will be determined by negotiation at the time of the investment and the determination of which is subject to the discretion of our Manager. Depending on our Manager's perception of the relative risks and rewards of a particular asset, our Manager may elect to acquire interests in structures that afford relatively little or no operational and/or management control to us. Such arrangements present risks not present with wholly owned assets, such as the possibility that a co-investor becomes bankrupt, develops business interests or goals that conflict with our interests and goals in respect of the assets, all of which could materially adversely affect our business, prospects, financial condition, results of operations and cash flows.

In addition, our Manager expects to utilize third-party contractors to perform services and functions related to the operation of our assets. These functions may include billing, collections, recovery and asset monitoring. Because we and our Manager do not directly control these third parties, there can be no assurance that the services they provide will be delivered at a level commensurate with our expectations, or at all. The failure of any such third-party contractors to perform in accordance with our expectations could materially adversely affect our business, prospects, financial condition, results of operations and cash flows.

We are subject to the risks and costs of obsolescence of our assets.

Technological and other improvements expose us to the risk that certain of our assets may become technologically or commercially obsolete. If we are not able to acquire new technology or are unable to implement new technology, we may suffer a competitive disadvantage. For example, as the freight transportation markets we serve continue to evolve and become more efficient, the use of certain locomotives or railcars may decline in favor of other more economic modes of transportation. If the technology we use in our lines of business is superseded, or the cost of replacing our locomotives or railcars is expensive and requires additional capital, we could experience significant cost increases and reduced availability of the assets and equipment that are necessary for our operations. Any of these risks may adversely affect our ability to sell our assets on favorable terms, if at all, which could materially adversely affect our operating results and growth prospects.

The North American rail sector is a highly regulated industry and increased costs of compliance with, or liability for violation of, existing or future laws, regulations and other requirements could significantly increase our operational costs of doing business, thereby adversely affecting our profitability.

The rail sector is subject to extensive laws, regulations and other requirements, including, but not limited to, those relating to the environment, safety, rates and charges, service obligations, employment, labor, immigration, minimum wages and overtime pay, health care and benefits, working conditions, public accessibility and other requirements. These laws and regulations are enforced by U.S. federal agencies including the U.S. Environmental Protection Agency (the "U.S. EPA"), the U.S. Department of Transportation (the "DOT"), the Occupational Safety and Health Act (the "OSHA"), the U.S. Federal Railroad Administration (the "FRA"), and the U.S. Surface Transportation Board (the "STB"), as well as numerous other state, provincial, local and federal agencies. Ongoing compliance with, or a violation of, these laws, regulations and other requirements could have a material adverse effect on our business, financial condition and results of operations.

We believe that our rail operations are in substantial compliance with applicable laws and regulations. However, these laws and regulations, and the interpretation or enforcement thereof, are subject to frequent change and varying interpretation by regulatory authorities, and we are unable to predict the ongoing cost to us of complying with these laws and regulations or the future impact of these laws and regulations on our operations. In addition, from time to time we are subject to inspections and investigations by various regulators. Violation of environmental or other laws, regulations and permits can result in the imposition of significant administrative, civil and criminal penalties, injunctions and construction bans or delays.

Legislation passed by the U.S. Congress or Canadian Parliament or new regulations issued by federal agencies can significantly affect the revenues, costs and profitability of our business. For instance, more recently proposed bills

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such as the “Rail Shipper Fairness Act of 2017,” or competitive access proposals under consideration by the STB, if adopted, could increase government involvement in railroad pricing, service and operations and significantly change the federal regulatory framework of the railroad industry. Several of the changes under consideration could have a significant negative impact on the Company’s ability to determine prices for rail services, meet service standards and could force a reduction in capital spending. Statutes imposing price constraints or affecting rail-to-rail competition could adversely affect the Company’s profitability.

Under various U.S. federal, state, provincial and local environmental requirements, as the owner or operator of terminals or other facilities, we may be liable for the costs of removal or remediation of contamination at or from our existing locations, whether we knew of, or were responsible for, the presence of such contamination. The failure to timely report and properly remediate contamination may subject us to liability to third parties and may adversely affect our ability to sell or rent our property or to borrow money using our property as collateral. Additionally, we may be liable for the costs of remediating third-party sites where hazardous substances from our operations have been transported for treatment or disposal, regardless of whether we own or operate that site. In the future, we may incur substantial expenditures for investigation or remediation of contamination that has not yet been discovered at our current or former locations or locations that we may acquire.

A discharge of hydrocarbons or hazardous substances into the environment associated with operating our rail assets could subject us to substantial expense, including the cost to recover the materials spilled, restore the affected natural resources, pay fines and penalties, and natural resource damages and claims made by employees, neighboring landowners, government authorities and other third parties, including for personal injury and property damage. We may experience future catastrophic sudden or gradual releases into the environment from our facilities or discover historical releases that were previously unidentified or not assessed. Although our inspection and testing programs are designed to prevent, detect and address any such releases promptly, the liabilities incurred due to any future releases into the environment from our assets, have the potential to substantially affect our business. Such events could also subject us to media and public scrutiny that could have a negative effect on our operations and also on the value of our common stock.

Our business could be adversely affected if service on the railroads is interrupted or if more stringent regulations are adopted regarding railcar design or the transportation of crude oil by rail.

As a result of hydraulic fracturing and other improvements in extraction technologies, there has been a substantial increase in the volume of crude oil and liquid hydrocarbons produced and transported in North America, and a geographic shift in that production versus historical production. The increase in volume and shift in geography has resulted in increased pipeline congestion and a corresponding growth in crude oil being transported by rail from Canada and across the U.S. High-profile accidents involving crude-oil-carrying trains in Quebec, North Dakota and Virginia, and more recently in Saskatchewan, West Virginia and Illinois, have raised concerns about derailments and the environmental and safety risks associated with crude oil transport by rail and the associated risks arising from railcar design. In Canada, the transport of hazardous products is receiving greater scrutiny which could impact our customers and our business.

In May 2015, the DOT issued new production standards and operational controls for rail tank cars used in “High-Hazard Flammable Trains” (i.e., trains carrying commodities such as ethanol, crude oil and other flammable liquids). Similar standards have been adopted in Canada. The new standard applies for all cars manufactured after October 1, 2015, and existing tank cars must be retrofitted within the next three to eight years. The applicable operational controls include reduced speed restrictions, and maximum lengths on trains carrying these materials. Retrofitting our tank cars will be required under these new standards to the extent we elect to move certain flammable liquids in the future. While we may be able to pass some of these costs on to our customers, there may be costs that we cannot pass on to them. We continue to monitor the railcar regulatory landscape and remain in close contact with railcar suppliers and other industry stakeholders to stay informed of railcar regulation rulemaking developments. It is unclear how these regulations will impact the crude-by-rail industry, and any such impact would depend on a number of factors that are outside of our control. If, for example, overall volume of crude-by-rail decreases, or if we do not have access to a sufficient number of compliant cars to transport required volumes under our existing contracts, our operations may be negatively affected. This may lead to a decrease in revenues and other consequences.

The adoption of additional federal, state, provincial or local laws or regulations, including any voluntary measures by the rail industry regarding railcar design or crude oil and liquid hydrocarbon rail transport activities, or efforts by local communities to restrict or limit rail traffic involving crude oil, could affect our business by increasing compliance costs and decreasing demand for our services, which could adversely affect our financial position and

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cash flows. Moreover, any disruptions in the operations of railroads, including those due to shortages of railcars, weather-related problems, flooding, drought, accidents, mechanical difficulties, strikes, lockouts or bottlenecks, could adversely impact our customers' ability to move their product and, as a result, could affect our business.

We could be negatively impacted by environmental, social, and governance (“ESG”) and sustainability-related matters.

Governments, investors, customers, employees and other stakeholders are increasingly focusing on corporate ESG practices and disclosures, and expectations in this area are rapidly evolving. We have announced, and may in the future announce, sustainability-focused investments, partnerships and other initiatives and goals. These initiatives, aspirations, targets or objectives reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our efforts to accomplish and accurately report on these initiatives and goals present numerous operational, regulatory, reputational, financial, legal, and other risks, any of which could have a material negative impact, including on our reputation and stock price.

In addition, the standards for tracking and reporting on ESG matters are relatively new, have not been harmonized and continue to evolve. Our selection of disclosure frameworks that seek to align with various voluntary reporting standards may change from time to time and may result in a lack of comparative data from period to period. Moreover, our processes and controls may not always align with evolving voluntary standards for identifying, measuring, and reporting ESG metrics, our interpretation of reporting standards may differ from those of others, and such standards may change over time, any of which could result in significant revisions to our goals or reported progress in achieving such goals. In this regard, the criteria by which our ESG practices and disclosures are assessed may change due to the quickly evolving landscape, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. The increasing attention to corporate ESG initiatives could also result in increased investigations and litigation or threats thereof. If we are unable to satisfy such new criteria, investors may conclude that our ESG and sustainability practices are inadequate. If we fail or are perceived to have failed to achieve previously announced initiatives or goals or to accurately disclose our progress on such initiatives or goals, our reputation, business, financial condition and results of operations could be adversely impacted.

We transport hazardous materials.

We transport certain hazardous materials and other materials, including crude oil, ethanol, and toxic inhalation hazard (“TIH”) materials, such as chlorine, that pose certain risks in the event of a release or combustion. Additionally, U.S. laws impose common carrier obligations on railroads that require us to transport certain hazardous materials regardless of risk or potential exposure to loss. In addition, insurance premiums charged for, or the self-insured retention associated with, some or all of the coverage currently maintained by us could increase dramatically or certain coverage may not be available to us in the future if there is a catastrophic event related to rail transportation of these materials. A rail accident or other incident or accident on our network, at our facilities, or at the facilities of our customers involving the release or combustion of hazardous materials could involve significant costs and claims for personal injury, property damage, and environmental penalties and remediation in excess of our insurance coverage for these risks, which could have a material adverse effect on our results of operations, financial condition, and liquidity.

We may be affected by fluctuating prices for fuel and energy.

Volatility in energy prices could have a significant effect on a variety of items including, but not limited to: the economy; demand for transportation services; business related to the energy sector, including the production and processing of crude oil, natural gas, and coal; fuel prices; and, fuel surcharges. Particularly in our rail business, fuel costs constitute a significant portion of our expenses. Diesel fuel prices and availability can be subject to dramatic fluctuations, and significant price increases could have a material adverse effect on our operating results. If a severe fuel supply shortage arose from production curtailments, disruption of oil imports or domestic oil production, disruption of domestic refinery production, damage to refinery or pipeline infrastructure, political unrest, war, terrorist attack or otherwise, diesel fuel may not be readily available and may be subject to rationing regulations. Currently, we receive fuel surcharges and other rate adjustments to offset fuel prices, although there may be a significant delay in our recovery of fuel costs based on the terms of the fuel surcharge program. If Class I railroads change their policies regarding fuel surcharges, the compensation we receive for increases in fuel costs may decrease, which could have a negative effect on our profitability; in fact, we cannot be certain that we will always be able to

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mitigate rising or elevated fuel costs through fuel surcharges at all, as future market conditions or legislative or regulatory activities could adversely affect our ability to apply fuel surcharges or adequately recover increased fuel costs through fuel surcharges.

International, political, and economic factors, events and conditions, including recent geopolitical events, may affect the volatility of fuel prices and supplies. Weather can also affect fuel supplies and limit domestic refining capacity. A severe shortage of, or disruption to, domestic fuel supplies could have a material adverse effect on our results of operations, financial condition, and liquidity. In addition, lower fuel prices could have a negative impact on commodities we process and transport, such as crude oil and petroleum products, which could have a material adverse effect on our results of operations, financial condition, and liquidity.

Because we depend on Class I railroads for a significant portion of our operations in North America, our results of operations, financial condition and liquidity may be adversely affected if our relationships with these carriers deteriorate.

The railroad industry in the United States and Canada is dominated by seven Class I carriers that have substantial market control and negotiating leverage. In addition, Class I carriers also traditionally have been significant sources of business for us, and may be future sources of potential acquisition candidates as they divest branch lines. A decision by any of these Class I carriers to cease or re-route certain freight movements or to alter existing business relationships, including operational or relationship changes, could have a material adverse effect on our results of operations. The overall impact of any such decision would depend on which Class I carrier is involved, the routes and freight movements affected, as well as the nature of any changes.

Transtar faces competition from other railroads and other transportation providers.

Transtar faces competition from other railroads, motor carriers, ships, barges, and pipelines. We operate in some corridors served by other railroads and motor carriers. In addition to price competition, we face competition with respect to transit times, quality, and reliability of service from motor carriers and other railroads. Motor carriers in particular can have an advantage over railroads with respect to transit times and timeliness of service. However, railroads are much more fuel-efficient than trucks, which reduces the impact of transporting goods on the environment and public infrastructure. Additionally, we must build or acquire and maintain our rail system, while trucks, barges, and maritime operators are able to use public rights-of-way maintained by public entities. Any of the following could also affect the competitiveness of our rail services, which could have a material adverse effect on our results of operations, financial condition, and liquidity: (i) improvements or expenditures materially increasing the quality or reducing the costs of these alternative modes of transportation, such as autonomous or more fuel efficient trucks, (ii) legislation that eliminates or significantly increases the size or weight limitations applied to motor carriers, or (iii) legislation or regulatory changes that impose operating restrictions on railroads or that adversely affect the profitability of some or all railroad traffic. Additionally, any future consolidation of the rail industry could materially affect our competitive environment.

Our assets are exposed to unplanned interruptions caused by events outside of our control which may disrupt our business and cause damage or losses that may not be adequately covered by insurance.

The operations of infrastructure projects are exposed to unplanned interruptions caused by breakdown or failure of equipment or plants, aging infrastructure, employee error or contractor or subcontractor failure, problems that delay or increase the cost of returning facilities to service after outages, limitations that may be imposed by equipment conditions or environmental, safety or other regulatory requirements, fuel supply or fuel transportation reductions or interruptions, labor disputes, difficulties with the implementation or operation of information systems, derailments, power outages, pipeline or electricity line ruptures and catastrophic events, such as hurricanes, cyclones, earthquakes, landslides, floods, explosions, fires or other disasters. Any equipment or system outage or constraint can, among other things, reduce sales, increase costs and affect the ability to meet regulatory service metrics, customer expectations and regulatory reliability and security requirements. We have in the past experienced power outages at plants which disrupted their operations and negatively impacted our revenues. We cannot assure you that similar events may not occur in the future. Operational disruption, as well as supply disruption, and increased government oversight could adversely impact the cash flows available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in temporary or permanent loss of customers, substantial litigation or penalties for regulatory or contractual non-compliance, and any loss from such

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events may not be recoverable under relevant insurance policies. Although we believe that we are adequately insured against these types of events no assurance can be given that the occurrence of any such event will not materially adversely affect us.

We are actively evaluating potential acquisitions of assets and operating companies in other infrastructure sectors which could result in additional risks and uncertainties for our business and unexpected regulatory compliance costs.

While our existing portfolio consists of assets in the energy, port and rail sectors, we are actively evaluating potential acquisitions of assets and operating companies in other infrastructure sectors and we plan to be flexible as other attractive opportunities arise over time. To the extent we make acquisitions in other sectors, we will face numerous risks and uncertainties, including risks associated with the required investment of capital and other resources and with combining or integrating operational and management systems and controls. Entry into certain lines of business may subject us to new laws and regulations and may lead to increased litigation and regulatory risk. Many types of infrastructure assets, including certain rail and seaport assets, are subject to registration requirements by U.S. governmental agencies, as well as foreign governments if such assets are to be used outside of the United States. Failing to register the assets, or losing such registration, could result in substantial penalties, forced liquidation of the assets and/or the inability to operate and, if applicable, lease the assets. We may need to incur significant costs to comply with the laws and regulations applicable to any such new acquisition. The failure to comply with these laws and regulations could cause us to incur significant costs, fines or penalties or require the assets to be removed from service for a period of time resulting in reduced income from these assets. In addition, if our acquisitions in other sectors produce insufficient revenues, or produce investment losses, or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected, and our reputation and business may be harmed.

Restrictive covenants in our debt agreements and the certificate of designations for our Series A Preferred Stock may adversely affect us.

The instruments governing our outstanding debt contain, and the certificate of designations for our Series A Preferred Stock and the indenture governing the Notes will contain, certain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. For example, these covenants significantly restrict our and certain of our subsidiaries' ability to:

- incur indebtedness;
- issue equity interests of the Company ranking *pari passu* with, or senior in priority to, the Series A Preferred Stock;
- issue equity interests of any subsidiary of the Company;
- amend or repeal the certificate of incorporation or bylaws in a manner that is adverse to the holders of the Series A Preferred Stock;
- pay dividends or make other distributions;
- repurchase or redeem capital stock or subordinated indebtedness and make investments;
- create liens;
- incur dividend or other payment restrictions affecting the Company and certain of its subsidiaries;
- transfer or sell assets, including capital stock of subsidiaries;
- merge or consolidate with other entities or transfer all or substantially all of the Company's assets;
- take actions to cause the Company to cease to be treated as a domestic C corporation for U.S. tax purposes;
- consummate a change of control without concurrently redeeming our shares of Series A Preferred Stock;
- amend, terminate or permit the assignment or subcontract of, or the transfer of any rights or obligations under, the Management Agreement, in order to alter the (i) scope of services in any material respect, (ii) the compensation, fee payment or other economic terms relating to the Management Agreement, or (iii) the scope of matters expressly required to be approved by the Independent Directors (as such term is defined in the Management Agreement) pursuant to the Management Agreement;

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- engage in certain intercompany transactions;
- engage in certain prohibited business activities; and
- enter into transactions with affiliates.

While these covenants are subject to a number of important exceptions and qualifications, such restrictive covenants could affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities. Events beyond our control, including the effects of COVID-19, can affect our ability to comply with these covenants. If an event of default occurs, we cannot assure you that we would have sufficient assets to repay all of our obligations.

In addition, certain other debt instruments (including the Series 2020 Bonds, Series 2021 Bonds, the EB-5 Loan Agreements and the Repauno Revolver) include restrictive covenants that may materially limit our ability to repay other debt or require us to achieve and maintain compliance with specified financial ratios. See “Description of Indebtedness.”

Terrorist attacks could negatively impact our operations and our profitability and may expose us to liability and reputational damage.

Terrorist attacks may negatively affect our operations. Such attacks have contributed to economic instability in the United States and elsewhere, and further acts of terrorism, violence or war, including recent geopolitical events, could similarly affect world trade and the industries in which we and our customers operate. In addition, terrorist attacks or hostilities may directly impact locations where our trains and containers travel or our physical facilities or those of our customers. In addition, it is also possible that our assets could be involved in a terrorist attack. The consequences of any terrorist attacks or hostilities are unpredictable, and we may not be able to foresee events that could have a material adverse effect on our operations.

Our inability to obtain sufficient capital would constrain our ability to grow our portfolio and to increase our revenues.

Our business is capital intensive, and we have used and may continue to employ leverage to finance our operations. Accordingly, our ability to successfully execute our business strategy and maintain our operations depends on the availability and cost of debt and equity capital. Additionally, our ability to borrow against our assets is dependent, in part, on the appraised value of such assets. If the appraised value of such assets declines, we may be required to reduce the principal outstanding under our debt facilities or otherwise be unable to incur new borrowings.

We can give no assurance that the capital we need will be available to us on favorable terms, or at all. Our inability to obtain sufficient capital, or to renew or expand our credit facilities, could result in increased funding costs and would limit our ability to:

- meet the terms and maturities of our existing and future debt facilities;
- purchase new assets or refinance existing assets;
- fund our working capital needs and maintain adequate liquidity; and
- finance other growth initiatives.

In addition, we conduct our operations so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act of 1940 (the “Investment Company Act”). As such, certain forms of financing such as finance leases may not be available to us. Please see “—If we are deemed an investment company under the Investment Company Act, it could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.”

The effects of various environmental regulations may negatively affect the industries in which we operate which could have a material adverse effect on our financial condition, results of operations and cash flows.

We are subject to federal, state and local laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants to air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites and noise and emission levels and greenhouse gas

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emissions. Under some environmental laws in the United States, strict liability may be imposed on the owners or operators of assets, which could render us liable for environmental and natural resource damages without regard to negligence or fault on our part. In addition, changes to environmental standards or regulations in the industries in which we operate could limit the economic life of the assets we acquire or reduce their value, and also require us to make significant additional investments in order to maintain compliance, which would negatively impact our results of operations and financial condition. In addition, a variety of new legislation is being enacted, or considered for enactment, at the federal, state and local levels relating to greenhouse gas emissions and climate change. While there has historically been a lack of consistent climate change legislation, as climate change concerns continue to grow, further legislation and regulations are expected to continue in areas such as greenhouse gas emissions control, emission disclosure requirements and building codes or other infrastructure requirements that impose energy efficiency standards. Government mandates, standards or regulations intended to mitigate or reduce greenhouse gas emissions or projected climate change impacts could result in prohibitions or severe restrictions on infrastructure development in certain areas, increased energy and transportation costs, and increased compliance expenses and other financial obligations to meet permitting or development requirements that we may be unable to fully recover (due to market conditions or other factors), any of which could result in reduced profits and adversely affect our results of operations. While we typically maintain liability insurance coverage, the insurance coverage is subject to large deductibles, limits on maximum coverage and significant exclusions and may not be sufficient or available to protect against any or all liabilities and such indemnities may not cover or be sufficient to protect us against losses arising from environmental damage. In addition, changes to environmental standards or regulations in the industries in which we operate could limit the economic life of the assets we acquire or reduce their value, and also require us to make significant additional investments in order to maintain compliance, which would negatively impact our cash flows and results of operations.

Our Repauno site and Long Ridge property are subject to environmental laws and regulations that may expose us to significant costs and liabilities.

Our Repauno site is subject to ongoing environmental investigation and remediation by the former owner that sold Repauno to FTAI (the “Repauno Seller”) related to historic industrial operations. The Repauno Seller is responsible for completion of this work, and we benefit from a related indemnity and insurance policy. If the Repauno Seller fails to fulfill its investigation and remediation, or indemnity obligations and the related insurance, which are subject to limits and conditions, fail to cover our costs, we could incur losses. Redevelopment of the property in those areas undergoing investigation and remediation must await state environmental agency confirmation that no further investigation or remediation is required before redevelopment activities can occur in such areas of the property. Therefore, any delay in the Repauno Seller’s completion of the environmental work or receipt of related approvals in an area of the property could delay our redevelopment activities. In addition, once received, permits and approvals may be subject to litigation, and projects may be delayed or approvals reversed or modified in litigation. If there is a delay in obtaining any required regulatory approval, it could delay projects and cause us to incur costs.

In connection with FTAI’s acquisition of Long Ridge, the former owner that sold FTAI the property (the “Long Ridge Seller”) is obligated to perform certain post-closing demolition activities, remove specified containers, equipment and structures and conduct investigation, removal, cleanup and decontamination related thereto. The Long Ridge Seller is responsible for ongoing environmental remediation related to historic industrial operations on and off Long Ridge. In addition, Long Ridge is located adjacent to the former Ormet Corporation Superfund site (the “Ormet site”), which is owned and operated by the Long Ridge Seller. Pursuant to an order with the U.S. EPA, the Long Ridge Seller is obligated to pump groundwater that has been impacted by the adjacent Ormet site beneath our site and discharge it to the Ohio River and monitor the groundwater annually. Long Ridge is also subject to an environmental covenant related to the adjacent Ormet site that, inter alia, restricts the use of groundwater beneath our site and requires U.S. EPA consent for activities on Long Ridge that could disrupt the groundwater monitoring or pumping. The Long Ridge Seller is contractually obligated to complete its regulatory obligations on Long Ridge and we benefit from a related indemnity and insurance policy. If the Long Ridge Seller fails to fulfill its demolition, removal, investigation, remediation, monitoring, or indemnity obligations, and if the related insurance, which is subject to limits and conditions, fails to cover our costs, we could incur losses. Redevelopment of the property in those areas undergoing investigation and remediation pursuant to the Ohio EPA order must await state environmental agency confirmation that no further investigation or remediation is required before redevelopment activities can occur in such area of the property. Therefore, any delay in the Long Ridge Seller’s completion of the environmental work or receipt of related approvals or consents from Ohio EPA or U.S. EPA could delay our redevelopment activities.

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In addition, a portion of Long Ridge was recently redeveloped as a combined cycle gas-fired electric generating facility, and other portions will likely be redeveloped in the future. Although we have not identified material impacts to soils or groundwater that reasonably would be expected to prevent or delay further redevelopment projects, impacted materials could be encountered that require special handling and/or result in delays to those projects. Any additional projects may require environmental permits and approvals from federal, state and local environmental agencies. Once received, permits and approvals may be subject to litigation, and projects may be delayed or approvals reversed or modified in litigation. If there is a delay in obtaining any required regulatory approval, it could delay projects and cause us to incur costs.

Moreover, new, stricter environmental laws, regulations or enforcement policies, including those imposed in response to climate change, could be implemented that significantly increase our compliance costs, or require us to adopt more costly methods of operation. If we are not able to transform Repauno or Long Ridge into hubs for industrial and energy development in a timely manner, their future prospects could be materially and adversely affected, which may have a material adverse effect on our business, operating results and financial condition.

A cyberattack that bypasses our information technology (“IT”) security systems or the IT security systems of our third-party providers, causing an IT security breach, may lead to a disruption of our IT systems and the loss of business information which may hinder our ability to conduct our business effectively and may result in lost revenues and additional costs.

Parts of our business depend on the secure operation of our IT systems and the IT systems of our third-party providers to manage, process, store, and transmit information. We have, from time to time, experienced threats to our data and systems, including malware and computer virus attacks. A cyberattack that bypasses our IT security systems or the IT security systems of our third-party providers, causing an IT security breach, could adversely impact our daily operations and lead to the loss of sensitive information, including our own proprietary information and that of our customers, suppliers and employees. Such losses could harm our reputation and result in competitive disadvantages, litigation, regulatory enforcement actions, lost revenues, additional costs and liabilities. While we devote substantial resources to maintaining adequate levels of cyber-security, our resources and technical sophistication may not be adequate to prevent all types of cyberattacks.

If we are deemed an “investment company” under the Investment Company Act, it could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We conduct our operations so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act. Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer’s total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. Excluded from the term “investment securities,” among other things, are U.S. government securities and securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company for certain privately offered investment vehicles set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

The Investment Company Act may limit our and our subsidiaries’ ability to enter into financing leases and engage in other types of financial activity because less than 40% of the value of our and our subsidiaries’ total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis can consist of “investment securities.”

If we or any of our subsidiaries were required to register as an investment company under the Investment Company Act, the registered entity would become subject to substantial regulation that would significantly change our operations, and we would not be able to conduct our business as described in this Information Statement. We have not obtained a formal determination from the SEC as to our status under the Investment Company Act and, consequently, any violation of the Investment Company Act would subject us to material adverse consequences.

We have material customer concentration with respect to the Jefferson Terminal and Transtar businesses, with a limited number of customers accounting for a material portion of our revenues.

We earned approximately 12%, 21%, 15%, 40% and 48% of our revenue from one customer in the Jefferson Terminal segment during the three months ended March 31, 2022 and 2021 (unaudited) and years ended

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December 31, 2021, 2020 and 2019, respectively, and 70% and 45% from one customer in the Transtar segment during the three months ended March 31, 2022 (unaudited) and the year ended December 31, 2021, respectively (based on FTAI's period of ownership of Transtar). As of March 31, 2022 (unaudited), accounts receivable from two customers from the Jefferson Terminal and Transtar segments represented 47% of total accounts receivable, net. As of December 31, 2021, accounts receivable from two customers from the Jefferson Terminal and Transtar segments represented 48% of total accounts receivable, net. As of December 31, 2020, accounts receivable from two customers in the Jefferson Terminal segment represented 63% of total accounts receivable, net.

There are inherent risks whenever a large percentage of total revenues are concentrated with a limited number of customers. It is not possible for us to predict the future level of demand for our services that will be generated by these customers or the future demand for the products and services of these customers in the end-user marketplace. In addition, revenues from these customers may fluctuate from time to time based on the commencement and completion of projects, the timing of which may be affected by market conditions or other factors, some of which may be outside of our control. If any of these customers experience declining or delayed sales due to market, economic or competitive conditions, we could be pressured to reduce the prices we charge for our services or we could lose a major customer. Any such development could have an adverse effect on our margins and financial position, and would negatively affect our revenues and results of operations and/or trading price of our common stock.

FTAI's recent acquisition of Transtar may not achieve its intended results and we may be unable to successfully integrate the operations of Transtar.

On July 28, 2021, FTAI completed the previously announced acquisition of 100% of the equity interests of Transtar (the "Transtar Acquisition"), a wholly owned short-line railroad subsidiary of United States Steel Corporation (the "Seller"). Transtar is comprised of five short-line freight railroads and one switching company, including two that connect to Seller's largest production facilities in North America: the Gary Railway Company, Indiana; The Lake Terminal Railroad Company, Ohio; Union Railroad Company LLC, Pennsylvania; Fairfield Southern Company Inc., Alabama (switching company); Delray Connecting Railroad Company, Michigan; and the Texas & Northern Railroad Company, Texas. Transtar will be our asset following the completion of the spin-off transaction.

As a result, we are subject to certain risks relating to the Transtar Acquisition, which could have a material adverse effect on our business, results of operations and financial condition, some of which may be exacerbated by the spin-off transaction. Such risks may include, but are not limited to:

- failure to successfully integrate Transtar in a manner that permits us to realize the anticipated benefits of the acquisition;
- difficulties and delays integrating Transtar's personnel, operations and systems and retaining key employees, including as a result of the spin-off transaction;
- higher than anticipated costs incurred in connection with the integration of the business and operations of Transtar, including as a result of the spin-off transaction;
- challenges in operating and managing rail lines across geographically disparate regions;
- disruptions to our ongoing business and diversions of our management's attention caused by transition or integration activities involving Transtar, including as a result of the spin-off transaction;
- challenges with implementing adequate and appropriate controls, procedures and policies in Transtar's business, including as a result of the spin-off transaction;
- Transtar's dependence on the Seller as its primary customer;
- difficulties expanding our customer base;
- difficulties arising from Transtar's dependence on the Seller to provide a variety of necessary transition services to Transtar and any failure by the Seller to adequately provide such services;
- assumption of pre-existing contractual relationships of Transtar that we may not have otherwise entered into, the termination or modification of which may be costly or disruptive to our business; and
- any potential litigation arising from the transaction.

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The successful integration of a new business also depends on our ability to manage the new business, realize forecasted synergies and full value from the combined business. Our business, results of operations, financial condition and cash flows could be materially adversely affected if we are unable to successfully integrate Transtar.

Adverse judgments or settlements in legal proceedings could materially harm our business, financial condition, operating results and cash flows.

We may be party to claims that arise from time to time in the ordinary course of our business, which may include those related to, for example, contracts, sub-contracts, employment of our workforce and immigration requirements or compliance with any of a wide array of state and federal statutes, rules and regulations that pertain to different aspects of our business. We may also be required to initiate expensive litigation or other proceedings to protect our business interests. There is a risk that we will not be successful or otherwise be able to satisfactorily resolve any pending or future litigation. In addition, litigation and other legal claims are subject to inherent uncertainties and management's view of currently pending legal matters may change in the future. Those uncertainties include, but are not limited to, litigation costs and attorneys' fees, unpredictable judicial or jury decisions and the differing laws regarding damage awards among the states in which we operate. Unexpected outcomes in such legal proceedings, or changes in management's evaluation or predictions of the likely outcomes of such proceedings (possibly resulting in changes in established reserves), could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Related to Our Capital Structure

The terms of our Series A Preferred Stock have provisions that could result in the holders of the Series A Preferred Stock having the ability to elect a majority of our board of directors in the case of an Event of Noncompliance, including our failure to pay amounts due upon redemption of Series A Preferred Stock.

The terms of our Series A Preferred Stock include certain events of noncompliance, including among other things, (i) failure to redeem such shares when we are required to do so, (ii) failure to pay cash dividends for 12 monthly dividend periods (whether or not consecutive) following the second anniversary of the issuance date, (iii) an event where any shares of Series A Preferred Stock remaining outstanding on the eighth anniversary of the issuance date, (iv) failure to have a board of directors comprised of a majority of independent directors at any time on or after December 31, 2022 (subject to the specified cure period), (v) any breach of a material term in the certificate of designations for our Series A Preferred Stock, (vi) certain debt acceleration events, (vii) certain bankruptcy events and (viii) a breach of a restrictive covenant set forth in the certificate of designations for our Series A Preferred Stock (each, an "Event of Noncompliance"). If the Company fails to cure an Event of Noncompliance (to the extent curable), (i) the size of our board of directors will automatically increase to a number sufficient to constitute a majority of the board of directors, (ii) the majority of the holders of the Series A Preferred Stock will have the right to designate and elect a majority of the members of our board of directors, and (iii) other than with respect to the election of directors, the shares of Series A Preferred Stock will vote with our common stock as a single class (with the number of votes per share determined in accordance with the certificate of designations for our Series A Preferred Stock). Such remedies could have a material adverse effect on the Company's financial condition.

The failure of the Company to pay required dividends on its Series A Preferred Stock following the second anniversary of the issuance date may have a material adverse effect on the Company's financial condition.

Following the second anniversary of the issuance date, the Company is required to pay cash dividends equal to the cash dividend rate. The cash dividend rate will be equal to 14.0% per annum subject to increase in accordance with the terms of the Series A Preferred Stock. Specifically, the rate will be increased by 2.0% per annum for any periods during the first two years following closing where the dividend is not paid in cash. Prior to the second anniversary of the issuance date of the Series A Preferred Stock, such dividends will automatically accrue and accumulate on each share of Series A Preferred Stock, whether or not declared and paid, or they may be paid in cash at FTAI Infrastructure's discretion. Further, after the second anniversary of the issuance date, if the Company fails to pay such cash dividends when required to do so, the dividend rate would be equal to 18.0% per annum, subject to increase as described below, until all such dividends are paid in cash. Our failure to pay such dividends for 12 monthly dividend periods (whether or not consecutive) following the second anniversary of the issuance date would result in an Event of Noncompliance. If we are unable to cure an Event of Noncompliance (to the extent curable), (i) the size of our board of directors will automatically increase to a number sufficient to constitute a majority of the board of directors, (ii) the majority of the holders of the Series A Preferred Stock will have the right

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to designate and elect a majority of the members of our board of directors, and (iii) other than with respect to the election of directors, the shares of Series A Preferred Stock will vote with our common stock as a single class (with the number of votes per share determined in accordance with the certificate of designations for our Series A Preferred Stock). Such remedies could have a material adverse effect on the Company's financial condition.

Risks Related to Our Manager

We are dependent on our Manager and other key personnel at Fortress and may not find suitable replacements if our Manager terminates the Management Agreement or if other key personnel depart.

Our officers and other individuals who perform services for us (other than Jefferson Terminal, Repauno, Long Ridge, Transtar, Aleon and Gladieux, KRS, Clean Planet USA, FYX, CarbonFree and Containers employees) are employees of our Manager or other Fortress entities. We are completely reliant on our Manager, which has significant discretion as to the implementation of our operating policies and strategies, to conduct our business. We are subject to the risk that our Manager will terminate the Management Agreement and that we will not be able to find a suitable replacement for our Manager in a timely manner, at a reasonable cost, or at all. Furthermore, we are dependent on the services of certain key employees of our Manager and certain key employees of Fortress entities whose compensation is partially or entirely dependent upon the amount of management fees earned by our Manager and whose continued service is not guaranteed, and the loss of such personnel or services could materially adversely affect our operations. We do not have key man insurance for any of the personnel of the Manager or other Fortress entities that are key to us. An inability to find a suitable replacement for any departing employee of our Manager or Fortress entities on a timely basis could materially adversely affect our ability to operate and grow our business.

In addition, our Manager may assign our Management Agreement to an entity whose business and operations are managed or supervised by Mr. Wesley R. Edens, who is a principal, Co-Chief Executive Officer and a member of the board of directors of Fortress, an affiliate of our Manager, and a member of the management committee of Fortress since co-founding Fortress in May 1998. In the event of any such assignment to a non-affiliate of Fortress, the functions currently performed by our Manager's current personnel may be performed by others. We can give you no assurance that such personnel would manage our operations in the same manner as our Manager currently does, and the failure by the personnel of any such entity to acquire assets generating attractive risk-adjusted returns could have a material adverse effect on our business, financial condition, results of operations and cash flows.

On December 27, 2017, SoftBank completed its acquisition of Fortress (the "SoftBank Merger"). In connection with the SoftBank Merger, Fortress operates within SoftBank as an independent business headquartered in New York.

There are conflicts of interest in our relationship with our Manager.

Our Management Agreement was not negotiated at arm's-length, and its terms, including fees payable, may not be as favorable to us as if they had been negotiated with an unaffiliated third party.

There are conflicts of interest inherent in our relationship with our Manager insofar as our Manager and its affiliates—including investment funds, private investment funds, or businesses managed by our Manager, including Seacastle Inc. and Florida East Coast Industries, LLC ("FECI")—invest in transportation and transportation-related infrastructure assets and whose investment objectives overlap with our asset acquisition objectives. Certain opportunities appropriate for us may also be appropriate for one or more of these other investment vehicles. Certain members of our board of directors and employees of our Manager who are our officers also serve as officers and/or directors of these other entities. For example, we have some of the same directors and officers as Seacastle Inc. Although we have the same Manager, we may compete with entities affiliated with our Manager or Fortress, including Seacastle Inc. and FECI, for certain target assets. From time to time, entities affiliated with or managed by our Manager or Fortress may focus on investments in assets with a similar profile as our target assets that we may seek to acquire. These affiliates may have meaningful purchasing capacity, which may change over time depending upon a variety of factors, including, but not limited to, available equity capital and debt financing, market conditions and cash on hand. Fortress has multiple existing and planned funds focused on investing in one or more of our target sectors, each with significant current or expected capital commitments. We will receive in the spin-off assets previously purchased by FTAI, and we may in the future purchase assets, from these funds, and FTAI has previously co-invested and we may in the future co-invest with these funds in infrastructure assets. Fortress funds generally have a fee structure similar to ours, but the fees actually paid will vary depending on the size, terms and performance of each fund.

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Our Management Agreement generally does not limit or restrict our Manager or its affiliates from engaging in any business or managing other pooled investment vehicles that invest in assets that meet our asset acquisition objectives. Our Manager intends to engage in additional infrastructure related management and other investment opportunities in the future, which may compete with us for investments or result in a change in our current investment strategy. In addition, our certificate of incorporation will provide that if any of the Fortress Parties or any of their officers, directors or employees acquire knowledge of a potential transaction that could be a corporate opportunity, they have no duty, to the fullest extent permitted by law, to offer such corporate opportunity to us, our stockholders or our affiliates. In the event that any of our directors and officers who is also a director, officer or employee of any of the Fortress Parties or their affiliates acquires knowledge of a corporate opportunity or is offered a corporate opportunity, *provided* that this knowledge was not acquired solely in such person's capacity as a director or officer of us and such person acts in good faith, then to the fullest extent permitted by law such person is deemed to have fully satisfied such person's fiduciary duties owed to us and is not liable to us if any of the Fortress Parties, or their respective affiliates, pursues or acquires the corporate opportunity or if such person did not present the corporate opportunity to us.

The ability of our Manager and its officers and employees to engage in other business activities, subject to the terms of our Management Agreement, may reduce the amount of time our Manager, its officers or other employees spend managing us. In addition, we may engage (subject to our strategy) in material transactions with our Manager or another entity managed by our Manager or one of its affiliates, including FTAI, Seacastle Inc. and FECCI, which may include, but are not limited to, certain acquisitions, financing arrangements, purchases of debt, co-investments, consumer loans, servicing advances and other assets that present an actual, potential or perceived conflict of interest. Our board of directors will adopt a policy regarding the approval of any "related party transactions" pursuant to which certain of the material transactions described above may require disclosure to, and approval by, the independent members of our board of directors. Actual, potential or perceived conflicts have given, and may in the future give, rise to investor dissatisfaction, litigation or regulatory inquiries or enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult, and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential, actual or perceived conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially adversely affect our business in a number of ways, including causing an inability to raise additional funds, a reluctance of counterparties to do business with us, a decrease in the prices of our equity securities and a resulting increased risk of litigation and regulatory enforcement actions.

The structure of our Manager's compensation arrangements may have unintended consequences for us. We have agreed to pay our Manager a management fee that is based on different measures of performance. Consequently, there may be conflicts in the incentives of our Manager to generate attractive risk-adjusted returns for us. Investments with higher yield potential are generally riskier or more speculative than investments with lower yield potential. This could result in increased risk to the value of our portfolio of assets and our common stock.

Our directors have approved a broad asset acquisition strategy for our Manager and will not approve each acquisition we make at the direction of our Manager. In addition, we may change our strategy without a shareholder vote, which may result in our acquiring assets that are different, riskier or less profitable than our current assets.

Our Manager is authorized to follow a broad asset acquisition strategy. We may pursue other types of acquisitions as market conditions evolve. Our Manager makes decisions about our investments in accordance with broad investment guidelines adopted by our board of directors. Accordingly, we may, without a shareholder vote, change our target sectors and acquire a variety of assets that differ from, and are possibly riskier than, our current asset portfolio. Consequently, our Manager has great latitude in determining the types and categories of assets it may decide are proper investments for us, including the latitude to invest in types and categories of assets that may differ from those in our existing portfolio. Our directors will periodically review our strategy and our portfolio of assets. However, our board will not review or pre-approve each proposed acquisition or our related financing arrangements. In addition, in conducting periodic reviews, the directors will rely primarily on information provided to them by our Manager. Furthermore, transactions entered into by our Manager may be difficult or impossible to reverse by the time they are reviewed by the directors even if the transactions contravene the terms of the Management Agreement. In addition, we may change our asset acquisition strategy, including our target asset classes, without a shareholder vote.

Our asset acquisition strategy may evolve in light of existing market conditions and investment opportunities, and this evolution may involve additional risks depending upon the nature of the assets we target and our ability to

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finance such assets on a short or long-term basis. Opportunities that present unattractive risk-return profiles relative to other available opportunities under particular market conditions may become relatively attractive under changed market conditions and changes in market conditions may therefore result in changes in the assets we target. Decisions to make acquisitions in new asset categories present risks that may be difficult for us to adequately assess and could therefore reduce or eliminate our ability to pay dividends on our common stock or have adverse effects on our liquidity or financial condition. A change in our asset acquisition strategy may also increase our exposure to interest rate, foreign currency or credit market fluctuations. In addition, a change in our asset acquisition strategy may increase our use of non-match-funded financing, increase the guarantee obligations we agree to incur or increase the number of transactions we enter into with affiliates. Our failure to accurately assess the risks inherent in new asset categories or the financing risks associated with such assets could adversely affect our results of operations and our financial condition.

Our Manager will not be liable to us for any acts or omissions performed in accordance with the Management Agreement, including with respect to the performance of our assets.

Pursuant to our Management Agreement, our Manager will not assume any responsibility other than to render the services called for thereunder in good faith and will not be responsible for any action of our board of directors in following or declining to follow its advice or recommendations. Our Manager, its members, managers, officers, employees, sub-advisers and any other person controlling or Manager, will not be liable to us or any of our subsidiaries, to our board of directors, or our or any subsidiary's shareholders or partners for any acts or omissions by our Manager, its members, managers, officers, employees, sub-advisers and any other person controlling or Manager, except liability to us, our stockholders, directors, officers and employees and persons controlling us, by reason of acts constituting bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement. We will, to the full extent lawful, reimburse, indemnify and hold our Manager, its members, managers, officers and employees, sub-advisers and each other person, if any, controlling our Manager harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from any acts or omissions of an indemnified party made in good faith in the performance of our Manager's duties under our Management Agreement and not constituting such indemnified party's bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement.

Our Manager's due diligence of potential asset acquisitions or other transactions may not identify all pertinent risks, which could materially affect our business, financial condition, liquidity and results of operations.

Our Manager intends to conduct due diligence with respect to each asset acquisition opportunity or other transaction it pursues. It is possible, however, that our Manager's due diligence processes will not uncover all relevant facts, particularly with respect to any assets we acquire from third parties. In these cases, our Manager may be given limited access to information about the asset and will rely on information provided by the seller of the asset. In addition, if asset acquisition opportunities are scarce, the process for selecting bidders is competitive, or the timeframe in which we are required to complete diligence is short, our ability to conduct a due diligence investigation may be limited, and we would be required to make decisions based upon a less thorough diligence process than would otherwise be the case. Accordingly, transactions that initially appear to be viable may prove not to be over time, due to the limitations of the due diligence process or other factors.

Risks Related to the Separation

We may be unable to achieve some or all of the benefits that we expect to achieve from our separation from FTAI.

We may not be able to achieve the full strategic and financial benefits that we expect will result from our separation from FTAI or such benefits may be delayed or may not occur at all. For example, there can be no assurance that analysts and investors will regard our corporate structure as clearer and simpler than the current FTAI corporate structure or place a greater value on our company as a stand-alone corporation than on our businesses being a part of FTAI.

Our agreements with FTAI may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties.

The agreements related to our separation from FTAI, including the Separation and Distribution Agreement, were negotiated in the context of our separation from FTAI while we were still part of FTAI and, accordingly, may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties. The terms of

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the agreements we negotiated in the context of our separation related to, among other things, allocation of assets, liabilities, rights, indemnifications and other obligations among FTAI and us. See “Certain Relationships and Related Party Transactions.”

The ownership by some of our executive officers and directors of common shares, options, or other equity awards of FTAI may create, or may create the appearance of, conflicts of interest.

Because some of our directors, officers and other employees of our Manager also currently hold positions with FTAI, they own FTAI common shares, options to purchase FTAI common shares or other equity awards. For example, Ms. Hannaway and Mr. Robinson are directors of FTAI, and will be directors of FTAI Infrastructure after the spin-off. Ownership by some of our directors and officers, after our separation, of common shares or options to purchase common shares of FTAI, or any other equity awards, creates, or, may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for FTAI than they do for us.

We may compete with affiliates of and entities managed by our Manager, including FTAI, which could adversely affect our and their results of operations.

Affiliates of and entities managed by our Manager, including FTAI, are primarily engaged in the infrastructure and energy business and invest in, and actively manage, portfolios of infrastructure and energy investments and other assets. Affiliates of and entities managed by our Manager, including FTAI, are not restricted in any manner from competing with us. After the distribution, affiliates of and entities managed by our Manager, including FTAI, may decide to invest in the same types of assets that we invest in. Furthermore, after the distribution, we will have the same Manager and certain directors and officers will be the same as FTAI and certain of our Manager’s other affiliates. See “—Risks Related to Our Manager—There are conflicts of interest in our relationship with our Manager.”

We will share certain key directors and officers with FTAI, which means those officers will not devote their full time and attention to our affairs and the overlap may give rise to conflicts.

Following the distribution, there will be an overlap between certain key directors and officers of the Company and of FTAI subsidiaries. Mr. Nicholson will serve as both the chief executive officer of the Company and as a director of FTAI. As a result, following the distribution, not all of our executive officers will be devoting their full time and attention to the Company’s affairs. In addition, immediately following the distribution, Ms. Hannaway and Mr. Robinson will be directors of both the Company and FTAI, and Mr. Adams will be the chairman of the board of directors of both the Company and FTAI, and will continue to serve as the Chief Executive Officer of FTAI. Shared directors and officers may have actual or apparent conflicts of interest with respect to matters involving or affecting each company. For example, there will be the potential for a conflict of interest when we on the one hand, and FTAI and its respective subsidiaries and successors on the other hand, are party to commercial transactions concerning the same or adjacent investments. In addition, after the distribution, certain of our directors and officers will continue to own shares and/or options or other equity awards of FTAI. These ownership interests could create actual, apparent or potential conflicts of interest when these individuals are faced with decisions that could have different implications for our company and FTAI. See “Certain Relationships and Related Party Transactions—Our Manager and Management Agreement” for a discussion of certain procedures we will institute to help ameliorate such potential conflicts that may arise.

We are incurring indebtedness in the form of the Notes in connection with the separation from FTAI, and the degree to which we will be leveraged could cause a material adverse effect on our business, financial condition, results of operations and cash flows.

In connection with the spin-off, we are issuing the Notes. We have historically relied in part upon FTAI to provide credit support or fund our working capital requirements and other cash requirements. After the separation and distribution, we will not be able to rely on the earnings, assets or cash flow of FTAI, and FTAI will not provide credit support or funds to finance our working capital or other cash requirements. As a result, after the separation and distribution, we will be responsible for servicing our own debt and obtaining and maintaining sufficient working capital and other funds to satisfy our cash requirements. After the spin-off, our access to and cost of debt financing will be different from the historical access to and cost of debt financing under FTAI. Differences in access to and cost of debt financing may result in differences in the interest rates charged to us on financings, as well as the amount of indebtedness, types of financing structures and debt markets that may be available to us. Our ability to make

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payments on and to refinance our indebtedness, including the Notes, as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings and/or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Our ability to use net operating losses to offset future taxable income may be subject to limitations.

As of December 31, 2021, the entities that will become included in our consolidated group for U.S. federal income tax purposes had approximately \$520 million of net operating loss (“NOL”) carryforwards, and we may continue to incur NOL carryforwards in the future. A portion of our NOLs will begin to expire, if not utilized, in 2034. Net operating losses that expire unused will be unavailable to offset future income tax liabilities. In addition, under the Tax Cuts and Jobs Act, federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such federal net operating losses is limited. It is uncertain to what extent various states will conform to the Tax Cuts and Jobs Act. In addition, under Sections 382 and 383 of the Code, if a corporation undergoes an “ownership change,” which is generally defined as a greater than fifty-percent (50%) change, by value, in its equity ownership over a three (3)-year period, the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited. We may experience ownership change in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control and may not be prevented by the restrictions on the transferability and ownership of our common stock, Series A Preferred Stock and other interests treated as our “stock” in our certificate of incorporation. If an ownership change occurs and our ability to utilize our net operating loss carryforwards is materially limited, it would harm our future operating results by effectively increasing our future federal tax obligations. In addition, at the state level, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed by us.

Risks Related to Our Common Stock

The market price and trading volume of our common stock may be volatile, which could result in rapid and substantial losses for our stockholders.

The market price of our common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. If the market price of our common stock declines significantly, you may be unable to resell your stock at or above your purchase price, if at all. The market price of our common stock may fluctuate or decline significantly in the future. Some of the factors that could negatively affect our stock price or result in fluctuations in the price or trading volume of our stock include:

- a shift in our investor base;
- our quarterly or annual earnings, or those of other comparable companies;
- actual or anticipated fluctuations in our operating results;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant investments, acquisitions or dispositions;
- the failure of securities analysts to cover our common stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and share price performance of other comparable companies;
- overall market fluctuations;
- general economic conditions; and
- developments in the markets and market sectors in which we participate.

Stock markets in the United States have experienced extreme price and volume fluctuations. Market fluctuations, as well as general political and economic conditions, such as acts of terrorism, prolonged economic uncertainty, a recession or interest rate or currency rate fluctuations, could adversely affect the market price of our common stock.

An increase in market interest rates may have an adverse effect on the market price of our common stock.

One of the factors that investors may consider in deciding whether to buy or sell our shares is our distribution rate as a percentage of our share price relative to market interest rates. If the market price of our common stock is

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based primarily on the earnings and return that we derive from our investments and income with respect to our investments and our related distributions to stockholders, and not from the market value of the investments themselves, then interest rate fluctuations and capital market conditions will likely affect the market price of our common stock. For instance, if market interest rates rise without an increase in our distribution rate, the market price of our common stock could decrease, as potential investors may require a higher distribution yield on our shares or seek other securities paying higher distributions or interest. In addition, rising interest rates would result in increased interest expense on our outstanding and future (variable and fixed) rate debt, thereby adversely affecting cash flows and our ability to service our indebtedness and pay distributions.

There can be no assurance that the market for our common stock will provide you with adequate liquidity.

There can be no assurance that an active trading market for our common stock will develop or be sustained in the future, and the market price of our stock may fluctuate widely, depending upon many factors, some of which may be beyond our control. These factors include, without limitation:

- a shift in our investor base;
- our quarterly or annual earnings and cash flows, or those of other comparable companies;
- actual or anticipated fluctuations in our operating results;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant investments, acquisitions, dispositions or other transactions;
- the failure of securities analysts to cover our stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- market performance of affiliates and other counterparties with whom we conduct business;
- the operating and stock price performance of other comparable companies;
- our failure to maintain our exemption under the Investment Company Act or satisfy Nasdaq listing requirements;
- negative public perception of us, our competitors or industry;
- overall market fluctuations; and
- general economic conditions.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of our common stock.

Substantial sales of common stock may occur in connection with the distribution, which could cause our stock price to decline.

The shares of our common stock that FTAI intends to distribute to its shareholders generally may be sold immediately in the public market. Although we have no actual knowledge of any plan or intention on the part of any 5% or greater shareholder to sell our common stock following the distribution, it is possible that some FTAI shareholders, including possibly some of our large stockholders, will sell our common stock received in the distribution. In addition, FTAI shareholders may sell our stock because our business profile or market capitalization as an independent company does not fit their investment objectives or because our common stock is not included in certain indices after the distribution. The sales of significant amounts of our common stock or the perception in the market that this will occur may result in the lowering of the market price of our common stock.

We are an “emerging growth company” under the JOBS Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our securities less attractive to investors.

We are and we will remain an “emerging growth company” as defined in the JOBS Act until the earlier of (a) the last day of the fiscal year (i) following the fifth anniversary of the completion of the initial offering, (ii) in which we have total annual gross revenue of at least \$1 billion, or (iii) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior

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June 30th, and (b) the date on which we have issued more than \$1.07 billion in non-convertible debt during the prior three-year period. For so long as we remain an “emerging growth company” we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We cannot predict if investors will find our common stock less attractive because we will rely on some or all of these exemptions.

In addition, Section 107 of the JOBS Act also provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected not to take advantage of the benefits of this extended transition period.

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have a material adverse effect on our business and stock price.

As a public company, we are required to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Internal control over financial reporting is complex and may be revised over time to adapt to changes in our business, or changes in applicable accounting rules. We may make investments through joint ventures and accounting for such investments can increase the complexity of maintaining effective internal control over financial reporting. We cannot assure you that our internal control over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period for which we had previously believed that our internal control over financial reporting was effective. If we are not able to maintain or document effective internal control over financial reporting, our independent registered public accounting firm may issue an adverse opinion as to the effectiveness of our internal control over financial reporting. Matters impacting our internal control over financial reporting may cause us to be unable to report our financial information on a timely basis, or may cause us to restate previously issued financial information, and thereby subject us to adverse regulatory consequences, including sanctions or investigations by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if we or our independent registered public accounting firm reports a material weakness in the effectiveness of our internal control over financial reporting. This could materially adversely affect us by, for example, leading to a decline in our stock price and impairing our ability to raise capital.

Your percentage ownership in us may be diluted in the future.

Your percentage ownership in us may be diluted in the future because of equity awards that we expect will be granted to our Manager, to the directors, officers and employees of our Manager who perform services for us, and to our directors, officers and employees, as well as other equity instruments such as debt and equity financing including, but not limited to, the Series A Preferred Stock and the Warrants. In addition, following the distribution, we expect FTAI options held by our Manager, by the directors, officers and employees of our Manager, and by our directors, officers and employees will be equitably adjusted to become separate options relating to both FTAI common shares and our common stock, resulting in additional dilution to your ownership in FTAI Infrastructure. It is anticipated that options relating to our common stock will be distributed pursuant to such adjustment. For a description of the equitable adjustments expected to be made to FTAI options, see “Management—Equitable Adjustment of Options.” We will adopt the FTAI Infrastructure Nonqualified Stock Option and Incentive Award Plan (the “Plan”), which will provide for the grant of equity-based awards, including restricted stock, options, stock appreciation rights, performance awards, tandem awards and other equity-based and non-equity based awards, in each case to our Manager, to the directors, officers, employees, service providers, consultants and advisor of our Manager who perform services for us, and to our directors, officers, employees, service providers, consultants and advisors. We will reserve 30,000,000 shares of our common stock for issuance under the Plan. The term of the Plan expires in 2032. On the first day of each fiscal year beginning during the ten-year term of the Plan, that number will be increased by a number of shares of our common stock equal to 10% of the number of shares of our common stock newly issued by us during the immediately preceding fiscal year. For a more detailed description of the Plan, see “Management—FTAI Infrastructure Nonqualified Stock Option and Incentive Award Plan.” Upon the successful completion of an offering of our common by us, we will issue to our Manager options to purchase shares of our common stock, equal to 10% of the number of shares sold in the offering. Our board of directors may also determine

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to issue options to the Manager that are not subject to the Plan; *provided* that the number of shares underlying any options granted to the Manager in connection with capital raising efforts would not exceed 10% of the shares sold in such offering and would be subject to Nasdaq rules.

Our common stock will be subject to ownership and transfer restrictions intended to preserve our ability to use our net operating loss carryforwards and other tax attributes.

We have incurred and may also continue to incur significant net operating loss carryforwards and other tax attributes, the amount and availability of which are subject to certain qualifications, limitations, and uncertainties. Our certificate of incorporation will impose certain restrictions on the transferability and ownership of our common stock, preferred stock, and other interests treated as our “stock” (such stock and other interests, the “Corporation Securities,” such restrictions on transferability and ownership, the “Ownership Restrictions”) in order to reduce the possibility of an equity ownership shift that could result in limitations on our ability to utilize net operating loss carryforwards for U.S. federal income tax purposes. Any acquisition of Corporation Securities that results in a shareholder being in violation of these restrictions may not be valid.

Subject to certain exceptions (including with respect to Initial Substantial Shareholders, as defined in our certificate of incorporation), the Ownership Restrictions will restrict (i) any person or entity (including certain groups of persons) from directly or indirectly acquiring 4.8% or more of the outstanding Corporation Securities and (ii) the ability of any person or entity (including certain groups of persons) already owning, directly or indirectly, 4.8% or more of the Corporation Securities to increase their proportionate interest in, or to sell, the Corporation Securities. Any transferee receiving Corporation Securities that would result in a violation of the Ownership Restrictions will not be recognized as an FTAI Infrastructure shareholder or entitled to any rights of shareholders, including, without limitation, the right to vote and receive dividends or distributions, whether liquidating or otherwise, in each case, with respect to the Corporation Securities causing the violation. FTAI Infrastructure common stockholders whose ownership violates the Ownership Restrictions at the time of the spin-off will not be required to sell their FTAI Infrastructure common stock, but may be prevented from acquiring more FTAI Infrastructure Corporation Securities.

The Ownership Restrictions will remain in effect until the earlier of (i) the date on which Section 382 of the Code is repealed, amended, or modified in such a way as to render the restrictions imposed by Section 382 of the Code no longer applicable to us or (ii) a determination by the Board of Directors that (1) an ownership change would not result in a substantial limitation on our ability to use our available net operating loss carryforwards and other tax attributes; (2) no significant value attributable to our available net operating loss carryforwards and other tax attributes would be preserved by continuing the transfer restrictions; or (3) it is not in our best interests to continue the Ownership Restrictions. The Ownership Restrictions may also be waived by the Board of Directors on a case by case basis. There is no assurance, however, that the Company will not experience a future ownership change under Section 382 that may significantly limit its ability to use its NOL carryforwards as a result of such a waiver or otherwise.

The Ownership Restrictions described above could make it more difficult for a third party to acquire, or could discourage a third party from acquiring, a large block of our common stock. This may adversely affect the marketability of our common stock by discouraging existing or potential investors from acquiring our stock or additional shares of our stock. It is also possible that the transfer restrictions could delay or frustrate the removal of incumbent directors and could make more difficult a merger, tender offer or proxy contest involving us, or impede an attempt to acquire a significant or controlling interest in us, even if such events might be beneficial to us and our stockholders.

You are advised to carefully monitor your ownership of our common stock and consult your legal advisors to determine whether your ownership of our common stock violates the ownership restrictions that will be in our certificate of incorporation.

We may incur or issue debt or issue equity, which may negatively affect the market price of our common stock.

We may in the future incur or issue debt or issue equity or equity-related securities. In the event of our liquidation, lenders and holders of our debt and holders of our preferred stock (if any) would receive a distribution of our available assets before common stockholders. Any future incurrence or issuance of debt would increase our interest cost and could adversely affect our results of operations and cash flows. We are not required to offer any additional equity securities to existing common stockholders on a preemptive basis. Therefore, additional issuances of common stock, directly or through convertible or exchangeable securities, warrants or options including, but not

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limited to, the Warrants, will dilute the holdings of our existing common stockholders and such issuances, or the perception of such issuances, may reduce the market price of our common stock. Any preferred stock issued by us would likely have, a preference on distribution payments, periodically or upon liquidation, which could eliminate or otherwise limit our ability to make distributions to common stockholders. Because our decision to incur or issue debt or issue equity or equity-related securities in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. Thus, stockholders bear the risk that our future incurrence or issuance of debt or issuance of equity or equity-related securities will adversely affect the market price of our stock.

Changes to United States federal income tax laws could materially and adversely affect FTAI Infrastructure and FTAI Infrastructure's stockholders.

The present United States federal income tax laws may be modified, possibly with retroactive effect, by legislative, judicial, or administrative action at any time, which could affect the United States federal income tax treatment of FTAI Infrastructure or an investment in FTAI Infrastructure common stock. The United States federal income tax rules are constantly under review by persons involved in the legislative process, the Internal Revenue Service ("IRS"), and the United States Treasury Department, which results in statutory changes as well as frequent revisions to regulations and interpretations. We cannot predict how changes in the tax laws might affect FTAI Infrastructure and its stockholders.

Provisions of Delaware law, our certificate of incorporation and our bylaws, prevent or delay an acquisition of our company, which could decrease the market price of our common stock.

Delaware law contains, and our certificate of incorporation and bylaws will contain, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the raider and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions include, among others:

- a classified board of directors with staggered three-year terms;
- provisions regarding the election of directors, classes of directors, the term of office of directors and the filling of director vacancies;
- provisions regarding corporate opportunity;
- removal of directors only for cause and only with the affirmative vote of at least 80% of the then issued and outstanding shares of our capital stock entitled to vote in the election of directors;
- our board of directors to determine the powers, preferences and rights of our preferred stock and to issue such preferred stock without stockholder approval;
- advance notice requirements applicable to stockholders for director nominations and actions to be taken at annual meetings;
- a prohibition will be in our certificate of incorporation that states that directors will be elected by plurality vote, a provision which means that the holders of a majority of the issued and outstanding shares of common stock can elect all the directors standing for election;
- a requirement in our bylaws specifically denying the ability of our stockholders to consent in writing to take any action in lieu of taking such action at a duly called annual or special meeting of our stockholders; and
- our Corporation Securities are subject to ownership and transfer restrictions in order to reduce the possibility of an equity ownership shift that could result in limitations on our ability to utilize net operating loss carryforwards for U.S. federal income tax purposes.

Public stockholders who might desire to participate in these types of transactions may not have an opportunity to do so, even if the transaction is considered favorable to stockholders. These anti-takeover provisions could substantially impede the ability of public stockholders to benefit from a change in control or a change in our management and board of directors and, as a result, may adversely affect the market price of our common stock and your ability to realize any potential change of control premium.

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Our bylaws will contain exclusive forum provisions for certain claims, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our bylaws, to the fullest extent permitted by law, will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a duty (including any fiduciary duty) owed by any of our current or former directors, officers or employees to us or our stockholders; (iii) any action asserting a claim against us or any of our current or former directors, officers, stockholders, employees or agents arising out of or relating to any provision of the DGCL or our certificate of incorporation or our bylaws; or (iv) any action asserting a claim against us or any of our current or former directors, officers, stockholders, employees or agents governed by the internal affairs doctrine of the State of Delaware. As described below, this provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act, or rules and regulations thereunder.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder and our bylaws will provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Our decision to adopt such a federal forum provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that our federal forum provision should be enforced in a particular case, application of our federal forum provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court.

Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and our bylaws will provide that the exclusive forum provision does not apply to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the federal forum provision; provided, however, that stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. Additionally, our stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. These provisions may limit our stockholders' ability to bring a claim in a judicial forum they find favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees and agents. Alternatively, if a court were to find the choice of forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

While we currently intend to pay regular quarterly dividends to our stockholders, we may change our dividend policy at any time.

Although we currently intend to pay regular quarterly dividends to holders of our common stock, we may change our dividend policy at any time. Our net cash provided by operating activities could be less than the amount of distributions to our shareholders. The declaration and payment of dividends to holders of our common stock will be at the discretion of our board of directors in accordance with applicable law after taking into account various factors, including actual results of operations, liquidity and financial condition, net cash provided by operating activities, restrictions imposed by applicable law, limitations under our contractual agreements, including the agreements governing the New Financing, our taxable income, our operating expenses and other factors our board of directors deem relevant. Our long-term goal is to maintain a payout ratio of between 50-60% of funds available for distribution, with remaining amounts used primarily to fund our future acquisitions and opportunities. There can be no assurance that we will continue to pay dividends in amounts or on a basis consistent with prior distributions to our investors, if at all. Because we are a holding company and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries and our ability to receive distributions from our subsidiaries may be limited by the financing agreements to which they are subject.

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As a public company, we will incur additional costs and face increased demands on our management.

As a newly independent public company with shares listed on Nasdaq, we will need to comply with an extensive body of regulations that did not apply to us previously, including certain provisions of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, regulations of the SEC and requirements of Nasdaq. These rules and regulations will increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, as a result of becoming a public company, we must have independent directors and board committees.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our common stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who may cover us downgrades our common stock or publishes inaccurate or unfavorable research about our business, our common stock price may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our common stock price or trading volume to decline and our common stock to be less liquid.

Our determination of how much leverage to use to finance our acquisitions may adversely affect our return on our assets and may reduce funds available for distribution.

We utilize leverage to finance many of our asset acquisitions, which entitles certain lenders to cash flows prior to retaining a return on our assets. While our Manager targets using only what we believe to be reasonable leverage, our strategy does not limit the amount of leverage we may incur with respect to any specific asset. The return we are able to earn on our assets and funds available for distribution to our stockholders may be significantly reduced due to changes in market conditions, which may cause the cost of our financing to increase relative to the income that can be derived from our assets.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Information Statement contains certain “forward-looking statements” that are subject to risks and uncertainties. These statements are not historical facts but instead represent only our belief regarding future events, many of which are inherently uncertain and outside of our control. These statements may address, among other things, our possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates,” “target,” “projects,” “contemplates” or the negative version of those words or other comparable words, we intend to identify forward-looking statements. Our actual results, liquidity and financial condition may differ from the anticipated results, liquidity and financial condition indicated in these forward-looking statements.

Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. The following is a summary of the principal risk factors that make investing in our securities risky and may materially adversely affect our business, financial condition, results of operations and cash flows. This summary should be read in conjunction with the more complete discussion of the risk factors we face, which are set forth in the “Risk Factors” section of this Information Statement. We believe that these factors include, but are not limited to:

- changes in economic conditions generally and specifically in our industry sectors, and other risks relating to the global economy, including, but not limited to, the ongoing COVID-19 pandemic and other public health crises, and any related responses or actions by businesses and governments;
- reductions in cash flows received from our assets;
- our ability to take advantage of acquisition opportunities at favorable prices;
- a lack of liquidity surrounding our assets, which could impede our ability to vary our portfolio in an appropriate manner;
- the relative spreads between the yield on the assets we acquire and the cost of financing;
- adverse changes in the financing markets we access affecting our ability to finance our acquisitions;
- customer defaults on their obligations;
- our ability to renew existing contracts and enter into new contracts with existing or potential customers;
- the availability and cost of capital for future acquisitions;
- concentration of a particular type of asset or in a particular sector;
- the competitive market for acquisition opportunities;
- risks related to operating through joint ventures, partnerships, consortium arrangements or other collaborations with third parties;
- our ability to successfully integrate acquired businesses;
- obsolescence of our assets or our ability to sell our assets;
- exposure to uninsurable losses and force majeure events;
- infrastructure operations and maintenance may require substantial capital expenditures;
- the legislative/regulatory environment and exposure to increased economic regulation;
- difficulties in obtaining effective legal redress in jurisdictions in which we operate with less developed legal systems;
- our ability to maintain our exemption from registration under the Investment Company Act and the fact that maintaining such exemption imposes limits on our operations;
- our ability to successfully utilize leverage in connection with our investments;
- foreign currency risk and risk management activities;

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- effectiveness of our internal control over financial reporting;
- exposure to environmental risks, including natural disasters, increasing environmental legislation and the broader impacts of climate change;
- changes in interest rates and/or credit spreads, as well as the success of any hedging strategy we may undertake in relation to such changes;
- actions taken by national, state, or provincial governments, including nationalization, or the imposition of new taxes, could materially impact the financial performance or value of our assets;
- our dependence on our Manager and its professionals and actual, potential or perceived conflicts of interest in our relationship with our Manager;
- effects of the merger of Fortress Investment Group LLC with affiliates of SoftBank;
- volatility in the market price of our shares;
- the inability to pay dividends to our stockholders in the future; and
- other risks described in the “Risk Factors” section of this Information Statement.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Information Statement. The forward-looking statements made in this Information Statement relate only to events as of the date on which the statements are made. We do not undertake any obligation to publicly update or review any forward-looking statement except as required by law, whether as a result of new information, future developments or otherwise.

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 what we may have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance on any of our forward-looking statements. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us.

We also direct readers to other risks and uncertainties referenced in this Information Statement, including those set forth under “Risk Factors.” We caution that you should not place undue reliance on any of our forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Except as required by law, we are under no obligation (and expressly disclaim any obligation) to update or alter any forward-looking statement, whether written or oral, that we may make from time to time, whether as a result of new information, future events or otherwise.

OUR SPIN-OFF FROM FTAI

General

The FTAI board of directors, and a special committee thereof, has determined upon careful review and consideration that the spin-off of FTAI Infrastructure's assets from the rest of FTAI and the establishment of FTAI Infrastructure as a separate, publicly-traded company is in FTAI's best interests.

In furtherance of this plan, FTAI will distribute all of the shares of our common stock held by FTAI to holders of FTAI common shares, subject to certain conditions. The distribution of the shares of our common stock will take place on August 1, 2022. On the distribution date, each holder of FTAI common shares will receive one share of our common stock for each FTAI common share held at the close of business on the record date, as described below. Immediately following the distribution, FTAI's shareholders will own substantially all of our common stock. You will not be required to make any payment, surrender or exchange your FTAI common shares or take any other action to receive your shares of our common stock.

The distribution of our common stock as described in this Information Statement is subject to the satisfaction or waiver of certain conditions. We cannot provide any assurances that the distribution will be completed. For a more detailed description of these conditions, see the section entitled "—Conditions to the Distribution" included elsewhere in this Information Statement.

The anticipated benefits of the spin-off are based on a number of assumptions, and there can be no assurance that such benefits will materialize to the extent anticipated or at all. In the event that the spin-off does not result in such benefits, the costs associated with the transaction, including an expected increase in general and administrative expenses and management compensation, could have a negative effect on our and FTAI's financial condition and ability to make distributions to stockholders or shareholders. For more information about the risks associated with the spin-off, see "Risk Factors."

Background of the Spin-Off

As part of FTAI's ongoing strategic planning process, the FTAI board of directors and senior management regularly review and assess FTAI's long-term goals and opportunities, industry trends, competitive environment, and short-and long-term performance in light of FTAI's strategic plan, with the goal of maximizing shareholder value. In connection with these activities, the FTAI board of directors and senior management meet from time to time in the ordinary course of business to consider and evaluate various courses of action, including business combinations, acquisitions, dispositions, stock buybacks, special dividends, internal restructurings, capital raising, debt financings or refinancings, spin-offs and other transactions, and FTAI engaged Skadden, Arps, Slate, Meagher & Flom LLP as legal advisor. As part of this review, the FTAI board of directors directed FTAI management to begin exploring a potential spin-off transaction in April 2021. The FTAI board of directors considered the merits of a spin-off transaction in light of feedback that management had received from FTAI's shareholders that had indicated that it was difficult to assess the value of FTAI against peer companies given its (i) combined aviation and infrastructure businesses, (ii) corporate structure as a Delaware limited liability company and (iii) tax status as a publicly traded partnership. As a result, the FTAI board of directors determined to explore the spin-off transaction, because the spin-off transaction, together with the proposed merger pursuant to which FTAI will merge with a subsidiary of FTAI and FTAI shareholders will receive stock in a non-U.S. company that holds FTAI's aviation subsidiaries, would address the shareholder feedback described above. On December 15, 2021, the FTAI board of directors formed a special committee comprised solely of independent and disinterested board members and delegated to the special committee the full power and responsibility to, among other things, (x) review, evaluate and negotiate certain terms relating to the management agreements, the treatment of certain income incentive allocations and capital gains incentive allocations and the treatment of certain outstanding options held by FTAI's manager and the non-employee directors of FTAI (collectively, the "Specified Matters") and (y) act with respect to the Specified Matters.

As described in more detail in the section entitled "Summary—The Spin-Off," the material terms of the ancillary agreements were initially determined by FTAI by making the material terms of the Company's agreements substantially consistent with the terms in place at FTAI prior to the spin-off, to the extent applicable, and reviewing the terms of comparable transactions and taking into account structuring considerations. The terms of the internal reorganization and the merger were determined by FTAI to separate FTAI's assets into the aviation business and the infrastructure business in accordance with contractual, regulatory and tax considerations and to effectuate the purposes of the transaction. The terms of the transaction, including the terms of the New Financing, are being negotiated with third-parties.

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The material terms of the spin-off were proposed by FTAI for consideration by the special committee. The special committee hired Fried, Frank, Harris, Shriver & Jacobson LLP as its outside legal counsel to assist it in considering the terms of the proposed spin-off. The special committee reviewed with its outside legal counsel the terms of the definitive transaction agreements, including but not limited to, the Separation and Distribution Agreement, the Plan, the certificate of incorporation and bylaws of FTAI Infrastructure and the Management Agreement between the Manager and each of FTAI and FTAI Infrastructure. The special committee also received a review from an outside financial advisory firm, Houlihan Lokey, of publicly available information regarding stock options that were adjusted in selected spin-off transactions and publicly available information regarding selected external management agreements. The special committee considered other transactions and considerations as part of the full FTAI board process, including not proceeding with the spin-off transaction, as well as discussed the agreements related to the spin-off, and determined that the terms were substantially consistent with the terms in place prior to the spin-off, and agreed to approve the Specified Matters on this basis. The special committee agreed that the transaction would likely increase shareholder value and make it easier to determine each business' separate valuation. Following the determination of the special committee, the board of directors of FTAI unanimously approved the transactions described herein, subject to the board of directors declaring the distribution prior to the closing of the spin-off.

The Number of Shares You Will Receive

For each FTAI common share that you owned at the close of business on July 21, 2022, the record date, you will receive one share of our common stock on the distribution date.

Transferability of Shares You Receive

Subject to the limitations on ownership described in “Description of Our Capital Securities—Ownership Restrictions for Company Securities,” the shares of FTAI Infrastructure common stock distributed to FTAI shareholders will be freely transferable, except for shares received by persons who may be deemed to be FTAI Infrastructure “affiliates” under the Securities Act. Persons who may be deemed to be affiliates of FTAI Infrastructure after the spin-off generally include individuals or entities that control, are controlled by or are under common control with FTAI Infrastructure and may include directors and certain officers or principal stockholders of FTAI Infrastructure. FTAI Infrastructure affiliates will be permitted to sell their shares of FTAI Infrastructure common stock only pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act, such as the exemptions afforded by Rule 144.

When and How You Will Receive the Distributed Shares

FTAI will distribute the shares of our common stock on August 1, 2022, the distribution date. AST will serve as distribution agent and registrar for our common stock and as distribution agent in connection with the distribution.

If you own FTAI common shares as of the close of business on the record date, the shares of FTAI Infrastructure common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. Registration in book-entry form refers to a method of recording stock ownership when no physical share certificates are issued to stockholders, as is the case in the distribution. No physical stock certificates of FTAI Infrastructure will be issued.

If you sell FTAI common shares in the “regular-way” market prior to the distribution date, you will also sell your right to receive shares of our common stock in the distribution.

For more information see the section entitled “—Market for Common Stock—Trading Between the Record Date and Distribution Date” included elsewhere in this Information Statement.

Commencing on or shortly after the distribution date, if you hold physical stock certificates that represent your FTAI common shares, or if you hold your shares in book-entry form, and you are the registered holder of such shares, the distribution agent will mail to you an account statement that indicates the number of shares of our common stock that have been registered in book-entry form in your name.

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Most FTAI shareholders hold their FTAI common shares through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the stock in “street name” and ownership would be recorded on the bank’s or brokerage firm’s books. If you hold your FTAI common shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares of our common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares of our common stock held in “street name,” we encourage you to contact your bank or brokerage firm.

Results of the Distribution

After the distribution, we will be a separate, publicly traded company. Immediately following the distribution, we expect to have approximately 10 stockholders of record, based on the number of registered holders of FTAI common shares on April 1, 2022 and 99,188,696 shares of our common stock outstanding. The actual number of shares to be distributed will be determined on the record date and will reflect any changes in the number of FTAI common shares between April 1, 2022 and the record date for the distribution.

Prior to the spin-off, we will enter into a Separation and Distribution Agreement to effect the spin-off and provide for the allocation between us and FTAI of FTAI’s assets, liabilities and obligations (including tax-related assets and liabilities) attributable to periods prior to our spin-off from FTAI.

For a more detailed description of this agreement, see the section entitled “Certain Relationships and Related Party Transactions.”

The distribution will not affect the number of outstanding FTAI common shares or any rights of FTAI shareholders.

U.S. Federal Income Tax Consequences of the Spin-Off

The following is a summary of U.S. federal income tax consequences generally applicable to the spin-off, and in particular the distribution by FTAI of FTAI Infrastructure common stock to common shareholders of FTAI. For purposes of this section under this heading “—U.S. Federal Income Tax Consequences of the Spin-Off”: references to “FTAI” mean only FTAI and not its subsidiaries or other lower-tier entities, except as otherwise indicated.

The information in this summary is based on: the Internal Revenue Code of 1986, as amended (the “Code”); current, temporary and proposed regulations promulgated by the U.S. Treasury Department (“Treasury Regulations”); the legislative history of the Code; current administrative interpretations and practices of the IRS; and court decisions; all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. The summary is also based upon the assumption that FTAI, FTAI Infrastructure, and their respective subsidiaries and affiliated entities will operate in accordance with their applicable organizational documents or partnership agreements and the agreements and other documents applicable to the spin-off. This summary is for general information only and is not legal or tax advice. The Code provisions applicable to the spin-off are highly technical and complex, and this summary is qualified in its entirety by the express language of applicable Code provisions, Treasury Regulations, and administrative and judicial interpretations thereof. Moreover, this summary does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular investor in light of its investment or tax circumstances, or to investors subject to special tax rules, such as:

- financial institutions;
- insurance companies;
- broker-dealers;
- regulated investment companies;
- partnerships and trusts;
- persons who hold FTAI shares on behalf of another person as a nominee;
- persons who receive FTAI shares through the exercise of employee stock options or otherwise as compensation;

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- persons holding FTAI shares as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security” or other integrated investment;
- persons that own (actually or constructively) more than 5% of FTAI common shares;
- tax-exempt organizations; and
- except to the extent expressly discussed below, foreign investors.

This summary assumes that investors hold their FTAI common shares and will hold their FTAI Infrastructure common stock as capital assets, which generally means as property held for investment. This summary also assumes that investors will hold their FTAI common shares at all times from the record date through the distribution date. Special rules may apply to determine the tax consequences to an investor that purchases or sells FTAI common shares between the record date and the distribution date. You are urged to consult your tax advisor regarding the consequences to you of any such sale.

For purposes of this discussion under this heading “U.S. Federal Income Tax Consequences of the Spin-Off,” a “U.S. Holder” is an FTAI shareholder that is for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation created or organized in the United States or under the laws of the United States, or of any state thereof, or the District of Columbia;
- an estate, the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect to be treated as a U.S. person.

A “Non-U.S. Holder” is an FTAI shareholder that is neither a U.S. Holder nor a partnership (or other entity or arrangement treated as a partnership) for U.S. federal income tax purposes. If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds FTAI shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the spin-off.

The U.S. federal income tax treatment of the spin-off will depend in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences of the spin-off to any particular FTAI shareholder will depend on the shareholder’s particular tax circumstances. You are urged to consult your tax advisor regarding the federal, state, local, and foreign income and other tax consequences to you of the spin-off in light of your particular investment or tax circumstances.

Tax Treatment of the Spin-Off to U.S. Holders

The following discussion describes the U.S. federal income tax consequences to a U.S. Holder of FTAI common shares upon the receipt of FTAI Infrastructure common stock in the spin-off.

Subject to the discussions below of the rules governing distributions of “marketable securities” and the “disguised sale” rules, the distribution of FTAI Infrastructure common stock is generally not expected to be a taxable event for U.S. Holders. An FTAI shareholder’s tax basis in shares of FTAI Infrastructure common stock received in the spin-off generally will be equal to the lesser of (i) FTAI’s basis in such common stock on the distribution date (as reduced to reflect any election under Section 362(e), as described below), and (ii) such holder’s tax basis in its FTAI shares immediately prior to the distribution. The holding period for the FTAI Infrastructure common stock received in the spin-off will take into account FTAI’s holding period with respect thereto. The holding period for the holder’s FTAI shares will not be affected by the distribution.

An FTAI shareholder’s basis in FTAI shares held at the time of the distribution will generally be reduced (but not below zero) by FTAI’s tax basis in the FTAI Infrastructure common stock received immediately prior to the distribution. However, if the spin-off were to be treated as a liquidating distribution occurring in connection with the deemed liquidation of FTAI as a result of the Aviation Merger, then the shareholder’s basis in its FTAI shares

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immediately prior to the spin-off would be allocated between the FTAI Infrastructure common stock received and the other shares deemed distributed in such liquidation based on their relative fair market values, without regard to FTAI's basis in the FTAI Infrastructure common stock. Although FTAI does not intend to report the spin-off as part of a liquidating distribution, no assurances can be given in that regard. FTAI may not be able to advise shareholders of its basis in FTAI Infrastructure common stock until after the spin-off occurs.

FTAI's holding period (and therefore a U.S. Holder's holding period) in FTAI Infrastructure common stock may be divided between blocks of stock that were acquired by FTAI on different dates and at different prices. As a general rule, if a shareholder has a divided holding period in common stock and sells its entire interest, any capital gain or loss recognized shall be divided between long-term and short-term capital gain or loss in the same proportions as the holding period of the interest in the corporation is divided between the portion of the interest deemed held for more than twelve (12) months and the portion of the interest deemed held for twelve (12) months or less. Shareholders should consult their tax advisors regarding how to allocate between long-term and short-term capital gain if they sell less than all of their FTAI Infrastructure common stock.

Under Section 731(c) of the Code, a partnership's distribution of "marketable securities" to a partner is generally treated as a distribution of cash, which would generally be taxable to the extent that such distribution exceeds the partner's adjusted tax basis in its partnership interest. Although shares of FTAI Infrastructure stock will be considered "marketable securities" under Section 731(c) immediately following the spin-off, FTAI anticipates that certain exceptions to these rules should apply to the distribution in connection with the spin-off such that the distribution in general should not trigger gain recognition under these rules.

Under Section 707(a) of the Code, a transfer of money or property by a partner to a partnership followed by a related transfer of property by the partnership to the partner is treated as a disguised sale if (i) the second transfer would not have occurred but for the first transfer and (ii) the second transfer is not dependent on the entrepreneurial risks of the partnership's operations. Transfers of money or other property between a partnership and a partner that are made within two years of each other must be reported to the IRS and are presumed to be a disguised sale unless the facts and circumstances clearly establish that the transfers do not constitute a sale.

Under these rules, it is possible that the IRS could assert that the distribution of FTAI Infrastructure common stock by FTAI or the Partnership in connection with the spin-off, together with contributions of cash to FTAI by certain holders, or to the Partnership by FTAI, in the two years preceding the spin-off, should be treated as a sale of property to such contributing holders. FTAI intends to take the position that the facts and circumstances establish the absence of a sale in connection with the spin-off. Nevertheless, in light of the lack of directly applicable authority, there can be no assurance that the disguised sale rules will not apply. If FTAI's position were successfully challenged, holders who purchased FTAI shares for cash from FTAI in the two years preceding the spin-off would be treated for U.S. federal income tax purposes as if they had purchased FTAI Infrastructure common stock in exchange for cash. Similar treatment could apply to contributions by FTAI to the Partnership in the two years preceding the spin-off. In that case, FTAI or the Partnership, as applicable, would generally be required to recognize gain or loss, which gain would be allocated to all of its holders. U.S. Holders are urged to consult their tax advisors with respect to the potential disguised sale of the FTAI Infrastructure common stock.

Tax Treatment of the Spin-Off to Non-U.S. Holders

The following discussion describes the U.S. federal income tax consequences to a Non-U.S. Holder of FTAI common shares upon the receipt of FTAI Infrastructure common stock in the spin-off.

Non-U.S. Holders are generally not expected to be subject to U.S. federal income tax or withholding tax on the distribution of FTAI Infrastructure common stock (and will generally be subject to the basis and holding period rules applicable to a U.S. Holder, as described above).

Withholding of Amounts Distributable to Non-U.S. Holders in the Spin-off

Although FTAI generally does not expect that withholding will be required in connection with the distribution of FTAI Infrastructure stock in the spin-off, if withholding is required on any amounts otherwise distributable to a Non-U.S. Holder in the spin-off, FTAI or other applicable withholding agents may collect the amount required to be withheld by converting to cash for remittance to the IRS a sufficient portion of FTAI Infrastructure common stock that such Non-U.S. Holder would otherwise receive or may withhold from other property held in the Non-U.S. Holder's account with the withholding agent, and such holder may bear brokerage or other costs for this withholding

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procedure. A Non-U.S. Holder may seek a refund from the IRS of any amounts withheld if it is subsequently determined that the amounts withheld exceeded the holder's U.S. tax liability for the year in which the spin-off occurred.

Restructuring Transactions

As noted above, FTAI and its subsidiaries have engaged and intend to engage in certain Restructuring Transactions in connection with the spin-off. It is possible that FTAI will recognize income or gain as a result of those transactions. Holders of FTAI common shares may be subject to U.S. federal, state, local, or non-U.S. income taxation on their allocable share of FTAI's items of income or gain realized in connection with the Restructuring Transactions. The amount of such income or gain may depend, in part, on events after the spin-off, such as those that give rise to earnings and profits in the current taxable year. FTAI will not be able to advise shareholders of income or gain recognized in the Restructuring Transactions until after the spin-off occurs.

In addition, if the aggregate fair market value of the assets transferred by the Partnership to FTAI Infrastructure in the Restructuring Transactions is less than their aggregate tax basis at the time of their contribution, FTAI Infrastructure generally would be required to reduce its basis in those assets to their fair market value. However, under Section 362(e), an election is available to reduce the basis of certain of the shares of FTAI Infrastructure stock received by the Partnership instead of reducing the corresponding portion of the basis of the assets of FTAI Infrastructure. The Partnership may make an election under Section 362(e) of the Code. If made, the Partnership's basis in its FTAI Infrastructure shares generally would be reduced, but not below zero, by the difference between the Partnership's basis in its assets and the fair market value of those assets at the time of the contribution. In addition, Treasury Regulations provide that a partnership's reduction, pursuant to an election under Section 362(e) of the Code, of its basis in stock it holds results in a corresponding reduction of certain partners' basis in their partnership interests, which reduction would flow through the Partnership to FTAI shareholders. Any reduction in the Partnership's tax basis in its shares of FTAI Infrastructure common stock would carry over to the FTAI Infrastructure common stock that FTAI's common shareholders receive in connection with the spin-off. Such reduced basis would result in increased gain (or reduced loss) upon disposition of FTAI Infrastructure shares by such holder. Holders are strongly urged to consult with their tax advisers with respect to matters relating to the application of Section 362(e) and any election thereunder.

Market For Common Stock

There is currently no public market for our common stock. A condition to the distribution is the listing on Nasdaq of our common stock. We have applied to list our common stock on Nasdaq under the symbol "FIP."

Trading Between the Record Date and Distribution Date

Beginning shortly before the record date and continuing up to and through the distribution date, we expect that there will be two markets in FTAI common shares: a "regular-way" market and an "ex-distribution" market. FTAI common shares that trade on the "regular-way" market will trade with an entitlement to shares of our common stock distributed pursuant to the distribution. FTAI common shares that trade on the "ex-distribution" market will trade without an entitlement to shares of our common stock distributed pursuant to the distribution. Therefore, if you sell FTAI common shares in the "regular-way" market through the distribution date, you will also sell your right to receive shares of FTAI Infrastructure common stock in the distribution. If you own FTAI common shares at the close of business on the record date and sell those shares on the "ex-distribution" market through the distribution date, you will still receive the shares of our common stock that you would be entitled to receive pursuant to your ownership of the FTAI common shares on the record date. You are urged to consult your tax advisor regarding the treatment of the distribution to you if you purchase or sell FTAI common shares between the record date and the distribution date.

Furthermore, beginning on or shortly before the record date and continuing up to and through the distribution date, we expect that there will be a "when-issued" market in our common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for our common stock that will be distributed to FTAI shareholders on the distribution date. If you owned FTAI common shares at the close of business on the record date, you would be entitled to shares of our common stock distributed pursuant to the distribution. You may trade this entitlement to shares of our common stock, without trading the FTAI common shares you own, on the "when-issued" market. On the first trading day following the distribution date, "when-issued" trading with respect to our common stock will end and "regular-way" trading will begin.

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Conditions to the Distribution

We expect that the distribution will occur on August 1, 2022, the distribution date, *provided* that, among other conditions described in this Information Statement, the following conditions shall have been satisfied:

- our registration statement on Form 10, of which this Information Statement is a part, shall have become effective under the Exchange Act, and no stop order relating to the registration statement shall be in effect;
- all other actions and filings necessary or appropriate under applicable federal or state securities laws and state blue sky laws in connection with the transactions shall have been taken;
- an outside valuation advisory firm or firms acceptable to FTAI shall have delivered one or more opinions to the board of directors of FTAI regarding solvency and capital adequacy matters with respect to FTAI and FTAI Infrastructure after consummation of the distribution, and such opinions shall be acceptable to FTAI in form and substance in FTAI's sole discretion and such opinions shall not have been withdrawn or rescinded;
- the FTAI Infrastructure common stock to be distributed in the separation shall have been accepted for listing on Nasdaq, subject to compliance with applicable listing requirements;
- the Restructuring Transactions shall have been completed;
- any ancillary agreements shall have been executed and delivered by each of FTAI and us, as applicable, and no party to any of the ancillary agreements will be in material breach of any such agreement;
- any material governmental and third-party approvals shall have been obtained and be in full force and effect; and
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the transactions related thereto, including the transfers of assets and liabilities contemplated by the Separation and Distribution Agreement, shall be in effect.

We cannot assure you that all of the conditions will be satisfied or waived. In addition, if the separation is completed and FTAI's board of directors waives any such condition, such waiver could have a material adverse effect on FTAI's and FTAI Infrastructure's respective business, financial condition or results of operations, including, without limitation, as a result of illiquid trading due to the failure of FTAI Infrastructure common stock to be accepted for listing, litigation relating to any preliminary or permanent injunctions that sought to prevent the consummation of the separation, or the failure of FTAI or FTAI Infrastructure to obtain any required regulatory approvals. As of the date hereof, the board of directors of FTAI does not intend to waive any of the conditions described herein and would only consider such a waiver if it determined that such action was in the best interests of FTAI and its shareholders.

The fulfillment of the above conditions will not create any obligation on behalf of FTAI to effect the separation. Until the separation has occurred, FTAI has the right to terminate the separation, even if all the conditions have been satisfied, if the board of directors of FTAI determines, in its sole discretion, that the separation is not in the best interests of FTAI and its stockholders or that market conditions or other circumstances are such that the separation of FTAI Infrastructure and FTAI is no longer advisable at that time.

Reasons for the Spin-Off

FTAI's board of directors periodically reviews strategic alternatives. The FTAI board of directors, and a special committee thereof, determined upon careful review and consideration that the spin-off of FTAI Infrastructure is in the best interests of FTAI. The FTAI board of directors' determination to move forward was based on a number of factors, including those set forth below.

- ***Creates two independent companies, each with the opportunity to pursue growth through the execution of distinctly different business plans.*** We and FTAI's board of directors believe that having two independent companies with distinct investment profiles will maximize the strategic focus and financial flexibility of each company to grow and return capital to stockholders. We and FTAI's board of directors believe that the two businesses, each with a clear focus, strong, independent boards of directors, and strengthened balance sheets, will create greater shareholder value as two companies than as one.

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- **Enhances investor transparency, better highlights the attributes of both companies, and provides investors with the option to invest in one or both companies.** The separation will provide each shareholder the opportunity to make an individual allocation of capital to one or both of the two differentiated businesses, each with a distinct investment risk/return profile. In addition, we and FTAI's board of directors believe the separation will make FTAI Infrastructure and FTAI more competitive and appealing to a broader investor audience moving forward, providing them with the opportunity to invest in two companies with compelling value propositions and distinct investment strategies. Investors can increase their allocation to FTAI Infrastructure or to FTAI, depending on their preference.
- **Tailored capital structure and financing options.** Each company will have the flexibility to create a capital structure tailored to its needs, and each may be able to attain more favorable financing terms separately. In addition, tailored capital structures will facilitate each company's ability to pursue acquisitions, possibly using common stock, and other strategic alliances.
- **Stock ownership.** We believe the conversion of FTAI Infrastructure to a Delaware corporation and the subsequent spin-off of FTAI Infrastructure will make it easier for both domestic and international investors to own its stock and help simplify shareholders' tax reporting, which we expect should provide for significant growth potential for our shareholders. In addition, FTAI's subsequent restructuring from a publicly traded partnership to a corporation for U.S. federal income tax purposes is also expected to provide for significant growth potential for FTAI's shareholders.

The board of directors of FTAI also considered a number of potentially negative factors in evaluating the separation, including the following:

- **Anticipated benefits of the separation may not be realized.** Following the separation, FTAI Infrastructure and FTAI will be independent companies. FTAI Infrastructure and/or FTAI may not be able to achieve some or all of the benefits that it expects to achieve as a company independent from the other in the time it expects, if at all.
- **There may be disruptions to the business as a result of the separation.** The actions required to separate FTAI Infrastructure and FTAI could disrupt FTAI Infrastructure's and FTAI's operations after the separation. The separation and distribution may divert management's time and attention, which could have a material adverse effect on the business, results of operations, financial condition and cash flows.
- **Costs of the separation.** FTAI Infrastructure and FTAI will incur costs in connection with the transition to being separate public companies that include accounting, tax, legal and other professional service costs. In addition, FTAI Infrastructure and FTAI will incur costs in connection with operating as separate, stand alone public companies that the combined company otherwise shared, such as expenses associated with reporting and compliance as public companies and separate management and incentive fees, working capital requirements, overhead, insurance, financing and other operating costs, as well the potentially higher cost of capital as separate companies.
- **There may be conflicts between FTAI Infrastructure and FTAI.** There may be, or there may be the appearance of, conflicts of interest in FTAI Infrastructure's relationship with FTAI. We expect certain directors to overlap at least at the outset and we expect that, if and to the extent matters come before the board as to which there is a conflict between the two companies, that the companies would take appropriate steps so that decisions with respect to such matters are made by disinterested and independent directors. The agreements between FTAI and us, if any, generally will not limit or restrict FTAI or its affiliates from engaging in any business or managing other entities that engage in business of the type conducted by us. Actual, potential, or perceived conflicts could give rise to investor dissatisfaction, settlements with stockholders, litigation, or regulatory inquiries or enforcement actions.

As part of the FTAI board of director's process, the members of the special committee were involved in various discussions since February 2021 related to investor relations, share price and certain value creation solutions, including but not limited to, a discussion to potentially spin out FTAI's infrastructure business. During this time, the FTAI board of directors discussed FTAI's projections, financial and otherwise, continuing as a consolidated business versus spinning off the infrastructure business and decided there was sufficient growth potential to split FTAI into two independent publicly-traded companies. FTAI also made a large acquisition of Transtar from U.S. Steel which bolstered its infrastructure business and EBITDA projections. The members of the special committee, as part of the

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full FTAI board of director's process, had a number of discussions with management as they explored the potential of spinning out the infrastructure business and considered various topics, including potential additional expenses related to running two public companies, potential market and analyst reactions to a spin-off for both FTAI and the new entity, the post-split projected economics, and potential capital structures for the two entities post-spin-off and how each could create greater shareholder value. The special committee concluded that the proposed spin-off is in the best interests of FTAI and its shareholders.

Following the separation, FTAI Infrastructure will be an infrastructure assets company and will not operate under the umbrella of FTAI. FTAI Infrastructure's business may be negatively impacted by this loss of operating diversity, including the purchasing power, financing options, and ability to share overhead costs associated with operating as part of a larger organization. The board of directors of FTAI concluded that the potential benefits of the separation outweighed these factors. For more information about the risks associated with the spin-off, see "Risk Factors."

Reasons for Furnishing this Information Statement

This Information Statement is being furnished solely to provide information to FTAI shareholders who are entitled to receive shares of FTAI Infrastructure common stock in the distribution. The Information Statement is not, and is not to be construed as, an inducement or encouragement to buy, hold or sell any of our securities or securities of FTAI. We believe that the information in this Information Statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither FTAI nor we undertake any obligation to update such information.

DIVIDEND POLICY

We intend to make regular quarterly dividends to holders of our common stock out of assets legally available for this purpose, subject to satisfactory financial performance and approval by FTAI Infrastructure's board of directors. Any declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that our board of directors deems relevant.

Because we are a holding company and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries. Our ability to pay dividends will be limited by restrictions contained in the Series A Preferred Stock, the agreements governing the New Financing, and the future indebtedness that we may incur. Under Delaware law, dividends may be payable only out of surplus, which is calculated as our net assets less our liabilities and our capital, or, if we have no surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

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UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma combined consolidated financial statements have been prepared to illustrate the effects of the spin-off of FTAI Infrastructure from FTAI. Following the spin-off, the businesses of FTAI will separate into two distinct, publicly traded companies comprising the infrastructure business and the aviation business. The unaudited pro forma combined consolidated financial statements have been derived from our historical audited and unaudited combined consolidated financial statements for the three months ended March 31, 2022 and our historical audited combined consolidated financial statements for the year ended December 31, 2021 of FTAI Infrastructure. As detailed in the section entitled “Summary—Overview of the Separation” included elsewhere in this Information Statement, FTAI Infrastructure LLC will be allocated the Infrastructure Subsidiaries (the predecessor group) and other assets and liabilities related to the infrastructure business.

The unaudited pro forma combined consolidated financial statements have been prepared in accordance with Article 11 of the SEC’s Regulation S-X. The unaudited pro forma combined consolidated financial statements consist of an unaudited pro forma combined consolidated balance sheet as of March 31, 2022, and unaudited pro forma combined consolidated statements of operations and comprehensive loss for the three months ended March 31, 2022 and year ended December 31, 2021. The unaudited pro forma combined consolidated financial statements reported below should be read in conjunction with our historical audited and unaudited combined consolidated financial statements and the related notes of FTAI Infrastructure, the consolidated financial statements and the related notes of Transtar, LLC, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Information Statement.

The unaudited pro forma combined consolidated statement of operations and comprehensive loss for the three months ended March 31, 2022 and year ended December 31, 2021 give effect to the separation and distribution of FTAI Infrastructure from FTAI and the related transactions described below as if they had occurred on January 1, 2021. The unaudited pro forma combined consolidated balance sheet as of March 31, 2022 gives effect to the separation and distribution of FTAI Infrastructure from FTAI and the related transactions described below as if they had occurred on such date.

In management’s opinion, the unaudited pro forma combined consolidated financial statements reflect adjustments necessary to present fairly FTAI Infrastructure’s pro forma results and financial position as of and for the period indicated. Such adjustments include transaction accounting and autonomous entity adjustments. The pro forma adjustments are based on currently available information and assumptions management believes are, given the information available at this time, reasonable and reflect changes necessary to reflect FTAI Infrastructure’s financial condition and results of operations as if we were a stand-alone company. Actual adjustments may differ materially from the information presented herein.

Transaction accounting adjustments that reflect the effects of FTAI Infrastructure’s separation from FTAI include the following adjustments:

- the acquisition of Transtar, LLC;
- the issuance of a debt financing arrangement of \$450 million;
- the issuance of a preferred equity financing arrangement of \$300 million;
- the issuance of our common stock to holders of FTAI common shares;
- the elimination of FTAI’s net investment in us;
- the recognition of certain transaction costs resulting from the separation and distribution that were not included in our historical combined consolidated financial statements; and
- the tax impact for the change in tax reporting structure.

Autonomous entity adjustments of incremental expense or other charges necessary to reflect the operations and financial positions of FTAI Infrastructure as an independent and separate publicly traded company.

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The unaudited pro forma combined consolidated financial statements include all revenues and costs directly attributable to FTAI Infrastructure as well as an allocation of expenses related to facilities, corporate overhead, professional fees, personnel costs, and other related expenses for services provided by FTAI's Manager in accordance with the management agreement. The charges reflected have either been specifically identified or allocated based on an estimate of time spent on FTAI Infrastructure's businesses. These allocated costs are included within the FTAI Infrastructure combined consolidated statement of operations.

Transactions between FTAI and us are accounted for through net parent investment in FTAI Infrastructure. Any transactions with FTAI are considered to be effectively settled in our unaudited pro forma combined consolidated financial statements as of the separation and distribution date. The total net effect of the settlement of these intercompany transactions is reflected in our unaudited pro forma combined consolidated balance sheets as additional paid-in capital.

As an independent, publicly traded company, we expect to incur certain incremental costs resulting from the separation and distribution that were not included in our historical combined consolidated financial statements. These costs include legal, accounting and advisory fees, and are reflected as autonomous entity adjustments in the accompanying unaudited pro forma combined consolidated financial statements.

Actual transactions costs incurred as of the balance sheet date have been reflected in our historical combined consolidated financial statements. Additional costs relating to the spin-off incurred after the balance sheet date and an estimate of costs to be incurred have been included in the accompanying unaudited pro forma combined consolidated financial statements.

Our unaudited pro forma combined consolidated financial statements are for illustrative and informational purposes only, and are not intended to represent what our results of operations or financial position would have been had the separation and distribution and related transactions occurred on the dates assumed. These unaudited pro forma combined consolidated financial statements also should not be considered indicative of our future results of operations or financial position as a separate publicly traded company.

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FTAI Infrastructure
Unaudited Pro Forma Combined Consolidated Balance Sheet
As of March 31, 2022
(in thousands)

	FTAI Infrastructure (historical)	Transaction Accounting Adjustments	Notes	Pro Forma Results
Assets				
Current assets:				
Cash and cash equivalents	\$ 65,475	\$ —		\$ 65,475
Restricted cash	214,401	—		214,401
Accounts receivable, net	36,532	—		36,532
Other current assets	<u>61,583</u>	<u>—</u>		<u>61,583</u>
Total current assets	377,991	—		377,991
Leasing equipment, net	35,736	—		35,736
Operating lease right-of-use assets, net	70,913	—		70,913
Property, plant, and equipment, net	1,547,374	—		1,547,374
Investments	55,383	—		55,383
Intangible assets, net	65,863	—		65,863
Goodwill	257,968	95	(b)	258,063
Other assets	<u>26,468</u>	<u>(145)</u>	(b)	<u>26,323</u>
Total assets	<u>\$2,437,696</u>	<u>\$ (50)</u>		<u>\$2,437,646</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 91,967	\$ 3,189	(b,f)	\$ 95,156
Operating lease liabilities	2,921	—		2,921
Other current liabilities	<u>8,340</u>	<u>—</u>		<u>8,340</u>
Total current liabilities	103,228	3,189		106,417
Debt, net	728,601	415,000	(c)	1,143,601
Operating lease liabilities	66,912	—		66,912
Other liabilities	<u>189,166</u>	<u>(933)</u>	(b)	<u>188,233</u>
Total liabilities	<u>1,087,907</u>	<u>417,256</u>		<u>1,505,163</u>
Preferred equity	—	236,458	(d)	236,458
Shareholder's Equity				
Net parent investment	1,609,049	(1,609,049)	(e)	—
Accumulated other comprehensive loss	(252,412)	(7,910)	(b)	(260,322)
Non-controlling interest in equity of consolidated subsidiaries	(6,848)	—		(6,848)
Common stock (\$0.01 par value per share; 3,000,000 shares authorized; 99,188,696 shares issued and outstanding on a pro forma basis)	—	992	(e)	992
Additional paid-in capital / Retained earnings	<u>—</u>	<u>962,203</u>	(e)	<u>962,203</u>

Total shareholder's equity	<u>1,349,789</u>	<u>(653,764)</u>	<u>696,025</u>
Total liabilities and equity	<u>\$2,437,696</u>	<u>\$ (50)</u>	<u>\$2,437,646</u>

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FTAI Infrastructure
Unaudited Pro Forma Combined Consolidated Statement of Operations
For the Three Months Ended March 31, 2022
(in thousands)

	FTAI Infrastructure (historical)	Transaction Accounting Adjustments	Notes	Autonomous Entity Adjustments	Notes	Pro Forma Results
Revenues						
Total revenues	\$ 46,148	\$ —		\$ —		\$ 46,148
Expenses						
Operating expenses	38,068	—		—		38,068
General and administrative	2,430	—		581	(e)	3,011
Acquisition and transaction expenses	4,236	1,850	(f)	—		6,086
Management fees and incentive allocation to affiliate	4,161	(525)	(c, d)	—		3,636
Depreciation and amortization	<u>16,996</u>	<u>—</u>		<u>—</u>		<u>16,996</u>
Total expenses	<u>65,891</u>	<u>1,325</u>		<u>581</u>		<u>67,797</u>
Other expense						
Equity in losses of unconsolidated entities	(22,043)	—		—		(22,043)
Interest expense	(6,459)	(13,563)	(c)	—		(20,022)
Other expense	<u>(459)</u>	<u>—</u>		<u>—</u>		<u>(459)</u>
Total other expense	<u>(28,961)</u>	<u>(13,563)</u>		<u>\$ —</u>		<u>(42,524)</u>
Loss before income taxes	(48,704)	(14,888)		(581)		(64,173)
Provision for (benefit from) income taxes	<u>1,584</u>	<u>(1,110)</u>	(b)	<u>—</u>		<u>474</u>
Net loss	<u>(50,288)</u>	<u>(13,778)</u>		<u>(581)</u>		<u>(64,647)</u>
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	<u>(7,466)</u>	<u>—</u>		<u>—</u>		<u>(7,466)</u>
Net loss attributable to FTAI Infrastructure	<u>\$(42,822)</u>	<u>\$(13,778)</u>		<u>\$(581)</u>		<u>\$(57,181)</u>
Less: Dividends and accretion on preferred equity	<u>—</u>	<u>12,285</u>	(d)	<u>—</u>		<u>12,285</u>
Net loss attributable to shareholders	<u>\$(42,822)</u>	<u>\$(26,063)</u>		<u>\$(581)</u>		<u>\$(69,466)</u>
Pro forma net loss per share: (h)						
Basic loss per share						(0.68)
Diluted loss per share						(0.68)
Pro forma weighted-average shares used to compute loss per share:						
Shares used in computation of basic loss per share						102,531,262

Shares used in computation of diluted
loss per share

102,531,262

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FTAI Infrastructure
Unaudited Pro Forma Combined Consolidated Statement of Comprehensive Loss
For the Three Months Ended March 31, 2022
(in thousands)

	FTAI Infrastructure (historical)	Transaction Accounting Adjustments	Notes	Autonomous Entity Adjustments	Notes	Pro Forma Results
Net loss	\$ (50,288)	\$(13,778)		\$(581)		\$ (64,647)
Other comprehensive loss:						
Other comprehensive loss related to equity method investees, net	(96,948)	—		—		(96,948)
Changes in pension and other employee benefit accounts	—	—		—		—
Comprehensive (loss) income	<u>(96,948)</u>	<u>—</u>		<u>—</u>		<u>(96,948)</u>
Comprehensive loss	<u>(147,236)</u>	<u>(13,778)</u>		<u>(581)</u>		<u>(161,595)</u>
Comprehensive loss attributable to non-controlling interest:	<u>(7,466)</u>	<u>—</u>		<u>—</u>		<u>(7,466)</u>
Comprehensive loss attributable to FTAI Infrastructure	<u><u>\$ (139,770)</u></u>	<u><u>\$ (13,778)</u></u>		<u><u>\$ (581)</u></u>		<u><u>\$ (154,129)</u></u>

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FTAI Infrastructure
Unaudited Pro Forma Combined Consolidated Statement of Operations
Year Ended December 31, 2021
(in thousands)

	FTAI Infrastructure (historical)	Acquisition of Transtar, LLC (a)(1)	Transaction Accounting Adjustments	Notes	Autonomous Entity Adjustments	Notes	Pro Forma Results
Revenues							
Total revenues	\$ 120,219	\$ 79,543	\$ —		\$ —		\$ 199,762
Expenses							
Operating expenses	98,541	34,189	—		—		132,730
General and administrative	8,737	4,603	—		2,322	(e)	15,662
Acquisition and transaction expenses	14,826	—	1,850	(f)	—		16,676
Management fees and incentive allocation to affiliate	15,638	—	(2,100)	(c, d)	—		13,538
Depreciation and amortization	<u>54,016</u>	<u>12,192</u>	<u>—</u>		<u>—</u>		<u>66,208</u>
Total expenses	<u>191,758</u>	<u>50,984</u>	<u>(250)</u>		<u>2,322</u>		<u>244,814</u>
Other (expense) income							
Equity in losses of unconsolidated entities	(13,499)	—	—		—		(13,499)
Gain on sale of assets, net	16	356	—		—		372
Interest expense	(16,019)	(23)	(54,250)	(c)	—		(70,292)
Other (expense) income	<u>(8,930)</u>	<u>803</u>	<u>—</u>		<u>—</u>		<u>(8,127)</u>
Total other (expense) income	<u>(38,432)</u>	<u>1,136</u>	<u>(54,250)</u>		<u>—</u>		<u>(91,546)</u>
(Loss) income before income taxes	(109,971)	29,695	(54,000)		(2,322)		(136,598)
(Benefit from) provision for income taxes	<u>(3,630)</u>	<u>9,572</u>	<u>(4,141)</u>	(b)	<u>—</u>		<u>1,801</u>
Net (loss) income	<u>(106,341)</u>	<u>20,123</u>	<u>(49,859)</u>		<u>(2,322)</u>		<u>(138,399)</u>
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	<u>(26,472)</u>	<u>—</u>	<u>—</u>		<u>—</u>		<u>(26,472)</u>
Net (loss) income attributable to FTAI Infrastructure	<u>\$ (79,869)</u>	<u>\$ 20,123</u>	<u>\$ (49,859)</u>		<u>\$ (2,322)</u>		<u>\$ (111,927)</u>
Less: Dividends and accretion on preferred equity	<u>—</u>	<u>—</u>	<u>49,141</u>	(d)	<u>—</u>		<u>49,141</u>
Net (loss) income attributable to shareholders	<u>\$ (79,869)</u>	<u>\$ 20,123</u>	<u>\$ (99,000)</u>		<u>\$ (2,322)</u>		<u>\$ (161,068)</u>
Pro forma net loss per share: (h)							
Basic loss per share							(1.57)
Diluted loss per share							(1.57)
Pro forma weighted-average shares used to compute loss per share:							
Shares used in computation of basic loss per share							102,531,262

Shares used in computation of diluted loss per share	102,531,262
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- (1) Includes total revenues of \$69,272, operating expenses of \$31,175, general and administrative of \$2,825, depreciation and amortization of \$4,453, gain on sale of assets, net of \$356, interest expense of \$76, other income of \$803, provision for income taxes of \$9,132, and net income of \$26,913 for the six months ended June 30, 2021.

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FTAI Infrastructure
Unaudited Pro Forma Combined Consolidated Statement of Comprehensive Loss
Year Ended December 31, 2021
(in thousands)

	FTAI Infrastructure (historical)	Acquisition of Transtar, LLC (a) ⁽¹⁾	Transaction Accounting Adjustments	Notes	Autonomous Entity Adjustments	Notes	Pro Forma Results
Net (loss) income	\$(106,341)	\$20,123	\$(49,859)		\$(2,322)		\$(138,399)
Other comprehensive loss:							
Other comprehensive loss related to equity method investees, net	(128,990)	—	(936)	(b)	—		(129,926)
Changes in pension and other employee benefit accounts	(237)	—	—		—		(237)
Total other comprehensive loss	<u>(129,227)</u>	<u>—</u>	<u>(936)</u>		<u>—</u>		<u>(130,163)</u>
Comprehensive (loss) income	<u>(235,568)</u>	<u>20,123</u>	<u>(50,795)</u>		<u>(2,322)</u>		<u>(268,562)</u>
Comprehensive loss attributable to non-controlling interest:	<u>(26,472)</u>	<u>—</u>	<u>—</u>		<u>—</u>		<u>(26,472)</u>
Comprehensive (loss) income attributable to FTAI Infrastructure	<u><u>\$(209,096)</u></u>	<u><u>\$20,123</u></u>	<u><u>\$(50,795)</u></u>		<u><u>\$(2,322)</u></u>		<u><u>\$(242,090)</u></u>

(1) Includes net income of \$26,913 for the six months ended June 30, 2021.

Notes to Unaudited Pro Forma Combined Consolidated Financial Statements

Note 1: Description of Pro Forma Transactions

The accompanying unaudited pro forma combined consolidated financial statements have been prepared from FTAI's historical accounting records and are presented on a stand-alone basis as if FTAI Infrastructure's operations had been conducted independently from FTAI. Our results of operations were historically reported within FTAI's consolidated financial statements.

Note 2: Transaction Accounting Adjustments

This note should be read in conjunction with other notes in the unaudited pro forma combined consolidated financial statements. Included in the column under the heading "Acquisition of Transtar, LLC" is the following:

- (a) Adjustment reflects the indicative Transtar, LLC results of operations that would have been achieved if the acquisition had taken place as of January 1, 2021.

Adjustments included in the column under the heading "Transaction Accounting Adjustments" represent the following:

- (b) Adjustment reflects the income tax impact of the pro forma Transaction Accounting Adjustments. The tax impact was calculated using the jurisdictional tax rate associated with each adjustment. Furthermore, the legacy FTAI structure was a publicly traded partnership with several standalone corporate entities with separate tax return filing obligations. The post transaction FTAI Infrastructure structure will give rise to a consolidated group of corporations filing combined income tax returns in various jurisdictions. The final income tax impact may be materially different as more detailed information will become available after the consummation of the spin-off and related transactions.
- (c) Adjustment reflects the \$415.0 million cash proceeds from the issuance of \$450.0 million of senior secured 10.5% debt, inclusive of estimated debt issuance costs and 5.415% original issue discount totaling \$35.0 million, which are to be incurred in connection with the issuance. Adjustment also reflects a decrease in management fees driven by a decrease in total equity, in accordance with the management agreement. The pro forma interest expense is calculated based on these terms. The net proceeds of such financing are expected to be distributed to FTAI.
- (d) Adjustment to the unaudited pro forma combined consolidated balance sheet reflects the \$300.0 million of preferred equity cash proceeds, net of \$63.5 million of estimated issuance costs, options expected to be issued to FIG LLC (the "Manager") and warrants purchased by the preferred equity holders, both as discussed further below. The net proceeds of such equity raise are expected to be distributed to FTAI.

Upon the successful completion of the equity offering, in accordance with the management agreement, we expect to grant the Manager an option to purchase our common shares in an amount equal to 10% of the gross equity raised, divided by the fair market value of a common share as of the date of issuance. The options will have an exercise price equal to the fair market value of a common share as of the date of issuance. The terms of the preferred equity also provide the investor warrants to purchase 6.68 million shares of common equity in the following tranches: (i) 3.34 million at \$0.01 per share, and (ii) 3.34 million at \$10.00 per share.

The warrants issued in connection with the preferred equity and the Manager options are expected to be accounted for as equity instruments in accordance with the guidance contained in ASC 480 and ASC 815-40. The adjustment reflects the estimated allocation of proceeds to the preferred equity warrants and Manager options within additional paid-in capital based on a price of \$6.50 per common share for the Company based upon an assumption that the estimated per share fair value approximates the pro forma book value of shareholder's equity per outstanding common share at the time of spin. A \$1.00 change to the per share fair value of the Company's stock at the time of spin would change the discount by \$5.0 million. Management will further assess the value and classification of the warrants upon completion of the spin.

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The adjustment to the unaudited pro forma combined consolidated statement of operations reflects an increase in management fees driven by an increase in total equity, in accordance with the management agreement. The preferred equity requires dividends, payable in cash at 14.0% per annum, or, if not paid in cash, will accrue at a 2.0% higher rate per annum, at the Company's option. This rate is subject to a 1.0% per annum increase beginning on the fifth anniversary of the issue date and on each one-year anniversary thereafter. The unaudited pro forma combined consolidated statements of operations reflect the effect of the preferred equity dividend being paid in cash for the periods presented.

The pro forma financial statements assume that the preferred equity is not currently redeemable, but is probable of becoming redeemable in the future. Based on a price of \$6.50 per common share for the Company at the time of spin, FTAI Infrastructure would record accretion of approximately \$7.1 million and \$1.8 million to increase the carrying amount of the preferred equity during the year ended December 31, 2021 and three months ended March 31, 2022, respectively. These amounts are reflected as preferred stock dividends for the purpose of calculating basic and diluted pro forma loss per share. A \$1.00 change to the per share fair value at the time of spin would change this accretion by \$0.5 million and \$0.1 million for the year ended December 31, 2021 and three months ended March 31, 2022, respectively. This effect on accretion would impact the pro forma loss per share amounts presented within the pro forma combined consolidated statements of operations by an amount less than \$0.01.

- (e) Adjustment represents the reclassification of FTAI's net investment in our company to additional paid-in capital. This reflects the issuance of 99,188,696 shares of our common stock with a par value of \$0.01 per share pursuant to the separation and distribution. We have assumed the number of outstanding shares of our common stock based on 99,188,696 shares of FTAI common shares outstanding on April 1, 2022, and a distribution ratio of one share of our common stock for every one share of FTAI common shares. The actual number of shares issued will not be known until the record date for the distribution.

The following table illustrates the impact of the pro forma adjustments on Additional paid-in capital / Retained earnings:

	March 31, 2022
	(Dollars in thousands)
Additional paid-in capital / Retained earnings	
Tax adjustments ^(b)	\$ 7,454
Distribution to FTAI – senior debt ^(c)	(415,000)
Distribution to FTAI – preferred equity ^(d)	(275,000)
Preferred stock proceeds allocated to warrants and options issued ^(d)	38,542
Net parent investment ^(e)	1,609,049
Common stock ^(e)	(992)
Transaction costs ^(f)	(1,850)
	<u>\$ 962,203</u>

- (f) Adjustment reflects an estimated \$1.9 million of additional transaction costs related to the spin-off that are expected to be incurred by FTAI Infrastructure subsequent to March 31, 2022 and are, therefore, not reflected in the historical combined consolidated financial statements of FTAI Infrastructure.

Note 3: Autonomous Entity Adjustments

This note should be read in conjunction with other notes in the unaudited pro forma combined consolidated financial statements. Adjustments included in the column under the heading "Autonomous Entity Adjustments" represent the following:

- (g) As an independent, separately traded public company, FTAI Infrastructure expects to incur certain costs associated with financial reporting and regulatory compliance, directors' compensation, audit, tax, legal, insurance, information technology, and other general and administrative-related services. The unaudited pro forma combined consolidated financial statements have been adjusted to depict FTAI Infrastructure as an autonomous entity. For the three months ended March 31, 2022 and the year ended December 31, 2021,

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FTAI Infrastructure expects to have incurred approximately \$0.6 million and \$2.3 million of expenses, respectively, in addition to FTAI's corporate and shared costs allocated to FTAI Infrastructure in its historical combined consolidated financial statements.

Note 4: Net loss per share

- (h) Pro forma basic and diluted loss per share and pro forma weighted-average basic and diluted shares outstanding for the three months ended March 31, 2022 and the year ended December 31, 2021 reflect the number of shares of our common stock that are expected to be outstanding upon completion of the separation and distribution. Pro forma basic and diluted loss per share are adjusted to reflect the impact of additional warrants provided in the preferred equity issuance detailed in adjustment (d). Loss per share has been calculated assuming the required dividend on preferred equity will be paid in cash. If the dividend is paid in PIK, it would result in an increase in the preferred equity balance.

	Three Months March 31, 2022	Year Ended December 31, 2021
	(Dollars in thousands, except for share and per share)	
Pro forma combined consolidated net loss	\$ (57,181)	\$ (111,927)
Less: Dividends and accretion on preferred equity	<u>12,285</u>	<u>49,141</u>
Combined consolidated net loss attributable to common shareholders	\$ (69,466)	\$ (161,068)
Weighted average common shares outstanding	99,188,696	99,188,696
Add: Preferred stock warrants	<u>3,342,566</u>	<u>3,342,566</u>
Adjusted weighted average common shares outstanding	102,531,262	102,531,262
Basic EPS	\$ (0.68)	\$ (1.57)
Weighted average common shares outstanding	99,188,696	99,188,696
Add: Preferred stock warrants	<u>3,342,566</u>	<u>3,342,566</u>
Adjusted weighted average common shares outstanding	102,531,262	102,531,262
Diluted EPS	\$ (0.68)	\$ (1.57)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the audited combined consolidated financial statements of the Company for the years ended December 31, 2021, 2020 and 2019 and the unaudited combined consolidated financial statements for the three months ended March 31, 2022 and 2021 appearing elsewhere in this Information Statement. These historical financial statements do not give effect to the spin-off or reflect any other pro forma adjustments relating to the spin-off. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed in "Special Note Regarding Forward-Looking Statements," "Risk Factors" and elsewhere in this Information Statement. All amounts are presented in thousands unless otherwise noted. Unless the context requires otherwise, references use in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "FTAI Infrastructure," the "Company," "we," "our," "us," and other similar terms refer to the infrastructure business of FTAI before giving effect to the spin-off.

Overview

We are in the business of acquiring, developing and operating assets and businesses that represent critical infrastructure for customers in the transportation and energy industries. We were formed as FTAI Infrastructure LLC, a Delaware limited liability company and subsidiary of FTAI, on December 13, 2021. Prior to the completion of the spin-off, we will convert into FTAI Infrastructure Inc., a Delaware corporation, and will hold all the material assets and investments that comprise FTAI's infrastructure business. Prior to the spin-off, we are a subsidiary of FTAI, which is a Nasdaq-listed company that is externally managed and advised by our Manager.

Our operations consist of three primary business lines: (i) Ports and Terminals, (ii) Railroads and (iii) companies and assets participating in global Energy Transition. Our Ports and Terminals business develops or acquires industrial properties in strategic locations that store and handle for third parties a variety of energy products including crude oil, refined products and clean fuels. In certain cases, we also develop and operate facilities, such as a 485 megawatt power plant at our Long Ridge terminal in Ohio through our equity method investment, that leverage the property's location and key attributes to generate incremental value. Our Railroads business primarily invests in and operates short line and regional railroads in North America. Our Energy Transition business focuses on investments in companies and assets that utilize green technology, produce sustainable fuels and products, or enable customers to reduce their carbon footprint. For the year ended December 31, 2021, (i) our Ports and Terminals business accounted for 48% of our total revenue, (ii) our Railroads business accounted for 48% of our total revenue and (iii) our Energy Transition business accounted for 0% of our total revenue. Corporate and other sources accounted for the remaining 4% of our total revenue.

We expect to continue to invest in such market sectors, and pursue additional investment opportunities in other infrastructure businesses and assets we believe to be attractive and meet our investment objectives. Our team focuses on acquiring a diverse group of long-lived assets or operating businesses that provide mission-critical services or functions to infrastructure networks and typically have high barriers to entry, strong margins, stable cash flows and upside from earnings growth and asset appreciation driven by increased use and inflation. We believe that there are a large number of acquisition opportunities in our markets and that our Manager's expertise and business and financing relationships, together with our access to capital and generally available capital for infrastructure projects in today's marketplace, will allow us to take advantage of these opportunities. As of March 31, 2022, on a pro forma basis, we had total consolidated assets of \$2,437.6 million and total preferred and shareholder's equity of \$932.5 million. For the three months ended March 31, 2022 and the year ended December 31, 2021, on a pro forma basis, we had net loss attributable to shareholders of \$69.5 million and \$161.1 million, respectively.

The Spin-Off

FTAI Infrastructure LLC, a Delaware limited liability company and subsidiary of FTAI, will convert into FTAI Infrastructure Inc., a Delaware corporation, which will hold, directly or indirectly, all of FTAI's infrastructure business comprised of (i) the Jefferson Terminal, a multi-modal crude oil and refined products terminal in Beaumont, Texas, (ii) Repauno, a deep-water port located along the Delaware River with an underground storage cavern, a new multipurpose dock, a rail-to-ship transloading system and multiple industrial development opportunities, (iii) Long Ridge, an equity method investment in a multi-modal terminal located along the Ohio River with multiple industrial

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development opportunities, including a power plant, (iv) Transtar, comprising five freight railroads and one switching company that provide rail service to certain manufacturing and production facilities, (v) Aleon and Gladieux, an equity method investment in two ventures developing battery and metal recycling technology, (vi) KRS, a tank car cleaning and repair business, (vii) Clean Planet USA, a green-tech company that is developing recycling facilities to process traditionally non-recyclable waste plastics in key North American markets, (viii) FYX, an operating company that provides roadside assistance services for the intermodal and over-the-road trucking industries, (ix) CarbonFree, a business that develops technologies to capture carbon dioxide from industrial emissions sources, and (x) Containers, which consists of containers that are owned and leased. As part of the spin-off, these infrastructure businesses will be contributed to or merged into a new holding company which will result in the infrastructure business being considered the predecessor of the newly formed FTAI Infrastructure. The separation of FTAI Infrastructure from FTAI and the distribution of FTAI Infrastructure common stock are intended to create two independent companies, enhance investor transparency, better highlight the attributes of both companies and allow for tailored capital structure and financing options. FTAI and FTAI Infrastructure expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in the section entitled “Our Spin-Off from FTAI—Reasons for the Spin-Off.” In connection with the spin-off transaction, FTAI is being treated as the accounting spinor, consistent with the legal form of the transaction.

Under the plan, FTAI will spin-off its infrastructure business by way of a pro-rata distribution of its interest in the common stock of our Company to FTAI shareholders of record as of the close of business on the spin-off transaction record date.

Impact of COVID-19

The ongoing COVID-19 pandemic adversely affected our Jefferson Terminal business in several material ways during the years ended December 31, 2020 and 2021. Although difficult to quantify the impact, the pandemic adversely affected macro trends in refinery utilization rates in the United States and the global consumption of petroleum and liquid fuels in 2020 and part of 2021, which adversely affected our revenues for our Jefferson Terminal business. In addition, we were unable to complete certain new customer contracts and certain of our existing customers did not increase volumes as anticipated which also adversely affected our revenues for those periods.

Due to the outbreak of COVID-19, we have taken measures to protect the health and safety of our employees, including having employees work remotely, where possible. As COVID-19 continues to evolve, the extent to which COVID-19 impacts operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to try and contain COVID-19 or treat its impact. We continue to monitor the pandemic and, the extent to which the continued spread of the virus adversely affects our customer base and therefore revenue. As the COVID-19 pandemic is complex and rapidly evolving, our plans as described above may change. At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, financial position and cash flows.

For additional detail, see “Risk Factors—A pandemic, including COVID-19, could have an adverse impact on our business, financial condition, and results of operations.”

Operating Segments

Our reportable segments represent strategic business units comprised of investments in different types of transportation and infrastructure assets. We have three reportable segments which operate in infrastructure businesses across several market sectors. Our reportable segments are (i) Jefferson Terminal, (ii) Ports and Terminals and (iii) Transtar. The Jefferson Terminal segment consists of a multi-modal crude oil and refined products terminal and other related assets. The Ports and Terminals segment consists of Repauno, which is a 1,630 acre deep-water port located along the Delaware River with an underground storage cavern and multiple industrial development opportunities, and an equity method investment in Long Ridge, which is a 1,660 acre multi-modal port located along the Ohio River with rail, dock, and multiple industrial development opportunities, including a power plant. The Transtar segment consists of five freight railroads and one switching company, of which two railroads are connected to US Steel's largest production facilities.

Corporate and Other primarily consists of corporate general and administrative expenses, and management fees, all allocated from the Parent. Additionally, Corporate and Other currently includes (i) Containers, (ii) investments in Aleon, Gladieux, and Clean Planet USA, (iii) a note receivable from CarbonFree and (iv) KRS.

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Results of Operations

Adjusted EBITDA (non-GAAP)

The chief operating decision maker (“CODM”) utilizes Adjusted EBITDA as the key performance measure. Adjusted EBITDA is not a financial measure in accordance with U.S. GAAP. This performance measure provides the CODM with the information necessary to assess operational performance, as well as making resource and allocation decisions. We believe Adjusted EBITDA is a useful metric for investors and analysts for similar purposes of assessing our operational performance.

Adjusted EBITDA is defined as net income attributable to FTAI Infrastructure, adjusted (a) to exclude the impact of provision for (benefit from) income taxes, equity-based compensation expense, acquisition and transaction expenses, losses on the modification or extinguishment of debt and capital lease obligations, changes in fair value of non-hedge derivative instruments, asset impairment charges, incentive allocations, depreciation and amortization expense, and interest expense, (b) to include the impact of our pro-rata share of Adjusted EBITDA from unconsolidated entities and (c) to exclude the impact of equity in earnings (losses) of unconsolidated entities and the non-controlling share of Adjusted EBITDA.

The following table presents our combined consolidated results of operations:

	Three Months Ended March 31,		Change
	2022	2021	'22 vs '21
<i>(in thousands)</i>			
Revenues			
Lease income	840	430	\$ 410
Rail revenues	33,668	—	33,668
Terminal services revenues	12,784	10,421	2,363
Other revenue	<u>(1,144)</u>	<u>9,691</u>	<u>(10,835)</u>
Total revenues	<u>46,148</u>	<u>20,542</u>	<u>25,606</u>
Expenses			
Operating expenses	38,068	16,809	21,259
General and administrative	2,430	2,034	396
Acquisition and transaction expenses	4,236	958	3,278
Management fees and incentive allocation to affiliate	4,161	3,598	563
Depreciation and amortization	<u>16,996</u>	<u>10,083</u>	<u>6,913</u>
Total expenses	<u>65,891</u>	<u>33,482</u>	<u>32,409</u>
Other (expense) income			
Equity in losses of unconsolidated entities	(22,043)	(454)	(21,589)
Interest expense	(6,459)	(1,483)	(4,976)
Other (expense) income	<u>(459)</u>	<u>181</u>	<u>(640)</u>
Total other expense	<u>(28,961)</u>	<u>(1,756)</u>	<u>(27,205)</u>
Loss before income taxes	(48,704)	(14,696)	(34,008)
Provision for (benefit from) income taxes	<u>1,584</u>	<u>(406)</u>	<u>1,990</u>
Net loss	<u>(50,288)</u>	<u>(14,290)</u>	<u>(35,998)</u>
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	<u>(7,466)</u>	<u>(4,961)</u>	<u>(2,505)</u>
Net loss attributable to FTAI Infrastructure	<u><u>\$(42,822)</u></u>	<u><u>\$ (9,329)</u></u>	<u><u>\$(33,493)</u></u>

	Year Ended December 31,			Change	
	2021	2020	2019	'21 vs '20	'20 vs '19
<i>(in thousands)</i>					

Revenues					
Lease income	\$ 2,424	\$1,186	\$3,362	\$ 1,238	\$(2,176)
Rail revenues	56,803	—	—	56,803	—

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<i>(in thousands)</i>	Year Ended December 31,			Change	
	2021	2020	2019	'21 vs '20	'20 vs '19
Terminal services revenues	45,038	50,887	42,965	(5,849)	7,922
Crude marketing revenues	—	8,210	166,134	(8,210)	(157,924)
Other revenue	15,954	8,279	16,991	7,675	(8,712)
Total revenues	120,219	68,562	229,452	51,657	(160,890)
Expenses					
Operating expenses	98,541	69,391	260,909	29,150	(191,518)
General and administrative	8,737	8,522	7,469	215	1,053
Acquisition and transaction expenses	14,826	1,658	9,134	13,168	(7,476)
Management fees and incentive allocation to affiliate	15,638	13,073	16,541	2,565	(3,468)
Depreciation and amortization	54,016	31,114	33,128	22,902	(2,014)
Asset impairment	—	—	4,726	—	(4,726)
Total expenses	191,758	123,758	331,907	68,000	(208,149)
Other (expense) income					
Equity in losses of unconsolidated entities	(13,499)	(3,107)	(546)	(10,392)	(2,561)
Gain (loss) on sale of assets, net	16	(8)	121,296	24	(121,304)
Loss on extinguishment of debt	—	(4,724)	—	4,724	(4,724)
Interest expense	(16,019)	(10,764)	(17,907)	(5,255)	7,143
Other (expense) income	(8,930)	92	2,857	(9,022)	(2,765)
Total other (expense) income	(38,432)	(18,511)	105,700	(19,921)	(124,211)
(Loss) income before income taxes	(109,971)	(73,707)	3,245	(36,264)	(76,952)
(Benefit from) provision for income taxes	(3,630)	(1,984)	14,384	(1,646)	(16,368)
Net loss	(106,341)	(71,723)	(11,139)	(34,618)	(60,584)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	(26,472)	(16,522)	(17,571)	(9,950)	1,049
Net (loss) income attributable to FTAI Infrastructure	\$ (79,869)	\$ (55,201)	\$ 6,432	\$ (24,668)	\$ (61,633)

The following table sets forth a reconciliation of net (loss) income attributable to FTAI Infrastructure to Adjusted EBITDA:

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2022	2021	'22 vs '21
Net loss attributable to FTAI Infrastructure	\$(42,822)	\$ (9,329)	\$(33,493)
Add: Provision for (benefit from) income taxes	1,584	(406)	1,990
Add: Equity-based compensation expense	709	1,114	(405)
Add: Acquisition and transaction expenses	4,236	958	3,278
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	766	(7,964)	8,730
Add: Asset impairment charges	—	—	—

Add: Incentive allocations	—	—	—
Add: Depreciation & amortization expense	16,996	10,083	6,913
Add: Interest expense	6,459	1,483	4,976
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽¹⁾	5,407	2,760	2,647
Less: Equity in losses of unconsolidated entities	22,043	454	21,589
Less: Non-controlling share of Adjusted EBITDA ⁽²⁾	<u>(3,816)</u>	<u>(2,029)</u>	<u>(1,787)</u>
Adjusted EBITDA (non-GAAP)	<u>\$ 11,562</u>	<u>\$ (2,876)</u>	<u>\$ 14,438</u>

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<i>(in thousands)</i>	Year Ended December 31,			Change	
	2021	2020	2019	'21 vs '20	'20 vs '19
Net (loss) income attributable to FTAI Infrastructure	\$(79,869)	\$(55,201)	\$ 6,432	\$(24,668)	\$(61,633)
Add: (Benefit from) provision for income taxes	(3,630)	(1,984)	14,384	(1,646)	(16,368)
Add: Equity-based compensation expense	4,038	2,325	1,509	1,713	816
Add: Acquisition and transaction expenses	14,826	1,658	9,134	13,168	(7,476)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	4,724	—	(4,724)	4,724
Add: Changes in fair value of non-hedge derivative instruments	(2,220)	181	4,555	(2,401)	(4,374)
Add: Asset impairment charges	—	—	4,726	—	(4,726)
Add: Incentive allocations	—	—	5,819	—	(5,819)
Add: Depreciation & amortization expense	54,016	31,114	33,128	22,902	(2,014)
Add: Interest expense	16,019	10,764	17,907	5,255	(7,143)
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽¹⁾	29,095	3,140	442	25,955	2,698
Less: Equity in losses of unconsolidated entities	13,499	3,107	546	10,392	2,561
Less: Non-controlling share of Adjusted EBITDA ⁽²⁾	<u>(12,508)</u>	<u>(9,637)</u>	<u>(9,859)</u>	<u>(2,871)</u>	<u>222</u>
Adjusted EBITDA (non-GAAP)	<u>\$ 33,266</u>	<u>\$ (9,809)</u>	<u>\$88,723</u>	<u>\$ 43,075</u>	<u>\$(98,532)</u>

- (1) Includes the following items for the three months ended March 31, 2022 and 2021 and years ended December 31, 2021, 2020 and 2019: (i) net income (loss) of \$(22,088), \$1,518, \$(11,839), \$(3,503) and \$(734), (ii) interest expense of \$6,463, \$239, \$5,612, \$1,138 and \$131, (iii) depreciation and amortization expense of \$6,284, \$1,880, \$12,443, \$5,513 and \$1,045, (iv) acquisition and transaction expense of \$3, \$—, \$104, \$581 and \$—, (v) changes in fair value of non-hedge derivative instruments of \$14,615, \$(877), \$19,850, \$(589) and \$—, (vi) asset impairment of \$32, \$—, \$2,146, \$— and \$— and (vii) equity-based compensation of \$98, \$—, \$779, \$— and \$—, respectively.
- (2) Includes the following items for the three months ended March 31, 2022 and 2021 and years ended December 31, 2021, 2020 and 2019: (i) equity-based compensation of \$127, \$198, \$751, \$374 and \$230, (ii) provision for income taxes of \$15, \$13, \$52, \$59 and \$60, (iii) interest expense of \$1,384, \$280, \$3,370, \$2,025 and \$3,400, (iv) depreciation and amortization expense of \$2,263, \$1,812, \$8,411, \$6,149 and \$4,833, (v) changes in fair value of non-hedge derivative instruments of \$27, \$(274), \$(76), \$38 and \$1,336 and (vi) loss on extinguishment of debt of \$—, \$—, \$—, \$992 and \$—, respectively.

Comparison of the three months ended March 31, 2022 and 2021

Revenues

Rail revenue increased \$33.7 million due to the acquisition of Transtar in July 2021.

Other revenue decreased \$10.8 million primarily due to a loss on butane forward contracts at Repauno.

Terminal services revenue increased \$2.4 million at Jefferson Terminal primarily due to higher volumes.

Expenses

Total expenses increased \$32.4 million primarily due to increases in (i) operating expenses, (ii) acquisition and transaction expenses, (iii) management fees and incentive allocation to affiliate and (iv) depreciation and amortization.

Operating expenses increased \$21.3 million primarily due to:

- an increase of \$19.1 million due to the acquisition of Transtar, which primarily consists of compensation and benefits and facility operating expenses;
- an increase of \$.8 million at Repauno due to increased operating activity; and
- and an increase of \$1.4 million at Jefferson Terminal due to increased terminal activity.

Acquisition and transaction expenses increased \$3.3 million primarily due an increase in professional fees related to strategic transactions.

Depreciation and amortization increased \$6.9 million which primarily reflects (i) additional assets placed into service at Jefferson Terminal and (ii) the acquisition of Transtar.

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Other (expense) income

Total other expense increased \$27.2 million which primarily reflects:

- an increase in equity in losses of unconsolidated entities of \$21.6 million which primarily reflects unrealized losses on power swaps at Long Ridge and
- an increase in interest expense of \$5.0 million due to the issuance of the Series 2021 Bonds for \$425 million and additional borrowings related to the EB-5 Loan Agreements.

Provision for income taxes

The benefit from income taxes decreased \$2.0 million which primarily reflects a provision in the Transtar segment.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased \$14.4 million primarily due to the changes noted above.

Comparison of the years ended December 31, 2021 and 2020

Revenues

Rail revenue increased \$56.8 million due to the acquisition of Transtar in July 2021.

Crude marketing revenues decreased \$8.2 million. In 2019, Jefferson Terminal directly sourced crude from producers in Canada, arranging logistics to its terminal and then marketing crude to third parties to take advantage of favorable spreads. The resulting crude sales and corresponding costs of sale, including logistical costs, are reflected in crude marketing revenues and operating expenses, respectively. Jefferson Terminal exited this crude marketing strategy in the fourth quarter of 2019 as a result of unfavorable oil spreads and as certain logistical commitments expired. All activities related to crude marketing revenues were terminated in 2019. All crude marketing revenues in 2020 include contracts executed in 2019 but delivered in 2020.

Other revenue increased \$7.7 million primarily due to (i) an increase in butane sales of \$5.2 million at Repauno, (ii) a gain of \$2.2 million on butane forward purchase contracts at Repauno and (iii) an increase of \$0.4 million due to the commencement of transloading at Repauno.

Terminal services revenue decreased \$5.8 million at Jefferson Terminal which reflects lower volumes in the first half of 2021 due to lower global oil demand related to COVID-19.

Expenses

Total expenses increased \$68.0 million primarily due to increases in (i) operating expenses, (ii) acquisition and transaction expenses, (iii) management fees and incentive allocation to affiliate and (iv) depreciation and amortization.

Operating expenses increased \$29.2 million primarily due to:

- an increase of \$29.0 million due to the acquisition of Transtar, which primarily consists of compensation and benefits and facility operating expenses;
- an increase of \$4.1 million at Repauno which primarily reflects increases in (i) property taxes due to new assets, (ii) facility operating expenses due to higher butane volumes, (iii) compensation and benefits due to additional headcount and (iv) professional fees; and
- a decrease of \$4.8 million at Jefferson Terminal which primarily reflects (i) a decrease in cost of sales due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019, partially offset by (ii) higher insurance and other facility operating expenses.

Acquisition and transaction expenses increased \$13.2 million primarily due to an increase in professional fees related to the acquisition of Transtar and other strategic initiatives.

Management fees and incentive allocation to affiliate increased \$2.6 million which reflects an increase in the base management fee as our average total equity was higher in 2021, primarily due to the acquisition of Transtar.

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Depreciation and amortization increased \$22.9 million which primarily reflects (i) additional assets placed into service at Jefferson Terminal and Repauno and (ii) the acquisition of Transtar.

Other (expense) income

Total other expense increased \$19.9 million which primarily reflects:

- an increase in other expense of \$9.0 million primarily due to (i) losses related to crude oil forward transactions at Jefferson Terminal and (ii) a write-off of an earn-out receivable at Long Ridge;
- an increase in equity in losses of unconsolidated entities of \$10.4 million which primarily reflects unrealized losses on power swaps at Long Ridge;
- an increase in interest expense of \$5.3 million due to the issuance of the Series 2021 Bonds for \$425 million and the commencement of the EB-5 Loan Agreements; and
- a decrease in loss on extinguishment of debt of \$4.7 million due to a debt refinancing at Jefferson Terminal in 2020.

Provision for income taxes

The benefit from income taxes increased \$1.6 million which primarily reflects higher pre-tax losses in the Ports and Terminals segment and Corporate and Other, partially offset by a provision in the Transtar segment.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased \$43.1 million primarily due to (i) the changes noted above and (ii) an increase in the Pro-rata share of Adjusted EBITDA from unconsolidated entities.

Comparison of the years ended December 31, 2020 and 2019

Revenues

Crude marketing revenues decreased \$157.9 million primarily due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019. Revenues in 2020 include contracts executed in 2019 but delivered in 2020.

Other revenue decreased \$8.7 million which primarily reflects (i) a decrease of \$6.3 million at Long Ridge due to Long Ridge being accounted for as an equity method investment starting in the fourth quarter of 2019 (the “Long Ridge Transaction”), (ii) a decrease of \$3.9 million at Repauno due to lower sales of butane, partially offset by (iii) an increase of \$1.5 million in our railcar cleaning business due to higher volumes.

Terminal services revenue increased \$7.9 million which primarily reflects (i) an increase of \$15.0 million due to increased activity and storage capacity at Jefferson Terminal, partially offset by (ii) a decrease of \$7.1 million due to the Long Ridge Transaction.

Expenses

Total expenses decreased \$208.1 million primarily due to decreases in (i) operating expenses, (ii) acquisition and transaction expenses, (iii) asset impairment, (iv) management fees and incentive allocation to affiliate and (v) depreciation and amortization.

Operating expenses decreased \$191.5 million primarily due to decreases in:

- cost of sales of \$167.4 million primarily due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019; and
- facility operations of \$19.2 million which primarily reflects (i) a decrease of \$14.1 million at Jefferson Terminal due to lower railcar and storage expenses associated with the crude marketing strategy and (ii) a decrease of \$4.1 million due to the Long Ridge Transaction.

Acquisition and transaction expenses decreased \$7.5 million primarily due to transaction costs associated with the Long Ridge Transaction during 2019.

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Asset impairment decreased \$4.7 million due to asset impairment charges in 2019 at Long Ridge from the expiration of unproved gas leases.

Management fees and incentive allocation to affiliate decreased \$3.5 million primarily due to incentive fees related to the Long Ridge Transaction in 2019.

Depreciation and amortization decreased \$2.0 million which primarily reflects (i) a decrease of \$8.4 million due to the Long Ridge Transaction, partially offset by (ii) an increase of \$6.2 million due to assets placed into service at Jefferson Terminal.

Other (expense) income

Total other income decreased \$124.2 million which primarily reflects:

- a decrease of \$121.3 million in gains on sale of assets, net primarily due to the Long Ridge Transaction;
- a decrease in interest expense of \$7.1 million which primarily reflects a decrease of \$6.8 million at Jefferson Terminal due to the issuance of the Series 2020 Bonds (“Jefferson Refinancing”), which reduced its weighted average interest rate. See Note 8 to the combined consolidated financial statements for additional information;
- a loss on extinguishment of debt of \$4.7 million due to the Jefferson Refinancing in 2020;
- a decrease in other income of \$2.8 million primarily due to the Long Ridge Transaction; and
- an increase of \$2.6 million in equity in losses of unconsolidated entities.

Provision for income taxes

The provision for income taxes decreased \$16.4 million which primarily reflects deferred tax expense in 2019 due to the gain on sale for the Long Ridge Transaction.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA decreased \$98.5 million primarily due to the changes noted above.

Jefferson Terminal Segment

The following table presents our results of operations:

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2022	2021	'22 vs '21
Revenues			
Lease income	352	430	\$ (78)
Terminal services revenues	<u>12,694</u>	<u>10,289</u>	<u>2,405</u>
Total revenues	<u>13,046</u>	<u>10,719</u>	<u>2,327</u>
Expenses			
Operating expenses	13,123	11,721	1,402
Depreciation and amortization	<u>9,700</u>	<u>7,718</u>	<u>1,982</u>
Total expenses	<u>22,823</u>	<u>19,439</u>	<u>3,384</u>
Other (expense) income			
Interest expense	(6,110)	(1,203)	(4,907)
Other (expense) income	<u>(99)</u>	<u>181</u>	<u>(280)</u>
Total other expense	<u>(6,209)</u>	<u>(1,022)</u>	<u>(5,187)</u>
Loss before income taxes	<u>(15,986)</u>	<u>(9,742)</u>	<u>(6,244)</u>
Provision for income taxes	<u>69</u>	<u>57</u>	<u>12</u>
Net loss	<u>(16,055)</u>	<u>(9,799)</u>	<u>(6,256)</u>

Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	<u>(7,136)</u>	<u>(5,016)</u>	<u>(2,120)</u>
Net loss attributable to FTAI Infrastructure	<u>\$ (8,919)</u>	<u>\$ (4,783)</u>	<u>\$(4,136)</u>

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<i>(in thousands)</i>	Year Ended December 31,			Change	
	2021	2020	2019	'21 vs '20	'20 vs '19
Revenues					
Lease income	\$ 1,688	\$ 1,186	\$ 2,306	\$ 502	\$ (1,120)
Terminal services revenues	44,664	50,887	35,908	(6,223)	14,979
Crude marketing revenues	—	8,210	166,134	(8,210)	(157,924)
Total revenues	46,352	60,283	204,348	(13,931)	(144,065)
Expenses					
Operating expenses	48,255	53,072	231,506	(4,817)	(178,434)
Depreciation and amortization	36,013	29,034	22,873	6,979	6,161
Total expenses	84,268	82,106	254,379	2,162	(172,273)
Other (expense) income					
Equity in losses of unconsolidated entities	—	—	(292)	—	292
(Loss) gain on sale of assets, net	—	(8)	4,636	8	(4,644)
Loss on extinguishment of debt	—	(4,724)	—	4,724	(4,724)
Interest expense	(14,812)	(9,426)	(16,189)	(5,386)	6,763
Other (expense) income	(4,726)	92	752	(4,818)	(660)
Total other expense	(19,538)	(14,066)	(11,093)	(5,472)	(2,973)
Loss before income taxes	(57,454)	(35,889)	(61,124)	(21,565)	25,235
Provision for income taxes	229	278	284	(49)	(6)
Net loss	(57,683)	(36,167)	(61,408)	(21,516)	25,241
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	(26,250)	(16,483)	(17,356)	(9,767)	873
Net loss attributable to FTAI Infrastructure	\$(31,433)	\$(19,684)	\$(44,052)	\$(11,749)	\$ 24,368

The following table sets forth a reconciliation of net loss attributable to FTAI Infrastructure to Adjusted EBITDA:

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2022	2021	'22 vs '21
Net loss attributable to FTAI Infrastructure	\$(8,919)	\$(4,783)	\$(4,136)
Add: Provision for income taxes	69	57	12
Add: Equity-based compensation expense	538	841	(303)
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	9,700	7,718	1,982
Add: Interest expense	6,110	1,203	4,907

Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽¹⁾	—	—	—
Less: Equity in losses of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted EBITDA ⁽²⁾	<u>(3,692)</u>	<u>(2,208)</u>	<u>(1,484)</u>
Adjusted EBITDA (non-GAAP)	<u>\$ 3,806</u>	<u>\$ 2,828</u>	<u>\$ 978</u>

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<i>(in thousands)</i>	Year Ended December 31,			Change	
	2021	2020	2019	'21 vs '20	'20 vs '19
Net loss attributable to FTAI Infrastructure	\$(31,433)	\$(19,684)	\$(44,052)	\$(11,749)	\$24,368
Add: Provision for income taxes	229	278	284	(49)	(6)
Add: Equity-based compensation expense	3,215	1,676	1,054	1,539	622
Add: Acquisition and transaction expenses	—	—	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	4,724	—	(4,724)	4,724
Add: Changes in fair value of non-hedge derivative instruments	—	181	6,364	(181)	(6,183)
Add: Asset impairment charges	—	—	—	—	—
Add: Incentive allocations	—	—	—	—	—
Add: Depreciation and amortization expense	36,013	29,034	22,873	6,979	6,161
Add: Interest expense	14,812	9,426	16,189	5,386	(6,763)
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽¹⁾	—	—	656	—	(656)
Less: Equity in losses of unconsolidated entities	—	—	292	—	(292)
Less: Non-controlling share of Adjusted EBITDA ⁽²⁾	<u>(12,205)</u>	<u>(9,517)</u>	<u>(9,820)</u>	<u>(2,688)</u>	<u>303</u>
Adjusted EBITDA (non-GAAP)	<u>\$ 10,631</u>	<u>\$ 16,118</u>	<u>\$ (6,160)</u>	<u>\$ (5,487)</u>	<u>\$22,278</u>

(1) Includes the following items for the year ended December 31, 2019: (i) net loss of \$(349) and (ii) depreciation and amortization expense of \$1,005.

(2) Includes the following items for the three months ended March 31, 2022 and 2021 and years ended December 31, 2021, 2020 and 2019: (i) equity-based compensation of \$121, \$189, \$723, \$352 and \$221, (ii) provision for income taxes of \$15, \$13, \$52, \$59 and \$60, (iii) interest expense of \$1,374, \$270, \$3,331, \$1,979 and \$3,400, (iv) changes in fair value of non-hedge derivative instruments of \$—, \$—, \$—, \$38 and \$1,336, (v) depreciation and amortization expense of \$2,182, \$1,736, \$8,099, \$6,097 and \$4,803 and (vi) loss on extinguishment of debt of \$—, \$—, \$992 and \$—, respectively.

Comparison of the three months ended March 31, 2022 and 2021

Revenues

Total revenues increased 2.3 million which primarily reflects an increase in terminal services revenue of \$2.4 million primarily due to higher volumes.

Expenses

Total expenses increased \$3.4 million which reflects (i) an increase in depreciation and amortization of \$2.0 million due to additional assets placed into service and (ii) an increase in operating expenses of \$1.4 million due to increased terminal activity.

Other (expense) income

Total other expense increased \$5.2 million which primarily reflects an increase in interest expense of \$4.9 million due to the issuance of the Series 2021 Bonds in August 2021 and additional borrowings related to the EB-5 Loan Agreements.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased \$1.0 million primarily due to the changes noted above.

Comparison of the years ended December 31, 2021 and 2020

Revenues

Total revenues decreased \$13.9 million which primarily reflects (i) a decrease in crude marketing revenue of \$8.2 million due to Jefferson Terminal exiting its crude marketing strategy in the fourth quarter of 2019 and (ii) a decrease in terminal services revenues of \$6.2 million which reflects lower volumes in the first half of 2021 due to lower global oil demand related to COVID-19.

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Expenses

Total expenses increased \$2.2 million which reflects (i) an increase in depreciation and amortization of \$7.0 million due to additional assets placed into service, partially offset by (ii) a decrease in operating expenses of \$4.8 million which primarily reflects (i) a decrease in cost of sales due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019, partially offset by (ii) higher insurance and other facility operating expenses.

Other (expense) income

Total other expense increased \$5.5 million which primarily reflects:

- an increase in interest expense of \$5.4 million due to the issuance of the Series 2021 Bonds for \$425 million and the commencement of the EB-5 Loan Agreements;
- an increase in other expense of \$4.8 million due to losses related to crude oil forward transactions; and
- a decrease in loss on extinguishment of debt of \$4.7 million due to a debt refinancing in 2020. See Note 8 to the combined consolidated financial statements for additional information.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA decreased \$5.5 million primarily due to the changes noted above.

Comparison of the years ended December 31, 2020 and 2019

Revenues

Total revenues decreased \$144.1 million which primarily reflects (i) a decrease in crude marketing revenue of \$157.9 million due to Jefferson Terminal exiting its crude marketing strategy in the fourth quarter of 2019. In 2019, crude to third parties to take advantage of favorable spreads. The resulting crude sales and corresponding costs of sale, including logistical costs, are reflected in Crude marketing revenues and Operating expenses, respectively. Jefferson exited this crude marketing strategy in the fourth quarter of 2019 as a result of unfavorable oil spreads and as certain logistical commitments expired. This decrease is partially offset by (ii) an increase in terminal services of \$15.0 million due to increased activity and storage capacity.

Expenses

Total expenses decreased \$172.3 million which reflects (i) a decrease in operating expenses of \$178.4 million primarily due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019, as described above, partially offset by (ii) an increase in depreciation and amortization of \$6.2 million due to additional assets placed into service.

Other (expense) income

Total other expense increased \$3.0 million which primarily reflects (i) a loss on extinguishment of debt of \$4.7 million due to the Jefferson Refinancing, (ii) a decrease in gains on sale of assets, net due to a \$4.6 million gain recognized in 2019, partially offset by (iii) a decrease in interest expense of \$6.8 million due to the Jefferson Refinancing.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased \$22.3 million primarily due to the changes in net loss attributable to FTAI Infrastructure noted above.

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Ports and Terminals

The following table presents our results of operations:

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2022	2021	'22 vs '21
Revenues			
Rail revenues	86	—	86
Terminal services revenues	90	132	(42)
Other revenue	<u>(2,162)</u>	<u>7,964</u>	<u>(10,126)</u>
Total revenues	<u>(1,986)</u>	<u>8,096</u>	<u>(10,082)</u>
Expenses			
Operating expenses	3,883	3,102	781
Depreciation and amortization	<u>2,369</u>	<u>2,211</u>	<u>158</u>
Total expenses	<u>6,252</u>	<u>5,313</u>	<u>939</u>
Other (expense) income			
Equity in (losses) earnings of unconsolidated entities	(21,381)	1,542	(22,923)
Interest expense	<u>(287)</u>	<u>(279)</u>	<u>(8)</u>
Total other (expense) income	<u>(21,668)</u>	<u>1,263</u>	<u>(22,931)</u>
(Loss) income before income taxes	(29,906)	4,046	(33,952)
Benefit from income taxes	<u>—</u>	<u>(462)</u>	<u>462</u>
Net (loss) income	<u>(29,906)</u>	<u>4,508</u>	<u>(34,414)</u>
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	<u>(330)</u>	<u>55</u>	<u>(385)</u>
Net (loss) income attributable to FTAI Infrastructure	<u>\$(29,576)</u>	<u>\$4,453</u>	<u>\$(34,029)</u>

<i>(in thousands)</i>	Year Ended December 31,			Change	
	2021	2020	2019	'21 vs '20	'20 vs '19
Revenues					
Lease income	\$ —	\$ —	\$ 1,056	\$ —	\$ (1,056)
Terminal services revenues	374	—	7,057	374	(7,057)
Other revenue	<u>11,243</u>	<u>3,855</u>	<u>14,074</u>	<u>7,388</u>	<u>(10,219)</u>
Total revenues	<u>11,617</u>	<u>3,855</u>	<u>22,187</u>	<u>7,762</u>	<u>(18,332)</u>
Expenses					
Operating expenses	14,403	10,327	24,854	4,076	(14,527)
Acquisition and transaction expenses	—	907	5,008	(907)	(4,101)
Depreciation and amortization	9,052	1,497	9,849	7,555	(8,352)
Asset impairment	<u>—</u>	<u>—</u>	<u>4,726</u>	<u>—</u>	<u>(4,726)</u>
Total expenses	<u>23,455</u>	<u>12,731</u>	<u>44,437</u>	<u>10,724</u>	<u>(31,706)</u>
Other (expense) income					
Equity in losses of unconsolidated entities	(13,597)	(3,222)	(192)	(10,375)	(3,030)
Gain on sale of assets, net	16	—	116,660	16	(116,660)

Interest expense	(1,147)	(1,335)	(1,712)	188	377
Other (expense) income	<u>(3,782)</u>	<u>—</u>	<u>2,098</u>	<u>(3,782)</u>	<u>(2,098)</u>
Total other (expense) income	<u>(18,510)</u>	<u>(4,557)</u>	<u>116,854</u>	<u>(13,953)</u>	<u>(121,411)</u>
(Loss) income before income taxes	(30,348)	(13,433)	94,604	(16,915)	(108,037)
(Benefit from) provision for income taxes	<u>(3,930)</u>	<u>(2,265)</u>	<u>14,106</u>	<u>(1,665)</u>	<u>(16,371)</u>
Net (loss) income	<u>(26,418)</u>	<u>(11,168)</u>	<u>80,498</u>	<u>(15,250)</u>	<u>(91,666)</u>
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	<u>(222)</u>	<u>(39)</u>	<u>(215)</u>	<u>(183)</u>	<u>176</u>
Net (loss) income attributable to FTAI Infrastructure	<u><u>\$(26,196)</u></u>	<u><u>\$(11,129)</u></u>	<u><u>\$ 80,713</u></u>	<u><u>\$(15,067)</u></u>	<u><u>\$ (91,842)</u></u>

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The following table sets forth a reconciliation of net (loss) income attributable to FTAI Infrastructure to Adjusted EBITDA:

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2022	2021	'22 vs '21
Net (loss) income attributable to FTAI Infrastructure	\$(29,576)	\$ 4,453	\$(34,029)
Add: (Benefit from) provision for income taxes	—	(462)	462
Add: Equity-based compensation expense	171	273	(102)
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	766	(7,964)	8,730
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	2,369	2,211	158
Add: Interest expense	287	279	8
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽¹⁾	6,095	2,705	3,390
Less: Equity in losses (earnings) of unconsolidated entities	21,381	(1,542)	22,923
Less: Non-controlling share of Adjusted EBITDA ⁽²⁾	(124)	179	(303)
Adjusted EBITDA (non-GAAP)	\$ 1,369	\$ 132	\$ 1,237

<i>(in thousands)</i>	Year Ended December 31,			Change	
	2021	2020	2019	'21 vs '20	'20 vs '19
Net (loss) income attributable to FTAI Infrastructure	\$(26,196)	\$(11,129)	\$ 80,713	\$(15,067)	\$ (91,842)
Add: (Benefit from) provision for income taxes	(3,930)	(2,265)	14,106	(1,665)	(16,371)
Add: Equity-based compensation expense	823	649	455	174	194
Add: Acquisition and transaction expenses	—	907	5,008	(907)	(4,101)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	(2,220)	—	(1,809)	(2,220)	1,809
Add: Asset impairment charges	—	—	4,726	—	(4,726)
Add: Incentive allocations	—	—	—	—	—
Add: Depreciation and amortization expense	9,052	1,497	9,849	7,555	(8,352)
Add: Interest expense	1,147	1,335	1,712	(188)	(377)
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽¹⁾	29,405	3,304	(153)	26,101	3,457
Less: Equity in losses of unconsolidated entities	13,597	3,222	192	10,375	3,030
Less: Non-controlling share of Adjusted EBITDA ⁽²⁾	(303)	(120)	(39)	(183)	(81)
Adjusted EBITDA (non-GAAP)	\$ 21,375	\$ (2,600)	\$114,760	\$ 23,975	\$(117,360)

(1) Includes the following items for the three months ended March 31, 2022 and 2021 and years ended December 31, 2021, 2020 and 2019: (i) net income (loss) of \$(21,380), \$1,542, \$(11,430), \$(3,222) and \$(193), (ii) depreciation expense of \$6,284, \$1,880, \$12,443, \$5,513 and \$40, (iii) interest expense of \$6,443, \$160, \$5,513, \$1,021 and \$—, (iv) acquisition and transaction expense of \$3, \$—, \$104, \$581 and \$0, (v) changes in fair value of non-hedge derivative instruments of \$14,615, \$(877), \$19,850, \$(589) and \$—, (vi) asset impairment of \$32, \$—, \$2,146, \$— and \$— and (vii) equity-based compensation of \$98, \$—, \$779, \$—, and \$—, respectively.

(2) Includes the following items for the three months ended March 31, 2022 and 2021 and years ended December 31, 2021, 2020 and 2019: (i) equity-based compensation of \$6, \$9, \$28, \$22 and \$9, (ii) interest expense of \$10, \$10, \$39, \$46 and \$—, (iii) depreciation and amortization expense of \$81, \$76, \$312, \$52 and \$30, (iv) changes in fair value of non-hedge derivative instruments of \$27, \$(274), \$(76), \$— and \$— and, respectively.



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Comparison of the three months ended March 31, 2022 and 2021

Revenues

Total revenues decreased \$10.1 million, primarily due to a loss on butane forward purchase contracts at Repauno.

Expenses

Total expenses increased \$0.9 million which reflects higher operating expenses of \$0.8 million due to increased activity at Repauno.

Other (expense) income

Total other expense increased \$22.9 million which reflects an increase in equity in losses in unconsolidated entities primarily due to unrealized losses on power swaps at Long Ridge.

Provision for income taxes

The benefit from income taxes decreased \$0.5 million which primarily reflects no deferred tax benefits in 2022.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased \$1.2 million due to the changes noted above.

Comparison of the years ended December 31, 2021 and 2020

Revenues

Total revenues increased \$7.8 million, primarily due to (i) an increase in butane sales of \$5.2 million at Repauno, (ii) a gain of \$2.2 million on butane forward purchase contracts at Repauno and (iii) an increase of \$0.4 million due to the commencement of transloading at Repauno.

Expenses

Total expenses increased \$10.7 million primarily due to:

- an increase in operating expenses of \$4.1 million which primarily reflects increases in (i) property taxes due to new assets at Repauno, (ii) facility operating expenses due to higher butane volumes, (iii) compensation and benefits due to additional headcount at Repauno and (iv) professional fees;
- an increase in depreciation expense of \$7.6 million due to assets being placed into service at Repauno; and
- a decrease in acquisition and transaction expense of \$0.9 million due to no acquisitions in 2021.

Other (expense) income

Total other expense increased \$14.0 million primarily due to increases in (i) other expense due to the write-off of an earn-out receivable of \$4.1 million at Long Ridge and (ii) equity in losses in unconsolidated entities primarily due to unrealized losses on power swaps at Long Ridge.

Provision for income taxes

The benefit from income taxes increased \$1.7 million which primarily reflects a deferred tax benefit due to higher pre-tax losses in 2021.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased \$24.0 million due to an increase in the pro rata share of adjusted EBITDA from unconsolidated entities of \$26.1 million and the changes noted above.

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Comparison of the years ended December 31, 2020 and 2019

Revenues

Total revenues decreased \$18.3 million, primarily due to (i) the Long Ridge Transaction and (ii) a decrease of \$3.9 million in butane sales at Repauno.

Expenses

Total expenses decreased \$31.7 million primarily due to decreases in (i) operating expenses of \$14.5 million, (ii) depreciation expense of \$8.4 million related to the Long Ridge Transaction, (iii) asset impairment of \$4.7 million in 2019 at Long Ridge due to the expiration of unproved gas leases and (iv) acquisition and transaction expense of \$4.1 million.

The decrease in operating expenses was primarily driven by lower:

- operating expenses of \$12.7 million primarily due to the Long Ridge Transaction; and
- cost of sales of \$2.6 million related to the sale of butane at Repauno.

The decrease in operating expenses was offset by an increase in compensation and benefits of \$1.1 million due to increased headcount.

Acquisition and transaction expense decreased due to transaction costs associated with the Long Ridge Transaction during 2019.

Other (expense) income

Total other income decreased \$121.4 million primarily due to decreases in (i) gain on sale of \$116.7 million from the Long Ridge Transaction in 2019 (ii) equity method income of \$3.0 million from Long Ridge in 2020 and (iii) other income of \$1.8 million due to unrealized gains on power swap derivatives, which was deconsolidated with the Long Ridge Transaction.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA decreased \$117.4 million primarily due to the changes in net income (loss) attributable to FTAI Infrastructure noted above.

Transtar

On July 28, 2021, we completed the acquisition for 100% of the equity interests of Transtar from United States Steel Corporation (“USS”) for total cash consideration of \$636.0 million. Transtar is comprised of five freight railroads and one switching company, of which two railroads are connected to USS's largest production facilities. See Note 3 to the combined consolidated financial statements for additional information.

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The following table presents our results of operations:

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2022	2021	'22 vs '21
Revenues			
Infrastructure revenues			
Lease income	\$ 488	\$—	\$ 488
Rail revenues	<u>33,582</u>	<u>—</u>	<u>33,582</u>
Total revenues	<u>34,070</u>	<u>—</u>	<u>34,070</u>
Expenses			
Operating expenses	19,063	—	19,063
Acquisition and transaction expenses	206	—	206
Depreciation and amortization	<u>4,759</u>	<u>—</u>	<u>4,759</u>
Total expenses	<u>24,028</u>	<u>—</u>	<u>24,028</u>
Other expense			
Interest expense	(60)	—	(60)
Other expense	<u>(360)</u>	<u>—</u>	<u>(360)</u>
Total other expense	<u>(420)</u>	<u>—</u>	<u>(420)</u>
Income before income taxes	9,622	—	9,622
Provision for income taxes	<u>1,515</u>	<u>—</u>	<u>1,515</u>
Net income	<u>8,107</u>	<u>—</u>	<u>8,107</u>
Net income attributable to FTAI Infrastructure	<u>\$ 8,107</u>	<u>\$—</u>	<u>\$ 8,107</u>

<i>(in thousands)</i>	Year Ended December 31,			Change	
	2021	2020	2019	'21 vs '20	'20 vs '19
Revenues					
Infrastructure revenues					
Lease income	\$ 736	\$—	\$—	\$ 736	\$—
Rail revenues	<u>56,803</u>	<u>—</u>	<u>—</u>	<u>56,803</u>	<u>—</u>
Total revenues	<u>57,539</u>	<u>—</u>	<u>—</u>	<u>57,539</u>	<u>—</u>
Expenses					
Operating expenses	28,987	—	—	28,987	—
Acquisition and transaction expenses	2,841	—	—	2,841	—
Depreciation and amortization	<u>8,320</u>	<u>—</u>	<u>—</u>	<u>8,320</u>	<u>—</u>
Total expenses	<u>40,148</u>	<u>—</u>	<u>—</u>	<u>40,148</u>	<u>—</u>
Other expense					
Interest expense	(53)	—	—	(53)	—
Other expense	<u>(423)</u>	<u>—</u>	<u>—</u>	<u>(423)</u>	<u>—</u>

Total other expense	<u>(476)</u>	<u>—</u>	<u>—</u>	<u>(476)</u>	<u>—</u>
Income before income taxes	16,915	—	—	16,915	—
Provision for income taxes	<u>64</u>	<u>—</u>	<u>—</u>	<u>64</u>	<u>—</u>
Net income	<u>16,851</u>	<u>—</u>	<u>—</u>	<u>16,851</u>	<u>—</u>
Net income attributable to FTAI Infrastructure	<u>\$16,851</u>	<u>\$—</u>	<u>\$—</u>	<u>\$16,851</u>	<u>\$—</u>

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The following table sets forth a reconciliation of net income attributable to FTAI Infrastructure to Adjusted EBITDA:

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2022	2021	'22 vs '21
Net income attributable to FTAI Infrastructure	\$ 8,107	\$—	\$ 8,107
Add: Provision for income taxes	1,515	—	1,515
Add: Acquisition and transaction expenses	206	—	206
Add: Depreciation & amortization expense	4,759	—	4,759
Add: Interest expense	<u>60</u>	<u>—</u>	<u>60</u>
Adjusted EBITDA (non-GAAP)	<u>\$14,647</u>	<u>\$—</u>	<u>\$14,647</u>

<i>(in thousands)</i>	Year Ended December 31,			Change	
	2021	2020	2019	'21 vs '20	'20 vs '19
Net income attributable to FTAI Infrastructure	\$16,851	\$—	\$—	\$16,851	\$—
Add: Provision for income taxes	64	—	—	64	—
Add: Acquisition and transaction expenses	2,841	—	—	2,841	—
Add: Depreciation & amortization expense	8,320	—	—	8,320	—
Add: Interest expense	<u>53</u>	<u>—</u>	<u>—</u>	<u>53</u>	<u>—</u>
Adjusted EBITDA (non-GAAP)	<u>\$28,129</u>	<u>\$—</u>	<u>\$—</u>	<u>\$28,129</u>	<u>\$—</u>

Financial results for the three months ended March 31, 2022

Revenues

Total revenues were \$34.1 million, which primarily consists of switching, interline, and ancillary rail services.

Expenses

Total expenses were \$24.0 million, which primarily consists of (i) operating expenses of \$19.1 million which primarily includes compensation and benefits of \$11.8 million and facility operating expense of \$4.4 million and (ii) depreciation and amortization of \$4.8 million.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA was \$14.6 million primarily due to the activity noted above.

Financial results for the year ended December 31, 2021

Revenues

Total revenues were \$57.5 million, which primarily consists of switching, interline and ancillary rail services.

Expenses

Total expenses were \$40.1 million, which primarily consists of (i) operating expenses of \$29.0 million which primarily includes compensation and benefits of \$19.0 million and facility operating expense of \$7.0 million and (ii) depreciation and amortization of \$8.3 million.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA was \$28.1 million primarily due to the activity noted above.

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Corporate and Other

The following table presents our results of operations:

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2022	2021	'22 vs '21
Revenues			
Other revenue	\$ 1,018	1,727	\$ (709)
Total revenues	1,018	1,727	(709)
Expenses			
Operating expenses	1,999	1,986	13
General and administrative	2,430	2,034	396
Acquisition and transaction expenses	4,030	958	3,072
Management fees and incentive allocation to affiliate	4,161	3,598	563
Depreciation and amortization	168	154	14
Total expenses	12,788	8,730	4,058
Other (expense) income			
Equity in losses of unconsolidated entities	(662)	(1,996)	1,334
Interest expense	(2)	(1)	(1)
Total other expense	(664)	(1,997)	1,333
Loss before income taxes	(12,434)	(9,000)	(3,434)
Benefit from income taxes	—	(1)	1
Net loss	(12,434)	(8,999)	(3,435)
Less: Net income attributable to non-controlling interest in consolidated subsidiaries:	—	—	—
Net loss attributable to FTAI Infrastructure	\$(12,434)	\$(8,999)	\$(3,435)

<i>(in thousands)</i>	Year Ended December 31,			Change	
	2021	2020	2019	'21 vs '20	'20 vs '19
Revenues					
Other revenue	\$ 4,711	\$ 4,424	\$ 2,917	\$ 287	\$ 1,507
Total revenues	4,711	4,424	2,917	287	1,507
Expenses					
Operating expenses	6,896	5,992	4,549	904	1,443
General and administrative	8,737	8,522	7,469	215	1,053
Acquisition and transaction expenses	11,985	751	4,126	11,234	(3,375)
Management fees and incentive allocation to affiliate	15,638	13,073	16,541	2,565	(3,468)
Depreciation and amortization	631	583	406	48	177
Total expenses	43,887	28,921	33,091	14,966	(4,170)
Other (expense) income					
Equity in earnings (losses) of unconsolidated entities	98	115	(62)	(17)	177
Interest expense	(7)	(3)	(6)	(4)	3

Other income	<u>1</u>	<u>—</u>	<u>7</u>	<u>1</u>	<u>(7)</u>
Total other income (expense)	<u>92</u>	<u>112</u>	<u>(61)</u>	<u>(20)</u>	<u>173</u>
Loss before income taxes	(39,084)	(24,385)	(30,235)	(14,699)	5,850
Provision for (benefit from) income taxes	<u>7</u>	<u>3</u>	<u>(6)</u>	<u>4</u>	<u>9</u>
Net loss	<u>(39,091)</u>	<u>(24,388)</u>	<u>(30,229)</u>	<u>(14,703)</u>	<u>5,841</u>
Less: Net income attributable to non-controlling interest in consolidated subsidiaries:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net loss attributable to FTAI Infrastructure	<u><u>\$(39,091)</u></u>	<u><u>\$(24,388)</u></u>	<u><u>\$(30,229)</u></u>	<u><u>\$(14,703)</u></u>	<u><u>\$ 5,841</u></u>

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The following table sets forth a reconciliation of net loss attributable to FTAI Infrastructure to Adjusted EBITDA:

<i>(in thousands)</i>	Three Months Ended March 31,		Change
	2022	2021	'22 vs '21
Net loss attributable to FTAI Infrastructure	\$(12,434)	\$(8,999)	\$(3,435)
Add: Provision for (benefit from) income taxes	—	(1)	1
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	4,030	958	3,072
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	168	154	14
Add: Interest expense	2	1	1
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽¹⁾	(688)	55	(743)
Less: Equity in (earnings) losses of unconsolidated entities	662	1,996	(1,334)
Less: Non-controlling share of Adjusted EBITDA	—	—	—
Adjusted EBITDA (non-GAAP)	<u>\$ (8,260)</u>	<u>\$(5,836)</u>	<u>\$(2,424)</u>

<i>(in thousands)</i>	Year Ended December 31,			Change	
	2021	2020	2019	'21 vs '20	'20 vs '19
Net loss attributable to FTAI Infrastructure	\$(39,091)	\$(24,388)	\$(30,229)	\$(14,703)	\$ 5,841
Add: Provision for (benefit from) income taxes	7	3	(6)	4	9
Add: Equity-based compensation expense	—	—	—	—	—
Add: Acquisition and transaction expenses	11,985	751	4,126	11,234	(3,375)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—	—	—
Add: Asset impairment charges	—	—	—	—	—
Add: Incentive allocations	—	—	5,819	—	(5,819)
Add: Depreciation and amortization expense	631	583	406	48	177
Add: Interest expense	7	3	6	4	(3)
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽¹⁾	(310)	(164)	(61)	(146)	(103)
Less: Equity in (earnings) losses of unconsolidated entities	(98)	(115)	62	17	(177)
Less: Non-controlling share of Adjusted EBITDA	—	—	—	—	—
Adjusted EBITDA (non-GAAP)	<u>\$(26,869)</u>	<u>\$(23,327)</u>	<u>\$(19,877)</u>	<u>\$(3,542)</u>	<u>\$(3,450)</u>

(1) Includes the following items for the three months ended March 31, 2022 and 2021 and years ended December 31, 2021, 2020 and 2019: (i) net income (loss) of \$(708), \$(24), \$(409), \$(281) and \$(192) and (ii) interest expense of \$20, \$79, \$99, \$117 and \$131, respectively.

Comparison of the Three Months Ended March 31, 2022 and 2021

Revenues

Total revenues decreased \$0.7 million due to lower volumes in our railcar cleaning business.

Expenses

Acquisition and transaction expenses increased \$3.1 million primarily due to an increase in professional fees related to strategic transactions.

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Management fees and incentive allocation to affiliate increased \$0.6 million which reflects an increase in the base management fee as our average total equity was higher in 2021, primarily due to the acquisition of Transtar.

Other expense

Other expense decreased \$1.3 million primarily due to a decrease in equity in losses of unconsolidated entities of \$1.3 million.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA decreased \$2.4 million primarily due to the changes noted above.

Comparison of the years ended December 31, 2021 and 2020

Revenues

Total revenues increased \$0.3 million due to higher volumes in our railcar cleaning business.

Expenses

Acquisition and transaction expenses increased \$11.2 million primarily due to an increase in professional fees related to the acquisition of Transtar and other strategic initiatives.

Management fees and incentive allocation to affiliate increased \$2.6 million which reflects an increase in the base management fee as our average total equity was higher in 2021, primarily due to the acquisition of Transtar.

Operating expenses increased \$0.9 million which primarily reflects higher compensation and benefits due to additional headcount in our railcar cleaning business.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA decreased \$3.5 million primarily due to the changes noted above.

Comparison of the years ended December 31, 2020 and 2019

Revenues

Total revenues increased \$1.5 million due to higher volumes in our railcar cleaning business.

Expenses

Management fees and incentive allocation to affiliate decreased \$3.5 million primarily due to incentive fees related to the Long Ridge Transaction in 2019.

Acquisition and transaction expenses decreased \$3.4 million primarily due to fewer transactions in 2020 compared to 2019.

Operating expenses increased \$1.4 million which primarily reflects higher compensation and benefits of \$1.1 million in our railcar cleaning business due to higher volumes.

General and administrative expense increased \$1.1 million primarily due to higher professional fees.

Other (expense) income

Other income increased \$0.2 million primarily due to an increase in equity in earnings in unconsolidated entities related to our shipping containers business.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA decreased \$3.5 million primarily due to the changes noted above.

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Transactions with Affiliates and Affiliated Entities

We will be managed by the Manager, an affiliate of Fortress, pursuant to our Management Agreement, which provides for us to bear obligations for management fees and expense reimbursements payable to the Manager. Pursuant to the terms of the Management Agreement with FTAI's Manager, the Manager provides a management team and other professionals who are responsible for implementing our business strategy and performing certain services for us, subject to oversight by our board of directors. Our Management Agreement has an initial six-year term and is automatically renewed for one-year terms thereafter unless terminated by our Manager. For its services, our Manager is entitled to receive a management fee from us, payable monthly, that is based on the average value of our total equity (excluding non-controlling interests) determined on a consolidated basis in accordance with GAAP as of the last day of the two most recently completed months *multiplied by* an annual rate of 1.50%. In addition, we are obligated to reimburse certain expenses incurred by our Manager on our behalf.

Geographic Information

Please refer to Note 17 of our combined consolidated financial statements for information by geographic area for each segment, all located in North America, of revenues from our external customers, for the three months ended March 31, 2022 and 2021, and for the years ended December 31, 2021, 2020 and 2019, as well as the geographic area for each segment of our total property, plant and equipment as of March 31, 2022 and December 31, 2021, and 2020.

Liquidity and Capital Resources

The liquidity required to fund our working capital, capital expenditures and other cash needs is provided from a combination of internally generated cash flows and external debt financing.

Additionally, in February 2020, Jefferson issued \$264.0 million aggregate principal amount of Series 2020 Bonds. In August 2021, Jefferson also issued \$425.0 million aggregate principal amount of Series 2021 Bonds (see Note 8 to the combined consolidated financial statements). Jefferson intends to use a portion of the net proceeds which are held in restricted cash, to pay for or reimburse the cost of development, construction and acquisition of certain facilities.

The liquidity provided by these sources and the restricted cash of \$214.0 million at March 31, 2022 available from the above financings is expected to be sufficient to fund the Company's working capital needs and capital expenditures program. Additionally, we expect to continue to be able to obtain financing upon reasonable terms as necessary.

Our principal uses of liquidity have been and continue to be (i) acquisitions or expansion of transportation infrastructure and equipment, (ii) expenses associated with our operating activities and (iii) debt service obligations associated with our investments.

- Cash used for the purpose of making investments was \$53.4 million, \$34.4 million, \$833.2 million, \$252.2 million and \$351.9 million during the three months ended March 31, 2022 and 2021, and years ended December 31, 2021, 2020 and 2019, respectively.
- Uses of liquidity associated with our operating expenses are captured on a net basis in our cash flows from operating activities. Uses of liquidity associated with our debt obligations are captured in our cash flows from financing activities.

Our principal sources of liquidity to fund these uses have been and continue to be (i) revenues from our infrastructure businesses net of operating expenses, (ii) proceeds from borrowings and (iii) proceeds from asset sales.

- During the three months ended March 31, 2022, additional borrowings were obtained in connection with the EB-5 Loan Agreements of \$9.5 million.
- During the three months ended March 31, 2021, additional borrowings were obtained in connection with the EB-5 Loan Agreements of \$21.6 million.
- During the year ended December 31, 2021, additional borrowings were obtained in connection with the (i) Series 2021 Bonds (as defined in Note 8 of the combined consolidated financial statements) of \$425.0 million and (ii) EB-5 Loan Agreements of \$26.1 million.

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- During the year ended December 31, 2020, additional borrowings were obtained in connection with the Series 2020 Bonds (as defined in Note 8 of the combined consolidated financial statements) of \$264.0 million. We made principal payments of \$240.0 million related to the Jefferson Revolver and the Series 2016 and 2012 Bonds.
- During the year ended December 31, 2019, additional borrowings were obtained in connection with (i) LREG Credit Agreement of \$173.5 million, (ii) the DRP Revolver of \$25.0 million and (iii) the Jefferson Revolver of \$23.2 million. We made principal payments of \$24.8 million related to the Jefferson Revolver and Series 2012 Bonds.

Historical Cash Flow

The following table presents our historical cash flow:

<i>(in thousands)</i>	Three Months Ended March 31,		
	2022	2021	
Cash flow data:			
Net cash used in operating activities	\$ (14,149)	\$ (33,628)	
Net cash used in investing activities	(51,273)	(34,419)	
Net cash provided by financing activities	43,443	52,038	

<i>(in thousands)</i>	Year Ended December 31,		
	2021	2020	2019
Cash flow data:			
Net cash provided by (used in) operating activities	\$ (61,716)	\$ (46,860)	\$ (52,672)
Net cash used in investing activities	(828,716)	(252,216)	(258,578)
Net cash provided by financing activities	1,136,866	337,628	293,647

Comparison of the three months ended March 31, 2022 and 2021

Net cash used in operating activities decreased \$19.5 million, which primarily reflects (i) a change in equity in losses of unconsolidated entities of \$21.6 million, (ii) changes in management fees payable to affiliate, accounts receivable, accounts payable and accrued liabilities, other assets and other liabilities of \$16.3 million, (iii) an increase in depreciation and amortization of \$6.9 million, (iv) a change in fair value of non-hedge derivatives of \$8.7 million partially offset by (v) an increase in net loss of \$36.0 million and (vi) a change in deferred income taxes of \$2.0 million.

Net cash used in investing activities increased \$16.9 million primarily due to (i) an increase in acquisitions of property, plant and equipment of \$20.0 million partially offset by (ii) a decrease in the investment in unconsolidated entities of \$0.4 million, (iii) a decrease in investment in convertible promissory notes of \$0.7 million and (iv) an increase in proceeds from sale of property, plant and equipment of \$2.1 million.

Net cash provided by financing activities decreased \$8.6 million primarily due to (i) a decrease in proceeds from debt of \$12.2 million partially offset by (ii) an increase in net transfers from Parent of \$3.3 million.

Comparison of the years ended December 31, 2021 and 2020

Net cash used in operating activities increased \$14.9 million, which primarily reflects (i) an increase in net loss of \$34.6 million and (ii) changes in management fees payable to affiliate, accounts receivable, accounts payable and accrued liabilities, other assets and other liabilities of \$7.6 million, partially offset by (iii) an increase in depreciation and amortization of \$22.9 million and (iv) a change in equity in losses of unconsolidated entities of \$10.4 million.

Net cash used in investing activities increased \$576.5 million primarily due to (i) an increase in the acquisition of business, net of cash acquired for \$627.1 million, (ii) an increase in the investment in unconsolidated entities of \$50.5 million, and (iii) an increase in investment in convertible promissory notes of \$10.0 million partially offset by (iv) an increase in proceeds from sale of property, plant and equipment of \$4.5 million and (v) a decrease in acquisitions of property, plant and equipment of \$106.6 million.

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Net cash provided by financing activities increased \$799.2 million primarily due to (i) an increase in net transfers from Parent of \$372.7 million, (ii) a decrease in repayment of debt of \$240.0 million and (iii) an increase in proceeds from debt of \$187.1 million.

Comparison of the years ended December 31, 2020 and 2019

Net cash used in operating activities decreased \$5.8 million, which primarily reflects (i) a change in gain on sale of subsidiaries of \$121.3 million, partially offset by (ii) an increase in net loss of \$60.6 million, (iii) a decrease in net working capital of \$32.9 million and (iv) a change in current and deferred income taxes of \$16.4 million.

Net cash used in investing activities decreased \$6.4 million primarily due to (i) a decrease in acquisitions of property, plant, and equipment and JV investments of \$104.3 million, partially offset by (ii) a decrease in proceeds from sale of subsidiaries of \$91.7 million.

Net cash provided by financing activities increased \$44.0 million primarily due to (i) an increase in net transfers from Parent of \$203.3 million, (ii) a decrease in payments of deferred financing costs of \$13.7 million and (iii) an increase in proceeds from debt of \$42.1 million, partially offset by (iv) an increase in repayment of debt of \$215.1 million.

Funds Available for Distribution (non-GAAP)

We use Funds Available for Distribution (“FAD”) in evaluating our ability to pay dividends. We believe FAD is a useful metric for investors and analysts for similar purposes. FAD is not a financial measure in accordance with GAAP. The GAAP measure most directly comparable to FAD is net cash provided by operating activities.

We define FAD as: net cash provided by operating activities plus proceeds from sale of assets and return of capital distributions from unconsolidated entities, less required payments on debt obligations and capital distributions to non-controlling interests, and excluding changes in working capital. The following table sets forth a reconciliation of net cash provided by operating activities to FAD:

<i>(in thousands)</i>	Three Months Ended March 31,		
	2022	2021	
Net cash used in operating activities	\$(14,149)	\$(33,628)	
Add: Principal collections on finance leases	—	—	
Add: Proceeds from sale of assets	2,092	—	
Add: Return of capital distributions from unconsolidated entities	—	—	
Less: Required payments on debt obligations	—	—	
Less: Capital distributions to non-controlling interest	—	—	
Exclude: Changes in working capital	<u>6,753</u>	<u>23,089</u>	
Funds Available for Distribution (FAD)	<u>\$ (5,304)</u>	<u>\$(10,539)</u>	
	Year Ended December 31,		
<i>(in thousands)</i>	2021	2020	2019
Net cash used in operating activities	\$(61,716)	\$(46,860)	\$(52,672)
Add: Principal collections on finance leases	—	—	—
Add: Proceeds from sale of assets	4,494	—	91,732
Add: Return of capital distributions from unconsolidated entities	—	—	1,555
Less: Required payments on debt obligations ⁽¹⁾	—	—	(24,878)
Less: Capital distributions to non-controlling interest	—	—	—
Exclude: Changes in working capital	<u>23,498</u>	<u>15,861</u>	<u>(17,073)</u>
Funds Available for Distribution (FAD)	<u>\$(33,724)</u>	<u>\$(30,999)</u>	<u>\$ (1,336)</u>

(1) Required payments on debt obligations for the year ended December 31, 2020 exclude repayments \$50,262 for the Jefferson Revolver, \$45,520 for the Jefferson Series 2012 Bonds and \$144,200 for the Jefferson Series 2016 Bonds, all of which were voluntary refinancings as repayments of these amounts were not required at such time.

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Limitations

FAD is subject to a number of limitations and assumptions and there can be no assurance that we will generate FAD sufficient to meet our intended dividends. FAD has material limitations as a liquidity measure because such measure excludes items that are required elements of our net cash provided by operating activities as described below. FAD should not be considered in isolation nor as a substitute for analysis of our results of operations under GAAP, and it is not the only metric that should be considered in evaluating our ability to meet our stated dividend policy. Specifically:

- FAD does not include equity capital called from our existing limited partners, proceeds from any debt issuance or future equity offering, historical cash and cash equivalents and expected investments in our operations.
- FAD does not give pro forma effect to prior acquisitions, certain of which cannot be quantified.
- While FAD reflects the cash inflows from sale of certain assets, FAD does not reflect the cash outflows to acquire assets as we rely on alternative sources of liquidity to fund such purchases.
- FAD does not reflect expenditures related to capital expenditures, acquisitions and other investments as we have multiple sources of liquidity and intend to fund these expenditures with future incurrences of indebtedness, additional capital contributions and/or future issuances of equity.
- FAD does not reflect any maintenance capital expenditures necessary to maintain the same level of cash generation from our capital investments.
- FAD does not reflect changes in working capital balances as management believes that changes in working capital are primarily driven by short term timing differences, which are not meaningful to our distribution decisions.
- Management has significant discretion to make distributions, and we are not bound by any contractual provision that requires us to use cash for distributions.

If such factors were included in FAD, there can be no assurance that the results would be consistent with our presentation of FAD.

Debt Covenants

We are in compliance with all of our debt covenants as of March 31, 2022, and December 31, 2021 and 2020. See Note 8 to the combined consolidated financial statements for information related to our debt obligations and respective covenants.

Contractual Obligations and Cash Requirements

Our material cash requirements include the following contractual and other obligations:

Debt Obligations—As of December 31, 2021, we have outstanding principal and interest payment obligations of \$740.1 million and \$348.6 million, respectively, of which, there is no principal payment due and \$27.0 million of interest payment due within the next twelve months. See Note 8 of the combined consolidated financial statements for additional information about our debt obligations.

Lease Obligations—As of December 31, 2021, we had operating and finance lease obligations of \$178.7 million, of which \$10.0 million is due within the next twelve months.

Other Obligations—As of December 31, 2021, in connection with a pipeline capacity agreement at Jefferson Terminal, we had an obligation to pay a minimum of \$10.2 million in marketing fees in the next twelve months.

We expect to meet our future short-term liquidity requirements through cash on hand and net cash provided by our current operations. We expect that our operating subsidiaries will generate sufficient cash flow to cover operating expenses. We may elect to meet certain long-term liquidity requirements or to continue to pursue strategic opportunities through utilizing cash on hand, cash generated from our current operations and the issuance of securities in the future. Management believes adequate capital and borrowings are available from various sources to fund our commitments to the extent required.

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Application of Critical Accounting Policies

Variable Interest Entities—The assessment of whether an entity is a VIE and the determination of whether to consolidate a VIE requires judgment. VIEs are defined as entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. A VIE is required to be consolidated by its primary beneficiary, and only by its primary beneficiary, which is defined as the party who has the power to direct the activities of a VIE that most significantly impact its economic performance and who has the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Property, Plant and Equipment, Leasing Equipment and Depreciation—Property, plant and equipment and leasing equipment are stated at cost (inclusive of capitalized acquisition costs, where applicable) and depreciated using the straight-line method, over their estimated useful lives, to their estimated residual values which are summarized as follows:

Asset	Range of Estimated Useful Lives	Residual Value Estimates
Railcars and locomotives	40 - 50 years from date of manufacture	Scrap value at end of useful life
Track and track related assets	15 - 50 years from date of manufacture	Scrap value at end of useful life
Land, site improvements and rights	N/A	N/A
Bridges and tunnels	15 - 55 years	Scrap value at end of useful life
Buildings and site improvements	20 - 30 years	Scrap value at end of useful life
Railroad equipment	3 - 15 years from date of manufacture	Scrap value at end of useful life
Terminal machinery and equipment	15 - 25 years from date of manufacture	Scrap value at end of useful life
Vehicles	5 - 7 years from date of manufacture	Scrap value at end of useful life
Furniture and fixtures	3 - 6 years from date of purchase	None
Computer hardware and software	2 - 5 years from date of purchase	None
Construction in progress	N/A	N/A

Impairment of Long-Lived Assets—We perform a recoverability assessment of each of our long-lived assets whenever events or changes in circumstances, or indicators, indicate that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a significant lease restructuring or early lease termination; a significant change in market conditions; or the introduction of newer technology. When performing a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the asset exceeds its net book value. The undiscounted cash flows consist of cash flows from currently contracted leases and terminal services contracts, future projected leases, terminal service and freight rail rates, transition costs, and estimated residual or scrap values. In the event that an asset does not meet the recoverability test, the carrying value of the asset will be adjusted to fair value resulting in an impairment charge.

Management develops the assumptions used in the recoverability analysis based on its knowledge of active contracts, current and future expectations of the demand for a particular asset and historical experience, as well as information received from third party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in contracted lease rates, terminal service, and freight rail rates, residual values, economic conditions, technology, demand for a particular asset type and other factors.

Goodwill—Goodwill includes the excess of the purchase price over the fair value of the net tangible and intangible assets associated with the acquisition of Jefferson Terminal and Transtar. The carrying amount of goodwill was approximately \$258.0 million, \$257.1 million and \$122.7 million as of March 31, 2022, and December 31, 2021 and 2020, respectively. The goodwill amounts as of December 31, 2020 related to the Jefferson reporting unit. The increase in goodwill in 2021 and 2022 reflects our acquisition of Transtar.

We review the carrying values of goodwill at least annually to assess impairment since these assets are not amortized. An annual impairment review is conducted as of October 1st of each year. Additionally, we review the carrying value of goodwill whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The determination of fair value involves significant management judgment.

For an annual goodwill impairment assessment, an optional qualitative analysis may be performed. If the option is not elected or if it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a goodwill impairment test is performed to identify potential goodwill impairment and measure an impairment loss. A qualitative analysis was not elected for the years ended December 31, 2021 or 2020.

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Beginning in 2020, we adopted new guidance regarding the testing and recognition of a goodwill impairment, which prior to 2020 required two steps. A goodwill impairment assessment compares the fair value of a respective reporting unit with its carrying amount, including goodwill. The estimate of fair value of the respective reporting unit is based on the best information available as of the date of assessment, which primarily incorporates certain factors including our assumptions about operating results, business plans, income projections, anticipated future cash flows and market data. If the estimated fair value of the reporting unit is less than the carrying amount, a goodwill impairment is recorded to the extent that the carrying value of the reporting unit exceeds the fair value.

We estimate the fair value of the Jefferson and Transtar reporting units using an income approach, specifically a discounted cash flow analysis. This analysis requires us to make significant assumptions and estimates about the forecasted revenue growth rates, EBITDA margins, capital expenditures, the timing of future cash flows, and discount rates. The estimates and assumptions used consider historical performance if indicative of future performance and are consistent with the assumptions used in determining future profit plans for the reporting units.

In connection with our impairment analysis, although we believe the estimates of fair value are reasonable, the determination of certain valuation inputs is subject to management's judgment. Changes in these inputs, including as a result of events beyond our control, could materially affect the results of the impairment review. If the forecasted cash flows or other key inputs are negatively revised in the future, the estimated fair value of the reporting unit could be adversely impacted, potentially leading to an impairment in the future that could materially affect our operating results. Due to the acquisition of Transtar in the current year, the estimated fair value of that reporting unit approximates the book value. The Jefferson reporting unit had an estimated fair value that exceeded its carrying value by more than 10% but less than 20%. The Jefferson Terminal segment forecasted revenue is dependent on the ramp up of volumes under current and expected future contracts for storage and throughput of heavy and light crude and refined products and is subject to obtaining rail capacity for crude, expansion of refined product distribution to Mexico and movements in future oil spreads. At October 31, 2021, approximately 4.3 million barrels of storage was currently operational with 1.9 million barrels currently under construction for new contracts which will complete our storage development for our main terminal. Our discount rate for our 2021 goodwill impairment analysis was 9.0% and our assumed terminal growth rate was 2.0%. If our strategy changes from planned capacity downward due to an inability to source contracts or expand volumes, the fair value of the reporting unit would be negatively affected, which could lead to an impairment. The expansion of refineries in the Beaumont/Port Arthur area, as well as growing crude oil production in the U.S. and Canada, are expected to result in increased demand for storage on the U.S. Gulf Coast. Although we do not have significant direct exposure to volatility of crude oil prices, changes in crude oil pricing that affect long term refining planned output could impact Jefferson Terminal operations.

We expect the Jefferson Terminal segment to continue to generate positive Adjusted EBITDA in future years. Although certain of our anticipated contracts or expected volumes from existing contracts for Jefferson Terminal have been delayed, we continue to believe our projected revenues are achievable. Further delays in executing these contracts or achieving our projections could adversely affect the fair value of the reporting unit. The impact of the COVID-19 global pandemic during 2020 and 2021 negatively affected refining volumes and therefore Jefferson Terminal crude throughput but we have seen the activity starting to normalize and are expected to ramp back to normal during 2022. Furthermore, we anticipate strengthening macroeconomic demand for storage and the increasing spread between Western Canadian Crude and Western Texas Intermediate as Canadian crude pipeline apportionment increases. Also, as our pipeline connections became fully operational during 2021, we remain positive for the outlook of Jefferson Terminal's earnings potential.

There were no impairments of goodwill for the three months ended March 31, 2022 and 2021 or for the years ended December 31, 2021, 2020 or 2019.

Income Taxes—The income tax provision in the combined consolidated financial statements was prepared on a separate return method. Income earned by our corporate subsidiaries for the infrastructure businesses is subject to U.S. federal and state income taxation and is taxed at the currently enacted rates. The remainder of our income is allocated directly to our partners and is not subject to a corporate level of taxation. Following the spin-off, all of our income will be subject to a corporate level of taxation, and none of it will be allocated directly to our partners.

We account for these taxes using the asset and liability method under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established when management believes it is more likely than not that a deferred tax asset will not be realized.

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Each of our combined entities files income tax returns in the U.S. federal jurisdiction, various state jurisdictions and in certain foreign jurisdictions. The income tax returns filed by us and our subsidiaries are subject to examination by the U.S. federal, state and foreign tax authorities. We recognize tax benefits for uncertain tax positions only if it is more likely than not that the position is sustainable based on its technical merits. Interest and penalties on uncertain tax positions are included as a component of the provision for income taxes in the combined consolidated statements of operations.

Recent Accounting Pronouncements

Please see Note 2 to our combined consolidated financial statements included elsewhere in this filing for recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of changes in value of a financial instrument, caused by fluctuations in interest rates and foreign exchange rates. Changes in these factors could cause fluctuations in our results of operations and cash flows. We are exposed to the market risks described below.

Interest Rate Risk

Interest rate risk is the exposure to loss resulting from changes in the level of interest rates and the spread between different interest rates. Interest rate risk is highly sensitive to many factors, including the U.S. government's monetary and tax policies, global economic factors and other factors beyond our control. We are exposed to changes in the level of interest rates and to changes in the relationship or spread between interest rates. Our primary interest rate exposure relates to our term loan arrangements.

Although a majority of our borrowing agreements are fixed rate agreements, we do have borrowing agreements that require payments based on a variable interest rate index, such as SOFR. Therefore, to the extent our borrowing costs are not fixed, increases in interest rates may reduce our net income by increasing the cost of our debt without any corresponding increase in rents. We may elect to manage our exposure to interest rate movements through the use of interest rate derivatives (interest rate swaps and caps).

The following discussion about the potential effects of changes in interest rates is based on a sensitivity analysis, which models the effects of hypothetical interest rate shifts on our financial condition and results of operations. Although we believe a sensitivity analysis provides the most meaningful analysis permitted by the rules and regulations of the SEC, it is constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by the inability to include the extraordinarily complex market reactions that normally would arise from the market shifts modeled. Although the following results of a sensitivity analysis for changes in interest rates may have some limited use as a benchmark, they should not be viewed as a forecast. This forward-looking disclosure also is selective in nature and addresses only the potential interest expense impacts on our financial instruments. It also does not include a variety of other potential factors that could affect our business as a result of changes in interest rates. As of March 31, 2022 and December 31, 2021, assuming we do not hedge our exposure to interest rate fluctuations related to our outstanding floating rate debt, a hypothetical 100-basis point increase/decrease in our variable interest rate on our borrowings would result in an increase of approximately \$0.3 million and \$0.3 million or a decrease of approximately \$0.1 million and \$0.1 million, respectively, in interest expense over the next 12 months.

BUSINESS

Our Company

We are in the business of acquiring, developing and operating assets and businesses that represent critical infrastructure for customers in the transportation and energy industries. We were formed on December 13, 2021 as FTAI Infrastructure LLC, a Delaware limited liability company and subsidiary of FTAI. Prior to the completion of the spin-off, we will convert into FTAI Infrastructure Inc., a Delaware corporation, and will hold all of the material assets and investments that comprise FTAI's infrastructure business.

Our operations consist of three primary business lines: (i) Ports and Terminals, (ii) Railroads and (iii) companies and assets participating in the global Energy Transition. Our Ports and Terminals business develops or acquires industrial properties in strategic locations that store and handle for third parties a variety of energy products, including crude oil, refined products and clean fuels. In certain cases, we also develop and operate facilities, such as a 485 megawatt power plant at our Long Ridge terminal in Ohio through our equity method investment, that leverage the property's location and key attributes to generate incremental value. Our Railroads business primarily invests in and operates short line and regional railroads in North America. Our Energy Transition business focuses on investments in companies and assets that utilize green technology, produce sustainable fuels and products, or enable customers to reduce their carbon footprint. For the year ended December 31, 2021, (i) our Ports and Terminals business accounted for 48% of our total revenue, (ii) our Railroads business accounted for 48% of our total revenue and (iii) our Energy Transition business accounted for 0% of our total revenue. Corporate and other sources accounted for the remaining 4% of our total revenue.

We expect to continue to invest in such market sectors, and pursue additional investment opportunities in other infrastructure businesses and assets that we believe to be attractive and meet our investment objectives. Our team focuses on acquiring a diverse group of long-lived assets or operating businesses that provide mission-critical services or functions to infrastructure networks and typically have high barriers to entry, strong margins, stable cash flows and upside from earnings growth and asset appreciation driven by increased use and inflation. We believe that there are a large number of acquisition opportunities in our markets and that our Manager's expertise and business and financing relationships, together with our access to capital and generally available capital for infrastructure projects in today's marketplace, will allow us to take advantage of these opportunities. As of March 31, 2022, on a pro forma basis, we had total consolidated assets of \$2,437.6 million and total preferred and shareholder's equity of \$932.5 million. For the three months ended March 31, 2022 and the year ended December 31, 2021, on a pro forma basis, we had net loss attributable to shareholders of \$69.5 million and \$161.1 million, respectively.

We target sectors that we believe enjoy strong long-term growth potential and proactively seek investment opportunities within those sectors that we believe will generate strong risk-adjusted returns. We take an opportunistic approach—targeting assets that are distressed or undervalued, or where we believe we can add value through active management, without heavy reliance on the use of financial leverage to generate returns. We also seek to develop incremental opportunities to deploy capital through follow-on investments in our existing assets in order to grow our earnings and create value. While leverage on any individual asset may vary, we target overall leverage for our assets on a consolidated basis of no greater than 50% of our total capital.

Our Strategy

We invest across a number of major sectors including energy, intermodal transport, ports and terminals and rail, and we may pursue acquisitions in other areas as and when they arise in the future. In general, we seek to own a diverse mix of high-quality infrastructure facilities, operations and equipment within our target sectors that generate predictable cash flows in markets that we believe provide the potential for strong long-term growth and attractive returns on deployed capital. We believe that by investing in a diverse mix of assets across sectors, we can select from among the best risk-adjusted investment opportunities, while avoiding overconcentration in any one segment, further adding to the stability of our business.

We take a proactive investment approach by identifying key secular trends as they emerge within our target sectors and then pursuing what we believe are the most compelling opportunities within those sectors. We look for unique investments, including assets that are distressed or undervalued, or where we believe that we can add value through active management. We consider investments across the size spectrum, including smaller opportunities often overlooked by other investors, particularly where we believe we may be able to grow the investment over time. We believe one of our strengths is our ability to create attractive follow-on investment opportunities and deploy

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incremental capital within our existing portfolio. We have several such opportunities currently identified, including significant potential for future investment at our Jefferson Terminal, Repauno and Long Ridge sites, in addition to our other assets, as discussed below.

Our Manager has significant prior experience in all of our target sectors, as well as a network of industry relationships, that we believe positions us well to make successful acquisitions and to actively manage and improve operations and cash flows of our existing and newly-acquired assets. These relationships include senior executives at lessors and operators, end users of transportation and infrastructure assets, as well as banks, lenders and other asset owners.

We have a robust current pipeline of potential investment opportunities. This current pipeline consists of opportunities for renewable and non-renewable energy, intermodal, rail and port-related investments.

Asset Acquisition Process

Our strategy is to acquire assets that we believe are essential to global infrastructure. We acquire assets that are used by major operators of infrastructure networks. We seek to acquire assets and businesses that we believe operate in sectors with long-term macroeconomic growth opportunities and that have significant cash flow and upside potential from earnings growth and asset appreciation.

We approach markets and opportunities by first developing an asset acquisition strategy with our Manager and then pursuing optimal opportunities within that strategy. In addition to relying on our own experience, we source new opportunities through our Manager's network of industry relationships in order to find, structure and execute attractive acquisitions. We believe that sourcing assets both globally and through multiple channels will enable us to find the most attractive opportunities. We are selective in the assets we pursue and efficient in the manner in which we pursue them.

Once attractive opportunities are identified, our Manager performs detailed due diligence on each of our potential acquisitions. Due diligence on each of our assets always includes a comprehensive review of the asset itself as well as the industry and market dynamics, competitive positioning, and financial and operational performance. Where appropriate, our Manager conducts physical inspections, a review of the credit quality of each of our counterparties, the regulatory environment, and a review of all material documentation. In some cases, third-party specialists are hired to physically inspect and/or value the target assets.

We and our Manager also spend a significant amount of time on structuring our acquisitions to minimize risks while also optimizing expected returns. We employ what we believe to be reasonable amounts of leverage in connection with our acquisitions. In determining the amount of leverage for each acquisition, we consider a number of characteristics, including, but not limited to, the existing cash flow, the length of the lease or contract term, and the specific counterparty.

Our Strengths

Strong Contracted Cash Flows Plus Growth Potential—We target a diverse mix of infrastructure facilities, operations and equipment that deliver, on a combined basis, significant and predictable current cash flows plus the potential for earnings growth and asset appreciation. Our current portfolio includes assets in the energy, intermodal transport and rail sectors, among others. Our holdings include value-add projects where we expect to be able to generate strong earnings and cash flow growth through development and asset repositioning. We expect our future investments to continue to deliver a mix of current cash flow and growth potential.

Opportunistic Investment Approach—We take an opportunistic approach to buying and managing assets by targeting assets that are distressed or undervalued, or where we believe we can add value through active management. We also try to develop incremental opportunities to deploy significant amounts of capital through follow-on investments in our existing assets in order to drive cash flow and growth. In these ways, we seek to deliver attractive returns on our portfolio without heavy reliance on financial leverage. Following the spin-off, our leverage on a weighted basis across our existing portfolio will be approximately 55% of our total capital. While leverage on any individual asset may vary, we target overall leverage for our assets on a consolidated basis of no greater than 50% of our total capital.

Experienced Investment Team—Our Manager is an affiliate of Fortress, a leading, diversified global investment firm with approximately \$53.0 billion under management as of March 31, 2022. Founded in 1998, Fortress manages

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assets on behalf of over 1,900 institutional clients and private investors worldwide across a range of credit and real estate, private equity and permanent capital investment strategies. Over the last ten years, Fortress has been one of the industry's most active investors in infrastructure-, energy-, and transportation-related assets and equipment globally. The Fortress team of investment professionals has over fifty years of combined experience in acquiring, managing and marketing infrastructure-assets. The team has been working directly together for over fifteen years and has invested in infrastructure-related assets since 2002. Some of our Manager's prior transactions include the growth and sale of Florida East Coast Railway, a major regional freight railroad operating mainline track along the east coast of Florida, the creation of New Fortress Energy, a fully integrated, global provider of natural gas-fueled energy solutions operating a growing network of liquefied natural gas terminals, power generation facilities and natural gas logistics infrastructure; Aircastle Ltd., one of the world's leading aircraft lessors; SeaCube Container Leasing Ltd., one of the world's largest container lessors; RailAmerica Inc., a leading short-line rail operator; Global Signal Inc., an owner operator and lessor of towers and other communication structures for wireless communications, and Brightline Holdings, an owner and operator of an express passenger rail system connecting major population centers in Florida, with plans to expand operations in Los Angeles, Las Vegas and elsewhere in North America.

Extensive Relationships with Experienced Operators—Through our Manager, we have numerous relationships with operators across the infrastructure industry. We typically seek to partner and often co-invest with experienced operators and owners when making acquisitions, and our existing relationships enable us not only to source opportunities, but also to maximize the value of each asset post-closing. Our strategy is to actively manage our investments to improve operations, grow cash flows and develop incremental investment opportunities.

Management Agreement

We will be externally managed by our Manager, an affiliate of Fortress, which has a dedicated team of experienced professionals focused on the acquisition of infrastructure assets since 2002. On December 27, 2017, SoftBank announced the SoftBank Merger. In connection with the SoftBank Merger, Fortress operates within SoftBank as an independent business headquartered in New York.

Pursuant to the terms of the management agreement with our Manager, our Manager provides a management team and other professionals who are responsible for implementing our business strategy and performing certain services for us, subject to oversight by our board of directors. Our Management Agreement has an initial six-year term and is automatically renewed for one-year terms thereafter unless terminated by our Manager. For its services, our Manager is entitled to receive a management fee from us, payable monthly, that is based on the average value of our total equity (excluding non-controlling interests) determined on a consolidated basis in accordance with GAAP as of the last day of the two most recently completed months *multiplied by* an annual rate of 1.50%. In addition, we are obligated to reimburse certain expenses incurred by our Manager on our behalf.

Our Portfolio

The following primarily comprise our Ports and Terminals business:

Jefferson Terminal

In August 2014, FTAI and certain other Fortress affiliates purchased substantially all of the assets and assumed certain liabilities of Jefferson Terminal, a Texas-based group of companies developing crude oil and refined products logistics assets since 2012.

Jefferson Terminal is located on approximately 250 acres of land at the Port of Beaumont, Texas, a deep-water port near the mouth of the Neches River (the "Port"). Today, Jefferson Terminal leases 185 developed or developable acres from the Port. As part of the lease, Jefferson Terminal was granted the concession to operate as the sole handler of liquid hydrocarbons at the Port. Jefferson Terminal does not own any land at Jefferson Terminal but does own certain equipment and leasehold improvements carried out as part of the Jefferson Terminal build-out.

Jefferson Terminal is developing a large multi-modal crude oil and refined products handling terminal at the Port, and also owns several other assets for the transportation and processing of crude oil and related products. Jefferson Terminal has a unique combination of six rail loop tracks and direct rail service from three Class I railroads, multiple direct pipeline connections to local refineries and interstate pipeline systems, barge docks and deep water ship loading capacity, capabilities to handle multiple types of products including refined products and both free-flowing crude oil and bitumen, and a prime location close to Port Arthur and Lake Charles, which are home to

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refineries with over 2.3 million barrels per day of capacity. Jefferson Terminal currently has approximately 4.3 million barrels of heated and unheated storage tanks in operation servicing both crude oil and refined products. As we secure new storage and handling contracts, we expect to expand storage capacity and/or develop new assets. The timing of the ultimate development of Jefferson Terminal will be dependent, in part, on the pace at which contracts are executed as well as the amount of volume subject to such contracts.

Jefferson Terminal's prime location and excellent optionality make it well suited to provide logistics solutions to regional and global refineries, including blending, storage and delivery of crude oil and refined products. Jefferson handles, stores, and blends both light and heavy crudes that originate by marine, rail or pipeline from most major North American production markets, including Western Canada, the Uinta Basin, the Permian Basin, and the Bakken Formation, as well as other international markets, with full heating capabilities for unloading heavier crude prior to storing and blending. Jefferson also transloads refined products, such as automotive gasoline and diesel fuel, that nearby refineries produce and ship through its terminal by pipeline, rail and marine to other domestic and foreign markets in North America, including Mexico.

Heavy crude oils, such as those produced in Western Canada, are in high demand on the Gulf Coast because most refineries in the area are configured to handle heavier crudes (previously sourced predominately from Mexico and Venezuela) than those in other parts of the United States. Heavy crude is well suited for transport by rail rather than pipeline because of its high viscosity. Jefferson Terminal is one of only a few terminals on the Gulf Coast that has heated unloading system capabilities to handle these heavier grades of crude. As the production of North American heavy crude grows in excess of existing takeaway capacity, demand for crude-by-rail to the Gulf Coast is expected to increase. Refined products opportunities for storage and logistics are expected to be positively impacted by demand growth in export markets.

Mexican demand for U.S.-sourced refined products continues to increase; however, Mexico lacks the infrastructure required to efficiently import, store and distribute large volumes of gasoline and diesel. This has spurred the rapid build-out of new Mexican rail terminals, as well as storage capacity on both sides of the U.S.-Mexico border. To meet such increased demand, Jefferson Terminal operates a refined products system that receives three grades of products by direct pipeline connection from a large area refiner, as well as inland tank barge via the barge dock, stores the cargo in six tanks with a combined capacity of approximately 0.7 million barrels, and operates a 20 spot rail car loading system with the capacity to load approximately 70,000 barrels per day. This system may be further expanded to meet additional market demand.

Recent expansion projects completed include the construction of three pipeline systems, including a bundle of six pipelines, varying in size, a 14.2 mile outbound crude oil pipeline connection to a large refinery in Port Arthur, and a 5.6 mile inbound pipeline connecting to neighboring Delek Paline pipeline.

In addition to the Jefferson Terminal, Jefferson Terminal owns several other energy and infrastructure-related assets, including 299 tank railcars for the purpose of leasing to third parties; a gas processing and condensate stabilization plant (not operational); pipeline rights-of-way; and an approximately 50-acre property with intercoastal waterway access all of which can be developed. These assets can be deployed or developed in the future to meet market demands for transportation and hydrocarbon processing, and if successfully deployed or developed, may represent additional opportunities to generate stable, recurring cash flow. As we secure customer contracts, we expect to invest equity capital to fund working capital needs and future construction, which may be required.

Long Ridge Energy Terminal

During 2017, through Ohio River Partners Shareholder LLC ("ORP"), a consolidated subsidiary, FTAI purchased 100% of the interests in the assets of Long Ridge, which consisted primarily of land, buildings, railroad track, docks, water rights, site improvements and other rights. In December 2019, ORP contributed its equity interests in Long Ridge into Long Ridge Terminal LLC and sold a 49.9% interest for \$150 million in cash, *plus* an earn out, which earn out was written off during the period ended September 30, 2021. We no longer have a controlling interest in Long Ridge but still maintain significant influence through our retained interest and, therefore, now account for this investment in accordance with the equity method.

The Long Ridge Energy Terminal is one of the Appalachian Basin's leading multimodal energy terminals with a 485 MW power plant, nearly 300 acres of flat land, two barge docks on the Ohio River, a unit-train-capable loop track and direct highway access.

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In October 2021, Long Ridge completed its construction of its now fully-functional 485 MW combined-cycle power plant at the site and the associated plans to self-supply the natural gas fuel requirements for the plant. We continue to evaluate opportunities to deploy Long Ridge assets for sustainable and traditional energy projects and other value-driving enterprises.

For example, Long Ridge plans to eventually run its power plant on carbon-free hydrogen. In collaboration with New Fortress Energy and GE, Long Ridge is blending carbon-free hydrogen as a fuel today and intends to increase that blend over time by blending hydrogen in the gas stream and transitioning the plant to be capable of burning 100% green hydrogen over the next decade with hydrogen produced nearby as an industrial byproduct. In April 2022, Long Ridge became the first large scale gas power plant in the U.S. to blend hydrogen as a fuel. This is also the first GE-H class turbine in the world to achieve this milestone. Long Ridge has engaged Black & Veatch to assist with developing plans for the plant integration for hydrogen blending and to ensure safe and reliable industrial practices. For initial testing of hydrogen blending, Long Ridge has access to nearby industrial byproduct hydrogen. For the production of green hydrogen with electrolysis, Long Ridge has access to water from the Ohio River. Over time, below ground salt formations can be used for large-scale hydrogen storage.

In addition, Long Ridge plans to develop a 125-acre data center campus to offer more than 300 megawatts of capacity to serve custom hyperscale data center development and the wholesale colocation market in need of low-cost on-site power, new customizable white space data center infrastructure, and real estate expansion capability securely outside of the crowded northern-Virginia data center market. Long Ridge's initial 15-acre phase, dubbed "LR-1", will deliver a 170,000-square foot powered shell with 24 megawatts of IT capacity. Land has been cleared and site development planning is well underway for the LR-1 structure.

Combined with Long Ridge's proximity to large scale storage, the plant is capable of supporting a balanced and diverse power generation portfolio, from energy storage capable of accommodating the seasonal fluctuations of renewable energy, to cost-effective, dispatchable intermediate and baseload power. We continue to evaluate opportunities to deploy Long Ridge assets for sustainable and traditional energy projects and other value-driving enterprises.

Repauno

During 2016, through Delaware River Partners LLC ("DRP"), a consolidated subsidiary, FTAI purchased the assets of Repauno, which consisted primarily of land, a storage cavern, and riparian rights for the acquired land, site improvements and rights. We currently hold an approximately 98% economic interest, and a 100% voting interest in DRP. DRP is solely reliant on us to finance its activities and therefore is a variable interest entity ("VIE"). We concluded that we are the primary beneficiary; accordingly, DRP has been presented on a consolidated basis in the accompanying financial statements.

As one of the newest marine terminals on the Delaware River, Repauno is uniquely positioned as a premier multimodal facility on the Atlantic Seaboard. The deep water terminal is located on 1,600 acres in Gibbstown, New Jersey with underground granite storage cavern infrastructure, a new multipurpose dock and convenient truck access to two major interstate highways.

Shortly after the end of 2020, DRP completed its new state-of-the-art rail-to-ship transloading system. This allows DRP to load Liquefied Petroleum Gas ("LPG") marine vessels from its new wharf, including 30 marine vessels loaded in 2021. As the newest marine terminal on the Delaware River, Repauno is designed to safely and efficiently handle a wide variety of freight, providing critical logistics services to a multitude of industrial segments. In addition, Repauno is expanding its storage and transloading capacity, and pursuing accretive sustainable energy projects such as the development of a recycling facility on-site (see discussion of *Clean Planet USA* below).

The following primarily comprise our Railroads business:

Transtar

Transtar is comprised of five short-line freight railroads and one switching company, including two railroads that connect to U.S. Steel's largest production facilities in North America: the Gary Railway Company, Indiana; The Lake Terminal Railroad Company, Ohio; Union Railroad Company LLC, Pennsylvania; Fairfield Southern Company Inc., Alabama; Delray Connecting Railroad Company, Michigan; and the Texas & Northern Railroad Company, Texas.

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FTAI and USS also agreed to enter into an exclusive strategic rail partnership under which FTAI will provide rail service to USS for an initial term of 15 years with minimum volume commitments for the first five years. Through operational improvements and potential long-term development projects, we intend to enhance performance of any under-utilized Transtar assets.

Acquisition of Transtar

On July 28, 2021, FTAI completed the purchase of 100% of the equity interests of Transtar, which was a wholly owned short-line railroad subsidiary of U.S. Steel, for a cash purchase price of \$640.0 million, subject to certain customary adjustments set forth in the Transtar Purchase Agreement. Transtar has approximately 400 employees, of which approximately 300 are subject to collective bargaining agreements.

Railway Services Agreement

On July 28, 2021, in connection with the closing of the Transtar Acquisition, Transtar, certain Transtar subsidiaries (together with Transtar, the “Transtar Parties”), and U.S. Steel entered into a railway services agreement (the “Railway Services Agreement”). Under the Railway Services Agreement, for an initial term of 15 years from and after the closing of the Transtar Acquisition, Transtar will continue to provide U.S. Steel with rail haulage, switching and transportation services at U.S. Steel’s facilities in and around Gary, Indiana, Pittsburgh, Pennsylvania, Fairfield, Alabama, Ecorse, Michigan, Lorain, Ohio and Lone Star, Texas, including but not limited to: railcar maintenance and repair services, locomotive maintenance, inspection and repair services, maintenance-of-way services, car management services, and rail and material handling services. The first five years of the Railway Services Agreement term contain the following minimum annual dollar value requirements: (i) from the closing until the first anniversary, \$85.8 million, (ii) from the first anniversary until the second anniversary, \$92.3 million, (iii) from the second anniversary until the third anniversary, \$94.5 million, (iv) from the third anniversary until the fourth anniversary, \$103.5 million and (v) from the fourth anniversary until the fifth 128 anniversary, \$106.5 million.

The following primarily comprise our Energy Transition business:

Aleon and Gladieux

In September 2021, FTAI acquired 1% of Class A shares and 50% of Class B shares of GM-FTAI Holdco LLC for \$52.5 million. GM-FTAI Holdco LLC owns 100% interest in Gladieux and Aleon. Gladieux specializes in recycling spent catalyst produced in the petroleum refining industry. Aleon plans to develop a lithium-ion battery recycling business across the United States. Each planned location will collect, discharge and disassemble lithium-ion batteries to extract various metals in high-purity form for resale into the lithium-ion battery production market. Aleon and Gladieux are governed by separate boards of directors. In June 2022, due to an internal reorganization of GM-FTAI Holdco LLC, FTAI now owns a 27.4% indirect interest in each of Gladieux and Aleon.

Clean Planet USA

On November 19, 2021, FTAI and UK green-tech company Clean Planet Energy announced the formation of a joint venture partnership to develop Clean Planet USA ecoPlants in key North American markets. The first Clean Planet USA ecoPlant is under development at the Repauno Port & Rail Terminal in Gibbstown, New Jersey, where the plant is planned to initially process 20,000 tons of waste plastics each year. In addition, the newly formed Clean Planet USA business development team is advancing multiple additional projects with agreements in place for plastic-waste supply in Alabama, Texas, Florida, the Dominican Republic, and other North American markets.

Clean Planet USA ecoPlants are green recycling facilities that convert traditionally non-recyclable waste plastics into ultra-clean fuels and oils, and circular naphtha to support the manufacture of new plastics. An ecoPlant can accept and process plastics from all classifications, including those which are almost always rejected by traditional recycling centers and sent to landfill or incineration.

CarbonFree

In December 2021, FTAI purchased \$10 million in convertible notes of CarbonFree. CarbonFree has developed patented technologies to capture carbon dioxide from industrial emissions sources and convert it to usable and storable products. CarbonFree’s first commercial scale SkyCycle plant is expected to begin development in 2022.

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Long Ridge-Newlight AirCarbon Facility

On June 24, 2022, Long Ridge Terminal LLC and certain of its subsidiaries entered into certain agreements with Eagle Ridge 4, LLC (“Eagle Ridge”), a wholly-owned, direct subsidiary of Newlight Technologies, Inc. (“Newlight”), whereby Long Ridge will lease land and sell power and gas to Eagle Ridge. Newlight has developed a technology to produce AirCarbon, a naturally-occurring, carbon-negative molecule called PHB that performs like plastic, but biologically degrades in natural environments.

In connection with this transaction, Ohio River Partners Holdco LLC, an entity that will be a wholly-owned, indirect subsidiary of FTAI Infrastructure following the spin-off, entered into an Equity Investment Agreement, dated June 24, 2022 (the “Equity Investment Agreement”) with Newlight and Eagle Ridge. Pursuant to and subject to certain conditions in the Equity Investment Agreement, Ohio River Partners Holdco LLC will invest up to \$75 million in Eagle Ridge.

The agreements with Newlight and Eagle Ridge described above are subject to conditions, including that the board of directors of Newlight make a final investment decision to proceed with the development of the project by December 31, 2022, and there can be no assurance that these transactions will be consummated on the terms described herein or at all.

Our other opportunistic investments include:

FYX

In July 2020, FTAI invested \$1.3 million for a 14% interest in an operating company that provides roadside assistance services for the intermodal and over-the-road trucking industries. FYX has developed a mobile and web-based application that connects fleet managers, owner-operators, and drivers with repair vendors to efficiently and reliably quote, dispatch, monitor, and bill comprehensive roadside and fleet repair services.

Asset Management

Our Manager actively manages and monitors our portfolios of assets on an ongoing basis, and in some cases engages third parties to assist with the management of those assets. Our Manager frequently reviews the status of all of our assets. In the case of operating infrastructure, our Manager plays a central role in developing and executing operational, finance and business development strategies. On a periodic basis, our Manager discusses the status of our acquired assets with our board of directors.

In some situations, we may acquire assets through a joint venture entity or own a minority position in an investment entity. In such circumstances, we will seek to protect our interests through appropriate levels of board representation, minority protections and other structural enhancements.

While we expect to hold our assets for extended periods of time, we and our Manager continually review our assets to assess whether we should sell or otherwise monetize them. Aspects that will factor into this process include relevant market conditions, the asset’s age, relative concentration or remaining expected useful life.

Customers

Our customers consist of global industrial and energy companies, including corporations that refine crude oil and trade petroleum products, manufacturers and local electricity markets and traders. We maintain ongoing relationships and discussions with our customers and seek to have consistent dialogue. In addition to helping us monitor the needs and quality of our customers, we believe these relationships help source additional opportunities and gain insight into attractive opportunities in the infrastructure sectors. A substantial portion of our revenue has historically been derived from a small number of customers. As of and for the year ended December 31, 2021, our largest customer accounted for 22% of our revenue and 24% of total accounts receivable, net. We derive a significant percentage of our revenue within specific sectors from a limited number of customers. However, we do not think that we are dependent upon any particular customer, or that the loss of one or more of them would have a material adverse effect on our business or the relevant segment, because of our ability to replace the customers at similar contractual terms following the loss of any such customer. See “Risk Factors—Contractual defaults may adversely affect our business, prospects, financial condition, results of operations and cash flows by decreasing revenues and increasing storage, positioning, collection, recovery and lost equipment expenses.”

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Competition

The business of acquiring, managing and marketing infrastructure assets is highly competitive. Market competition for acquisition opportunities includes traditional infrastructure companies, commercial and investment banks, as well as a growing number of non-traditional participants, such as hedge funds, private equity funds, and other private investors.

Additionally, the markets for our products and services are competitive, and we face competition from a number of sources. These competitors include companies in the midstream energy business, terminal operators and those involved in the transportation of bulk goods.

We compete with other market participants on the basis of industry knowledge, availability of capital and deal structuring experience and flexibility, among other things. We believe our Manager's experience in the infrastructure industry and our access to capital, in addition to our focus on diverse asset classes and customers, provides a competitive advantage versus competitors that maintain a single sector focus.

Governmental Regulations

We are subject to federal, state, local and foreign laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants to air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites and noise and emission levels. Under some environmental laws in the United States and certain other countries, strict liability may be imposed on the owners or operators of assets, which could render us liable for environmental and natural resource damages without regard to negligence or fault on our part. In addition, changes to environmental standards or regulations in the industries in which we operate could limit the economic life of the assets we acquire or reduce their value, and also require us to make significant additional investments in order to maintain compliance.

Sustainability

Our ongoing sustainable solutions and investments in our business include the following:

- **Waste plastic to renewable fuel.** In November 2021, FTAI announced a joint venture with Clean Planet Energy, a UK-based green tech company, that aims to develop Clean Planet Energy USA ecoPlants in key North American markets. The ecoPlants will be designed to convert non-recyclable waste plastics (which are typically destined for landfill) into ultra-clean fuels and oils to support the manufacture of new plastics. The first facility is under development at Repauno in Gibbstown, New Jersey, and is expected to initially process 20,000 tons of waste plastics each year.
- **Lithium-ion battery recycling.** In September 2021, FTAI acquired a 50% interest in Aleon and Gladieux. Aleon plans to develop a lithium-ion battery recycling business across the United States. Each planned location is anticipated to collect, discharge and disassemble lithium-ion batteries to extract various metals in high-purity form for resale into the lithium-ion battery production market. Gladieux specializes in recycling spent catalyst produced in the petroleum refining industry. The initial battery recycling plant is planned to be build-out at the Freeport site owned by Gladieux, leveraging their existing assets and infrastructure. At full ramp, the plant is expected to process approximately 110,000 tons of spent lithium-ion batteries each year.
- **Hydrogen-fueled power plant.** In October 2020, Long Ridge, located in Hannibal, Ohio, announced its plan to transition its 485 MW combined-cycle power plant to run on carbon-free hydrogen, in collaboration with New Fortress Energy, GE, Kiewit Power Constructors Co., Black & Veatch and NAES Corporation. In April 2022, Long Ridge became the first large scale gas power plant in the U.S. to blend hydrogen as a fuel. This is also the first GE-H class turbine in the world to achieve this milestone. The plant is anticipated to be transitioned to be capable of burning 100% green hydrogen over the next decade.
- **Carbon capture.** In December 2021, FTAI invested in CarbonFree, whose operations are intended to capture carbon from industrial emitters and convert it to beneficial products that also sequester the carbon permanently.

Human Capital Management

Our Manager provides a management team and other professionals who are responsible for implementing our business strategy and performing certain services for us, subject to oversight by our board of directors. We also have

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approximately 600 employees at our business segments, approximately 325 of whom are party to a collective bargaining agreement as of March 31, 2022. We consider our relationship with our employees to be good and we focus heavily on employee engagement. We have invested substantial time and resources into building our team, and our human capital management objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and new employees. To facilitate attraction and retention, we strive to create a diverse, inclusive, and safe workplace, with opportunities for our employees to grow and develop in their careers, supported by strong compensation and benefits programs.

Properties

An affiliate of our Manager leases principal executive offices at 1345 Avenue of the Americas, 45th Floor, New York, NY 10105. Our Jefferson Terminal operating segment leases approximately 200 acres of property for its terminal facilities and leases approximately 12,300 square feet of office space in Texas and 300 square feet in Canada. We are redeveloping Repauno, located in New Jersey, which includes over 1,600 acres of land, riparian rights, rail tracks and a 186,000 barrel underground storage cavern, to be a multi-purpose, multi-modal deepwater port. Additionally, our railcar cleaning business leases space in Maine. We believe that our office facilities and properties are suitable and adequate for our business as it is contemplated to be conducted.

Conflicts of Interest

Although we will establish certain policies and procedures designed to mitigate conflicts of interest, there can be no assurance that these policies and procedures will be effective in doing so. It is possible that actual, potential or perceived conflicts of interest could give rise to investor dissatisfaction, litigation or regulatory enforcement actions. Below is a summary of certain factors that could result in conflicts of interest.

One or more of our officers and directors will have responsibilities and commitments to entities other than us, including, but not limited to, FTAI. In addition, we will not have a policy that expressly prohibits our directors, officers, securityholders or affiliates from engaging for their own account in business activities of the types conducted by us. Moreover, our certificate of incorporation will provide that if any of the Fortress Parties, or any of their officers, directors or employees of any of the Fortress Parties acquire knowledge of a potential transaction that could be a corporate opportunity for us, they have no duty, to the fullest extent permitted by law, to offer such corporate opportunity to us. In the event that any of our directors and officers who is also a director, officer or employee of any of the Fortress Parties acquires knowledge of a corporate opportunity or is offered a corporate opportunity, *provided* that this knowledge was not acquired solely in such person's capacity as a director or officer of us and such person acts in good faith, then such person is deemed to have fully satisfied such person's fiduciary duties owed to us and is not liable to us, to the fullest extent permitted by law, if any of the Fortress Parties or their respective affiliates, pursues or acquires the corporate opportunity or if such person does not present the corporate opportunity to us. See "Risk Factors—Risks Related to Our Manager—There are conflicts of interest in our relationship with our Manager."

Our key agreements, including our Management Agreement, were negotiated among related parties, and their respective terms, including fees and other amounts payable, may not be as favorable to us as terms negotiated on an arm's-length basis with unaffiliated parties.

The structure of the Manager's compensation arrangement may have unintended consequences for us. We have agreed to pay our Manager a management fee that is not tied to our performance and incentive compensation that is based entirely on our performance. The management fee may not sufficiently incentivize our Manager to generate attractive risk-adjusted returns for us, while the performance-based incentive compensation component may cause our Manager to place undue emphasis on the maximization of earnings, including through the use of leverage, at the expense of other objectives, such as preservation of capital, to achieve higher incentive distributions. Since investments with higher yield potential are generally riskier or more speculative than investments with lower yield potential, this could result in increased risk to the value of our portfolio of assets and your investment in us.

We may compete with entities affiliated with or managed by our Manager or Fortress for certain assets that we may seek to acquire. From time to time, entities affiliated with or managed by our Manager or Fortress may focus on investments in assets with a similar profile as our target assets. These affiliates may have meaningful purchasing capacity, which may change over time depending upon a variety of factors, including, but not limited to, available equity capital and debt financing, market conditions and cash on hand. Fortress has funds invested in transportation-related infrastructure with approximately \$3.5 billion in investments in aggregate as of both December 31, 2020 and 2021. Fortress funds generally have a fee structure similar to the structure of the fees in our Management Agreement, but the fees actually paid will vary depending on the size, terms and performance of each fund.

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Our Manager may determine, in its discretion, to make a particular investment through an investment vehicle other than us. Investment allocation decisions will reflect a variety of factors, such as a particular vehicle's availability of capital (including financing), investment objectives and concentration limits, legal, regulatory, tax and other similar considerations, the source of the investment opportunity and other factors that the Manager, in its discretion, deems appropriate. Our Manager does not have an obligation to offer us the opportunity to participate in any particular investment, even if it meets our investment objectives.

Legal Proceedings

We are and may become involved in legal proceedings, including, but not limited to, regulatory investigations and inquiries, in the ordinary course of our business. Although we are unable to predict with certainty the eventual outcome of any litigation, regulatory investigation or inquiry, in the opinion of management, we do not expect our current and any threatened legal proceedings to have a material adverse effect on our business, financial position or results of operations. Given the inherent unpredictability of these types of proceedings, however, it is possible that future adverse outcomes could have a material adverse effect on our financial results.

OUR MANAGER AND MANAGEMENT AGREEMENT

General

We will be externally managed by our Manager, FIG LLC, pursuant to the terms of our Management Agreement, which will be effective upon the completion of the spin-off. Our Manager is an affiliate of Fortress.

Our officers and the other individuals who execute our business strategy are employees of our Manager or its affiliates. These individuals are not required to exclusively dedicate their services to us and may provide services for other entities affiliated with our Manager.

Management Agreement

We will be party to a Management Agreement with our Manager effective upon completion of the spin-off. Pursuant to the terms of the Management Agreement, our Manager will provide a management team that will be responsible for implementing our business strategy and performing certain services for us. Our Management Agreement will require our Manager to manage our business affairs in conformity with the policies and the investment guidelines that are approved and monitored by our board of directors. There will be no limit on the amount our Manager may invest on our behalf without seeking the approval of our board of directors.

Our Manager will be responsible for, among other things, (i) performing all of our day-to-day functions, (ii) determining investment criteria in conjunction with, and subject to the supervision of, our board of directors, (iii) sourcing, analyzing and executing on investments and sales, (iv) performing investment and liability management duties, including financing and hedging and (v) performing financial and accounting management. Our Manager will perform (or cause to be performed), in each case on our behalf and at our expense, such services and activities relating to our assets and operations as may be appropriate, which may include, without limitation, the following:

- serving as our consultant with respect to the periodic review of the acquisition criteria and parameters for asset acquisitions, borrowings, financing transactions and operations;
- investigating, analyzing, valuing and selecting asset acquisition opportunities;
- with respect to our prospective acquisitions and dispositions of assets, conducting negotiations with brokers, sellers and purchasers and their respective agents and representatives, investment bankers and owners of privately and publicly held companies;
- engaging and supervising independent contractors that provide services relating to us or any of our subsidiaries' assets, including, but not limited to, investment banking, legal or regulatory advisory, tax advisory, due diligence, accounting advisory, securities brokerage, brokerage and other financial, brokerage and consulting services as the Manager determines from time to time is advisable;
- negotiating the sale, exchange or other disposition of any assets;
- coordinating and managing operations of any of our joint venture or co-investment interests held by us or any of our subsidiaries and conducting all matters with respect to those joint ventures or co-investment partners;
- coordinating and supervising all matters related to our or any of our subsidiaries' assets, including the leasing and/or sale and management of such assets and retaining agents, managers or other advisors in connection therewith;
- providing executive and administrative personnel, office space and office services required in rendering services to us;
- administering the day-to-day operations of us and our subsidiaries and performing and supervising the performance of such other administrative functions necessary to our and our subsidiaries' management as may be agreed upon by our Manager and our board of directors, including, without limitation, the collection of revenues and the payment of our debts and obligations and maintenance of appropriate computer services to perform such administrative functions;
- communicating with the past, current and prospective holders of any of our equity or debt securities of us and our subsidiaries as required to satisfy the reporting and other requirements of any governmental bodies or agencies or trading markets and to maintain effective relations with such holders;
- counseling us in connection with policy decisions to be made by our board of directors;

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- evaluating and recommending to our board of directors modifications to any hedging strategies in effect on the date hereof and engaging in hedging activities consistent with such strategies, as in effect from time to time;
- counseling us regarding the maintenance of our exemption from the Investment Company Act and monitoring compliance with the requirements for maintaining such an exemption;
- assisting us in developing criteria that are specifically tailored to our acquisition objectives and making available to us its knowledge and experience with respect to our target assets;
- representing and making recommendations to us in connection with the purchase and finance, and commitment to purchase and finance, of our target assets, and in connection with the sale and commitment to sell such assets;
- monitoring the operating performance of our and our subsidiaries' assets and providing periodic reports with respect thereto to our board of directors, including comparative information with respect to such operating performance, valuation and budgeted or projected operating results;
- investing and re-investing any of our and our subsidiaries' moneys and securities (including investing in short-term investments pending investment in asset acquisitions, payment of fees; costs and expenses; or payments of dividends or distributions to our shareholders and partners) and advising us as to our capital structure and capital raising;
- causing us to retain qualified accountants and legal counsel, as applicable, to assist in developing appropriate accounting procedures, compliance procedures and testing systems with respect to financial reporting obligations and to conduct quarterly compliance reviews with respect thereto;
- causing us and our subsidiaries to qualify to do business in all applicable jurisdictions and to obtain and maintain all appropriate licenses;
- taking all necessary actions to enable us and our subsidiaries to make required tax filings and reports, including soliciting shareholders for required information to the extent provided by the provisions of the Code;
- assisting us and our subsidiaries in complying with all regulatory requirements applicable to us and our subsidiaries in respect of our business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and all reports and documents required under the Exchange Act;
- handling and resolving all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which we or any of our subsidiaries may be involved or to which we or any of our subsidiaries may be subject arising out of our or our subsidiaries' day-to-day operations, subject to such limitations or parameters as may be imposed from time to time by our board of directors;
- using commercially reasonable efforts to cause expenses incurred by or on behalf of us or our subsidiaries to be within any expense guidelines set by our board of directors from time to time;
- performing such other services as may be required from time to time for management and other activities relating to our or our subsidiaries' assets as our board of directors and our Manager shall agree from time to time or as our Manager shall deem appropriate under the particular circumstances;
- using commercially reasonable efforts to cause us to comply with all applicable laws; and
- traveling in connection with the performance of any services or activities relating to our or our subsidiaries' assets, operations, acquisitions or investment analysis.

Indemnification

Pursuant to our Management Agreement, our Manager will not assume any responsibility other than to render the services called for thereunder in good faith and will not be responsible for any action of our board of directors in following or declining to follow its advice or recommendations. Our Manager, its members, managers, officers and employees will not be liable to us or any of our subsidiaries, to our board of directors, or our or any subsidiary's stockholders or partners for any acts or omissions by our Manager, its members, managers, sub-advisers, officers or employees, except by reason of acts constituting bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement. We shall, to the full extent lawful, reimburse, indemnify and hold our Manager, its members, managers, officers and employees, sub-advisers and each other person, if any,

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controlling our Manager, harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from any acts or omissions of an indemnified party made in good faith in the performance of our Manager's duties under our Management Agreement and not constituting such indemnified party's bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement.

Our Manager will, to the full extent lawful, reimburse, indemnify and hold us, our stockholders, directors, officers and employees and each other person, if any, controlling us, harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from our Manager's bad faith, willful misconduct, gross negligence or reckless disregard of its duties under our Management Agreement. Our Manager carries errors and omissions and other customary insurance.

Management Team

Pursuant to the terms of our Management Agreement, our Manager will provide us with a management team, including a chief executive officer and a chief financial officer, to provide the management services to be provided by our Manager to us. The members of our management team shall devote such of their time to the management of us as is reasonably necessary and appropriate, commensurate with our level of activity from time to time.

Assignment

Our Manager may generally only assign our Management Agreement with the written approval of a majority of our independent directors; *provided, however*, that our Manager may assign our Management Agreement to an entity whose day-to-day business and operations are managed and supervised by Mr. Wesley R. Edens. We may not assign our Management Agreement without the prior written consent of our Manager, except in the case of an assignment to another organization which is our successor, in which case such successor organization shall be bound under our Management Agreement and by the terms of such assignment in the same manner as we are bound under our Management Agreement.

Term

The initial term of our Management Agreement will expire on the sixth anniversary of the distribution and will be automatically renewed for one-year terms thereafter unless (i) a majority consisting of at least two-thirds of our independent directors or a simple majority of the holders of outstanding shares of our common stock, agree that there has been unsatisfactory performance that is materially detrimental to us or (ii) a simple majority of our independent directors agree that the management fee payable to our Manager is unfair; *provided* that we shall not have the right to terminate our Management Agreement under clause (ii) foregoing if the Manager agrees to continue to provide the services under the Management Agreement at a fee that a simple majority of our independent directors have reasonably determined to be fair.

If we elect not to renew our Management Agreement at the expiration of the original term or any such one-year extension term as set forth above, our Manager will be provided with 60 days' prior notice of any such termination. In the event of such termination, we would be required to pay the termination fee described below.

We may also terminate our Management Agreement at any time for cause effective upon 60 days' prior written notice of termination from us to our Manager, in which case no termination fee would be due, for the following reasons:

- the willful violation of the Management Agreement by the Manager in its corporate capacity (as distinguished from the acts of any employees of the Manager which are taken without the complicity of any of the Manager's management) under the Management Agreement;
- our Manager's fraud, misappropriation of funds, or embezzlement against us; or
- our Manager's gross negligence of duties under our Management Agreement.

In addition, our Manager may terminate our Management Agreement effective upon 60 days' prior written notice of termination to us in the event that we default in the performance or observance of any material term, condition or covenant contained in our Management Agreement and such default continues for a period of 30 days after written notice thereof specifying such default and requesting that the same be remedied in such 30-day period.

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If our Management Agreement is terminated by our Manager upon our breach, we would be required to pay to our Manager the termination fee described below.

Management Fee

We will pay a management fee equal to 1.5% per annum of our total equity, which will be calculated and payable monthly in arrears in cash. Total equity is generally our equity value, determined on a consolidated basis in accordance with GAAP, but reduced proportionately in the case of a subsidiary to the extent we own, directly or indirectly, less than 100% of the equity interests in such subsidiary.

Our Manager shall compute each installment of the management fee within 15 days after the end of the calendar month with respect to which such installment is payable.

In addition, upon the successful completion of an offering of our common stock or other equity securities (including securities issued as consideration in an acquisition), we will pay and issue to the Manager options to purchase common stock in an amount equal to 10% of the number of common stock being sold in the offering (or if the issuance relates to equity securities other than our common stock, options to purchase a number of shares of common stock equal to 10% of the gross capital raised in the equity issuance *divided by* the fair market value of a share of common stock as of the date of issuance), with an exercise price equal to the offering price per share paid by the public or other ultimate purchaser or attributed to such securities in connection with an acquisition (or the fair market value of a share of common stock as of the date of the equity issuance if it relates to equity securities other than our common stock). Any ultimate purchaser of common stock for which such options are granted may be an affiliate the Manager.

Incentive Compensation

Under the terms of the Management Agreement, our Manager will be entitled to an income incentive fee (the "Income Incentive Fee"). The Income Incentive Fee is calculated and paid quarterly in arrears based on our pre-incentive fee net income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net income means, with respect to a calendar quarter, net income attributable to shareholders during such quarter calculated in accordance with U.S. GAAP excluding our pro rata share of (1) realized or unrealized gains and losses, (2) certain non-cash or one-time items, and (3) any other adjustments as may be approved by our independent directors. Pre-incentive fee net income does not include any Income Incentive Fees or Capital Gains Incentive Fees (described below) paid to our Manager during the relevant quarter.

We pay our Manager the Income Incentive Fee with respect to our pre-incentive fee net income in each calendar quarter as follows: (1) no Income Incentive Fee in any calendar quarter in which pre-incentive fee net income, expressed as a rate of return on the average value of our net equity capital (excluding non-controlling interests) at the end of the two most recently completed calendar quarters, does not exceed 2% for such quarter (8% annualized); (2) 100% of pre-incentive fee net income with respect to that portion of such pre-incentive fee net income, if any, that is equal to or exceeds 2% but does not exceed 2.2223% for such quarter; and (3) 10% of the amount of pre-incentive fee net income, if any, that exceeds 2.2223% for such quarter. These calculations will be prorated for any period of less than three months. With respect to the first determination of pre-incentive fee net income following the date of the spin-off, pre-incentive fee net income for any portion of the quarter occurring prior to the date of the spin-off will be determined considering only the FTAI Infrastructure assets and liabilities.

Under the terms of the Management Agreement, our Manager will also be entitled to a capital gains incentive fee (the "Capital Gains Incentive Fee"). The Capital Gains Incentive Fee is calculated and distributable in arrears as of the end of each calendar year and is equal to 10% of our pro rata share of cumulative realized gains from the date of the spin-off through the end of the applicable calendar year, net of our pro rata share of cumulative realized or unrealized losses, the cumulative non-cash portion of equity-based compensation expenses (the "Loss Carryforward") and all realized gains upon which prior performance-based Capital Gains Incentive Fee payments were made to our Manager. As of the date of the spin-off, our Loss Carryforward will equal our portion of the cumulative realized or unrealized losses and cumulative non-cash portion of equity based compensation expenses of FTAI attributable to the FTAI Infrastructure assets and liabilities from the date of FTAI's initial public offering through the date of the spin-off, measured as of the open of business on date of the spin-off. In addition, as of the date of the spin-off, our pro rata share of cumulative realized gains from the date of the spin-off will be equal to

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FTAI's pro rata share of cumulative realized gains attributable to the FTAI Infrastructure assets and liabilities from the date of FTAI's initial public offering through the date of the spin-off minus all realized gains attributable to the FTAI Infrastructure assets and liabilities upon which prior performance-based capital gains incentive allocations we previously paid by FTAI to our Manager or its affiliates.

Reimbursement of Expenses

We pay all of our operating expenses, except those specifically required to be borne by the Manager under the Management Agreement. The expenses required to be paid by us include, but are not limited to, issuance and transaction costs incident to the acquisition, disposition and financing of our assets, legal and auditing fees and expenses, the compensation and expenses of our independent directors, the costs associated with the establishment and maintenance of any credit facilities and other indebtedness of ours (including commitment fees, legal fees, closing costs, etc.), expenses associated with other securities offerings of ours, costs and expenses incurred in contracting with third parties (including affiliates of the Manager), the costs of printing and mailing proxies and reports to our stockholders, costs incurred by the Manager or its affiliates for travel on our behalf, costs associated with any computer software or hardware that is used by us, costs to obtain liability insurance to indemnify our directors and officers and the compensation and expenses of our transfer agent, and all other expenses incurred by our Manager which are reasonably necessary for the performance of its duties under the Management Agreement.

We will pay or reimburse the Manager and its affiliates for performing certain legal, accounting, due diligence tasks and other services that outside professionals or outside consultants otherwise would perform; *provided* that such costs and reimbursements are no greater than those which would be paid to outside professionals or consultants. The Manager is responsible for all of its other costs incident to the performance of its duties under the Management Agreement, including compensation of the Manager's employees, rent for facilities and other "overhead" expenses; we will not reimburse the Manager for these expenses. A portion of our reimbursement to the Manager will be allocated to us based on the estimated amount of time incurred by the Manager's employees on activities related to our operations.

Termination Fee

If we terminate the Management Agreement, we will generally be required to pay the Manager a termination fee. The termination fee is equal to (i) the amount of the management fee during the 12 months immediately preceding the date of the termination and (ii) the amount of the Income Incentive Fee and Capital Gains Incentive Fee as if our assets were sold for cash at their then current fair market value.

Employees

Our Manager provides a management team and other professionals who are responsible for implementing our business strategy and performing certain services for us, subject to oversight by our board of directors, and as a result, we have no employees. From time to time, certain of our officers may enter into written agreements with us that memorialize the provision of certain services; these agreements do not provide for the payment of any cash compensation to such officers from us. The employees of our Manager are not a party to any collective bargaining agreement. In addition, our Manager expects to utilize third-party contractors to perform services and functions related to the operation and leasing of our assets. These functions may include billing, collections, recovery and asset monitoring.

MANAGEMENT

Directors and Officers

Set forth below is certain biographical information and ages for our directors. Each director holds office until his or her successor is duly elected or appointed and qualified or until his or her earlier death, retirement, disqualification, resignation or removal. As of the closing of the spin-off, our board of directors is expected to consist of four members.

Our bylaws will provide that our board of directors shall consist of not less than three and not more than nine directors as the board of directors may from time to time determine. Our board of directors is divided into three classes that are, as nearly as possible, of equal size. Each class of directors is elected for a three-year term of office, but the terms are staggered so that the term of only one class of directors expires at each annual general meeting. The initial terms of the Class I, Class II and Class III directors will expire in 2023, 2024 and 2025, respectively. Mr. Hamilton is expected to serve as a Class I director Mr. Robinson is expected to serve as a Class II director and Ms. Hannaway and Mr. Adams are expected to serve as Class III directors. All officers serve at the discretion of the board of directors.

As of the closing of the spin-off, we expect to have four directors, three of whom are expected to be determined by our board of directors to be independent under the standards adopted by Nasdaq and the SEC.

Our certificate of incorporation will not provide for cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of common stock can elect all of the directors standing for election, and the holders of the remaining shares will not be able to elect any directors.

The following table shows the names, positions and ages of our expected directors as of the closing of the spin-off:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Joseph P. Adams, Jr.	64	Chairman of the board of directors
James L. Hamilton	67	Independent Director
Judith A. Hannaway	70	Independent Director
Ray M. Robinson	74	Independent Director

Joseph P. Adams, Jr. Mr. Adams will serve as Chairman of our board of directors upon completion of the spin-off. He has served as Chief Executive Officer and as a member of the Board of Directors of FTAI since May 2015, and he became the Chairman of the FTAI Board of Directors in May 2016. He is a member of the Management Committee of Fortress, and is a Managing Director at Fortress within the Private Equity Group. He has served as a member of the board of directors of Seacastle, Inc., SeaCube Container Leasing Ltd., Aircastle Limited and RailAmerica Inc. Previously, Mr. Adams was a partner at Brera Capital Partners and at Donaldson, Lufkin & Jenrette where he was in the transportation industry group. In 2002, Mr. Adams served as the first Executive Director of the Air Transportation Stabilization Board. Mr. Adams received a B.S. in Engineering from the University of Cincinnati and an M.B.A. from Harvard Business School. Mr. Adams' experience, including his role serving as Deputy Chairman on a number of boards for portfolio companies of Fortress, provides the board with valuable insights into how boards at other companies address issues similar to those faced by the company. In addition, his experience as a private equity investor and investment and merchant banker provides the board with valuable guidance on financial, strategic planning and investor relations matters, particularly as it relates to transportation related industries.

James L. Hamilton. Mr. Hamilton will serve on our board of directors upon completion of the spin-off. Mr. Hamilton served as JP Morgan's Global Head of Transportation Investment Banking Coverage from 2010 to 2020, and had an earlier role as Managing Director, Transport Group from 2006 to 2010. Mr. Hamilton is currently serving as a Director of Ingram Industries since 2019. He is also currently serving as a Chairman of the US Merchant Marine Academy Alumni Association & Foundation, having joined the board in 2009 and formerly serving as Vice Chairman of the Finance Committee and Chairman of the Audit Committee. Mr. Hamilton formerly was a member of the board of directors of the New York Archdiocese School Board, Manhattan District, and was previously a member of the Northwestern University Transportation Center, Business Advisory Council. Prior to business school, Mr. Hamilton sailed as a merchant marine deck officer for Gulf Oil Corporation. Mr. Hamilton served his country for more than a decade in the U.S. Naval Reserve, obtaining the rank of Lieutenant Commander. Mr. Hamilton received a B.S. in Marine Transportation from the United States Merchant Marine Academy and his M.B.A in

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Finance from the New York University Stern School of Business. Mr. Hamilton's transportation and investment experience, particularly across the shipping, rails and logistics sectors, will provide the board with valuable guidance as it relates to transportation-related industries.

Judith A. Hannaway. Ms. Hannaway will serve on our board of directors upon completion of the spin-off. Ms. Hannaway has served on the FTAI Board of Directors since January 2018. During the past several years, Ms. Hannaway has acted as a consultant to various financial institutions. Prior to acting as a consultant, Ms. Hannaway was employed by Scudder Investments, a wholly-owned subsidiary of Deutsche Bank Asset Management, as a Managing Director. Ms. Hannaway joined Scudder Investments in 1994 and was responsible for Special Product Development including closed-end funds, offshore funds and REIT funds. Prior to joining Scudder Investments, Ms. Hannaway was employed by Kidder Peabody as a Senior Vice President in Alternative Investment Product Development. She joined Kidder Peabody in 1983. Prior to Kidder Peabody, Ms. Hannaway was a Senior Vice President in the Leverage Leasing Group at Merrill Lynch involved in aircraft and other transportation equipment leasing. Ms. Hannaway also spent time at Continental Grain Company at the beginning of her career in the Long Range Planning Group doing barge financing and leasing. Ms. Hannaway served as a member of the board of directors of DiamondPeak Holdings Corp. from February 2019 to October 2021. From 2015 to September 2019, Ms. Hannaway was the Lead Independent Director of Northstar Realty Europe Corp. Ms. Hannaway served as an independent director of NorthStar Realty and Northstar Asset Management from September 2004 and June 2014, respectively, through January 2017. Ms. Hannaway holds a B.A. with honors from Newton College of the Sacred Heart and an M.B.A. from Simmons College Graduate Program in Management. Her extensive experience in the aviation and transportation business and on public company boards led our board of directors to conclude that Ms. Hannaway should serve as a director.

Ray M. Robinson. Mr. Robinson will serve on our board of directors upon completion of the spin-off. Mr. Robinson has served on the FTAI Board of Directors since May 2015. Mr. Robinson has been the non-executive chairman of Citizens Trust Bank since May 2003. From 1996 to 2003 he served as the President of the Southern Region of AT&T Corporation. Mr. Robinson is a director of Acuity Brands Inc., American Airlines Group Inc. and PROG Holdings, Inc., all of which are public companies, and was previously a director of Aaron's Inc. (November 2002 to October 2020), Avnet, Inc., Choicepoint Inc., Mirant Corporation, and RailAmerica, Inc. He was the president of Atlanta's East Lake Golf Club from May 2003 to December 2005, and has been President Emeritus since December 2005. Mr. Robinson was the Chairman of Atlanta's East Lake Community Foundation from November 2003 to January 2005 and has been Vice Chairman since January 2005. Mr. Robinson was selected as a director because of his extensive service on other public company boards, sales and marketing experience gained through senior leadership positions, extensive operational skills from his tenure at AT&T, and longstanding involvement in civic and charitable leadership roles in the community.

The following table shows the names and ages of our executive officers and the positions that they hold. A description of the business experience of each for at least the past five years follows the table.

Name	Age	Position
Kenneth J. Nicholson	51	Chief Executive Officer and President
Scott Christopher	48	Chief Financial Officer, Chief Accounting Officer and Treasurer

Kenneth J. Nicholson. Mr. Nicholson will be the Chief Executive Officer and President of FTAI Infrastructure. He has served on the FTAI board of directors since May 2016. Mr. Nicholson is a Managing Director at Fortress focusing on investments in the transportation, infrastructure and energy industries, including investments made by FTAI. He joined Fortress in May 2006. Previously, Mr. Nicholson worked in investment banking at UBS Investment Bank and Donaldson, Lufkin & Jenrette where he was a member of the transportation industry group. Mr. Nicholson holds a B.S. in Economics from the Wharton School at the University of Pennsylvania.

Scott Christopher. Mr. Christopher will be the Chief Financial Officer, Chief Accounting Officer and Treasurer of FTAI Infrastructure. Mr. Christopher has been FTAI's Chief Financial Officer since May 2016, and served as Chief Accounting Officer from May 2015 to August 2018. Mr. Christopher also serves as a Senior Vice President of the Fortress Private Equity group. From 2010 to 2015, Mr. Christopher worked as Deputy Corporate Controller at American International Group, Inc. Prior to that, he worked at Deloitte & Touche LLP in various capacities in Audit, Advisory and Merger & Acquisition Services. Mr. Christopher received a Bachelor of Business Administration in Accounting from the University of Wisconsin — Madison, and is a certified public accountant.

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Director Independence

Our board of directors is expected to determine that each of Mr. Hamilton, Ms. Hannaway and Mr. Robinson are independent under the standards adopted by Nasdaq and the SEC. There are no family relationships among any of our directors or executive officers.

Committees of the Board of Directors

We will establish the following committees of our board of directors as of the closing of the spin-off:

Audit Committee

Following the spin-off, our audit committee (the “Audit Committee”) will initially consist of Mr. Hamilton, Ms. Hannaway and Mr. Robinson. Mr. Hamilton will serve as the chair of the Audit Committee. Our board of directors is expected to determine that Mr. Hamilton is an audit committee financial expert as defined by the SEC. The Audit Committee assists the board of directors in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of FTAI Infrastructure and our subsidiaries, including, without limitation:

- assisting the board’s oversight of (i) the integrity of our financial statements, (ii) our compliance with legal and regulatory requirements, (iii) our independent auditors’ qualifications and independence and (iv) the performance of our independent auditors and our internal auditors;
- preparing the report required to be prepared by the Audit Committee pursuant to the rules of the SEC for inclusion in our annual proxy statement;
- reviewing our financial risk and control procedures; and
- has the sole discretion to appoint annually our independent registered public accounting firm, evaluate its independence and performance and set clear hiring policies for employees or former employees of the independent registered public accounting firm.

Our board of directors is expected to determine that each of Mr. Hamilton, Ms. Hannaway and Mr. Robinson are independent under the standards adopted by Nasdaq and the SEC.

Nominating and Corporate Governance Committee

Following the spin-off, our nominating and corporate governance committee (the “Nominating and Corporate Governance Committee”) will consist of Mr. Hamilton, Ms. Hannaway and Mr. Robinson. Ms. Hannaway will serve as the chair of the Nominating and Corporate Governance Committee. The principal duties and responsibilities of our Nominating and Corporate Governance Committee will be the following:

- recommend to the board of directors individuals qualified to serve as directors and on committees of the board of directors;
- advise the board with respect to board composition, procedures and committees;
- advise the board with respect to the corporate governance principles applicable to us; and
- oversee the evaluation of the board of directors.

Compensation Committee

Following the spin-off, our compensation committee (the “Compensation Committee”) will consist of Mr. Hamilton, Ms. Hannaway and Mr. Robinson. Mr. Robinson will serve as the chair of the Compensation Committee. The principal duties of the Compensation Committee are to:

- oversee our annual review of the Management Agreement, including the performance of and compensation payable to our Manager thereunder;
- oversee our compensation policies and, if applicable, employee benefit plans and practices, including any incentive-compensation and equity-based plans;
- review and discuss with management our compensation discussion and analysis to be included in our annual proxy statement or annual report on Form 10-K filed with the SEC;
- prepare Compensation Committee reports, as required by the rules of the SEC;

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- make recommendations to the board of directors regarding director compensation; and
- perform such further functions as may be consistent with the charter of the Compensation Committee of the board of directors or assigned by applicable law, our articles of incorporation or bylaws, or the board of directors.

Code of Business Conduct and Ethics

Our board of directors will establish a code of business conduct and ethics that applies to our directors and to our Manager’s officers, directors and personnel when such individuals are acting for or on our behalf. Among other matters, our code of business conduct and ethics is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with applicable governmental laws, rules and regulations;
- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code.

Any waiver of the code of business conduct and ethics for our officers or directors may be made only by our board of directors as a whole or by the audit committee and will be promptly disclosed as required by law or stock exchange regulations.

Compensation of Directors

We have not yet paid any compensation to our directors. Following completion of the distribution, we will pay an annual fee to each of our independent directors equal to \$150,000. In addition, an annual fee of \$10,000 will be paid to the chair of the Audit Committee. Fees to independent directors may be made by issuance of common stock, based on the value of such common stock at the date of issuance, rather than in cash; *provided* that any such issuance does not prevent such director from being determined to be independent and such common stock is granted pursuant to a stockholder-approved plan or the issuance is otherwise exempt from Nasdaq listing requirements. Each of our independent directors will also receive an initial one time grant of fully vested options to purchase 5,000 shares of common stock under the FTAI Infrastructure Inc. Nonqualified Stock Option and Incentive Award Plan upon the date of the first meeting of our board of directors attended by such director. For additional information on our director equity compensation, see “—FTAI Infrastructure Inc. Nonqualified Stock Option and Incentive Award Plan.” Our affiliated directors, however, will not be separately compensated by us. All members of our board of directors will be reimbursed for reasonable costs and expenses incurred in attending meetings of our board of directors.

Executive Officer Compensation

Introduction

Each of our officers is an employee of our Manager or an affiliate of our Manager. Our officers will be compensated by our Manager (or the applicable affiliate) and will not receive any compensation directly from us. We will not reimburse our Manager or any of its affiliates for the compensation of any of our officers and we will not make any decisions regarding the compensation of our officers. For a description of our Manager’s compensation, please refer to the section entitled “Our Manager and Management Agreement.”

In accordance with our Management Agreement, our officers will devote such portion of their time to our affairs as is required for the performance of the duties of our Manager under the Management Agreement. As a result, certain of our officers from time to time may be exclusively dedicated to performing services to us and thus not provide any other significant services to our Manager, while other of our officers may not be exclusively dedicated to us and may perform services for our Manager that are unrelated to our affairs.

Our Chief Executive Officer and President, Kenneth J. Nicholson, devoted a substantial portion of his time to us or FTAI in 2021, although he did not exclusively provide services to us or FTAI in 2021. Since our Manager compensates Mr. Nicholson based on the overall value of the various services that he performs for our Manager, our Manager is not able to segregate and identify any portion of the compensation awarded to him as relating solely to

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services performed for us or FTAI. Accordingly, we have not included any information relating to the compensation paid to Mr. Nicholson by our Manager in or in respect of 2021 in the “Summary Compensation Table for 2021” below.

In 2021, our Chief Financial Officer, Chief Accounting Officer and Treasurer Scott Christopher was exclusively dedicated to providing services to us or FTAI. Accordingly, our Manager has determined that the entire amount of the compensation that it paid to Mr. Christopher in or in respect of 2021 was for services that he performed for us or FTAI and we have therefore reported that compensation in the “Summary Compensation Table for 2021,” below.

Compensation Elements for 2021

All of the decisions regarding Mr. Christopher’s compensation are made by our Manager, and the Company and Mr. Christopher do not have any role in determining any aspect of Mr. Christopher’s compensation from our Manager. Our Manager used the following compensation elements in 2021 as tools to reward and retain Mr. Christopher:

- Base Salary - Our Manager paid Mr. Christopher a base salary of \$200,000 in 2021 to assist him with paying basic living expenses during the calendar year;
- Bonus - Our Manager paid Mr. Christopher a discretionary bonus of \$700,000 in early 2022 based on its subjective review of his performance in 2021; and
- Retirement Arrangements and Other Compensation - Our Manager provides Mr. Christopher with 401(k) matching contributions and company-paid life insurance premiums, which our Manager believes are reasonable, competitive and consistent with our Manager’s overall executive compensation objectives to reward and retain talented and experienced individuals.

Summary Compensation Table for 2021

The following table provides additional information regarding the compensation earned by Mr. Christopher in respect of the fiscal years set forth below, which in each case was determined and paid by our Manager.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Scott Christopher <i>Chief Financial Officer, Chief Accounting Officer and Treasurer</i>	2021	200,000	700,000	—	9,168 ⁽¹⁾	909,168
	2020	200,000	700,000	—	8,868	908,868

(1) This amount consists of (i) \$8,700 of 401(k) matching contributions made by our Manager and (ii) \$468 of life insurance premiums paid by our Manager.

Grants of Plan-Based Awards in 2021

From time to time, at the discretion of the compensation committee of the board of directors of FTAI, FTAI may grant options relating to FTAI’s common shares or other equity interests in FTAI to an affiliate of our Manager, who may in turn assign a portion of the options to its employees, including our officers. Any such option awards assigned to employees of our Manager, including our officers (“Tandem Options”), will correspond on a one-to-one basis with the options granted to our Manager, such that exercise by an employee of the Tandem Option would result in the corresponding option held by our Manager being cancelled. In 2021, Mr. Nicholson was granted 12,999 Tandem Options.

In connection with equity offerings and sales by FTAI in March, September and October 2021, FTAI granted options to our Manager related to 1,684,318 common shares of FTAI, which had an aggregate fair value of \$13.8 million as of their respective grant dates. The fair values of these options were recorded by FTAI as an increase in equity with an offsetting reduction of capital proceeds received. The exercise prices ranged between \$25.50 and \$29.50 per option, which, pursuant to the Fortress Transportation and Infrastructure Investors LLC Nonqualified Stock Option and Incentive Award Plan, are equal to the price per share of FTAI’s common shares on the dates of such equity issuances.

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The table below sets forth the outstanding Tandem Options held by our officers as of December 31, 2021.

Name	Number of Securities Underlying Exercisable Options (#)	Number of Securities Underlying Not-Yet Exercisable Options (#)(1)	Option Exercise Price (\$)	Option Expiration Date(2)
Kenneth J. Nicholson	—	225	12.72	7/6/2030
	—	75	12.71	7/7/2030
	—	71	12.94	7/8/2030
	—	71	12.94	7/13/2030
	—	69	13.27	7/14/2030
	—	950	14.75	7/29/2030
	—	68	14.49	7/30/2030
	—	198	14.86	7/31/2030
	—	63	15.10	8/4/2030
	—	195	14.89	8/5/2030
	—	259	15.00	8/6/2030
	—	248	15.72	8/7/2030
	—	696	16.83	8/10/2030
	—	870	16.90	8/11/2030
	—	816	16.93	8/12/2030
	—	358	16.95	8/13/2030
	—	178	17.06	8/14/2030
	—	298	16.98	8/17/2030
	—	176	17.27	8/18/2030
	—	364	16.77	8/19/2030
	—	369	16.63	8/20/2030
	—	183	16.72	8/21/2030
	—	117	16.59	8/25/2030
	—	230	16.92	8/26/2030
	—	941	16.62	8/27/2030
	—	548	16.10	8/28/2030
	—	181	16.04	8/31/2030
	—	4,182	16.03	9/1/2030
	—	57,538	14.99	9/12/2029
	—	68,698	16.74	11/27/2029

(1) Upon the grant of options to our Manager (or an affiliate), such options are fully vested and become exercisable over a 30-month period (the "Total Exercisability Period") in monthly installments beginning on the first of each month following the month in which the options were granted. When Tandem Options are granted, the Manager options become exercisable in monthly installments over a portion of the Total Exercisability Period equal to 30 months, minus the product of (i) the ratio of Manager options not subject to corresponding Tandem Options to the total number of Manager options (including Manager options subject to corresponding Tandem Options) multiplied by (ii) 30 (such period, the "Manager Exercisability Period"). Following the Manager Exercisability Period, the Tandem Options vest in generally monthly installments over the remainder of the Total Exercisability Period and become exercisable only at the end of the Total Exercisability Period.

(2) Represents the expiration date of the option held by our Manager (or an affiliate) that is the basis for the Tandem Options held by the officer. In general, the expiration date of the Tandem Options occurs prior to the expiration date of the underlying Manager options.

Potential Payments Upon Change-in-Control or Termination

Mr. Christopher is not entitled to any severance payments or benefits upon a termination of employment with our Manager and its affiliates, whether occurring prior to or following a change in control of the Company or Fortress Investment Group LLC.

All options granted to our Manager will become fully vested and exercisable upon a “change of control” of FTAI (as defined in the Fortress Transportation and Infrastructure Investors LLC Nonqualified Stock Option and Incentive Award Plan) or a termination of the Manager’s services to FTAI for any reason, and any Tandem Options

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will be governed by the terms and condition set forth in the applicable award agreements, as determined by the compensation committee of the board of directors of FTAI or our Manager, as the case may be. All Tandem Options will become fully vested and exercisable if the holder's employment with our Manager or an affiliate of our Manager is terminated without cause or due to the holder's death or disability within 12 months following a change of control of Fortress Investment Group LLC. However, no optionholder will be entitled to receive any payment or other items of value upon a change of control of Fortress Investment Group LLC or of FTAI. The estimated fair value of the option awards held by our Manager as of December 31, 2021 that would have been accelerated had a change in control of FTAI occurred on December 31, 2021 is approximately \$29.7 million.

FTAI Infrastructure Nonqualified Stock Option and Incentive Award Plan

Introduction

The FTAI Infrastructure Inc. Nonqualified Stock Option and Incentive Award Plan (the "Plan") is intended to facilitate the use of long-term equity-based awards and incentives for the benefit of the service providers to us and our Manager. A summary of the Plan is set forth below.

Summary of the Plan Terms

The Plan is administered by our board of directors, which has appointed the Compensation Committee to administer the Plan. As the administrator of the Plan, the Compensation Committee has the authority to grant awards under the Plan and to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it deems advisable for the administration of the Plan. The Compensation Committee also has the authority to interpret the terms and provisions of the Plan, any award issued under the plan and any award agreements relating thereto, and to otherwise supervise the administration of the Plan. In particular, the Compensation Committee has the authority to determine the terms and conditions of awards under the Plan, including, without limitation, the exercise price, the number of shares of our common stock subject to awards, the term of the awards and the vesting schedule applicable to awards, and to waive or amend the terms and conditions of outstanding awards. All decisions made by the Compensation Committee pursuant to the provisions of the Plan are final, conclusive and binding on all persons.

The terms of the Plan provide for the grant of options (that are not intended to qualify as "incentive stock options" under Section 422 of the Code), stock appreciation rights ("SARs"), restricted stock, performance awards, manager awards, tandem awards, other stock-based awards (including restricted stock units) and non-stock-based awards to our Manager or to employees, officers, directors, consultants, service providers or advisors to either our Manager or us who have been selected by the Compensation Committee to be participants in the Plan.

We reserved 30,000,000 shares of common stock for issuance under the Plan. On the date of any equity issuance by us during the ten-year term of the Plan, that number will be increased by a number of shares of common stock equal to 10% of (i) the number of shares of common stock newly issued by us in such equity issuance or (ii) if such equity issuance relates to equity securities other than our common stock, the number of shares of common stock equal to the quotient obtained by dividing the gross capital raised in such equity issuance (as determined by the Compensation Committee) by the fair market value of a share of common stock as of the date of such equity issuance (such quotient, the "Equity Security Factor"). The shares of common stock which may be issued pursuant to an award under the Plan may be treasury shares, authorized but unissued shares or shares acquired on the open market to satisfy the requirements of the Plan. Awards may consist of any combination of such shares or, at our election, cash. If any shares of common stock subject to an award are forfeited, cancelled, exchanged or surrendered or if an award otherwise terminates or expires without a distribution of shares to the participant, such shares will again be available for grants under the Plan. The grant of a tandem award will not reduce the number of shares of common stock reserved and available for issuance under the Plan.

Upon the occurrence of any event which affects the shares of common stock in such a way that an adjustment of outstanding awards is appropriate to prevent the dilution or enlargement of rights under the awards, the Compensation Committee will make appropriate equitable adjustments. The Compensation Committee may also provide for other substitutions or adjustments in its sole discretion, including, without limitation, the cancellation of any outstanding award and payment in cash or other property in exchange thereof, equal to the excess, if any, of the fair market value of the shares or other property subject to the award over the exercise price, if any.

We anticipate that we will grant our Manager options in connection with our equity offerings as compensation for our Manager's role in raising capital for us. In the event that we offer equity securities to the public, we intend

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to simultaneously grant to our Manager or an affiliate of our Manager a number of options equal to up to 10% of (i) the aggregate number of shares of common stock being issued in such offering or (ii) if such equity issuance relates to equity securities other than our shares of common stock, the number of shares of common stock equal to the Equity Security Factor, in each case at an exercise price per share equal to the offering price per share, as determined by the Compensation Committee. The main purpose of these options is to provide transaction-specific compensation to our Manager, in a form that aligns our Manager's interests with those of our shareholders, for the valuable services it provides in raising capital for us to invest through equity offerings. In addition, the Plan enables our Manager to incentivize its employees who render services to us by making tandem equity awards to them and thus also aligning their interests with those of our shareholders, as described below. In each case, the Plan provides that such Manager options will be fully vested as of the date of grant and exercisable as to 1/30 of the shares subject to the option on the first day of each of the 30 calendar months following the date of the grant. The Compensation Committee will determine whether the exercise price will be payable in cash, by withholding from common stock otherwise issuable upon exercise of such option or through another method permitted under the Plan.

In addition, the Compensation Committee has the authority to grant such other awards to our Manager as it deems advisable; *provided* that no such award may be granted to our Manager in connection with any issuance by us of equity securities in excess of 10% of (i) the maximum number of common stock then being issued or (ii) if such equity issuance relates to equity securities other than shares of common stock, the maximum number of shares of common stock determined in accordance with the Equity Security Factor. Our board of directors may also determine to issue options to our Manager that are not subject to the Plan; *provided* that the number of shares of common stock underlying any options granted to our Manager in connection with capital raising efforts would not exceed 10% of the equity securities sold in such offering and would be subject to Nasdaq rules.

Each of the Compensation Committee and our Manager also has the authority under the terms of the Plan to direct tandem options ("Tandem Options") to employees of our Manager who act as officers or perform other services for us that correspond on a one-to-one basis with the options granted to our Manager, such that exercise by such employee of the Tandem Options would result in the corresponding options held by our Manager being cancelled. As a condition to the grant of Tandem Options, our Manager is required to agree that so long as such Tandem Options remain outstanding, our Manager will not exercise any options under any designated Manager options that relate to the options outstanding under such Tandem Options. If any Tandem Options are forfeited, expire or are cancelled without being exercised, the related options under the designated Manager options will again become exercisable in accordance with their terms. The terms and conditions of any Tandem Options (e.g., the per-share exercise price, the schedule of vesting, exercisability and delivery, etc.) will be determined by the Compensation Committee or our Manager, as the case may be, in its sole discretion and must be included in an award agreement; *provided* that the term of such Tandem Options may not be greater than the term of the designated Manager options to which they relate.

All options granted to our Manager will become fully vested and exercisable upon a "change of control" (as defined in the Plan) or a termination of our Manager's services to us for any reason, and any Tandem Options will be governed by the terms and condition set forth in the applicable award agreements, as determined by the Compensation Committee or our Manager, as the case may be.

As a general matter, the Plan provides that the Compensation Committee has the power to determine at what time or times each option may be exercised and, subject to the provisions of the Plan, the period of time, if any, after death, disability or other termination of employment during which options may be exercised. Options may become vested and exercisable in installments, and the exercisability of options may be accelerated by the Compensation Committee. To the extent permitted by applicable law, we may make loans available to the optionee in connection with the exercise of stock options. Such loans must be evidenced by the delivery of a promissory note and will bear interest and be subject to such other terms and conditions (including, without limitation, the execution by the optionee of a pledge agreement) as the Compensation Committee may determine. In any event, such loan amount may not exceed the sum of (x) the exercise price less the par value of the shares of common stock subject to such option then being exercised *plus* (y) any federal, state or local income taxes attributable to such exercise.

The Compensation Committee may also grant SARs in tandem with all or part of, or completely independent of, a grant of options or any other award under the Plan. A SAR issued in tandem with an option may be granted at the time of grant of the related option or at any time during the term of such option. The amount payable in cash and/or common stock with respect to each SAR will be equal in value to a percentage (including up to 100%) of the amount by which the fair market value per share on the exercise date exceeds the fair market value per share on the

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date of grant of the SAR. The applicable percentage will be established by the Compensation Committee. The award agreement under which the SAR is granted may state whether the amount payable is to be paid wholly in cash, wholly in shares of common stock or in any combination of the foregoing, and if the award agreement does not state the manner of payment, the Compensation Committee will determine such manner of payment at the time of payment. The amount payable in shares of common stock, if any, is determined with reference to the fair market value per share on the date of exercise.

SARs issued in tandem with options shall be exercisable only to the extent that the options to which they relate are exercisable. Upon exercise of the tandem SAR, and to the extent of such exercise, the participant's underlying option shall automatically terminate. Similarly, upon the exercise of the tandem option, and to the extent of such exercise, the participant's related SAR will automatically terminate.

The Compensation Committee may also grant restricted shares, performance awards, and other stock-based awards (including restricted stock units) and non-stock-based awards under the Plan. These awards will be subject to such conditions and restrictions as the Compensation Committee may determine, which may include, without limitation, the achievement of certain performance goals or continued employment with us through a specific period.

The Plan provides that each new non-officer or non-employee member of our board of directors will be granted an initial one-time grant of an option to purchase 5,000 shares of common stock upon the date of the first meeting of our board of directors attended by such director. Such initial option grant, which will be fully vested on the date of grant and will have an exercise price equal to the fair market value of the underlying common stock on the date of grant.

Equitable Adjustment of Options

In connection with the distribution, each FTAI option held by our Manager, the employees of our Manager (including our officers), and the non-employee directors of FTAI, in each case as of the date of the distribution will be converted into an adjusted FTAI option and a new FTAI Infrastructure option. The exercise price of each adjusted FTAI option and new FTAI Infrastructure option will be set to collectively maintain the intrinsic value of the FTAI option immediately prior to the distribution and to maintain the ratio of the exercise price of the adjusted FTAI option and the new FTAI Infrastructure option, respectively, to the fair market value of the underlying shares as of the distribution. The terms and conditions applicable to each new FTAI Infrastructure option will be substantially similar to the terms and conditions otherwise applicable to the corresponding FTAI option as of the date of distribution. The grant of such new FTAI Infrastructure options will not reduce the number of shares of common stock otherwise available for issuance under the Plan.

PRINCIPAL STOCKHOLDERS

As of the date hereof, all of the outstanding shares of our common stock are indirectly owned by FTAI. After the distribution, FTAI will not own any of our common stock. The following table provides information with respect to the expected beneficial ownership of our common stock by (i) each person whom we believe will be a beneficial owner of more than 5% of our outstanding common stock, (ii) each of our directors and named executive officers and (iii) all directors, director nominees and executive officers as a group. We based the share amounts on each person's beneficial ownership of FTAI common shares as of April 1, 2022, unless we indicate some other basis for the share amounts, and assuming a distribution ratio of one share of our common stock for every one FTAI common share.

To the extent our directors and officers own FTAI common shares at the time of the spin-off, they will participate in the distribution on the same terms as other holders of FTAI common shares. In addition, following the distribution, FTAI options held by these individuals will be equitably adjusted to become separate options relating to both FTAI common shares and our common stock. Such options relating to our common stock are reflected in the table below. For a description of the equitable adjustments expected to be made to FTAI options, see "Management—Equitable Adjustment of Options."

Except as otherwise noted in the footnotes below, each person or entity identified below has sole voting and investment power with respect to such securities. Following the distribution, we will have outstanding an aggregate of 99,188,696 shares of common stock based upon FTAI common shares outstanding on April 1, 2022, assuming no exercise of FTAI options and applying the distribution ratio of one share of our common stock for every one FTAI common share held as of the record date.

For purposes of this Information Statement, a "beneficial owner" means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares:

- (i) voting power, which includes the power to vote, or to direct the voting of, our common stock; and/or
- (ii) investment power, which includes the power to dispose of, or to direct the disposition of, our common stock.

A person is also deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of such security at any time within 60 days.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership	Percent of Class ⁽²⁾
The Washington State Investment Board ⁽³⁾	11,785,779	11.9%
Morgan Stanley ⁽⁴⁾	6,615,390	6.7%
The Goldman Sachs Group, Inc. ⁽⁵⁾	5,956,245	6.0%
Bank of America Corporation ⁽⁶⁾	5,044,918	5.1%
Fortress Investment Group LLC and certain affiliates ⁽⁷⁾	3,027,233	3.0%
Joseph P. Adams Jr. ⁽⁸⁾	328,852	*
James L. Hamilton ⁽⁸⁾	—	—
Judith A. Hannaway ⁽⁸⁾	5,000	*
Ray M. Robinson ⁽⁸⁾	47,947	*
Kenneth J. Nicholson ⁽⁸⁾	210,506	*
Scott Christopher ⁽⁸⁾	10,300	*
All directors, nominees and executive officers as a group (6 persons)	602,605	*

* Denotes less than 1%.

- 1) The address of all officers and directors listed above, and of Fortress and certain affiliates, is in the care of Fortress Investment Group LLC, 1345 Avenue of the Americas, 45th Floor, New York, NY 10105.
- 2) Percentages shown assume the exercise by such persons of all options to acquire shares of common stock that are exercisable within 60 days of April 1, 2022, and no exercise by any other person.
- 3) Sole voting and dispositive power in respect of 11,785,779 shares of common stock, based on a Schedule 13G/A filed with the SEC on April 29, 2020. The Washington State Investment Board's address is 2100 Evergreen Park Drive SW, P.O. Box 40916, Olympia, WA 98504.
- 4) Shared voting power in respect of 6,501,629 shares of common stock; shared dispositive power in respect of 6,615,390 shares of common stock, as stated in a Schedule 13G/A filed with the SEC on February 10, 2022. Morgan Stanley's address is 1585 Broadway, New York, NY 10036.

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- (5) Shared voting and dispositive power in respect of 5,956,245 shares of common stock, as stated in a Schedule 13G filed with the SEC on February 4, 2022. The Goldman Sachs Group, Inc.'s address is 200 West Street, New York, NY 10282.
- (6) Shared voting power in respect of 4,878,655 shares of common stock; shared dispositive power in respect of 5,044,918 shares of common stock, as stated in a Schedule 13G filed with the SEC on January 28, 2022. Bank of America Corporation's address is 100 N Tryon St, Charlotte, NC 28255.
- (7) Includes 713,694 shares of common stock held by Fortress Worldwide Transportation and Infrastructure Investors LP, 34,950 shares of common stock held by FTAI Offshore Holdings L.P. and 2,278,589 options held by the Manager that are exercisable within 60 days of April 1, 2022.
- (8) Includes with respect to each of these individuals the following number of shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days of April 1, 2022: Adams - 126,236; Hamilton - 0; Hannaway - 5,000; Robinson - 5,000; Nicholson - 126,236; and Christopher - 0.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

SEC rules define “transactions with related persons” to include any transaction in which the company is a participant, the amount involved exceeds \$120,000, and in which any “related person,” including any officer, director, nominee for director or beneficial holder of more than 5% of any class of our voting securities or an immediate family member of any of the foregoing, has a direct or indirect material interest. We adopted a written policy that outlines procedures for approving transactions with related persons, and the independent directors review and approve or ratify such transactions pursuant to the procedures outlined in this policy. In determining whether to approve or ratify a transaction with a related person, the independent directors will consider a variety of factors they deem relevant, such as: the terms of the transaction; the terms available to unrelated third parties; the benefits to FTAI Infrastructure; and the availability of other sources for comparable assets, products or services. The policy includes standing pre-approvals for specified categories of transactions, including investments in securities offerings, participation in other investment opportunities generally made available to the Manager’s employees and use of a private aircraft.

Registration Rights Agreement

We have entered into a registration rights agreement (the “Registration Rights Agreement”) granting our Manager and its affiliates and the Master GP and its affiliates (collectively, the “Fortress Entities”) certain rights to register shares of common stock held by them under the Securities Act.

Demand Rights

Under the Registration Rights Agreement, the Fortress Entities, for so long as the Management Agreement is in effect, if a year has not elapsed from the execution of the Registration Rights Agreement or the Fortress Entities directly or indirectly beneficially own an amount of our common stock (whether owned or subsequently acquired, or may be acquired pursuant to a right to conversion or exercise) equal to or greater than 1% of our common stock issued and outstanding immediately after the consummation of the spin-off transaction (a “Registrable Amount”), may exercise “demand” registration rights that allow the Fortress Entities, at any time after the consummation of this spin-off transaction, to request that we register under the Securities Act an amount equal to or greater than a Registrable Amount. The Fortress Entities are entitled to unlimited demand registrations so long as such persons, together, beneficially own a Registrable Amount. We are not obligated to grant a request for a demand registration within three months of any other demand registration.

Piggyback Rights

For so long as the Fortress Entities beneficially own a Registrable Amount, the Fortress Entities have “piggyback” registration rights that allow them to include the common stock that they own in any public offering of equity securities initiated by us (other than those public offerings pursuant to registration statements on Forms S-4 or S-8 or pursuant to an employee benefit plan arrangement) or by any of our other stockholders that have registration rights. These “piggyback” registration rights are subject to proportional cutbacks based on the manner of the offering and the identity of the party initiating such offering.

Shelf Registration

We have granted to the Fortress Entities, for so long as they beneficially own a Registrable Amount or otherwise hold restricted securities, the right to request a shelf registration on Form S-1 or Form S-3 or any other appropriate form providing for offerings of our common stock to be made on a continuous basis until all shares covered by such registration have been sold, subject to our right to suspend the use of the shelf registration prospectuses for a reasonable period of time (not exceeding 60 days in succession or 90 days in the aggregate in any 12-month period) if we determine that certain disclosures required by the shelf registration statements would be detrimental to us or our stockholders. In addition, the Fortress Entities may elect to participate in such shelf registrations within 10 days after notice of the registration is given.

Indemnification; Expenses; Lock-ups

We have agreed to indemnify the applicable selling stockholders, their affiliates and their respective officers, directors, employees, managers, partners, agents and controlling persons against any losses or damages resulting from any untrue statement or omission of material fact in any registration statement, prospectus or preliminary prospectus

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or any issuer free writing prospectus or any amendment or supplement thereto pursuant to which they sell our common stock, unless such liability arose from the applicable selling stockholder's misstatement or omission, and the applicable selling stockholder have agreed to indemnify us against all losses caused by its misstatements or omissions. We will pay all registration and offering-related expenses incidental to our performance under the Registration Rights Agreement, and the applicable selling stockholder will pay its portion of all underwriting discounts, commissions and transfer taxes, if any, relating to the sale of its common stock thereunder. We have agreed to enter into, and to cause our officers and directors to enter into, lock-up agreements in connection with any exercise of registration rights by the Fortress Entities.

Management Agreement and Other Incentive Allocation with Fortress

The Manager will be paid annual fees in exchange for advising us on various aspects of our business, formulating our investment strategies, arranging for the acquisition and disposition of assets, arranging for financing, monitoring performance, and managing our day-to-day operations, inclusive of all costs incidental thereto. In addition, the Manager may be reimbursed for various expenses incurred by the Manager on our behalf, including the costs of legal, accounting and other administrative activities.

Management Agreement

We will enter into a Management Agreement with our Manager, an affiliate of Fortress, effective upon completion of the spin-off, pursuant to which our Manager will provide a management team and other professionals who will be responsible for managing our business affairs in conformity with the policies and the strategy that are approved and monitored by our board of directors. There will be no limit on the amount our Manager may invest on our behalf without seeking the approval of our board of directors, and our investment mandate will be purposefully broad to allow us to opportunistically acquire assets that we believe offer the most attractive risk-adjusted return profile.

Our Manager's duties will include: (i) performing all of our day-to-day functions, (ii) determining acquisition criteria in conjunction with, and subject to the supervision of, our board of directors, (iii) sourcing, analyzing and executing on asset acquisitions and sales, (iv) performing ongoing commercial management of the portfolio, and (v) providing financial and accounting management services. Our Manager will be responsible for our day-to-day operations and will perform (or cause to be performed) such services and activities relating to our assets and operations as may be appropriate.

We will pay our Manager a management fee, which will be determined by taking the average value of total equity (excluding non-controlling interests) determined on a consolidated basis in accordance with GAAP at the end of the two most recently completed months *multiplied by* an annual rate of 1.50%, and will be payable monthly in arrears in cash.

The initial term of our Management Agreement will expire on the sixth anniversary of this spin-off transaction, and the Management Agreement will be renewed automatically each year for an additional one-year period unless (i) a majority consisting of at least two-thirds of our independent directors or a simple majority of the holders of our outstanding common stock, agree that there has been unsatisfactory performance that is materially detrimental to us or (ii) a simple majority of our independent directors agree that the management fee payable to our Manager is unfair; *provided* that we shall not have the right to terminate our Management Agreement under foregoing clause (ii) if the Manager agrees to continue to provide the services under the Management Agreement at a fee that a simple majority of our independent directors has reasonably determined to be fair.

If we elect not to renew our Management Agreement at the expiration of the original term or any such one-year extension term as set forth above, our Manager will be provided with notice of any such termination at least 60 days prior to the expiration of the then existing term. In the event of such termination or other termination as set forth above, we would be required to pay the termination fee in each case as described below. In addition, the Management Agreement may be terminated by us at any time for cause.

If FTAI Infrastructure terminates the Management Agreement, it will generally be required to pay the Manager a termination fee. The termination fee is equal to the amount of the management fee during the 12 months immediately preceding the date of the termination.

Upon the successful completion of an offering of FTAI Infrastructure's common stock or other equity securities (including securities issued as consideration in an acquisition), we will grant the Manager options to purchase common stock in an amount equal to 10% of the number of shares of common stock being sold in the offering (or

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if the issuance relates to equity securities other than FTAI Infrastructure's common stock, options to purchase a number of shares of common stock equal to 10% of the gross capital raised in the equity issuance *divided by* the fair market value of a share of common stock as of the date of issuance), with an exercise price equal to the offering price per share paid by the public or other ultimate purchaser or attributed to such securities in connection with an acquisition (or the fair market value of a share of common stock as of the date of the equity issuance if it relates to equity securities other than our common stock). Any ultimate purchaser of shares of common stock for which such options are granted may be an affiliate of the Fortress Parties.

Separation and Distribution Agreement with FTAI

We will enter into a Separation and Distribution Agreement with FTAI to effect the spin-off and provide for the allocation between us and FTAI of FTAI's assets, liabilities and obligations (including tax-related assets and liabilities) attributable to periods prior to the respective spin-offs of the businesses from FTAI. The Separation and Distribution Agreement will be filed as an exhibit to the registration statement on Form 10, of which this Information Statement is a part, and the summary below is qualified in its entirety by reference to the full text of the agreement, which will be incorporated by reference into this Information Statement.

The Separation and Distribution Agreement will set forth our agreements with FTAI regarding the principal transactions necessary to separate us from FTAI. It also will set forth other agreements that govern certain aspects of our relationship with FTAI after the completion of the spin-off. For purposes of the Separation and Distribution Agreement: (i) the "FTAI Infrastructure" means FTAI Infrastructure and its subsidiaries and (ii) the "FTAI Group" means FTAI and its subsidiaries other than FTAI Infrastructure and the FTAI Infrastructure subsidiaries.

Transfer of Assets and Assumption of Liabilities

The Separation and Distribution Agreement will identify the assets and liabilities to be retained by, transferred to, assumed by, or assigned to, as the case may be, each of us and FTAI as part of the separation of FTAI into two companies, and describes when and how these transfers, assumptions and assignments will occur, although, many of the transfers, assumptions and assignments may have already occurred prior to the parties' entering into the Separation and Distribution Agreement. In particular, the Separation and Distribution Agreement will provide that, subject to the terms and conditions contained in the Separation and Distribution Agreement, immediately prior to the time of effectiveness of the Separation and Distribution Agreement, FTAI and FTAI Infrastructure will take all actions necessary so that the FTAI Infrastructure will:

- (a) own, to the extent it does not already own, all of FTAI's investments in Jefferson Terminal, Repauno, Long Ridge, Transtar, Aleon and Gladieux, KRS, Clean Planet USA, FYX, CarbonFree and Containers; and
- (b) assume, to the extent it is not already liable for:
 - (i) any liabilities relating to or arising out of our initial portfolio of assets described under (a) above, whether arising prior to, at the time of, or after, the effectiveness of the Separation and Distribution Agreement;
 - (ii) any liabilities arising out of claims by our directors, officers and affiliates arising after the time of effectiveness of the Separation and Distribution Agreement against either FTAI or us to the extent they relate to our initial portfolio of assets described under (a) above as of the date of the Separation and Distribution Agreement; and
 - (iii) any other potential liabilities related to (A) recent FTAI equity offerings in certain specified percentages as disclosed in the Separation and Distribution Agreement; (B) FTAI's Exchange Act reports relating to disclosures about our initial portfolio of assets described under (a) above; and (C) indemnification obligations under the Management Agreement with respect to our initial portfolio of assets described under (a) above.

Except as otherwise provided in the Separation and Distribution Agreement, FTAI will retain all other assets and liabilities.

Except as may expressly be set forth in the Separation and Distribution Agreement or any ancillary agreement, all assets will be transferred on an "as is," "where is" basis without representation or warranty.

Information in this Information Statement with respect to the assets and liabilities of the parties following the spin-off is presented based on the allocation of such assets and liabilities as will be set forth in the Separation and

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Distribution Agreement, unless the context otherwise requires. Certain of the liabilities and obligations to be assumed by one party or for which one party will have an indemnification obligation under the Separation and Distribution Agreement are, and following the spin-off may continue to be, the legal or contractual liabilities or obligations of another party. Each such party that continues to be subject to such legal or contractual liability or obligation will rely on the applicable party that assumed the liability or obligation or the applicable party that undertook an indemnification obligation with respect to the liability or obligation, as applicable, under the Separation and Distribution Agreement, to satisfy the performance and payment obligations or indemnification obligations with respect to such legal or contractual liability or obligation.

Further Assurances

Each party will cooperate with the other and use commercially reasonable efforts, prior to, on and after the distribution date, to take promptly, or cause to be taken promptly, all actions to do promptly, or cause to be done promptly, all things reasonably necessary, proper or advisable on its part to consummate and make effective the transactions contemplated by, and the intent and purposes of, the Separation and Distribution Agreement. In addition, neither party will, nor will either party allow its respective subsidiaries to, without the prior consent of the other party, take any action which would reasonably be expected to prevent or materially impede, interfere with or delay the transactions contemplated by the Separation and Distribution Agreement and the ancillary agreements thereto, if any. Both parties will also use commercially reasonable efforts to cause third parties, such as insurers or trustees, to fulfill any obligations they are required to fulfill under the Separation and Distribution Agreement.

The Distribution

The Separation and Distribution Agreement will also govern the rights and obligations of the parties regarding the proposed distribution. We expect to agree to distribute to FTAI, as a stock dividend, the number of shares of our common stock distributable in the distribution to effectuate the spin-off. In addition, FTAI is expected to agree to cause its agent to distribute to FTAI shareholders that hold FTAI common shares as of the applicable record date all the shares of common stock of the Company being separated from FTAI.

Additionally, the Separation and Distribution Agreement will provide that the distribution is subject to several conditions that must be satisfied or waived by FTAI in its sole discretion. For further information regarding our spin-off from FTAI, see “Our Spin-Off from FTAI—Conditions to the Distribution.”

Termination of Other Agreement Arrangements; Bank Accounts

The Separation and Distribution Agreement will provide that, other than the Separation and Distribution Agreement, the ancillary agreements to the Separation and Distribution Agreement (if any), certain confidentiality and non-disclosure agreements among any members of the FTAI Infrastructure, the FTAI Group or employees of our Manager, all prior agreements and arrangements, whether written or not, between any member of the FTAI Group on the one hand, and any member of the FTAI Infrastructure on the other hand (except to the extent any person that is not a member of the FTAI Infrastructure or FTAI Group is also a party to such agreements or arrangements), are terminated and will cease to be of further force and effect as of the time of effectiveness of the Separation and Distribution Agreement. At the time of such termination, all parties will be released from liability under such agreements and arrangements, other than with respect to the settlement of intercompany accounts, which will be satisfied and/or settled in full in cash or otherwise cancelled and terminated or extinguished by the relevant members of the FTAI Infrastructure or FTAI Group prior to the time of effectiveness of the Separation and Distribution Agreement.

Releases and Indemnification

Subject to certain exceptions, including with respect to liabilities assumed by, or allocated to, us or FTAI, the Separation and Distribution Agreement will provide that we and FTAI will generally agree to release each other from all liabilities existing or arising from acts or events prior to or on the distribution date.

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In addition, the Separation and Distribution Agreement will provide that, except as otherwise provided for in other documents related to the spin-off, we will indemnify FTAI and its affiliates and representatives against losses arising from:

- (a) any liabilities relating to our initial portfolio of assets, which shall include all of Jefferson Terminal, Repauno, Long Ridge, Transtar, Aleon and Gladieux, KRS, Clean Planet USA, FYX, CarbonFree and Containers, whether arising prior to, at the time of, or after, the effectiveness of the Separation and Distribution Agreement;
- (b) any liabilities arising out of claims by our directors, officers and affiliates arising after the time of effectiveness of the Separation and Distribution Agreement against either FTAI or us to the extent they relate to the our initial portfolio of assets described under (a) above as of the date of the Separation and Distribution Agreement;
- (c) any other potential liabilities related to (A) recent FTAI equity offerings in certain specified percentages as disclosed in the Separation and Distribution Agreement; (B) FTAI's Exchange Act reports relating to disclosures about our initial portfolio of assets described under (a) above; and (C) indemnification obligations under the Management Agreement with respect to the our initial portfolio of assets described under (a) above;
- (d) any failure by any member of the FTAI Infrastructure or any other person to pay, perform or otherwise promptly discharge any liability listed under (a)-(c) above in accordance with their respective terms, whether prior to, at or after the time of effectiveness of the Separation and Distribution Agreement;
- (e) any breach by any member of the FTAI Infrastructure of any provision of the Separation and Distribution Agreement and any agreements ancillary thereto (if any), subject to any limitations of liability provisions and other provisions applicable to any such breach set forth therein; and
- (f) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in this Information Statement or the registration statement of which this Information Statement is a part other than information that relates solely to any assets owned, directly or indirectly by FTAI, excluding the assets that will comprise our initial portfolio described under (a) above.

FTAI shall indemnify us and our affiliates and representatives against losses arising from:

- (a) any other liability of FTAI or its subsidiaries (excluding any liabilities related to or allocated to FTAI Infrastructure);
- (b) any failure of any member of the FTAI Group or any other person to pay, perform or otherwise promptly discharge any liability listed under (a) and (b) above in accordance with their respective terms, whether prior to, at or after the time of effectiveness of the Separation and Distribution Agreement;
- (c) any breach by any member of the FTAI Group of any provision of the Separation and Distribution Agreement and any agreements ancillary thereto (if any), subject to any limitations of liability provisions and other provisions applicable to any such breach set forth therein; and
- (d) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in this Information Statement or the registration statement of which this Information Statement is a part that relates solely to any assets owned, directly or indirectly by FTAI, other than our initial portfolio of assets, which shall include all of Jefferson Terminal, Repauno, Long Ridge, Transtar, Aleon and Gladieux, KRS, Clean Planet USA, FYX, CarbonFree and Containers.

Indemnification obligations shall generally be net of any insurance proceeds actually received by the indemnified person. The Separation and Distribution Agreement will provide that we and FTAI will waive any right to special, indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages; *provided* that any such liabilities with respect to third-party claims shall be considered direct damages.

Competition

The Separation and Distribution Agreement will not include any non-competition or other similar restrictive arrangements with respect to the range of business activities that may be conducted, or investments that may be made,

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by either FTAI Group or FTAI Infrastructure. Each of the parties will agree that nothing set forth in the agreement shall be construed to create any restriction or other limitation on the ability of any of FTAI Group or FTAI Infrastructure to engage in any business or other activity that overlaps or competes with the business of any other party, including investing in residential mortgage related securities.

Insurance

Following the distribution date, FTAI shall maintain its currently existing insurance policies related to director and officer liability (the “FTAI D&O Policies”). Prior to the distribution date, FTAI and FTAI Infrastructure shall use commercially reasonable efforts to obtain separate insurance policies for FTAI Infrastructure on substantially similar terms as the FTAI D&O Policies. FTAI Infrastructure will be responsible for all premiums, costs and fees associated with any new insurance policies placed for the benefit of FTAI Infrastructure.

Dispute Resolution

In the event of any dispute arising out of the Separation and Distribution Agreement, the parties, each having designated a representative for such purpose, will negotiate in good faith for 30 days to resolve any disputes between the parties. If the parties are unable to resolve disputes in this manner within 30 days, the disputes will be resolved through binding arbitration.

Other Matters Governed by the Separation and Distribution Agreement

Other matters governed by the Separation and Distribution Agreement will include, among others, access to financial and other information, confidentiality, assignability and treatment of stock options.

DESCRIPTION OF OUR CAPITAL STOCK

The following descriptions are summaries of the material terms of our certificate of incorporation and bylaws to be in effect at the time of the distribution. These descriptions contain all information which we consider to be material, but may not contain all of the information that is important to you. To understand them fully, you should read our certificate of incorporation and bylaws, copies of which will be filed with the SEC as exhibits to the registration statement of which this Information Statement is a part.

Please note that, with respect to any of our shares held in book-entry form through The Depository Trust Company or any other share depository, the depository or its nominee will be the sole registered and legal owner of those shares, and references in this Information Statement to any “stockholder” or “holder” of those shares means only the depository or its nominee. Persons who hold beneficial interests in our shares through a depository will not be registered or legal owners of those shares and will not be recognized as such for any purpose. For example, only the depository or its nominee will be entitled to vote the shares held through it, and any dividends or other distributions to be paid, and any notices to be given, in respect of those shares will be paid or given only to the depository or its nominee. Owners of beneficial interests in those shares will have to look solely to the depository with respect to any benefits of share ownership, and any rights they may have with respect to those shares will be governed by the rules of the depository, which are subject to change from time to time. We have no responsibility for those rules or their application to any interests held through the depository.

Under our certificate of incorporation and bylaws to be in effect at the time of the distribution, our authorized capital stock will consist of:

- Two billion (2,000,000,000) shares of common stock, par value \$0.01 per share; and
- Two hundred million (200,000,000) shares of preferred stock, par value \$0.01 per share.

Upon completion of the distribution, there will be 99,188,696 outstanding shares of common stock based on FTAI common shares outstanding on April 1, 2022 and, assuming the issuance of the Series A Preferred Stock pursuant to the terms currently anticipated, 300,000 outstanding shares of Series A Preferred Stock.

Except with respect to ownership and transfer restrictions intended to preserve our ability to use net operating loss carryforwards and other tax attributes, and the exclusive forum provisions, there are no material changes in stockholder rights between the stockholder rights at FTAI and FTAI Infrastructure.

Common Stock

No holder of common stock is entitled to preemptive, preferential or similar rights or redemption or conversion rights. Holders of common stock are entitled to one vote per share on all matters submitted to a vote of holders of common stock. Unless a different majority is required by law or by our certificate of incorporation or bylaws, resolutions to be approved by holders of common stock required approval by a simple majority of votes cast at a meeting at which a quorum is present.

Each holder of shares of common stock is entitled to one vote for each share held on all matters submitted to a vote of stockholders. Except as provided with respect to any other class or series of shares, the holders of our shares of common stock will possess the exclusive right to vote for the election of directors and for all other purposes. Our certificate of incorporation and bylaws will not provide for cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of common stock can elect all of the directors standing for election, and the holders of the remaining shares of common stock are not able to elect any directors.

Although we currently intend to pay regular quarterly dividends to holders of our shares of common stock, we may change our dividend policy at any time. Our net cash provided by operating activities has been less than the amount of distributions to our stockholders. The declaration and payment of dividends to holders of shares of our common stock will be at the discretion of our board of directors in accordance with applicable law after taking into account various factors, including actual results of operations, liquidity and financial condition, net cash provided by operating activities, restrictions imposed by applicable law, our taxable income, our operating expenses and other factors our board of directors deem relevant. Any rights of holders of our shares of common stock to receive dividends, if any, declared from time to time by our board of directors out of legally available funds will also be subject to any preferred rights of holders of any additional preferred shares that we may issue in the future.

Our long term goal is to maintain a payout ratio of between 50-60% of funds available for distribution, with remaining amounts used primarily to fund our future acquisitions and opportunities. There can be no assurance that

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we will continue to pay dividends in amounts or on a basis consistent with prior distributions to our investors, if at all. Because we are a holding company and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries and our ability to receive distributions from our subsidiaries may be limited by the financing agreements to which they are subject.

In the event of our liquidation, dissolution or winding up, the holders of our shares of common stock are entitled to share ratably in all assets remaining after the payment of liabilities, subject to any rights of holders of our Series A Preferred Stock prior to distribution.

Preferred Stock

Our board of directors has the authority, without action by our stockholders, to issue preferred stock and to fix voting powers for each class or series of preferred stock, and to provide that any class or series may be subject to redemption, entitled to receive dividends, entitled to rights upon dissolution, or convertible or exchangeable for shares of any other class or classes of capital stock. The rights with respect to a series or class of preferred stock may be greater than the rights attached to our common stock. It is not possible to state the actual effect of the issuance of any shares of our preferred stock on the rights of holders of our common stock until our board of directors determines the specific rights attached to that preferred stock. The effect of issuing preferred stock could include, among other things, one or more of the following:

- restricting dividends in respect of our common stock;
- diluting the voting power of our common stock or providing that holders of preferred stock have the right to vote on matters as a class;
- impairing the liquidation rights of our common stock; or
- delaying or preventing a change of control of us.

The following is a summary of certain provisions of our certificate of incorporation and bylaws to be in effect at the time of the distribution that may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

Series A Preferred Stock

Upon consummation of the spin-off, the Company will have 300,000 issued and outstanding shares of Series A Preferred Stock. The Series A Preferred Stock will not be registered under Section 12 of the Exchange Act.

Each share of Series A Preferred Stock will have an initial stated value of \$1,000.

The Series A Preferred Stock will rank senior to the Company's common stock and all other junior equity securities of the Company, and junior to the Company's existing or future indebtedness and other liabilities (including trade payables) of the Company, with respect to payment of dividends, distribution of assets and all other liquidation, winding up, dissolution, dividend and redemption rights.

We expect to pay dividends on the Series A Preferred Stock at a rate equal to 14.0% per annum subject to increase in accordance with the terms of the Series A Preferred Stock. Specifically, the rate would be increased by 2.0% per annum for any periods during the first two years following closing where the dividend is not paid in cash. Prior to the second anniversary of the issuance date, such dividends will automatically accrue and accumulate on each share of Series A Preferred Stock, whether or not declared and paid, or they may be paid in cash at our discretion. After the second anniversary of the issuance date, we are required to pay such dividends in cash. Failure to pay such dividends would result in a dividend rate equal to at least 18.0% per annum, and a failure to pay cash dividends for 12 monthly dividend periods (whether or not consecutive) following the second anniversary of the issuance date would constitute an Event of Noncompliance. The dividend rate on the Series A Preferred Stock will increase by 1.0% per annum beginning on the fifth anniversary of the issue date.

The Series A Preferred Stock will not be mandatorily redeemable at the option of the holders of the Series A Preferred Stock, except upon the occurrence certain Events of Noncompliance (as defined below) or a change of control (each a "Mandatory Redemption Event").

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An “Event of Noncompliance” includes (i) failure to redeem such shares when we are required to do so, (ii) failure to pay cash dividends for 12 monthly dividend periods (whether or not consecutive) following the second anniversary of the issuance date, (iii) an event where any shares of Series A Preferred Stock remaining outstanding on the eighth anniversary of the issuance date, (iv) failure to have a board of directors comprised of a majority of independent directors at any time on or after December 31, 2022 (subject to the specified cure period), (v) any breach of a material term in the certificate of designations for our Series A Preferred Stock, (vi) certain debt acceleration events, (vii) certain bankruptcy events and (viii) a breach of a restrictive covenant set forth in the certificate of designations for our Series A Preferred Stock. Upon the occurrence of a Mandatory Redemption Event, to the extent not prohibited by law, the Company will be required to redeem all Series A Preferred Stock in cash at a certain redemption price. The redemption price per share of Series A Preferred Stock will be equal to the greater of (x) the stated value of the Series A preferred Stock plus declared, accumulated and unpaid dividends as of such time and (y) the amount of cash that would be required to be paid in respect of a share of Series A Preferred Stock (inclusive of any cash dividends previously paid on such share) such that the return on investment with respect to such share would be equal to 1.5 of initially invested capital. The Series A Preferred Stock may be required to be redeemed in cash without triggering any prepayment obligation on the Notes. Upon the occurrence of an Event of Noncompliance that has not been cured (to the extent curable), (i) the size of the board of directors shall increase to a number sufficient to constitute a majority of the board of directors, (ii) the majority of the holders of the Series A Preferred Stock shall have the right to designate and elect directors to serve as members of the board of directors constituting a majority, and (iii) other than with respect to the election of directors, the shares of Series A Preferred Stock will vote with our common stock as a single class (with the number of votes per share determined in accordance with the certificate of designations for our Series A Preferred Stock). Prior to an Event of Noncompliance, the Series A Preferred Stock will not vote with our common stock.

The certificate of designations for the Series A Preferred Stock also contains negative covenants limiting how the Company and certain subsidiaries can act. These covenants, among other things, limit the Company and certain subsidiaries’ ability to (i) incur indebtedness, (ii) issue equity interests of the Company ranking *pari passu* with, or senior in priority to, the Series A Preferred Stock, (iii) issue equity interests of any subsidiary of the Company, (iv) amend or repeal the certificate of incorporation or bylaws in a manner that is adverse to the holders of the Series A Preferred Stock, (v) pay dividends or make other distributions, (vi) create liens, (vii) incur dividend or other payment restrictions affecting the Company and certain of its subsidiaries, (viii) undertake certain prohibited actions with respect to the Management Agreement, (ix) transfer or sell assets, including capital stock of subsidiaries, (x) consummate a change of control without concurrently redeeming the shares of Series A Preferred Stock, (xi) enter into transactions with affiliates, (xii) engage in certain prohibited business activities, (xiii) engage in certain intercompany transactions, and (xiv) take actions to cause the Company to cease to be treated as a domestic C corporation for U.S. tax purposes.

Investors’ Rights Agreement

In connection with the issuance of the Series A Preferred Stock, the Company will enter into an Investors’ Rights Agreement (the “Investors’ Rights Agreement”) with the Investors (as defined in the Investors’ Rights Agreement). The Investors’ Rights Agreement sets forth the Investors’ right to receive certain quarterly and annual financial and other information of the Company. The Investors’ Rights Agreement sets forth a standstill covenant by the Investors, “Key Person” and “Manager Event” consultation rights in favor of the Investors, registration rights in favor of the Investors, restrictions on transfer of shares of Series A Preferred Stock by the Investors and rights of first offer in favor of the Investors with respect to future issuances of preferred equity of the Company and, with respect to certain initial Investors and their affiliates, future debt for borrowed money of the Company or certain intermediate holding companies.

Warrants

Upon the consummation of the spin-off, the Company will have outstanding (i) Series I Warrants entitling the holders thereof to purchase 3,342,566 shares of common stock, at an exercise price equal to \$10.00 per share (as adjusted in accordance with the Warrant Agreement), exercisable until the Expiration Time; and (ii) Series II Warrants entitling holders thereof to purchase 3,342,566 shares of common stock, at an exercise price equal to \$0.01 per share, exercisable until the Expiration Time. Such number of shares of common stock purchasable pursuant to the Warrants

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(the “Warrant Shares”) may be adjusted from time to time to account for stock splits, dividends and similar items and, in the case of the Series I Warrants, for below-market issuances of common equity. The Series II Warrants will participate on an as-converted basis in any dividends with respect to the Company’s common shares. The Warrants will expire at the Expiration Time.

Authorized but Unissued Shares

The authorized but unissued shares of our common stock and our Series A Preferred Stock will be available for future issuance without obtaining stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions, and employee benefit plans. The existence of authorized but unissued shares of our common stock and Series A Preferred Stock could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger or otherwise.

Delaware Business Combination Statute

We are organized under Delaware law. Some provisions of Delaware law may delay or prevent a transaction that would cause a change in our control. Our certificate of incorporation will provide that Section 203 of the DGCL, as amended, an anti-takeover law, will not apply to us. In general, this statute prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction by which that person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an interested stockholder is a person who, together with affiliates and associates, owns, or within three years prior, did own, 15% or more of voting stock.

Ownership Restrictions for Corporation Securities

Our certificate of incorporation will contain certain restrictions on the transfer of the Corporation Securities by holders who are, or who would become as a result of such transfer, direct or indirect holders of more than 4.8% of our Corporation Securities. Such restrictions will be put in place in order to preserve our net operating loss carryovers within the meaning of Section 382 of the Code. Any acquisition of Corporation Securities that results in a stockholder being in violation of these restrictions may not be valid. Subject to certain exceptions (including with respect to Initial Substantial Shareholders, as defined in our certificate of incorporation), the Ownership Restrictions will restrict (i) any person or entity (including certain groups of persons) from directly or indirectly acquiring 4.8% or more of the outstanding Corporation Securities and (ii) the ability of any person or entity (including certain groups of persons) already owning, directly or indirectly, 4.8% or more of the Corporation Securities to increase their proportionate interest in, or to sell, the Corporation Securities. Any transferee receiving Corporation Securities that would result in a violation of the Ownership Restrictions will not be recognized as an FTAI Infrastructure stockholder or entitled to any rights of stockholders, including, without limitation, the right to vote and receive dividends or distributions, whether liquidating or otherwise, in each case, with respect to the Corporation Securities causing the violation. FTAI Infrastructure stockholders whose ownership violates the Ownership Restrictions at the time of the spin-off will not be required to sell their FTAI Infrastructure common stock, but may be prevented from acquiring more FTAI Infrastructure Corporation Securities.

The Ownership Restrictions will remain in effect until the earlier of (i) the date on which Section 382 of the Code is repealed, amended, or modified in such a way as to render the restrictions imposed by Section 382 of the Code no longer applicable to us or (ii) a determination by the Board of Directors that (1) an ownership change would not result in a substantial limitation on our ability to use our available net operating loss carryforwards and other tax attributes; (2) no significant value attributable to our available net operating loss carryforwards and other tax attributes would be preserved by continuing the transfer restrictions; or (3) it is not in our best interests to continue the Ownership Restrictions. The Ownership Restrictions may also be waived by the FTAI board of directors on a case by case basis.

Other Provisions of Our Certificate of Incorporation and Bylaws

Our certificate of incorporation and bylaws will provide that our board shall consist of not fewer than three and not more than nine directors as the board of directors may from time to time determine. Each class of directors will be elected for a three-year term of office, but the terms are staggered so that the term of only one class of directors

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expires at each annual general meeting. We believe that classification of our board of directors helps to assure the continuity and stability of our business strategies and policies as determined by our board of directors. Additionally, there is no cumulative voting in the election of directors. This classified board provision could have the effect of making the replacement of incumbent directors more time consuming and difficult. At least two annual meetings of stockholders, instead of one, are generally required to effect a change in a majority of our board of directors.

The classified board provision could increase the likelihood that incumbent directors will retain their positions. The staggered terms of directors may delay, defer or prevent a tender offer or an attempt to change control of us, even though a tender offer or change in control might be believed by our stockholders to be in their best interest.

In addition, our certificate of incorporation and bylaws will provide that a director may be removed, only for cause, and only by the affirmative vote of at least 80% of the then issued and outstanding shares of common stock entitled to vote in the election of directors.

In addition, our board of directors has the power to appoint a person as a director to fill a vacancy on our board occurring as a result of the death, removal or resignation of a director, or as a result of an increase in the size of our board of directors.

Pursuant to our certificate of incorporation and bylaws, preferred stock may be issued from time to time, and the board of directors is authorized to determine and alter all designations, preferences, rights, powers and duties without limitation. Our certificate of incorporation and bylaws will not provide our stockholders with the ability to call a special meeting of the stockholders.

Ability of Our Stockholders to Act

Our certificate of incorporation and bylaws will not permit our stockholders to call special stockholders meetings. Special meetings of stockholders may be called by the chairman of our board of directors, if there be one, the chief executive officer, if there be one, or a majority of the board of directors or a committee of the board of directors that has been duly designated by the board of directors and whose powers include the authority to call such meetings. Written notice of any special meeting so called shall be given to each stockholder of record entitled to vote at such meeting not less than 10 or more than 60 days before the date of such meeting, unless otherwise required by law.

Our certificate of incorporation and bylaws also will prohibit our stockholders from consenting in writing to take any action in lieu of taking such action at a duly called annual or special meeting of our stockholders.

Our certificate of incorporation and bylaws will provide that nominations of persons for election to our board of directors may be made at any annual meeting of our stockholders, or at any special meeting of our stockholders called for the purpose of electing directors, (a) by or at the direction of our board of directors or (b) by certain stockholders. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to our Secretary. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices (i) in the case of an annual meeting, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; *provided, however*, that in the event that the annual meeting is called for a date that is not within 25 days before or after such anniversary date, notice by a stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs and (ii) in the case of a special meeting, not later than the tenth day following the day on which such notice of the date of the special meeting was mailed or such public disclosure of the date of the special meeting was made, whichever first occurs.

Forum Selection Clause

Our bylaws will provide that the Court of Chancery of the State of Delaware is the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a duty (including any fiduciary duty) owed by any of our current or former directors, officers, employees or agents to us or our stockholders; (iii) any action asserting a claim against us or any of our current or former directors, officers, stockholders, employees or agents arising out of or relating to any provision of the DGCL or our certificate of incorporation or our bylaws; or (iv) any action asserting a claim against us or any of our current or former directors, officers, stockholders, employees or agents governed by the internal affairs doctrine of the State of Delaware. Our

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bylaws will also provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

Moreover, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and our bylaws will provide that the exclusive forum provision does not apply to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court.

Our bylaws will also provide that any person or entity purchasing or otherwise acquiring any interest in shares of our common stock will be deemed to have notice of and to have consented to the foregoing provisions; provided, however, that stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. We recognize that the forum selection clause in our bylaws may impose additional litigation costs on stockholders in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware. Additionally, the forum selection clause in our bylaws may limit our stockholders' ability to bring a claim in a forum that they find favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit our stockholders. The Court of Chancery of the State of Delaware may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

For more information on the risks associated with our choice of forum provision, see "Risk Factors — General Risks — Our bylaws will contain exclusive forum provisions for certain claims, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees."

Limitations on Liability and Indemnification of Directors and Officers

Our certificate of incorporation and bylaws will provide that our directors will not be personally liable to us or our stockholders for monetary damages for breach of a fiduciary duty as a director, except to the extent such exemption is not permitted under the DGCL.

Our certificate of incorporation and bylaws will provide that we must indemnify our directors and officers to the fullest extent permitted by law. We are also expressly authorized to advance certain expenses (including attorneys' fees and disbursements and court costs) to our directors and officers and carry directors' and officers' insurance providing indemnification for our directors and officers for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and officers.

We will enter into separate indemnification agreements with each of our directors and executive officers. Each indemnification agreement will provide, among other things, for indemnification to the fullest extent permitted by law and our certificate of incorporation and bylaws against (i) any and all expenses and liabilities, including judgments, fines, penalties and amounts paid in settlement of any claim with our approval and counsel fees and disbursements, (ii) any liability pursuant to a loan guarantee, or otherwise, for any of our indebtedness, and (iii) any liabilities incurred as a result of acting on our behalf (as a fiduciary or otherwise) in connection with an employee benefit plan. The indemnification agreements will provide for the advancement or payment of all expenses to the indemnitee and for reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our certificate of incorporation and bylaws.

Corporate Opportunity

Under our certificate of incorporation to be in effect at the time of the distribution, to the extent permitted by law:

- the Fortress Parties and Ares and their affiliates (the "Ares Parties") have the right to, and have no duty to abstain from, exercising such right to, engage or invest in the same or similar business as us, do business with any of our clients, customers or vendors or employ or otherwise engage any of our officers, directors or employees;
- if the Fortress Parties or the Ares Parties, or any of each of their officers, directors or employees acquire knowledge of a potential transaction that could be a corporate opportunity, each has no duty to offer such corporate opportunity to us, our stockholders or affiliates;

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- we have renounced any interest or expectancy in, or in being offered an opportunity to participate in, such corporate opportunities; and
- in the event that any of our directors and officers who is also a director, officer or employee of any of the Fortress Parties or the Ares Parties, acquire knowledge of a corporate opportunity or is offered a corporate opportunity, *provided* that this knowledge was not acquired solely in such person's capacity as our director or officer and such person acted in good faith, then such person is deemed to have fully satisfied such person's fiduciary duty and is not liable to us if any of the Fortress Parties or the Ares Parties pursues or acquires the corporate opportunity or if such person did not present the corporate opportunity to us.

Transfer Agent

The registrar and transfer agent for our common stock is AST.

Listing

We have applied to list our common stock on Nasdaq under the symbol "FIP."

DESCRIPTION OF INDEBTEDNESS

Series 2020 Bonds

On February 11, 2020, the Port of Beaumont Navigation District of Jefferson County, Texas (the “Port Issuer”) issued Series 2020 Bonds in an aggregate principal amount of approximately \$264.0 million. The Series 2020 Bonds are designated as \$184.9 million of Series 2020A Dock and Wharf Facility Revenue Bonds (the “Tax Exempt Series 2020A Bonds”), and \$79.1 million of Series 2020B Taxable Facility Revenue Bonds (the “Taxable Series 2020B Bonds and, together with the Tax Exempt Series 2020A Bonds, the “Series 2020 Bonds”). In connection therewith, Jefferson 2020 Bond Borrower LLC, a subsidiary of the Company after giving effect to the spin-off, and certain of its subsidiaries (the “Jefferson 2020 Parties”) and the Port Issuer entered into certain contractual arrangements including an Indenture, Facilities Lease, Senior Loan Agreement, Collateral Agency, Intercreditor and Accounts Agreement, Security Agreement, Pledge Agreement and certain other financing documents (in each case, as amended and restated, as applicable), whereby the Port Issuer loaned the proceeds of the Series 2020 Bonds to the Jefferson 2020 Parties. These contractual arrangements that were entered into in connection with the offering of the Series 2020 Bonds provide that the Jefferson 2020 Parties bear the economic obligation to pay principal, interest and other amounts under the Series 2020 Bonds as and when due.

An aggregate principal amount of \$53.5 million of the Tax Exempt Series 2020A Bonds mature on January 1, 2035 and bear interest at a fixed rate of 3.625%. An aggregate principal amount of \$131.4 million of the Tax Exempt Series 2020A Bonds mature on January 1, 2050 and bear interest at a fixed rate of 4.00%. The Tax Exempt Series 2020A Bonds are subject to a mandatory sinking fund redemption prior to maturity, in part, at a redemption price equal to the principal amount redeemed, plus accrued and unpaid interest to, but not including, the redemption date, beginning on January 1, 2026. The Taxable Series 2020B Bonds will mature on January 1, 2025 and bear interest at a fixed rate of 6.00%.

The Jefferson 2020 Parties used a portion of the net proceeds from the Series 2020 Bonds to repay certain indebtedness and to pay for or reimburse the cost of development, construction and acquisition of certain facilities, to fund certain reserve and funded interest accounts related to the Series 2020 Bonds, and to pay for or reimburse certain costs of issuance of the Series 2020 Bonds.

The Jefferson 2020 Parties recognized a loss on extinguishment of debt of \$4.7 million as a result of this transaction.

Series 2021 Bonds

On August 18, 2021, the Port Issuer issued Series 2021A bonds in an aggregate principal amount of \$225.0 million (the “Series 2021A Bonds”). On August 18, 2021, the Port of Beaumont Industrial Development Authority (the “IDA Issuer”) issued Taxable Series 2021B bonds in the aggregate principal amount of \$200.0 million (the “Series 2021B Bonds, and together with the Series 2021A Bonds, the “Series 2021 Bonds”). In connection therewith, the Jefferson 2020 Parties, the Port Issuer and the IDA Issuer, as applicable, entered into certain contractual arrangements including an Indenture, a Supplemental Indenture, an amendment to Facilities Lease, an Amended and Restated Collateral Agency, Intercreditor and Accounts Agreement, Senior Loan Agreements, and certain other financing documents, whereby the Port Issuer loaned the proceeds of the Series 2021A Bonds and the IDA Issuer loaned the proceeds of the Series 2021B Bonds to the Jefferson 2020 Parties. These contractual arrangements that were entered into in connection with the offering of the Series 2021 Bonds provide that the Jefferson 2020 Parties bear the economic obligation to pay principal, interest and other amounts under the Series 2021 Bonds as and when due.

The Series 2021A Bonds consist of:

- (i) \$39.1 million aggregate principal amount of Serial Bonds maturing between January 1, 2026 and January 1, 2031, and bearing interest at specified fixed rates ranging from 1.875% to 2.625% per annum,
- (ii) \$38.2 million aggregate principal amount of Term Bonds maturing January 1, 2036, and bearing interest at a fixed rate of 2.750% per annum,
- (iii) \$44.9 million aggregate principal amount of Term Bonds maturing January 1, 2041, and bearing interest at a fixed rate of 2.875% per annum, and
- (iv) \$102.8 million aggregate principal amount of Term Bonds maturing January 1, 2050, and bearing interest at a fixed rate of 3.00% per annum.

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The Series 2021B Bonds will mature on January 1, 2028, and bear interest at a fixed rate of 4.100% per annum.

The Jefferson 2020 Parties used a portion of the net proceeds from the Series 2021 Bonds to repay certain indebtedness, and intend to use a portion of the net proceeds to pay for or reimburse the cost of development, construction and acquisition of certain facilities, to fund certain reserve and funded interest accounts related to the Series 2021 Bonds, and to pay for or reimburse certain costs of issuance of the Series 2021 Bonds.

Repauno Revolving Credit Facility

On November 5, 2018, DRP, a subsidiary of the Company after giving effect to the spin-off, entered into a secured revolving credit facility (as amended prior to the date hereof, the “Repauno Revolver”) with certain lenders. The Repauno Revolver provides for revolving loans in the aggregate principal amount of up to \$25.0 million. The proceeds drawn on this facility will be used for working capital and general purposes. On November 5, 2021, the Repauno Revolver was amended and restated in its entirety to, among other things, extend the maturity date to November 5, 2024.

Borrowings outstanding under the Repauno Revolver bear interest at the Base Rate (determined in accordance with the Repauno Revolver) plus 2.750% per annum, or if DRP chooses to make Eurodollar Rate borrowings, at Adjusted LIBOR (determined in accordance with the Repauno Revolver) plus 3.750% per annum. DRP will also be required to pay a quarterly commitment fee at a rate per annum equal to 1.000% on the average daily unused portion of the Repauno Revolver, as well as customary letter of credit fees and agency fees.

The Repauno Revolver includes a financial covenant requiring the maintenance of (i) consolidated cash balance of at least \$3.0 million at each quarter end date and (ii) consolidated tangible net worth of at least \$180.0 million at each quarter end date in 2022, \$190.0 million in 2023, and \$200.0 million thereafter.

At March 31, 2022, there were \$25.0 million of borrowings outstanding under the Repauno Revolver.

EB-5 Loan Agreements

On January 25, 2021, Jefferson 2020 Bond Borrower LLC (the “EB-5 Borrower”), entered into a secured loan agreement under the immigrant investor program (the “Program”) administered by the U.S. Citizenship and Immigration Services (“USCIS”) (the “2021 EB-5 Loan Agreement”). The proceeds advanced under this facility were used to pay for or reimburse the development, construction and acquisition of certain facilities for the transport, loading, unloading, and storage of petroleum products, including certain pipelines, storage tank and other related infrastructure enhancements at and adjacent to Jefferson Terminal at Port of Beaumont, Texas.

The maximum aggregate principal amount available under the 2021 EB-5 Loan Agreement is \$61.2 million, of which \$26.1 million is available under the first tranche and \$35.1 million is available under the second tranche. The loans under the 2021 EB-5 Loan Agreement mature in five years from the funding of each individual tranche, with an option to extend the maturity for both tranches by two one-year periods. Borrowings outstanding under the 2021 EB-5 Loan Agreement bear interest at a rate of 5.75% per annum or, if the option to extend the maturity is exercised by the EB-5 Borrower, 6.25% per annum during such extended maturity period. FTAI Infrastructure is not a guarantor with respect to obligations under the 2021 EB-5 Loan Agreement.

The EB-5 Borrower will be obligated to repay the outstanding principal balance of the loans under the 2021 EB-5 Loan Agreement and all interest thereon to the extent permitted by certain other financing documents in the event that (i) USCIS issues a decision that the project is not eligible under the Program or (ii) legislative or regulatory changes occur to the Program which would be expected to result in the denial of certain applications or petitions. In addition, if one or more investors whose subscription funded the advances under the 2021 EB-5 Loan Agreement has its petition denied under the Program, then, subject to certain conditions, the EB-5 Borrower must repay an amount equal to \$0.9 million for each such failed investor.

On March 11, 2022, the EB-5 Borrower entered into a secured revolving credit facility under the Program (the “2022 EB-5 Loan Agreement” and, together with the 2021 EB-5 Loan Agreement, the “EB-5 Loan Agreements”). The proceeds drawn on this facility will be used to pay for or reimburse the development, construction and acquisition of certain facilities for the transport, loading, unloading, and storage of petroleum products, including certain pipelines, storage tank and other related infrastructure enhancements at and adjacent to Jefferson Terminal at Port of Beaumont, Texas.

The 2022 EB-5 Loan Agreement provides for revolving loans in the aggregate principal amount of up to \$9.7 million. The 2022 EB-5 Loan Agreement will mature, and commitments in respect to the 2022 EB-5 Loan

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Agreement will terminate, on March 11, 2026. Borrowings outstanding under the 2022 EB-5 Loan Agreement bear interest at a rate of 5.75% per annum or, if the option to extend the maturity is exercised by the EB-5 Borrower, 6.25% per annum during such extended maturity period. FTAI Infrastructure is not a guarantor with respect to obligations under the 2022 EB-5 Loan Agreement.

If one or more investors whose subscription funded the advances under the 2022 EB-5 Loan Agreement has its petition denied under the Program, then, subject to certain conditions, the EB-5 Borrower must repay an amount equal to \$0.9 million or \$0.5 million, as applicable, for each such failed investor.

At March 31, 2022, there were \$35.5 million of borrowings outstanding under the EB-5 Loan Agreements.

For additional information regarding our outstanding indebtedness, and for information regarding the indebtedness of our unconsolidated entities, please see our registration statement on Form 10, filed with the SEC on April 29, 2022, and our annual, quarterly and other reports we file with the SEC that are incorporated by reference in this offering memorandum. See “Where You Can Find More Information.”

The Company and its subsidiaries, as applicable, were in compliance with all debt covenants as of March 31, 2022.

2027 Notes

On June 29, 2022, FTAI Infrastructure priced the offering of \$450.0 million aggregate principal amount of its 10.5% senior secured notes due 2027 (the “2027 Notes”). The 2027 Notes will initially be issued through our subsidiary, FTAI Infra Escrow Holdings, LLC (the “Escrow Issuer”). Upon consummation of the spin-off, the Escrow Issuer will be merged with and into FTAI Infrastructure, and FTAI Infrastructure will become the issuer of the 2027 Notes. The 2027 Notes will be issued on July 7, 2022 pursuant to an indenture between the Escrow Issuer and U.S. Bank Trust Company, National Association, as trustee and collateral agent.

The 2027 Notes will bear interest at a rate of 10.5% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, commencing on December 1, 2022, to persons who are registered holders of the 2027 Notes on the immediately preceding May 15 and November 15, respectively.

The 2027 Notes will mature on June 1, 2027. Prior to June 1, 2025, FTAI Infrastructure may redeem some or all of the 2027 Notes at a redemption price equal to 100.00% of the principal amount of the 2027 Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date, plus a “make-whole” premium. On or after June 1, 2025, FTAI Infrastructure may redeem some or all of the 2027 Notes at any time at declining redemption prices equal to (i) 105.250% beginning on June 1, 2025 and (ii) 100.000% beginning on June 1, 2026 and thereafter, plus, in each case, accrued and unpaid interest, if any, to, but not including, the applicable redemption date. In addition, at any time on or prior to June 1, 2025, FTAI Infrastructure may at any time redeem up to 40% of the aggregate principal amount of the 2027 Notes using net proceeds from certain equity offerings at a redemption price equal to 110.500% of the principal amount of the 2027 Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date.

Following the completion of the spin-off, the 2027 Notes (i) will be fully and unconditionally guaranteed on a joint and several basis by certain of FTAI Infrastructure’s subsidiaries, which will initially be Transtar and its subsidiaries, and (ii) will be secured by a first-priority security interest in substantially all assets of FTAI Infrastructure and the subsidiaries of FTAI Infrastructure guaranteeing the 2027 Notes, subject to permitted liens and certain exceptions. The collateral securing the 2027 Notes will consist primarily of the assets held by Transtar and the stock of the direct subsidiaries of FTAI Infrastructure.

FTAI Infrastructure intends to distribute the net proceeds from the issuance of the 2027 Notes to FTAI in connection with the spin-off.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of the U.S. federal income tax considerations generally applicable to an investment in FTAI Infrastructure common stock following the spin-off. This summary is based upon the Code, Treasury Regulations, rulings, and other administrative pronouncements issued by the IRS, and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect.

This summary is for general information only and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular investor, or to certain types of investors subject to special tax rules (including financial institutions; insurance companies; broker-dealers; regulated investment companies; partnerships and trusts; persons who hold FTAI Infrastructure common stock on behalf of other persons as nominees; holders that receive FTAI Infrastructure common stock through the exercise of stock options or otherwise as compensation; persons holding FTAI Infrastructure common stock as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security,” or other integrated investment; tax-exempt organizations; U.S. individuals, estates, or trusts whose income exceeds certain thresholds; persons that own (actually or constructively) more than 5% of our common shares; and, except to the extent discussed below, foreign investors (as determined for U.S. federal income tax purposes)). If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds FTAI Infrastructure common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the acquisition, ownership, or disposition of FTAI Infrastructure common stock.

This summary assumes that investors will hold FTAI Infrastructure common stock as a capital asset (generally, property held for investment). No advance ruling from the IRS has been or will be sought regarding any matter discussed in this information statement. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below. For purposes of this discussion under this heading “U.S. Federal Income Tax Considerations,” a U.S. Holder is a holder of FTAI Infrastructure common stock that is for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation created or organized in the United States or under the laws of the United States, or of any state thereof, or the District of Columbia;
- an estate, the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect to be treated as a U.S. person.

A “Non-U.S. Holder” is a holder of FTAI Infrastructure common stock that is neither a U.S. Holder nor a partnership (or other entity or arrangement treated as a partnership) for U.S. federal income tax purposes. If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds FTAI shares the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the spin-off.

The U.S. federal income tax treatment of a particular holder depends upon determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences to any holder of FTAI Infrastructure common stock will depend on the holder’s particular tax circumstances. Accordingly, each holder is urged to consult its tax advisor regarding the federal, state, local, and foreign tax consequences of acquiring, holding, exchanging, or otherwise disposing of FTAI Infrastructure common stock.

Taxation of FTAI Infrastructure

FTAI Infrastructure will be taxed as a corporation for U.S. federal income tax purposes. Accordingly, unlike FTAI, FTAI Infrastructure will be subject to U.S. federal income tax on its taxable income at regular corporate rates.

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U.S. Holders

Distributions

Distributions of cash or property in respect of FTAI Infrastructure common stock will constitute dividends for U.S. federal income tax purposes to the extent paid out of FTAI Infrastructure's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) and will be includible in your gross income upon receipt. Distributions to holders in excess of FTAI Infrastructure's earnings and profits will be treated first as a return of capital (with a corresponding reduction in each holder's tax basis in the common shares) to the extent of such holder's tax basis in the common shares on which the distribution was made, and then as capital gain from the sale or exchange of such common shares. Distributions should be eligible for the dividends-received deduction for corporate U.S. Holders and should be treated as "qualified dividend income" (which is taxable at the rates generally applicable to long-term capital gains) for U.S. Holders taxed as individuals, provided that certain holding period and other requirements are satisfied.

Sale, Exchange or Other Taxable Disposition of Common Shares

Upon the sale, exchange or other taxable disposition of common shares, U.S. Holders will recognize capital gain or loss equal to the difference between the amount realized on such sale, exchange or taxable disposition and each such holder's tax basis in the common shares sold. Such gain or loss generally will be long-term capital gain or loss if the applicable holding period with respect to such common shares is more than one year at the time of its disposition. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Distributions

Distributions with respect to FTAI Infrastructure common stock will be treated as dividends to the extent paid from FTAI Infrastructure's current or accumulated earnings and profits as determined for U.S. federal income tax purposes. If a distribution exceeds FTAI Infrastructure's current and accumulated earnings and profits, then subject to the next sentence, the excess will be treated first as a return of capital to the extent of a holder's adjusted tax basis in FTAI Infrastructure common stock (reducing that basis accordingly) and thereafter as capital gain from the sale or exchange of such common stock, which would be subject to the tax treatment described below in "—Dispositions." Because FTAI Infrastructure is expected to be a U.S. real property holding corporation (as described below), withholding may be required equal to 15% of any distribution to a Non-U.S. Holder that exceeds FTAI Infrastructure's current and accumulated earnings and profits if FTAI Infrastructure common stock is not then treated as regularly traded on an established securities market.

Generally, distributions treated as dividends paid to a Non-U.S. Holder with respect to FTAI Infrastructure common stock will be subject to a 30% U.S. withholding tax, or such lower rate as may be specified by an applicable income tax treaty. Distributions treated as dividends that are effectively connected with such Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable tax treaty, are attributable to a U.S. permanent establishment of such Non-U.S. Holder) are, however, generally subject to U.S. federal income tax on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. person and (assuming compliance with certain certification requirements) are exempt from the 30% withholding tax. Any such effectively connected distributions received by a Non-U.S. Holder that is a corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a rate of 30% (or lower applicable treaty rate).

To claim the benefit of an applicable tax treaty or an exemption from withholding because the income is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States, a Non-U.S. Holder will generally be required to provide a properly executed Internal Revenue Service Form W-8BEN or W-8BEN-E (if the holder is claiming the benefits of an income tax treaty) or Form W-8ECI (for income effectively connected with a trade or business in the United States) or other suitable form. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under a relevant tax treaty.

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Dispositions of Common Shares

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax with respect to gain realized on the sale, exchange or other disposition of FTAI Infrastructure common stock unless:

- the gain is effectively connected with such Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable tax treaty, is attributable to a U.S. permanent establishment of such Non-U.S. Holder);
- in the case of a Non-U.S. Holder that is a non-resident alien individual, such Non-U.S. Holder is present in the United States for 183 or more days in the taxable year of disposition and certain other requirements are met; or
- FTAI Infrastructure is or has been a "United States real property holding corporation" ("USRPHC") at any time within the shorter of the five-year period ending on the date of such sale, exchange, or other taxable disposition or the period that such Non-U.S. Holder held FTAI Infrastructure common stock and either (a) FTAI Infrastructure common stock is not treated as regularly traded on an established securities market at the time of the sale, or (b) such Non-U.S. Holder owns or owned (actually or constructively) more than 5% of FTAI Infrastructure common stock at any time during the shorter of the two periods mentioned above.

If gain or loss on the disposition of FTAI Infrastructure common stock is effectively connected with a Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable tax treaty, is attributable to a U.S. permanent establishment of such non-U.S. Holder), such gain or loss will be subject to U.S. federal income tax on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. person, and in the case of a Non-U.S. Holder that is a foreign corporation, such gain may also be subject to an additional branch profits tax at a rate of 30% (or a lower applicable treaty rate). If a Non-U.S. Holder is an individual that is present in the United States for 183 or more days in the taxable year of disposition and certain other requirements are met, the Non-U.S. Holder generally will be subject to a flat income tax at a rate of 30% (or lower applicable treaty rate) on any capital gain recognized on the disposition of FTAI Infrastructure common stock, which may be offset by certain U.S. source capital losses.

With respect to the third bullet above, a corporation generally is a USRPHC if the fair market value of its U.S. real property interests, as defined in the Code and applicable Treasury regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We believe that FTAI Infrastructure is likely to be a USRPHC. In addition, although we anticipate that FTAI Infrastructure common stock will be treated as "regularly traded on an established securities market," no assurance can be given that FTAI Infrastructure common stock will continue to be so treated in the future. If the third bullet above applies to a Non-U.S. Holder, gain recognized on the disposition of FTAI Infrastructure common stock generally will be subject to U.S. federal income tax under FIRPTA on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. person. In addition, if FTAI Infrastructure's stock ceased to be "regularly traded," the transferee in any disposition would generally be required to withhold 15% of the amount realized on the disposition under FIRPTA. Non-U.S. holders should consult their tax advisors regarding the foregoing rules.

Foreign Account Tax Compliance Act

Legislation enacted in 2010 and existing guidance issued thereunder require withholding at a rate of 30% on dividends in respect of FTAI Infrastructure common stock held by or through certain foreign financial institutions (including investment funds), unless such institution enters into an agreement with the United States Department of the Treasury to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution to the extent such interests or accounts are held by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold on certain payments. Accordingly, the entity through which FTAI Infrastructure common stock is held will affect the determination of whether such withholding is required. Similarly, dividends in respect of FTAI Infrastructure common stock held by an investor that is a non-financial non-U.S. entity that does not qualify under certain exemptions will be subject to withholding at a rate of 30%, unless such entity either (i) certifies that such entity does not have any "substantial United States owners" or (ii) provides certain information regarding the entity's "substantial United States owners," which we or the applicable withholding agent will in turn provide to the Internal Revenue Service. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury regulations or other guidance, may modify the foregoing requirements. We will not pay any additional amounts to stockholders in respect of any amounts withheld. Stockholders are encouraged to consult their tax advisors regarding the possible implications of the legislation on their investment in FTAI Infrastructure common stock.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock being distributed in the distribution as contemplated by this Information Statement. This Information Statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits to the registration statement. For further information with respect to our company and our common stock, please refer to the registration statement, including its exhibits. Statements made in this Information Statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for the full text of the actual contract or document. You may review a copy of the registration statement, including its exhibits, at the Internet website maintained by the SEC at www.sec.gov. Information contained on any website referenced in this Information Statement is not incorporated by reference into this Information Statement or the registration statement of which this Information Statement forms a part.

As a result of the distribution, we will become subject to the information and reporting requirements of the Exchange Act, and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC. Our future filings will be available from the SEC as described above.

You should rely only on the information contained in this Information Statement or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this Information Statement.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Fortress Transportation and Infrastructure Investors LLC

Opinion on the Financial Statement

We have audited the accompanying balance sheet of FTAI Infrastructure LLC (the Company) as of December 31, 2021 and the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2021 in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2021.

New York, New York
March 22, 2022

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FTAI INFRASTRUCTURE LLC

BALANCE SHEET

	As of March 31, 2022 (Unaudited)	As of December 31, 2021
Assets		
Cash	\$1,000	\$—
Total assets:	<u>1,000</u>	<u>—</u>
Liabilities and Member's Equity		
Liabilities	<u>—</u>	<u>—</u>
Total liabilities	<u>—</u>	<u>—</u>
Commitments and contingencies	—	—
Member's equity:		
Membership interest	1,000	—
Total Member's equity	<u>1,000</u>	<u>—</u>
Total liabilities and Member's equity:	<u>\$1,000</u>	<u>\$—</u>

See accompanying notes to the balance sheet

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FTAI INFRASTRUCTURE LLC

NOTES TO THE BALANCE SHEET

Note 1. Business

FTAI Infrastructure LLC (the “Company”) was incorporated in Delaware as limited liability company on December 13, 2021. The Company was formed in connection with the separation of the infrastructure business from Fortress Transportation & Infrastructure Investors LLC (“FTAI”). The Company will hold all of the material assets, liabilities and investments that comprise FTAI’s infrastructure business, and will convert to FTAI Infrastructure Inc., a Delaware corporation, in connection with the spin-off.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying balance sheet is presented on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Separate statements of income, changes in equity, and cash flows have not been included with the balance sheet because the Company had not begun its principal operations and had no revenue, expenses, changes in equity, or changes in cash flows to report.

Cash

The Company maintains its cash with high-credit quality financial institutions, which are insured by the U.S. Federal Deposit Insurance Corporation.

Use of Estimates

The preparation of the balance sheet in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the balance sheet. Actual results could differ from those estimates.

Note 3. Commitments and Contingencies

From time to time, the Company may be subject to various legal proceedings and claims that arise in the ordinary course of business. As of March 31, 2022 the Company is not subject to any material litigation nor is the Company aware of any material litigation threatened against it.

Note 4. Subsequent Events

Management has evaluated subsequent events through April 29, 2022, the date the accompanying balance sheet was available to be issued, and has determined that there that there were no events that required recognition or disclosure in FTAI Infrastructure LLC’s balance sheet.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Fortress Transportation and Infrastructure Investors LLC

Opinion on the Financial Statements

We have audited the accompanying combined consolidated balance sheets of the Infrastructure business of Fortress Transportation and Infrastructure Investors LLC (the Company) as of December 31, 2021 and 2020, the related combined consolidated statements of operations, comprehensive (loss) income, changes in equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the “combined consolidated financial statements”). In our opinion, the combined consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2021.

New York, New York
March 22, 2022

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FTAI INFRASTRUCTURE
COMBINED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	Notes	March 31, 2022 (Unaudited)	December 31,	
			2021	2020
Assets				
Current assets:				
Cash and cash equivalents	2	\$ 65,475	\$ 49,872	\$ 15,706
Restricted cash	2	214,401	251,983	39,715
Accounts receivable, net	2	36,532	50,301	4,952
Other current assets	2	<u>61,583</u>	<u>60,828</u>	<u>24,142</u>
Total current assets		377,991	412,984	84,515
Leasing equipment, net	4	35,736	36,012	37,116
Operating lease right-of-use assets, net	12	70,913	71,547	60,561
Property, plant, and equipment, net	5	1,547,374	1,517,594	940,258
Investments	6	55,383	54,408	123,794
Intangible assets, net	7	65,863	67,737	13,028
Goodwill	2	257,968	257,137	122,735
Other assets	2	<u>26,468</u>	<u>24,882</u>	<u>17,003</u>
Total assets		<u>\$2,437,696</u>	<u>\$2,442,301</u>	<u>\$1,399,010</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities		\$ 91,967	\$ 115,634	\$ 52,276
Debt, net	8	—	—	25,000
Operating lease liabilities	12	2,921	2,899	892
Other current liabilities		<u>8,340</u>	<u>10,934</u>	<u>4,189</u>
Total current liabilities		103,228	129,467	82,357
Debt, net	8	728,601	718,624	253,473
Operating lease liabilities	12	66,912	67,505	60,011
Other liabilities		<u>189,166</u>	<u>64,659</u>	<u>7,772</u>
Total liabilities		<u>\$1,087,907</u>	<u>\$ 980,255</u>	<u>\$ 403,613</u>
Commitments and contingencies	18			
Equity				
Net Parent investment		\$1,609,049	\$1,617,601	\$ 999,291
Accumulated other comprehensive loss		<u>(252,412)</u>	<u>(155,464)</u>	<u>(26,237)</u>
Parent company equity		1,356,637	1,462,137	973,054
Non-controlling interests in equity of consolidated subsidiaries		(6,848)	(91)	22,343
Total equity		<u>\$1,349,789</u>	<u>\$1,462,046</u>	<u>\$ 995,397</u>

Total liabilities and equity	<u>\$2,437,696</u>	<u>\$2,442,301</u>	<u>\$1,399,010</u>
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See accompanying notes to combined consolidated financial statements.

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**FTAI INFRASTRUCTURE
COMBINED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Dollars in thousands)

	Notes	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
		2022	2021	2021	2020	2019
Revenues						
Total revenues	11	\$ 46,148	\$ 20,542	\$ 120,219	\$ 68,562	\$ 229,452
Expenses						
Operating expenses		38,068	16,809	98,541	69,391	260,909
General and administrative		2,430	2,034	8,737	8,522	7,469
Acquisition and transaction expenses		4,236	958	14,826	1,658	9,134
Management fees and incentive allocation to affiliate	16	4,161	3,598	15,638	13,073	16,541
Depreciation and amortization	4, 5, 7	16,996	10,083	54,016	31,114	33,128
Asset impairment		—	—	—	—	4,726
Total expenses		<u>65,891</u>	<u>33,482</u>	<u>191,758</u>	<u>123,758</u>	<u>331,907</u>
Other (expense) income						
Equity in losses of unconsolidated entities	6	(22,043)	(454)	(13,499)	(3,107)	(546)
Gain (loss) on sale of assets, net	6	—	—	16	(8)	121,296
Loss on extinguishment of debt		—	—	—	(4,724)	—
Interest expense		(6,459)	(1,483)	(16,019)	(10,764)	(17,907)
Other (expense) income		<u>(459)</u>	<u>181</u>	<u>(8,930)</u>	<u>92</u>	<u>2,857</u>
Total other (expense) income		<u>(28,961)</u>	<u>(1,756)</u>	<u>(38,432)</u>	<u>(18,511)</u>	<u>105,700</u>
(Loss) income before income taxes		(48,704)	(14,696)	(109,971)	(73,707)	3,245
Provision for (benefit from) income taxes	15	<u>1,584</u>	<u>(406)</u>	<u>(3,630)</u>	<u>(1,984)</u>	<u>14,384</u>
Net loss		<u>(50,288)</u>	<u>(14,290)</u>	<u>(106,341)</u>	<u>(71,723)</u>	<u>(11,139)</u>
Less: Net loss attributable to non- controlling interests in consolidated subsidiaries		<u>(7,466)</u>	<u>(4,961)</u>	<u>(26,472)</u>	<u>(16,522)</u>	<u>(17,571)</u>
Net (loss) income attributable to Parent		<u>\$ (42,822)</u>	<u>\$ (9,329)</u>	<u>\$ (79,869)</u>	<u>\$ (55,201)</u>	<u>\$ 6,432</u>

See accompanying notes to combined consolidated financial statements.

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FTAI INFRASTRUCTURE
COMBINED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Dollars in thousands)

	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
	2022	2021	2021	2020	2019
Net loss	\$ (50,288)	\$(14,290)	\$(106,341)	\$(71,723)	\$(11,139)
Other comprehensive (loss) income:					
Other comprehensive (loss) income related to equity method investees, net ⁽¹⁾	(96,948)	11,667	(128,990)	(26,609)	372
Changes in pension and other employee benefit accounts	<u>—</u>	<u>—</u>	<u>(237)</u>	<u>—</u>	<u>—</u>
Total other comprehensive (loss) income	<u>(96,948)</u>	<u>11,667</u>	<u>(129,227)</u>	<u>(26,609)</u>	<u>372</u>
Comprehensive loss	(147,236)	(2,623)	(235,568)	(98,332)	(10,767)
Comprehensive loss attributable to non-controlling interests	<u>(7,466)</u>	<u>(4,961)</u>	<u>(26,472)</u>	<u>(16,522)</u>	<u>(17,571)</u>
Comprehensive (loss) income attributable to Parent	<u><u>\$(139,770)</u></u>	<u><u>\$ 2,338</u></u>	<u><u>\$(209,096)</u></u>	<u><u>\$(81,810)</u></u>	<u><u>\$ 6,804</u></u>

(1) Net of deferred tax expense of \$— and \$3,101 for the three months ended March 31, 2022 and 2021 (unaudited), respectively. Net of deferred tax (benefit) expense of \$(936), \$(7,075) and \$99 for the years ended December 31, 2021, 2020 and 2019, respectively.

See accompanying notes to combined consolidated financial statements.

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FTAI INFRASTRUCTURE
COMBINED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Dollars in thousands)

	Net Parent Investment	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2018	\$ 600,455	\$ —	\$ 52,602	\$ 653,057
Net income (loss)	6,432	—	(17,571)	(11,139)
Other comprehensive income	—	372	—	372
Net transfers from Parent	122,170	—	—	122,170
Equity-based compensation	—	—	1,509	1,509
Equity - December 31, 2019	\$ 729,057	\$ 372	\$ 36,540	\$ 765,969
Net loss	(55,201)	—	(16,522)	(71,723)
Other comprehensive loss	—	(26,609)	—	(26,609)
Net transfers from Parent	325,435	—	—	325,435
Equity-based compensation	—	—	2,325	2,325
Equity - December 31, 2020	\$ 999,291	\$ (26,237)	\$ 22,343	\$ 995,397
Net loss	(79,869)	—	(26,472)	(106,341)
Other comprehensive loss	—	(129,227)	—	(129,227)
Net transfers from Parent	698,179	—	—	698,179
Equity-based compensation	—	—	4,038	4,038
Equity - December 31, 2021	\$1,617,601	\$(155,464)	\$ (91)	\$1,462,046
Net loss	(42,822)	—	(7,466)	(50,288)
Other comprehensive loss	—	(96,948)	—	(96,948)
Net transfers from Parent	34,270	—	—	34,270
Equity-based compensation	—	—	709	709
Equity - March 31, 2022 (unaudited)	\$1,609,049	\$(252,412)	\$ (6,848)	\$1,349,789
	Net Parent Investment	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2020	\$ 999,291	\$ (26,237)	\$ 22,343	\$ 995,397
Net loss	(9,329)	—	(4,961)	(14,290)
Other comprehensive income	—	11,667	—	11,667
Net transfers from Parent	30,997	—	—	30,997
Equity-based compensation	—	—	1,114	1,114
Equity - March 31, 2021 (unaudited)	\$1,020,959	\$ (14,570)	\$ 18,496	\$1,024,885

See accompanying notes to combined consolidated financial statements.

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FTAI INFRASTRUCTURE
COMBINED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
	2022	2021	2021	2020	2019
Cash flows from operating activities:					
Net loss	\$(50,288)	\$(14,290)	\$(106,341)	\$ (71,723)	\$ (11,139)
Adjustments to reconcile net loss to cash used in operating activities:					
Equity in losses of unconsolidated entities	22,043	454	13,499	3,107	546
(Gain) loss on sale of assets	—	—	(16)	8	(121,296)
Loss on extinguishment of debt	—	—	—	4,724	—
Equity-based compensation	709	1,114	4,038	2,325	1,509
Depreciation and amortization	16,996	10,083	54,016	31,114	33,128
Asset impairment	—	—	—	—	4,726
Change in deferred income taxes	1,512	(466)	(3,867)	(2,276)	14,096
Change in fair value of non-hedge derivatives	766	(7,964)	(2,220)	181	4,555
Amortization of deferred financing costs	841	522	2,599	1,542	3,690
Bad debt expense (recoveries)	25	8	74	(1)	440
Change in:					
Accounts receivable	13,744	(855)	(26,798)	9,998	4,123
Other assets	(2,315)	(12,019)	(18,414)	(12,670)	133
Accounts payable and accrued liabilities	(19,488)	(13,005)	15,494	(14,225)	21,339
Management fees payable to affiliate	—	(19)	(19)	—	—
Other liabilities	1,306	2,809	6,239	1,036	(8,522)
Net cash used in operating activities	<u>(14,149)</u>	<u>(33,628)</u>	<u>(61,716)</u>	<u>(46,860)</u>	<u>(52,672)</u>
Cash flows from investing activities:					
Investment in unconsolidated entities	(1,637)	(1,996)	(55,223)	(4,692)	—
Acquisition of business, net of cash acquired	—	—	(627,090)	—	—
Acquisition of property, plant and equipment	(51,728)	(31,773)	(140,897)	(247,524)	(323,037)
Investment in convertible promissory notes	—	(650)	(10,000)	—	—
Acquisition of remaining interest in JV investment	—	—	—	—	(28,828)
Proceeds from sale of subsidiary, net of cash transferred	—	—	—	—	91,732
Proceeds from sale of property, plant and equipment	2,092	—	4,494	—	—
Return of capital distributions from unconsolidated entities	—	—	—	—	1,555
Net cash used in investing activities	<u>\$(51,273)</u>	<u>\$(34,419)</u>	<u>\$(828,716)</u>	<u>\$(252,216)</u>	<u>\$(258,578)</u>

See accompanying notes to combined consolidated financial statements.

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**FTAI INFRASTRUCTURE
COMBINED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Dollars in thousands)

	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
	2022	2021	2021	2020	2019
Cash flows from financing activities:					
Proceeds from debt	\$ 9,450	\$ 21,600	\$ 451,100	\$ 263,980	\$ 221,835
Repayment of debt	—	—	—	(239,983)	(24,878)
Payment of deferred financing costs	(277)	(559)	(12,413)	(11,804)	(25,480)
Net transfers from Parent	<u>34,270</u>	<u>30,997</u>	<u>698,179</u>	<u>325,435</u>	<u>122,170</u>
Net cash provided by financing activities	<u>43,443</u>	<u>52,038</u>	<u>1,136,866</u>	<u>337,628</u>	<u>293,647</u>
Net increase (decrease) in cash and cash equivalents and restricted cash	(21,979)	(16,009)	246,434	38,552	(17,603)
Cash and cash equivalents and restricted cash, beginning of period	<u>301,855</u>	<u>55,421</u>	<u>55,421</u>	<u>16,869</u>	<u>34,472</u>
Cash and cash equivalents and restricted cash, end of period	<u><u>\$ 279,876</u></u>	<u><u>\$ 39,412</u></u>	<u><u>\$ 301,855</u></u>	<u><u>\$ 55,421</u></u>	<u><u>\$ 16,869</u></u>
Supplemental disclosure of cash flow information:					
Cash paid for interest, net of capitalized interest	\$ 9,684	\$ 3,613	\$ 7,302	\$ 8,586	\$ 13,112
Cash paid for taxes	1	6	334	329	162
Supplemental disclosure of non-cash investing and financing activities:					
Acquisition of property, plant and equipment	—	(8,490)	(581)	(10,817)	(47,078)
Investment in Long Ridge JV	—	—	—	—	155,589
Change in fair value of pension/OPEB liabilities	—	—	(237)	—	—
Non-cash change in equity method investment	(96,948)	11,667	(128,990)	(26,609)	372

See accompanying notes to combined consolidated financial statements.

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FTAI INFRASTRUCTURE

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted)

1. BACKGROUND AND BASIS OF PRESENTATION

Background

Fortress Transportation and Infrastructure Investors LLC (the “Parent”) consists of an equipment leasing business that owns and leases aviation and offshore equipment and an infrastructure business that owns and operates multiple infrastructure assets further described below. During the third quarter of 2021, the Parent announced that it was proceeding with a plan to spin off its infrastructure business and separate into two distinct, publicly traded companies (the “Separation”) comprising the infrastructure business (“we”, “us”, “our” or “FTAI Infrastructure”) and the aviation business. As part of the spin off, the Parent has established a new holding company, and the infrastructure business will be contributed to or merged into the new holding company, which will result in the infrastructure business being considered the predecessor of the newly formed FTAI Infrastructure Inc. Under the plan, the Parent will execute a spin-off, of its infrastructure business by way of a pro-rata distribution of common stock of our company to Parent common shareholders of record as of the close of business on the spin-off transaction Record Date. In connection with the spin-off transaction, the Parent is being treated as the accounting spinor, consistent with the legal form of the transaction. The Separation will be subject to, among other things, the effectiveness of a registration statement on Form 10 filed with the Securities and Exchange Commission (“SEC”) and final approval from Parent’s Board of Directors. Following the Separation, we will be an independent, publicly traded company operating under the name FTAI Infrastructure Inc.

FTAI Infrastructure will own and operate (i) a multi-modal crude oil and refined products terminal in Beaumont, Texas (“Jefferson Terminal”), (ii) five freight railroads and one switching company that provide rail service to certain manufacturing and production facilities (“Transtar”) (iii) a deep-water port located along the Delaware River with an underground storage cavern, a multipurpose dock, a rail-to-ship transloading system and multiple industrial development opportunities (“Repauno”), (iv) an equity method investment in a multi-modal terminal located along the Ohio River with multiple industrial development opportunities, including a power plant (“Long Ridge”), and (v) an equity method investment in two ventures developing battery and metal recycling technology (“Aleon” and “Gladieux”). Additionally, we own and lease shipping containers (“Containers”) and operate a railcar cleaning business (“KRS”). We have three reportable segments, (i) Jefferson Terminal, (ii) Ports and Terminals and (iii) Transtar, which operate in the infrastructure sector (see Note 17).

Basis of Presentation

The accompanying combined consolidated financial statements were prepared on a standalone basis and have been derived from the consolidated financial statements and accounting records of the Parent. These financial statements reflect the combined consolidated historical results of operations, financial position and cash flows of FTAI Infrastructure in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

Historically, separate financial statements have not been prepared for FTAI Infrastructure and it has not operated as a standalone business separate from the Parent. The accompanying combined consolidated financial statements have been prepared from Parent’s historical accounting records and are presented on a standalone basis as if the operations had been conducted independently from Parent. Accordingly, Parent’s net investment in our operations (Parent Company Equity) is shown in lieu of stockholders’ equity in the accompanying combined consolidated financial statements, which include the historical operations, assets, and liabilities comprising FTAI Infrastructure. The historical results of operations, financial position, and cash flows of FTAI Infrastructure represented in the combined consolidated financial statements may not be indicative of what they would have been had FTAI Infrastructure actually been a separate standalone entity during such periods, nor are they necessarily indicative of our future results of operations, financial position, and cash flows.

The combined consolidated financial statements include certain assets and liabilities that have historically been held by the Parent but are specifically identifiable or otherwise attributable to FTAI Infrastructure. All significant intercompany transactions between Parent and FTAI Infrastructure have been included as components of net parent investment in the combined consolidated financial statements, as they are to be considered effectively settled upon effectiveness of the Separation.

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FTAI INFRASTRUCTURE

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

The combined consolidated financial statements are presented as if our businesses had been combined for all periods presented. The assets and liabilities in the combined consolidated financial statements have been reflected on a historical cost basis, as immediately prior to the Separation, all of the assets and liabilities presented are owned by the Parent and are being transferred to us at a carry-over basis.

Cash and Cash Equivalents

The Cash and Cash Equivalents reflected in the financial statements of FTAI Infrastructure are Cash and Cash Equivalents that were legally held by FTAI Infrastructure during the periods presented in the financial statements and are directly attributed to and used in the operations of the Infrastructure business.

Debt and the Corresponding Interest Expense

The Debt reflected in the financial statements of FTAI Infrastructure is debt that is directly attributable to, and legally incurred by, FTAI Infrastructure's business. The corresponding interest expense presented in the financial statements is derived solely from the Debt directly attributed to FTAI Infrastructure.

Corporate Function

The combined consolidated financial statements include all revenues and costs directly attributable to FTAI Infrastructure and an allocation of certain expenses. The Parent is externally managed by Fortress Investment Group LLC (the "Manager"), which performs the Parent's corporate function ("Corporate"), and incurs a variety of expenses including, but not limited to, information technology, accounting, treasury, tax, legal, corporate finance and communications. For purposes of the Combined Consolidated Statements of Operations, an allocation of these expenses is included to reflect our portion of such corporate overhead from the Parent. The charges reflected have either been specifically identified or allocated based on an estimate of time spent on FTAI Infrastructure's businesses. These allocated costs are recorded in general and administrative, and acquisition and transaction expenses in the Combined Consolidated Statements of Operations. We believe the assumptions regarding allocations of the Parent's Corporate expenses are reasonable. Nevertheless, the allocations may not be indicative of the actual expense that would have been incurred had FTAI Infrastructure operated as an independent, standalone public entity, nor are they indicative of FTAI Infrastructure's future expenses. Actual costs that may have been incurred if we had been a standalone company would depend on a number of factors, including the organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. We will enter into an arrangement with the Manager in connection with the Separation which is expected to have a term of longer than one year. The Parent funded our operating and investing activities as needed. Cash transfers to and from the Parent are reflected in the Combined Consolidated Statements of Cash Flows as "Net transfers from Parent". Refer to Note 16 for additional discussion on corporate costs allocated from the Parent that are included in these combined consolidated financial statements.

Unaudited interim financial information

The accompanying interim combined consolidated balance sheet as of March 31, 2022, and the combined consolidated statements of operations, comprehensive (loss) income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021 are unaudited. These unaudited interim combined consolidated financial statements have been prepared in accordance with U.S. GAAP. In the opinion of our management, the unaudited interim combined consolidated financial statements have been prepared on the same basis as the audited combined consolidated financial statements and include all adjustments necessary for the fair presentation of our financial position as of March 31, 2022, the results of operations, comprehensive (loss) income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021. The results of operations for the three months ended March 31, 2022 are not necessarily indicative of the results to be expected for the year ending December 31, 2022 or for any other period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination—FTAI Infrastructure has elected the principles of combined consolidated financial statements as basis of presentation due to common ownership and management of the entities, which includes the financial results of the Jefferson Terminal, Transtar, and Ports and Terminals segments, and KRS, which is included in the Corporate and Other segment.

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FTAI INFRASTRUCTURE

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

Principles of Consolidation—FTAI Infrastructure consolidates all entities in which its subsidiaries have a controlling financial interest and control over significant operating decisions, as well as variable interest entities (“VIEs”) in which we are the primary beneficiary. The ownership interest of other investors in consolidated subsidiaries is recorded as non-controlling interest.

All significant intercompany transactions and balances have been eliminated.

We use the equity method of accounting for investments in entities in which we exercise significant influence, but which do not meet the requirements for consolidation. Under the equity method, we record our proportionate share of the underlying net income (loss) of these entities as well as the proportionate interest in adjustments to other comprehensive income (loss).

Use of Estimates—The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined consolidated financial statements and the reported amounts of revenues and expenses during the reporting period, including allocations from the Parent. Actual results could differ from those estimates.

Risks and Uncertainties—In the normal course of business, we encounter several significant types of economic risk including credit, market, and capital market risks. Credit risk is the risk of the inability or unwillingness of a lessee, customer, or derivative counterparty to make contractually required payments or to fulfill its other contractual obligations. Market risk reflects the risk of a downturn or volatility in the underlying industry segments in which we operate, which could adversely impact the pricing of the services offered by us or a lessee’s or customer’s ability to make payments. Capital market risk is the risk that we are unable to obtain capital at reasonable rates to fund the growth of our business or to refinance existing debt facilities. We do not have significant exposure to foreign currency risk as all of our leasing and revenue arrangements are denominated in U.S. dollars.

Variable Interest Entities—The assessment of whether an entity is a VIE and the determination of whether to consolidate a VIE requires judgment. VIEs are defined as entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. A VIE is required to be consolidated by its primary beneficiary, and only by its primary beneficiary, which is defined as the party who has the power to direct the activities of a VIE that most significantly impact its economic performance and who has the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Delaware River Partners LLC

During 2016, through Delaware River Partners LLC (“DRP”), a consolidated subsidiary, we purchased the assets of Repauno, which consisted primarily of land, a storage cavern, and riparian rights for the acquired land, site improvements and rights. Upon acquisition there were no operational processes that could be applied to these assets that would result in outputs without significant green field development. We currently hold an approximately 98% economic interest, and a 100% voting interest in DRP. DRP is solely reliant on us to finance its activities and therefore is a VIE. We concluded that we are the primary beneficiary and, accordingly, DRP has been presented on a consolidated basis in the accompanying combined consolidated financial statements. Total VIE assets of DRP were \$307.8 million, \$316.5 million and \$273.6 million, and total VIE liabilities of DRP were \$55.8 million, \$32.6 million and \$32.2 million as of March 31, 2022 (unaudited), December 31, 2021 and 2020, respectively.

Cash and Cash Equivalents—We consider all highly liquid short-term investments with a maturity of 90 days or less when purchased to be cash equivalents.

Restricted Cash—Restricted cash consists of prepaid interest and principal pursuant to the requirements of certain of our debt agreements (see Note 8) and other qualifying construction projects at Jefferson Terminal.

Inventory—Commodities inventory is carried at the lower of cost or net realizable value on our balance sheet. Commodities are removed from inventory based on the average cost at the time of sale. We had commodities inventory of \$6.8 million, \$6.8 million, and \$0.1 million as of March 31, 2022 (unaudited), December 31, 2021 and 2020, respectively, which is included in Other current assets in the Combined Consolidated Balance Sheets.

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FTAI INFRASTRUCTURE

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

Property, Plant and Equipment, Leasing Equipment and Depreciation—Property, plant and equipment and leasing equipment are stated at cost (inclusive of capitalized acquisition costs, where applicable) and depreciated using the straight-line method, over estimated useful lives, to estimated residual values which are summarized as follows:

Asset	Range of Estimated Useful Lives	Residual Value Estimates
Railcars and locomotives	40 - 50 years from date of manufacture	Scrap value at end of useful life
Track and track related assets	15 - 50 years from date of manufacture	Scrap value at end of useful life
Land, site improvements and rights	N/A	N/A
Bridges and tunnels	15 - 55 years	Scrap value at end of useful life
Buildings and site improvements	20 - 30 years	Scrap value at end of useful life
Railroad equipment	3 - 15 years from date of manufacture	Scrap value at end of useful life
Terminal machinery and equipment	15 - 25 years from date of manufacture	Scrap value at end of useful life
Vehicles	5 - 7 years from date of manufacture	Scrap value at end of useful life
Furniture and fixtures	3 - 6 years from date of purchase	None
Computer hardware and software	2 - 5 years from date of purchase	None
Construction in progress	N/A	N/A

Major improvements and modifications incurred in connection with the acquisition of property, plant and equipment and leasing equipment that are required to get the asset ready for initial service are capitalized and depreciated over the remaining life of the asset. Project costs of major additions and betterments, including capitalizable engineering costs and other costs directly related to the development or construction of project, are capitalized and depreciation commences once it is placed into service. Interest costs directly related to and incurred during the construction period of property, plant and equipment are capitalized. Significant spare parts are depreciated in conjunction with the underlying property, plant and equipment asset when placed in service.

We review our depreciation policies on a regular basis to determine whether changes have taken place that would suggest that a change in our depreciation policies, useful lives of our equipment or the assigned residual values is warranted.

We, through our equity method investment in Long Ridge, have a working interest in various natural gas reserves located in southeastern Ohio. Prior to the deconsolidation of Long Ridge in the fourth quarter of 2019, our interest in this natural gas joint venture was consolidated on a proportionate basis in accordance with Accounting Standards Codification (“ASC”) Topic 932 *Extractive Activities – Oil and Gas*. We followed the successful efforts method of accounting for costs incurred in oil and gas producing activities. Capitalized costs were amortized using the unit-of-production method based on total proved reserves. See Note 6 for additional details.

Capitalized Interest—The interest cost associated with major development and construction projects is capitalized and included in the cost of the project. Interest capitalization ceases once a project is substantially complete or no longer undergoing construction activities to prepare it for its intended use. We capitalized interest of \$2.1 million, \$2.8 million, \$8.2 million, \$20.0 million and \$11.8 million during the three months ended March 31, 2022 and 2021 (unaudited), and years ended December 31, 2021, 2020 and 2019, respectively.

Repairs and Maintenance—Repair and maintenance costs that do not extend the lives of the assets are expensed as incurred. Our repairs and maintenance expense were \$1.3 million, \$0.9 million, \$5.9 million, \$2.9 million, and \$4.8 million during the three months ended March 31, 2022 and 2021 (unaudited) and years ended December 31, 2021, 2020 and 2019, respectively, and are included in Operating expenses in the Combined Consolidated Statements of Operations.

Impairment of Long-Lived Assets—We perform a recoverability assessment of each of our long-lived assets whenever events or changes in circumstances, or indicators, indicate that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a significant change in market conditions; or the introduction of newer technology. When performing a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the asset exceeds its net book

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FTAI INFRASTRUCTURE

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

value. The undiscounted cash flows consist of cash flows from currently contracted leases and terminal services contracts, future projected leases, terminal service and freight rail rates, transition costs, and estimated residual or scrap values. In the event that an asset does not meet the recoverability test, the carrying value of the asset will be adjusted to fair value resulting in an impairment charge.

Management develops the assumptions used in the recoverability analysis based on its knowledge of active contracts, current and future expectations of the demand for a particular asset and historical experience, as well as information received from third party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in contracted lease rates, terminal service, and freight rail rates, residual values, economic conditions, technology, demand for a particular asset type and other factors.

Goodwill—Goodwill includes the excess of the purchase price over the fair value of the net tangible and intangible assets associated with the acquisition of Jefferson Terminal and Transtar. The carrying amount of goodwill was approximately \$258.0 million, \$257.1 million and \$122.7 million as of March 31, 2022 (unaudited), December 31, 2021 and 2020, respectively. The goodwill amounts as of December 31, 2020 related to the Jefferson reporting unit. The increase in 2021 and 2022 reflect our acquisition of Transtar in 2021. See Note 3 for additional information.

We review the carrying values of goodwill at least annually to assess impairment since these assets are not amortized. An annual impairment review is conducted as of October 1st of each year. Additionally, we review the carrying value of goodwill whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The determination of fair value involves significant management judgment.

For an annual goodwill impairment assessment, an optional qualitative analysis may be performed. If the option is not elected or if it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a goodwill impairment test is performed to identify potential goodwill impairment and measure an impairment loss. A qualitative analysis was not elected for the years ended December 31, 2021 or 2020.

Beginning in 2020, we adopted new guidance regarding the testing and recognition of a goodwill impairment, which prior to 2020 required two steps. A goodwill impairment assessment compares the fair value of the respective reporting unit with its carrying amount, including goodwill. The estimate of fair value of the respective reporting unit is based on the best information available as of the date of assessment, which primarily incorporates certain factors including our assumptions about operating results, business plans, income projections, anticipated future cash flows and market data. If the estimated fair value of the reporting unit is less than the carrying amount, a goodwill impairment is recorded to the extent that the carrying value of the reporting unit exceeds its fair value.

We estimate the fair value of the Jefferson and Transtar reporting units using an income approach, specifically a discounted cash flow analysis. This analysis requires us to make significant assumptions and estimates about the forecasted revenue growth rates, EBITDA margins, capital expenditures, the timing of future cash flows, and discount rates. The estimates and assumptions used consider historical performance if indicative of future performance and are consistent with the assumptions used in determining future profit plans for the reporting units.

In connection with our impairment analysis, although we believe the estimates of fair value are reasonable, the determination of certain valuation inputs is subject to management's judgment. Changes in these inputs, including as a result of events beyond our control, could materially affect the results of the impairment review. If the forecasted cash flows or other key inputs are negatively revised in the future, the estimated fair value of the reporting unit could be adversely impacted, potentially leading to an impairment in the future that could materially affect our operating results. Due to the acquisition of Transtar in the current year, the estimated fair value of that reporting unit approximates the book value. The Jefferson reporting unit had an estimated fair value that exceeded its carrying value by more than 10% but less than 20%. The Jefferson Terminal segment forecasted revenue is dependent on the ramp up of volumes under current and expected future contracts for storage and throughput of heavy and light crude and refined products and is subject to obtaining rail capacity for crude, expansion of refined product distribution to Mexico and movements in future oil spreads. At October 1, 2021, approximately 4.3 million barrels of storage was currently operational with 1.9 million barrels currently under construction for new contracts which will complete our storage development for our main terminal. Our discount rate for our 2021 goodwill impairment analysis was 9.0% and our assumed terminal growth rate was 2.0%. If our strategy changes from planned capacity downward due to an inability to source contracts or expand volumes, the fair value of the reporting unit would be negatively affected,

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NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

which could lead to an impairment. The expansion of refineries in the Beaumont/Port Arthur area, as well as growing crude oil production in the U.S. and Canada, are expected to result in increased demand for storage on the U.S. Gulf Coast. Although we do not have significant direct exposure to volatility of crude oil prices, changes in crude oil pricing that affect long term refining planned output could impact Jefferson Terminal operations.

We expect the Jefferson Terminal segment to continue to generate positive Adjusted EBITDA in future years. Although certain of our anticipated contracts or expected volumes from existing contracts for Jefferson Terminal have been delayed, we continue to believe our projected revenues are achievable. Further delays in executing these contracts or achieving our projections could adversely affect the fair value of the reporting unit. The impact of the COVID-19 global pandemic during 2020 and 2021 negatively affected refining volumes and therefore Jefferson Terminal crude throughput but we have seen the activity starting to normalize and are expected to ramp back to normal during 2022. Furthermore, we anticipate strengthening macroeconomic demand for storage and the increasing spread between Western Canadian Crude and Western Texas Intermediate as Canadian crude pipeline apportionment increases. Also, as our pipeline connections became fully operational during 2021, we remain positive for the outlook of Jefferson Terminal's earnings potential.

There were no impairments of goodwill for the three months ended March 31, 2022 and 2021 (unaudited) or for the years ended December 31, 2021, 2020, and 2019.

Intangibles and amortization—Intangible assets include the value of existing customer relationships acquired in connection with the acquisition of Jefferson Terminal and Transtar.

Customer relationship intangible assets are amortized on a straight-line basis over their useful lives as the pattern in which the asset's economic benefits are consumed cannot reliably be determined. Customer relationship intangible assets have useful lives ranging from 5 to 15 years, no estimated residual value, and amortization is recorded as a component of Depreciation and amortization in the Combined Consolidated Statements of Operations. The weighted-average remaining amortization period for customer relationships was 152 months and 154 months as of March 31, 2022 (unaudited) and December 31, 2021, respectively.

Deferred Financing Costs—Costs incurred in connection with obtaining long-term financing are capitalized and amortized to interest expense over the term of the underlying loans. Unamortized deferred financing costs of \$25.2 million, \$21.5 million and \$10.5 million as of March 31, 2022 (unaudited) and as of December 31, 2021 and 2020, respectively, are included in Debt, net in the Combined Consolidated Balance Sheets.

Amortization expense was \$0.8 million, \$0.5 million, \$2.6 million, \$1.5 million and \$3.7 million for the three months ended March 31, 2022 and 2021 (unaudited) and for the years ended December 31, 2021, 2020 and 2019, respectively, and is included in Interest expense in the Combined Consolidated Statements of Operations.

Terminal Services Revenues—Terminal services are provided to customers for the receipt and redelivery of various commodities. These revenues relate to performance obligations that are recognized over time using the right to invoice practical expedient, i.e., invoiced as the services are rendered and the customer simultaneously receives and consumes the benefit over the contract term. The Company's performance of service and right to invoice corresponds with the value delivered to our customers. Revenues are typically invoiced and paid on a monthly basis.

Rail Revenues—Rail revenues generally consist of the following performance obligations: industrial switching, interline services, demurrage and storage. Switching revenues are derived from the performance of switching services, which involve the movement of cars from one point to another within the limits of an individual plant, industrial area, or a rail yard. Switching revenues are recognized as the services are performed, and the services are generally completed on the same day they are initiated.

Interline revenues are derived from transportation services for railcars that originate or terminate at our railroads and involve one or more other carriers. For interline traffic, one railroad typically invoices a customer on behalf of all railroads participating in the route directed by the customer. The invoicing railroad then pays the other railroads its portion of the total amount invoiced on a monthly basis. We record revenue related to interline traffic for transportation service segments provided by carriers along railroads that are not owned or controlled by us on a net basis. Interline revenues are recognized as the transportation movements occur.

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NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

Our ancillary services revenue primarily relates to demurrage and storage services. Demurrage represents charges assessed by railroads for the detention of cars by shippers or receivers of freight beyond a specified free time and is recognized on a per day basis. Storage services revenue is earned for the provision of storage of shippers' railcars and is generally recognized on a per day, per car basis, as the storage services are provided.

Lease Income—Lease income consists of rental income from tenants for storage space. Lease income is recognized on a straight-line basis over the terms of the relevant lease agreement.

Crude Marketing Revenues—Crude marketing revenues consist of marketing revenue related to Canadian crude oil. Contracts to sell crude products to customers contain performance obligations to deliver the product over the term of the contract. The revenues are recognized when the control of the product is transferred to the customer, based on the volume delivered and the price within the contract. Revenues are typically invoiced and paid on a monthly basis. All activities related to crude marketing revenues were terminated in 2019. For the years ended December 31, 2020 and 2019, crude marketing revenues were \$8.2 million and \$166.1 million, respectively, and associated costs of sale were \$8.2 million and \$173.0 million, respectively. All crude marketing revenues in 2020 include contracts executed in 2019 but delivered in 2020.

Other Revenue—Other revenue primarily consists of revenue related to the handling, storage and sale of raw materials. Revenues for the handling and storage of raw materials relate to performance obligations that are recognized over time using the right to invoice practical expedient, i.e., invoiced as the services are rendered and the customer simultaneously receives and consumes the benefit over the contract term. Our performance of service and right to invoice corresponds with the value delivered to our customers. Revenues for the sale of raw materials relate to contracts that contain performance obligations to deliver the product over the term of the contract. The revenues are recognized when the control of the product is transferred to the customer, based on the volume delivered and the price within the contract. Other revenues are typically invoiced and paid on a monthly basis.

Additionally, other revenue includes revenue related to derivative trading activities. See Commodity Derivatives below for additional information.

Payment terms for these revenues are generally short term in nature.

Leasing Arrangements—At contract inception, we evaluate whether an arrangement is or contains a lease for which we are the lessee (that is, arrangements which provide us with the right to control a physical asset for a period of time). Operating lease right-of-use ("ROU") assets and lease liabilities are recognized in Operating lease right-of-use assets, net and Operating lease liabilities in our Combined Consolidated Balance Sheets, respectively. Finance lease ROU assets are recognized in Property, plant and equipment, net and lease liabilities are recognized in Other current liabilities and Other liabilities in our Combined Consolidated Balance Sheets.

All lease liabilities are measured at the present value of the unpaid lease payments, discounted using our incremental borrowing rate based on the information available at commencement date of the lease. ROU assets, for both operating and finance leases, are initially measured based on the lease liability, adjusted for prepaid rent and lease incentives. ROU assets are subsequently measured at the carrying amount of the lease liability adjusted for prepaid or accrued lease payments and lease incentives. The finance lease ROU assets are subsequently amortized using the straight-line method.

Operating lease expenses are recognized on a straight-line basis over the lease term. With respect to finance leases, amortization of the ROU asset is presented separately from interest expense related to the finance lease liability. Variable lease payments, which are primarily based on usage, are recognized when the associated activity occurs.

We have elected to combine lease and non-lease components for all lease contracts where we are the lessee. Additionally, for arrangements with lease terms of 12 months or less, we do not recognize ROU assets, and lease liabilities and lease payments are recognized on a straight-line basis over the lease term with variable lease payments recognized in the period in which the obligation is incurred.

Concentration of Credit Risk—We are subject to concentrations of credit risk with respect to amounts due from customers. We attempt to limit our credit risk by performing ongoing credit evaluations. We earned approximately

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NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

12%, 21%, 15%, 40% and 48% of our revenue from one customer in the Jefferson Terminal segment during the three months ended March 31, 2022 and 2021 (unaudited) and years ended December 31, 2021, 2020 and 2019, respectively, and 70% and 45% from one customer in the Transtar segment during the three months ended March 31, 2022 (unaudited) and year ended December 31, 2021, respectively.

As of March 31, 2022 (unaudited), accounts receivable from two customers from the Jefferson Terminal and Transtar segments represented 47% of total accounts receivable, net. As of December 31, 2021, accounts receivable from two customers from the Jefferson Terminal and Transtar segments represented 48% of total accounts receivable, net. As of December 31, 2020, accounts receivable from two customers in the Jefferson Terminal segment represented 63% of total accounts receivable, net.

We maintain cash and restricted cash balances, which generally exceed federally insured limits, and subject us to credit risk, in high credit quality financial institutions. We monitor the financial condition of these institutions and have not experienced any losses associated with these accounts.

Allowance for Doubtful Accounts—We determine the allowance for doubtful accounts based on our assessment of the collectability of our receivables on a customer-by-customer basis. We also consider current and future economic conditions over the expected lives of the receivables, the amount of receivables in dispute, and the current receivables aging.

Expense Recognition—Expenses are recognized on an accrual basis as incurred.

Acquisition and Transaction expenses—Acquisition and transaction expense is comprised of costs related to business combinations, dispositions and terminated deal costs related to asset acquisitions, including advisory, legal, accounting, valuation and other professional or consulting fees.

Comprehensive Income (Loss)—Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances, excluding those resulting from investments by and distributions to owners. Our comprehensive income (loss) represents net income (loss), as presented in the Combined Consolidated Statements of Comprehensive (Loss)/Income, adjusted for fair value changes recorded in other comprehensive income related to cash flow hedges of our equity method investees and pension and other employee benefit accounts.

Derivative Financial Instruments

Electricity Derivatives—Our equity method investee Long Ridge enters into derivative contracts as part of a risk management program to mitigate price risk associated with certain electricity price exposures. Long Ridge primarily uses swap derivative contracts, which are agreements to buy or sell a quantity of electricity at a predetermined future date and at a predetermined price.

Cash Flow Hedges

Certain of these derivative instruments are designated and qualify as cash flow hedges. Our share of the derivative's gain or loss is reported as Other comprehensive income related to equity method investees in our Combined Consolidated Statements of Comprehensive (Loss) Income and recorded in Accumulated other comprehensive (loss) income in our Combined Consolidated Balance Sheets. The change in our equity method investment balance related to derivative gains or losses on cash flow hedges is disclosed as a Non-cash change in equity method investment in our Combined Consolidated Statements of Cash Flows.

Derivatives Not Designated as Hedging Instruments

Certain of these derivative instruments are not designated as hedging instruments for accounting purposes. Our share of change in fair value of these contracts is recognized in Equity in earnings (losses) of unconsolidated entities in the Combined Consolidated Statements of Operations. The cash flow impact of derivative contracts that are not designated as hedging instruments is recognized in Equity in earnings (losses) of unconsolidated entities in our Combined Consolidated Statements of Cash Flows.

Commodity Derivatives—We also enter into short-term and long-term crude forward contracts. Gains and losses related to our crude sales and purchase derivatives are recorded on a gross basis and are included in Crude marketing

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(Dollars in tables in thousands, unless otherwise noted) (continued)

revenues and Operating expenses, respectively, in our Combined Consolidated Statements of Operations. See Note 11 for additional details. The cash flow impact of these derivatives is recognized in Change in fair value of non-hedge derivatives in our Combined Consolidated Statements of Cash Flows.

These derivatives are not used for speculative purposes. We record all derivative assets and liabilities on a gross basis at fair value and are included in Other current assets and Other current liabilities, respectively, in our Combined Consolidated Balance Sheets. See Note 11 for additional details.

Income Taxes—The income tax provision in the combined consolidated financial statements was prepared on a separate return method. Income earned by our corporate subsidiaries for the infrastructure businesses is subject to U.S. federal and state income taxation and is taxed at the currently enacted rates. The remainder of our income is allocated directly to our partners and is not subject to a corporate level of taxation. Following the spin-off, all of our income will be subject to a corporate level of taxation, and none of it will be allocated directly to our partners.

We account for these taxes using the asset and liability method under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established when management believes it is more likely than not that a deferred tax asset will not be realized.

Each of our combined entities files income tax returns in the U.S. federal jurisdiction, various state jurisdictions and in certain foreign jurisdictions. The income tax returns filed by us and our subsidiaries are subject to examination by the U.S. federal, state and foreign tax authorities. We recognize tax benefits for uncertain tax positions only if it is more likely than not that the position is sustainable based on its technical merits. Interest and penalties on uncertain tax positions are included as a component of the provision for income taxes in the Combined Consolidated Statements of Operations.

Other Current Assets—Other current assets is primarily comprised of commodities inventory of \$6.8 million, \$6.8 million and \$0.1 million, deposits of \$17.2 million, \$17.2 million and \$18.2 million, note receivable of \$20.5 million, \$7.5 million and \$0.7 million, prepaid expenses of \$8.7 million \$17.4 million and \$4.2 million and other assets of \$8.3 million, \$11.9 million and \$0.9 million as of March 31, 2022 (unaudited), and December 31, 2021 and 2020, respectively.

Other Assets—Other Assets primarily consists of \$10.0 million of note receivable as of both March 31, 2022 (unaudited) and December 31, 2021 from CarbonFree, a business that develops technologies to capture carbon dioxide from industrial emissions sources.

Accounts Payable and Accrued Liabilities—Accounts payable and accrued liabilities primarily include payables relating to construction projects, interline payables to other railroads, accrued compensation and interest.

Other Current Liabilities—Other current liabilities primarily include environmental liabilities of \$4.1 million, \$4.1 million and \$0.0 million, and insurance premium liabilities of \$1.6 million, \$1.7 million and \$1.5 million as of March 31, 2022 (unaudited), December 31, 2021 and 2020, respectively.

Pension and Other Postretirement Benefits—We have obligations for a pension and a postretirement benefit plan in connection with the acquisition of Transtar for certain eligible Transtar employees. The pension and other postretirement obligations and the related net periodic costs are based on, among other things, assumptions regarding the discount rate, salary increases, the projected mortality of participants and the current level and future escalation of health care costs. Actuarial gains and losses occur when actual experience differs from any of the many assumptions used to value the benefit plans, or when assumptions change. We will recognize into income on an annual basis a portion of unrecognized actuarial net gains or losses that exceed 10 percent of the greater of the projected benefit obligations or the market-related value of plan assets (the corridor). This excess is amortized over the average remaining service period of active employees expected to receive benefits under the plan. Refer to Note 14 for additional discussion on the pension and postretirement plans.

Recent Accounting Pronouncements—In March 2020 and January 2021, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* and ASU 2021-01, *Reference Rate Reform: Scope*, respectively. Together, the ASUs temporarily simplify the accounting

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for contract modifications, including hedging relationships, due to the transition from LIBOR and other interbank offered rates to alternative reference interest rates. For example, entities can elect not to remeasure the contracts at the modification date or reassess a previous accounting determination if certain conditions are met. Additionally, entities can elect to continue applying hedge accounting for hedging relationships affected by reference rate reform if certain conditions are met. The new standard was effective upon issuance and generally can be applied to applicable contract modifications through December 31, 2022. Adoption did not have a material impact on our combined consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*. This standard simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 and early adoption is permitted. We adopted this guidance in the first quarter of 2021, which did not have a material impact on our combined consolidated financial statements.

In July 2021, the FASB issued ASU 2021-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*. This ASU requires lessors to classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if (i) the lease would have been classified as a sales-type lease or a direct financing lease under Topic 842 and (ii) the lessor would have otherwise recognized a day-one loss. This standard is effective for all reporting periods beginning after December 15, 2021. This did not have a material impact on our combined consolidated financial statements.

3. ACQUISITION OF TRANSTAR, LLC

On July 28, 2021, we completed the acquisition for 100% of the equity interests of Transtar, LLC (“Transtar”) from United States Steel Corporation (“USS”) for total cash consideration of \$636 million. Transtar is comprised of five freight railroads and one switching company, of which two railroads are connected to USS’s largest production facilities. We also entered into an exclusive rail partnership with USS, under which we will provide rail service to USS for an initial term of 15 years with minimum volume commitments for the first five years. Transtar operates as a separate reportable segment. See Note 17 for additional information. The results of operations at Transtar have been included in the Combined Consolidated Statements of Operations as of the effective date of the acquisition. In connection with the acquisition, we recorded \$9.8 million of acquisition and transaction expense during the year ended December 31, 2021.

The Parent funded the transaction with bridge loans in an aggregate principal amount of \$650 million. In September 2021, the Parent issued new equity and debt and repaid in full the bridge loans.

In accordance with ASC 805, *Business Combinations*, the following fair values were assigned to assets acquired and liabilities assumed based on management’s estimates and assumptions and are preliminary. The significant assumptions used to estimate the fair value of the property, plant and equipment included replacement cost estimates, salvage values and market data for similar assets where available. The significant assumptions used to estimate the value of the customer relationship intangible assets included discount rate and future revenues and operating expenses. The final valuation and related allocation of the purchase price is subject to change as additional information is received and will be completed no later than 12 months after the closing date. The final acquisition accounting adjustments may be materially different and may include (i) changes in fair values of Property, plant and equipment and associated salvage values; (ii) changes in allocations to Intangible assets, as well as goodwill; and, (iii) other changes to assets and liabilities, such as working capital accounts and inventory.

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(Dollars in tables in thousands, unless otherwise noted) (continued)

The following table summarizes the preliminary allocation of the purchase price, as presented in our Combined Consolidated Balance Sheets:

Fair value of assets acquired:	
Cash and cash equivalents	\$ 8,918
Accounts receivable	18,625
Operating lease right-of-use assets	12,231
Property, plant and equipment	490,561
Intangible assets	60,000
Other assets	<u>15,008</u>
Total assets	605,343
Fair value of liabilities assumed:	
Accounts payable and accrued liabilities	47,010
Operating lease liabilities	10,689
Pension and other postretirement benefits ⁽¹⁾	37,552
Other liabilities	<u>8,487</u>
Total liabilities	103,738
Goodwill ⁽²⁾	<u>134,402</u>
Total purchase consideration	<u>\$636,007</u>

(1) Included in Other liabilities in the Combined Consolidated Balance Sheets.

(2) Goodwill is primarily attributable to the assembled workforce of Transtar and the synergies expected to be achieved. This goodwill is assigned to the new Transtar segment and is tax deductible for income tax purposes.

The following table presents the identifiable intangible assets and their estimated useful lives:

	Estimated useful life in years	Fair value
Customer relationships	15	60,000

The following table presents the property, plant and equipment and their estimated remaining useful lives:

	Estimated remaining useful life in years	Fair value
Railcars	1 - 40	\$112,981
Track and track related assets	1 - 40	90,904
Land, site improvements and rights	N/A	87,450
Bridges and tunnels	15 - 55	174,889
Buildings and improvements	3 - 25	12,448
Railroad equipment	2 - 15	2,725
Terminal machinery and equipment	2 - 15	3,325
Vehicles	2 - 5	3,740
Construction in progress	N/A	1,928
Computer hardware and software	2 - 5	<u>171</u>
Total		<u>\$490,561</u>

The unaudited financial information in the table below summarizes the combined results of operations of FTAI Infrastructure and Transtar on a pro forma basis, as though the companies had been combined as of January 1, 2020. These pro forma results were based on estimates and assumptions which we believe are reasonable. The pro forma adjustments are primarily comprised of the following:

- The allocation of the purchase price and related adjustments, including adjustments to depreciation and amortization expense related to the fair value of property, plant and equipment and intangible assets acquired;

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NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

- The exclusion of acquisition-related costs incurred during the year ended December 31, 2021 and allocation of substantially all acquisition-related costs to the year ended December 31, 2020; and
- Associated tax-related impacts of adjustments.

The unaudited pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place as of January 1, 2020.

	Year Ended December 31,	
	2021	2020
Total revenue	<u>\$199,762</u>	<u>\$183,744</u>
Net loss attributable to Parent	<u>\$ (56,717)</u>	<u>\$ (39,349)</u>

4. LEASING EQUIPMENT, NET

Leasing equipment, net is summarized as follows:

	March 31, 2022 (Unaudited)	December 31,	
		2021	2020
Leasing equipment	\$44,179	\$44,179	\$44,179
Less: Accumulated depreciation	<u>(8,443)</u>	<u>(8,167)</u>	<u>(7,063)</u>
Leasing equipment, net	<u>\$35,736</u>	<u>\$36,012</u>	<u>\$37,116</u>

Depreciation expense for leasing equipment is summarized as follows:

	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
	2022	2021	2021	2020	2019
Depreciation expense for leasing equipment	\$276	\$276	\$1,103	\$1,106	\$1,108

5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net is summarized as follows:

	March 31, 2022 (Unaudited)	December 31,	
		2021	2020
Land, site improvements and rights	150,001	\$ 149,914	\$ 52,047
Construction in progress	157,186	118,081	401,729
Buildings and improvements	19,165	19,164	4,491
Bridges and tunnels	174,889	174,889	—
Terminal machinery and equipment	970,519	962,552	557,788
Track and track related assets	100,054	100,014	2,349
Railroad equipment	8,347	8,331	5,560
Railcars and locomotives	108,007	111,574	—
Computer hardware and software	6,083	5,335	5,101
Furniture and fixtures	1,745	1,745	1,750
Other	<u>10,245</u>	<u>10,016</u>	<u>5,870</u>
	1,706,241	1,661,615	1,036,685
Less: Accumulated depreciation	<u>(158,867)</u>	<u>(144,021)</u>	<u>(96,427)</u>
Property, plant and equipment, net	<u>1,547,374</u>	<u>\$1,517,594</u>	<u>\$ 940,258</u>

We added property, plant and equipment of \$44.6 million, \$624.9 million and \$239.8 million during the three-months ended March 31, 2022 (unaudited) and years ended December 31, 2021 and 2020, respectively, which primarily consist of assets acquired in our acquisition of Transtar and terminal machinery and equipment placed in service or under development at Jefferson Terminal and Repauno.

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NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

Depreciation expense for property, plant and equipment is \$14.8 million, \$8.9 million, \$47.6 million, \$26.5 million, and \$28.5 million during the three months ended March 31, 2022 and 2021 (unaudited) and years ended December 31, 2021, 2020 and 2019, respectively.

6. INVESTMENTS

The following table presents the ownership interests and carrying values of our investments:

	Investment	Ownership Percentage	Carrying Value		
			March 31, 2022 (Unaudited)	December 31, 2021	December 31, 2020
Long Ridge Terminal LLC ⁽¹⁾	Equity method	50%	\$ —	\$ —	\$122,539
FYX Trust Holdco LLC	Equity	14%	1,256	1,255	1,255
GM-FTAI Holdco LLC	Equity method	See below	51,861	52,295	—
Clean Planet Energy USA LLC	Equity method	50%	2,266	858	—
			<u>\$55,383</u>	<u>\$54,408</u>	<u>\$123,794</u>

(1) The carrying value of \$135.6 million and \$17.5 million as of March 31, 2022 (unaudited) and December 31, 2021, respectively, is included in Other Liabilities in the Combined Consolidated Balance Sheets

We did not recognize any other-than-temporary impairments for the three months ended March 31, 2022 and 2021 (unaudited), and the year ended December 31, 2021, 2020, and 2019.

The following table presents our proportionate share of equity in (losses) earnings:

	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
	2022	2021	2021	2020	2019
JGP Energy Partners LLC	\$ —	\$ —	\$ —	\$ —	\$(292)
Intermodal Finance I, Ltd.	43	172	470	115	(62)
Long Ridge Terminal LLC	(21,381)	(626)	(13,597)	(3,222)	(192)
GM-FTAI Holdco LLC	(433)	—	(205)	—	—
Clean Planet Energy USA LLC	(272)	—	(167)	—	—
Total	<u>\$(22,043)</u>	<u>\$(454)</u>	<u>\$(13,499)</u>	<u>\$(3,107)</u>	<u>\$(546)</u>

Equity Method Investments

Clean Planet Energy USA LLC

In November 2021, we acquired 50% of the Class A shares of Clean Planet Energy USA LLC (“CPE” or “Clean Planet USA”) for \$1.0 million. CPE intends on building waste plastic-to-fuel plants in the United States. The plants will convert various grades of non-recyclable waste plastic to renewable diesel in the form of jet fuel, diesel, naphtha, and low sulfur fuel oil. We account for our investment in Clean Planet USA as an equity method investment as we have significant influence through our ownership of Class A shares.

GM-FTAI Holdco LLC

In September 2021, we acquired 1% of the Class A shares and 50% of the Class B shares of GM-FTAI Holdco LLC for \$52.5 million. GM-FTAI Holdco LLC owns 100% interest in Gladioux Metals Recycling (“GMR” or “Gladioux”) and Aleon Renewable Metals LLC (“Aleon”). GMR specializes in recycling spent catalyst produced in the petroleum refining industry.

Aleon plans to develop a lithium-ion battery recycling business across the United States. Each planned location will collect, discharge and disassemble lithium-ion batteries to extract various metals in high-purity form for resale into the lithium-ion battery production market. Aleon and GMR are governed by separate boards of directors. Our

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(Dollars in tables in thousands, unless otherwise noted) (continued)

ownership of Class A and B shares in GM-FTAI Holdco LLC provides us with 1% and 50% economic interest in GMR and Aleon, respectively. We account for our investment in GM-FTAI Holdco LLC as an equity method investment as we have significant influence through our ownership of Class A and Class B shares of GM-FTAI Holdco LLC.

Long Ridge Terminal LLC

On June 16, 2017, we, through Ohio River Partners Shareholders LLC (“ORP”), a consolidated subsidiary, purchased the assets of Long Ridge Energy Terminal (“Long Ridge”), which consisted primarily of land, buildings, railroad track, docks, water rights, site improvements and other rights. Long Ridge was being developed as a 485-megawatt natural gas fired, combined cycle power plant, which was completed and became operational in October 2021. Long Ridge also entered into cash flow hedges related to power generation capacity, as described in Note 2.

In December 2019, ORP contributed its equity interests in Long Ridge into Long Ridge Terminal LLC and sold a 49.9% interest (the “Long Ridge Transaction”) for \$150 million in cash, plus an earn out. We recognized a gain of \$116.7 million in relation to the Long Ridge Transaction. We no longer have a controlling interest in Long Ridge but still maintain significant influence through our retained interest and, therefore, now account for this investment in accordance with the equity method. Following the sale, we deconsolidated ORP, which held the assets of Long Ridge. The initial equity method investment balance of \$155.6 million represents the fair value of our 50.1% ownership and the earn out.

JGP Energy Partners LLC

In 2016, we initiated activities in a 50% non-controlling interest in JGP Energy Partners LLC (“JGP”), a joint venture. JGP was governed by a designated operating committee selected by the members in proportion to their equity interests. JGP was solely reliant on its members to finance its activities and therefore was a VIE. Initially, we concluded that we were not the primary beneficiary of JGP as the members shared equally in the risks and rewards and decision making authority of the entity and, therefore, we did not consolidate JGP and instead accounted for this investment in accordance with the equity method.

In December 2019, we purchased the remaining 50% interest in JGP from the joint venture partner for a purchase price of approximately \$30 million, consolidated JGP and no longer account for this as an equity method investment. As a result of this transaction, we recorded additional goodwill of \$6.6 million and a gain of \$4.6 million during the year ended December 31, 2019.

Intermodal Finance I, Ltd.

In 2012, we acquired a 51% non-controlling interest in Intermodal Finance I, Ltd. (“Intermodal”). Intermodal is governed by a board of directors, and its shareholders have voting rights through their equity interests. As such, Intermodal is not within the scope of ASC 810-20 and should be evaluated for consolidation under the voting interest model. Due to the existence of substantive participating rights of the 49% equity investor, including the joint approval of material operating and capital decisions, such as material contracts and capital expenditures consistent with ASC 810-10-25-11, we do not have unilateral rights over this investment and, therefore, we do not consolidate Intermodal but account for this investment in accordance with the equity method. We do not have a variable interest in this investment as none of the criteria of ASC 810-10-15-14 were met.

As of December 31, 2021, Intermodal owns a portfolio of approximately 500 shipping containers subject to multiple operating leases.

Equity Investment

FYX Trust Holdco LLC

In July 2020, we invested \$1.3 million for a 14% interest in an operating company that provides roadside assistance services for the intermodal and over-the-road trucking industries. FYX Trust Holdco LLC (“FYX”) has developed a mobile and web-based application that connects fleet managers, owner-operators, and drivers with repair vendors to efficiently and reliably quote, dispatch, monitor, and bill roadside repair services.

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(Dollars in tables in thousands, unless otherwise noted) (continued)

The tables below present summarized financial information for Long Ridge Terminal LLC:

Balance Sheet	March 31,	December 31,	
	2022 (Unaudited)	2021	2020
Assets			
Current assets			
Cash and cash equivalents	\$ 6,014	\$ 2,932	\$ 3,057
Restricted cash	19,728	32,469	26,920
Accounts receivable, net	16,309	17,896	5,711
Other current assets	9,762	8,857	787
Total current assets	51,813	62,154	36,475
Property, plant, and equipment, net	771,076	764,607	612,234
Intangible assets, net	4,845	4,940	5,320
Goodwill	89,390	89,390	89,390
Other assets	8,040	5,584	8,597
Total assets	\$ 925,164	\$926,675	\$752,016
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 23,005	\$ 16,121	\$ 25,173
Other current liabilities	136,225	47,626	253
Total current liabilities	159,230	63,747	25,426
Debt, net	606,174	604,261	445,733
Other liabilities	428,928	293,653	36,262
Total liabilities	1,194,332	961,661	507,421
Equity			
Total equity	(269,168)	(34,986)	244,595
Total liabilities and equity	\$ 925,164	\$926,675	\$752,016

Statement of Operations	Three Months Ended March 31, (Unaudited)		Year Ended December 31,	
	2022	2021	2021	2020
Revenue	\$ 24,411	\$8,422	\$ 85,638	\$24,917
Total revenue	24,411	8,422	85,638	24,917
Expenses				
Operating expenses	12,448	4,272	28,310	16,339
Depreciation and amortization	12,544	3,752	24,836	11,004
Interest expense	12,861	320	11,005	2,037
Total expenses	37,853	8,344	64,151	29,380

Other (expense) income	<u>(29,234)</u>	<u>2,999</u>	<u>(44,302)</u>	<u>(1,967)</u>
(Loss) Income before income taxes	(42,676)	3,077	(22,815)	(6,430)
Provision for income taxes	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net (Loss) Income	<u><u>\$(42,676)</u></u>	<u><u>\$3,077</u></u>	<u><u>\$(22,815)</u></u>	<u><u>\$(6,430)</u></u>

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NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

7. INTANGIBLE ASSETS AND LIABILITIES, NET

Our intangible assets and liabilities, net are summarized as follows:

	March 31, 2022 (Unaudited)		
	Jefferson Terminal	Transtar	Total
Intangible assets			
Customer relationships	35,513	60,000	95,513
Less: Accumulated amortization	<u>(26,926)</u>	<u>(2,724)</u>	<u>(29,650)</u>
Acquired customer relationships, net	<u>8,587</u>	<u>57,276</u>	<u>65,863</u>
	December 31, 2021		
	Jefferson Terminal	Transtar	Total
Intangible assets			
Customer relationships	35,513	60,000	95,513
Less: Accumulated amortization	<u>(26,038)</u>	<u>(1,738)</u>	<u>(27,776)</u>
Acquired customer relationships, net	<u>9,475</u>	<u>58,262</u>	<u>67,737</u>
	December 31, 2020		
	Jefferson Terminal	Transtar	Total
Customer relationships	\$ 35,513	\$—	\$ 35,513
Less: Accumulated amortization	<u>(22,485)</u>	<u>—</u>	<u>(22,485)</u>
Total intangible assets, net	<u>\$ 13,028</u>	<u>\$—</u>	<u>\$ 13,028</u>

Amortization of intangible assets is recorded as follows:

	Classification in Combined Consolidated Statements of Operations	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
		2022	2021	2021	2020	2019
Customer relationships	Depreciation and amortization	<u>1,875</u>	<u>888</u>	<u>5,292</u>	<u>3,553</u>	<u>3,553</u>
Total		<u>\$1,875</u>	<u>\$888</u>	<u>\$5,292</u>	<u>\$3,553</u>	<u>\$3,553</u>

Estimated net annual amortization of intangibles is as follows:

	March 31, 2022 (Unaudited)	December 31, 2021
Remainder of 2022 and 2022, respectively	\$ 5,693	\$ 7,551
2023	7,551	7,551
2024	6,131	6,373
2025	4,000	4,000
2026	4,000	4,000
Thereafter	<u>38,488</u>	<u>38,262</u>
Total	<u>\$65,863</u>	<u>\$67,737</u>



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(Dollars in tables in thousands, unless otherwise noted) (continued)

8. DEBT, NET

Our debt, net is summarized as follows:

	March 31, 2022 (Unaudited)			December 31, 2021	December 31, 2020
	Outstanding Borrowings	Stated Interest Rate	Maturity Date	Outstanding Borrowings	Outstanding Borrowings
Loans payable					
		(i) Base Rate + 2.75%; or (ii) Base Rate + 3.75% (Eurodollar)			
DRP Revolver ⁽¹⁾	25,000		11/5/24	25,000	25,000
EB-5 Loan Agreement	<u>35,550</u>	5.75%	1/25/26	<u>26,100</u>	<u>—</u>
Total loans payable	60,550			51,100	25,000
Bonds payable					
		(i) Tax Exempt Series 2020A Bonds: 3.625%			
		(ii) Tax Exempt Series 2020A Bonds: 4.00%	(i) 1/1/35		
		(iii) Taxable Series 2020B Bonds: 6.00%	ii) 1/1/50		
Series 2020 Bonds	263,980		(iii) 1/1/25	263,980	263,980
		(i) Series 2021A Bonds: 1.875% to 3.00%	(i) 1/1/26 to 1/1/50		
		(ii) Series 2021B Bonds: 4.10%	(ii) 1/1/28		
Series 2021 Bonds	<u>425,000</u>			<u>425,000</u>	<u>—</u>
Total bonds payable	<u>688,980</u>			<u>688,980</u>	<u>263,980</u>
Debt	749,530			740,080	288,980
Less: Debt issuance costs	<u>(20,929)</u>			<u>(21,456)</u>	<u>(10,507)</u>
Total debt, net	<u>\$728,601</u>			<u>\$718,624</u>	<u>\$278,473</u>
Total debt due within one year	<u>\$ —</u>			<u>\$ —</u>	<u>\$ 25,000</u>

(1) Requires a quarterly commitment fee at a rate of 0.875% on the average daily unused portion, as well as customary letter of credit fees and agency fees.

DRP Revolver—On November 5, 2018, our subsidiary entered into a revolving credit facility (the “DRP Revolver”) that provides for revolving loans in the aggregate amount of \$25.0 million. The DRP Revolver is secured by the capital stock of certain of the Parent’s direct subsidiaries as defined in the related credit agreement.

In the event of a credit agreement default by DRP, including bankruptcy or insolvency, financial covenant default, or the failure to make a capital call under the relevant agreement, the Parent has agreed to contribute capital to satisfy up to 120% of the aggregate outstanding obligations.

On November 5, 2021, we entered into an amendment to the DRP Revolver, which extends the maturity date under the DRP Revolver to November 5, 2024. In connection with this extension, the obligations of the Parent to contribute capital in the event of an event of default under the DRP Revolver were terminated.

The DRP Revolver includes financial covenants requiring the maintenance of (i) a maximum ratio of debt to total equity of 3.00 to 1.00 per the terms of the credit agreement, (ii) consolidated cash balance of at least \$3.0 million at each quarter end date, and (iii) consolidated tangible net worth of at least \$180.0 million at each quarter end date in 2022, \$190.0 million in 2023, and \$200.0 million thereafter.

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(Dollars in tables in thousands, unless otherwise noted) (continued)

EB-5 Loan Agreement—On January 25, 2021, Jefferson entered into a non-recourse loan agreement under the U.S. Citizenship and Immigration Services EB-5 Program (“EB-5 Loan Agreement”) to pay for the development, construction and acquisition of certain facilities at Jefferson Terminal. The maximum aggregate principal amount available under the EB-5 Loan Agreement is \$61.2 million, of which \$26.1 million is available under the first tranche and \$35.1 million is available under the second tranche. The loans mature in 5 years from the funding of each individual tranche with an option to extend the maturity for both tranches by two one-year periods. If the option to extend the maturity is exercised, the interest rate will increase to 6.25% from 5.75% for the extension period.

Series 2020 Bonds—On February 11, 2020, Jefferson issued Series 2020 Bonds in an aggregate principal amount of \$264.0 million (“Jefferson Refinancing”). The Series 2020 Bonds are designated as \$184.9 million of Series 2020A Dock and Wharf Facility Revenue Bonds (the “Tax Exempt Series 2020A Bonds”), and \$79.1 million of Series 2020B Taxable Facility Revenue Bonds (the “Taxable Series 2020B Bonds”).

The Tax Exempt Series 2020A Bonds maturing on January 1, 2035 (\$53.5 million aggregate principal amount) bear interest at a fixed rate of 3.625%.

The Tax Exempt Series 2020A Bonds maturing on January 1, 2050 (\$131.4 million aggregate principal amount) bear interest at a fixed rate of 4.00%.

The Taxable Series 2020B Bonds will mature on January 1, 2025 and bear interest at a fixed rate of 6.00%.

Jefferson used a portion of the net proceeds from this offering to refund, redeem and defease certain indebtedness, and used a portion of the net proceeds to pay for or reimburse the cost of development, construction and acquisition of certain facilities, to fund certain reserve and funded interest accounts related to the Series 2020 Bonds, and to pay for or reimburse certain costs of issuance of the Series 2020 Bonds.

Jefferson recognized a loss on extinguishment of debt of \$4.7 million as a result of this transaction.

Series 2021 Bonds—On August 18, 2021, Jefferson issued \$425.0 million aggregate principal amount of Series 2021 Bonds, which are designated as \$225.0 million of Series 2021A Dock and Wharf Facility Revenue Bonds (the “Series 2021A Bonds”) and \$200.0 million of Series 2021B Taxable Facility Revenue Bonds (the “Taxable Series 2021B Bonds”).

The Series 2021A Bonds consist of:

- i) \$39.1 million aggregate principal amount of Serial Bonds maturing between January 1, 2026 and January 1, 2031, and bearing interest at specified fixed rates ranging from 1.875% to 2.625% per annum,
- ii) \$38.2 million aggregate principal amount of Term Bonds maturing January 1, 2036, and bearing interest at a fixed rate of 2.750% per annum,
- iii) \$44.9 million aggregate principal amount of Term Bonds maturing January 1, 2041, and bearing interest at a fixed rate of 2.875% per annum, and
- iv) \$102.8 million aggregate principal amount of Term Bonds maturing January 1, 2050, and bearing interest at a fixed rate of 3.00% per annum.

The Taxable Series 2021B Bonds will mature on January 1, 2028, and bear interest at a fixed rate of 4.100% per annum.

Jefferson intends to use a portion of the net proceeds to pay for or reimburse the cost of development, construction and acquisition of certain facilities.

We were in compliance with all debt covenants as of March 31, 2022 (unaudited), December 31, 2021, and 2020.

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(Dollars in tables in thousands, unless otherwise noted) (continued)

As of December 31, 2021, scheduled principal repayments under our debt agreements for the next five years and thereafter are summarized as follows:

	2022	2023	2024	2025	2026	Thereafter	Total
DRP Revolver	\$—	\$—	\$25,000	\$—	\$—	\$—	\$ 25,000
EB-5 Loan Agreement	—	—	—	—	26,100	—	26,100
Series 2020 Bonds	—	—	—	79,060	—	184,920	263,980
Series 2021 Bonds	—	—	—	—	9,025	415,975	425,000
Total principal payments on loans and bonds payable	<u>\$—</u>	<u>\$—</u>	<u>\$25,000</u>	<u>\$79,060</u>	<u>\$35,125</u>	<u>\$600,895</u>	<u>\$740,080</u>

9. FAIR VALUE MEASUREMENTS

Fair value measurements and disclosures require the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize use of unobservable inputs. These inputs are prioritized as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or market corroborated inputs.
- Level 3: Unobservable inputs for which there is little or no market data and which require us to develop our own assumptions about how market participants price the asset or liability.

The valuation techniques that may be used to measure fair value are as follows:

- Market approach—Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Income approach—Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts.
- Cost approach—Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

The following tables set forth our financial assets measured at fair value on a recurring basis by level within the fair value hierarchy. Assets measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

	Fair Value as of March 31, 2022 (Unaudited)	Fair Value Measurements Using Fair Value Hierarchy as of March 31, 2022 (Unaudited)			Valuation Technique
	Total	Level 1	Level 2	Level 3	
Assets					
Cash and cash equivalents	\$ 65,475	\$ 65,475	\$—	\$—	Market
Restricted cash	<u>214,401</u>	<u>214,401</u>	<u>—</u>	<u>—</u>	Market
Total assets	<u>\$279,876</u>	<u>\$279,876</u>	<u>\$—</u>	<u>\$—</u>	
	Fair Value as of March 31, 2022 (Unaudited)	Fair Value Measurements Using Fair Value Hierarchy as of March 31, 2022 (Unaudited)			Valuation Technique
	Total	Level 1	Level 2	Level 3	
Liabilities					
Derivative liabilities	<u>766</u>	<u>—</u>	<u>766</u>	<u>—</u>	Income
Total assets	<u>\$766</u>	<u>\$—</u>	<u>\$766</u>	<u>\$—</u>	

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(Dollars in tables in thousands, unless otherwise noted) (continued)

	Fair Value as of	Fair Value Measurements Using Fair Value Hierarchy as of			Valuation
	December 31, 2021	December 31, 2021			
	Total	Level 1	Level 2	Level 3	
Assets					
Cash and cash equivalents	\$ 49,872	\$ 49,872	\$ —	\$—	Market
Restricted cash	251,983	251,983	—	—	Market
Derivative assets	<u>2,220</u>	<u>—</u>	<u>2,220</u>	<u>—</u>	Income
Total assets	<u>\$304,075</u>	<u>\$301,855</u>	<u>\$2,220</u>	<u>\$—</u>	

	Fair Value as of	Fair Value Measurements Using Fair Value Hierarchy as of			Valuation
	December 31, 2020	December 31, 2020			
	Total	Level 1	Level 2	Level 3	
Assets					
Cash and cash equivalents	\$15,706	\$15,706	\$—	\$—	Market
Restricted cash	<u>39,715</u>	<u>39,715</u>	<u>—</u>	<u>—</u>	Market
Total assets	<u>\$55,421</u>	<u>\$55,421</u>	<u>\$—</u>	<u>\$—</u>	

Our cash and cash equivalents and restricted cash consist largely of demand deposit accounts with maturities of 90 days or less when purchased that are considered to be highly liquid. These instruments are valued using inputs observable in active markets for identical instruments and are therefore classified as Level 1 within the fair value hierarchy.

The fair value of our commodity derivative assets classified as Level 2 measurements are estimated by applying the income and market approaches, based on quotes of observable market transactions, and adjusted for estimated differential factors based on quality and delivery locations.

Except as discussed below, our financial instruments other than cash and cash equivalents and restricted cash consist principally of accounts receivable, notes receivable, accounts payable and accrued liabilities, and loans payable, whose fair value approximates their carrying value based on an evaluation of pricing data, vendor quotes, and historical trading activity or due to their short maturity profiles.

The fair value of our bonds and notes payable reported as debt, net in the Combined Consolidated Balance Sheets are presented in the table below:

	March 31, 2022 (Unaudited)	December 31,	
		2021	2020
Series 2020 A Bonds ⁽¹⁾	171,071	\$189,773	\$186,306
Series 2020 B Bonds ⁽¹⁾	81,487	81,637	79,723
Series 2021 A Bonds ⁽¹⁾	184,411	222,023	—
Series 2021 B Bonds ⁽¹⁾	185,052	194,278	—

(1) Fair value is based upon market prices for similar municipal securities.

The fair value of items reported as debt, net in the Combined Consolidated Balance Sheet approximate their carrying values due to their bearing market rates of interest and are classified as Level 2 within the fair value hierarchy.

We measure the fair value of certain assets and liabilities on a non-recurring basis when U.S. GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable. Assets subject to these measurements include goodwill, intangible assets, property,

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plant and equipment and leasing equipment. We record such assets at fair value when it is determined the carrying value may not be recoverable. Fair value measurements for assets subject to impairment tests are based on an income approach which uses Level 3 inputs, which include our assumptions as to future cash flows from operation of the underlying businesses.

10. DERIVATIVE FINANCIAL INSTRUMENTS

Commodity Derivatives

Crude Oil

Depending on market conditions, we sourced crude oil from producers in Canada, arranging logistics to Jefferson Terminal and marketing crude oil to third parties. We exited this strategy in the fourth quarter of 2019. These crude oil forward purchase and sales contracts were not designated in hedging relationships.

Butane

Depending on market conditions, Repauno enters into forward purchase and sales contracts for butane. These derivatives are short-term in nature and are used for trading purposes and classified as Level 2 derivatives.

The following table presents information related to our butane derivative contracts:

	March 31, 2022 (Unaudited)	December 31,	
		2021	2020
Notional Amount (<i>Barrel of crude oil or butane ("BBL") in thousands</i>)	1,608	244	N/A
Fair Value of Assets (Liabilities) ⁽¹⁾	\$ (766)	\$2,220	\$ —
Term	6 to 12 months	1 to 3 months	N/A

(1) Included in Other current liabilities and Other current assets in the Combined Consolidated Balance Sheets as of March 31, 2022 and December 31, 2021, respectively.

The following table presents a summary of the changes in fair value for all Level 3 derivatives:

	March 31, 2022 (Unaudited)	Year Ended December 31,		
		2021	2020	2019
Beginning Balance	\$—	\$—	\$ 181	\$ 6,545
Net losses recognized in earnings	—	—	(181)	(6,364)
Purchases	—	—	—	314
Sales	—	—	—	(674)
Settlements	—	—	—	360
Ending Balance	<u>\$—</u>	<u>\$—</u>	<u>\$ —</u>	<u>\$ 181</u>

There were no transfers into or out of Level 3 during the periods presented.

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(Dollars in tables in thousands, unless otherwise noted) (continued)

11. REVENUES

We disaggregate our revenue from contracts with customers by products and services provided for each of our segments, as we believe it best depicts the nature, amount, timing and uncertainty of our revenue. Revenues are within the scope of ASC 606, *Revenue from Contracts with Customers*, unless otherwise noted. We have elected to exclude sales and other similar taxes from revenues.

	Three Months Ended March 31, 2022 (Unaudited)				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Lease income	\$ 352	\$ —	\$ 488	\$ —	\$ 840
Rail revenues	—	86	33,582	—	33,668
Terminal services revenues	12,694	90	—	—	12,784
Other revenue	—	(2,162)	—	1,018	(1,144)
Total revenues	<u>\$13,046</u>	<u>\$(1,986)</u>	<u>\$34,070</u>	<u>\$1,018</u>	<u>\$46,148</u>

	Three Months Ended March 31, 2021 (Unaudited)				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Lease income	\$ 430	\$ —	\$—	\$ —	\$ 430
Rail revenues	—	—	—	—	—
Terminal services revenues	10,289	132	—	—	10,421
Other revenue	—	7,964	—	1,727	9,691
Total revenues	<u>\$10,719</u>	<u>\$8,096</u>	<u>\$—</u>	<u>\$1,727</u>	<u>\$20,542</u>

	Year Ended December 31, 2021				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Lease income	\$ 1,688	\$ —	\$ 736	\$ —	\$ 2,424
Rail revenues	—	—	56,803	—	56,803
Terminal services revenues	44,664	374	—	—	45,038
Other revenue	—	11,243	—	4,711	15,954
Total revenues	<u>\$46,352</u>	<u>\$11,617</u>	<u>\$57,539</u>	<u>\$4,711</u>	<u>\$120,219</u>

	Year Ended December 31, 2020				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Lease income	\$ 1,186	\$ —	\$—	\$ —	\$ 1,186
Terminal services revenues	50,887	—	—	—	50,887
Crude marketing revenues	8,210	—	—	—	8,210
Other revenue	—	3,855	—	4,424	8,279
Total revenues	<u>\$60,283</u>	<u>\$3,855</u>	<u>\$—</u>	<u>\$4,424</u>	<u>\$68,562</u>

	Year Ended December 31, 2019				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total

Lease income	\$ 2,306	\$ 1,056	\$—	\$ —	\$ 3,362
Terminal services revenues	35,908	7,057	—	—	42,965
Crude marketing revenues	166,134	—	—	—	166,134
Other revenue	<u>—</u>	<u>14,074</u>	<u>—</u>	<u>2,917</u>	<u>16,991</u>

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	Year Ended December 31, 2019				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Total revenues	<u>\$204,348</u>	<u>\$22,187</u>	<u>\$—</u>	<u>\$2,917</u>	<u>\$229,452</u>

Presented below are the contracted minimum future annual revenues to be received under existing operating leases across several market sectors:

	March 31, 2022 (Unaudited)	December 31, 2021
Remainder of 2022 and 2022, respectively	\$ 8,785	\$11,969
2023	4,125	4,125
2024	459	459
2025	459	459
2026	421	421
Thereafter	—	—
Total	<u>\$14,249</u>	<u>\$17,433</u>

12. LEASES

We have commitments as lessees under lease agreements primarily for real estate, equipment and vehicles. Our leases have remaining lease terms ranging from approximately two months to 41 years.

The following table presents lease related costs:

	Year Ended December 31,		
	2021	2020	2019
Finance leases			
Amortization of right-of-use assets	\$ 380	\$ —	\$ —
Interest on lease liabilities	27	—	—
Finance lease expense	407	—	—
Operating lease expense	5,682	\$4,587	\$ 5,846
Short-term lease expense	587	315	3,088
Variable lease expense	1,590	1,379	3,263
Sublease income	—	—	(1,032)
Total lease expense	<u>8,266</u>	<u>\$6,281</u>	<u>\$11,165</u>

The following table presents information related to our operating leases:

	December 31,	
	2021	2020
Right-of-use assets, net	\$71,547	\$60,561
Lease liabilities	\$70,404	\$60,903
Weighted average remaining lease term	34.8 years	40.7 years
Weighted average incremental borrowing rate	5.7%	6.2%

Cash paid for amounts included in the measurement of operating lease liabilities	\$ 5,602	\$ 4,591
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(Dollars in tables in thousands, unless otherwise noted) (continued)

The following table presents future minimum lease payments under non-cancellable operating leases as of December 31, 2021:

2022	\$ 9,055
2023	7,178
2024	6,176
2025	5,854
2026	5,256
Thereafter	<u>142,878</u>
Total undiscounted lease payments	176,397
Less: Imputed interest	<u>105,993</u>
Total lease liabilities	<u>\$ 70,404</u>

In July 2021, in connection with our acquisition of Transtar, we assumed ROU assets of approximately \$12.2 million with a weighted average remaining term of 5.5 years.

During the year ended December 31, 2020, we amended a lease agreement for real estate in connection with the Jefferson Refinancing. The amended lease had a ROU asset value of \$59.8 million and a lease term of approximately 43 years at commencement.

13. EQUITY-BASED COMPENSATION

Some of our subsidiaries provide an equity-based incentive plan for eligible employees. The following table presents our stock-based compensation expense recognized in the Combined Consolidated Statement of Operations:

	Three Months Ended		Year Ended December 31,			Remaining Expense To Be Recognized, If All Vesting Conditions Are Met as of March 31, 2022 (Unaudited)
	March 31, (Unaudited)		2021	2020	2019	
Restricted shares	\$538	\$ 841	\$3,215	\$1,676	1,054	\$3,193
Common units	<u>171</u>	<u>273</u>	<u>823</u>	<u>649</u>	<u>455</u>	<u>877</u>
Total	<u>\$709</u>	<u>\$1,114</u>	<u>\$4,038</u>	<u>\$2,325</u>	<u>\$1,509</u>	<u>\$4,070</u>

Restricted Shares

We issued restricted shares of our subsidiary to certain employees during the three-months ended March 31, 2022 and 2021 (unaudited) and years ended December 31, 2021, 2020 and 2019, that had grant date fair values of \$0 million, \$5.3 million, \$5.6 million, \$4.0 million and \$1.5 million, respectively, and generally vest over three years. These awards are subject to continued employment, and the compensation expense is recognized ratably over the vesting periods. The fair value of these awards was based on the fair value of the operating subsidiary on each grant date, which was estimated using a discounted cash flow analysis that requires the application of discount factors and terminal multiples to projected cash flows. Discount factors and terminal multiples were based on market-based inputs and transactions, as available at the measurement date.

Common Units

We issued 0, 1,052,632, 1,052,632, 1,883,772, and 1,110,000 common units of our subsidiary to certain employees during the three months ended March 31, 2022 and 2021 (unaudited), and for the years ended December 31, 2021, 2020 and 2019, respectively, that had grant date fair values of \$0 million, \$1.2 million, \$1.2 million, \$2.1 million, and \$3.4 million, respectively, and vest over three years. These awards are subject to continued employment and compensation expense is recognized ratably over the vesting periods. The fair value was based on the fair value of the operating subsidiary on the grant date, which is estimated using a discounted cash flow analysis that requires the application of discount factors and terminal multiples to projected cash flows. Discount factors and terminal multiples were based on market-based inputs and transactions, as available at the measurement date.

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14. RETIREMENT BENEFIT PLANS

In connection with the acquisition of Transtar (see Note 3), we established a defined benefit pension plan as well as a postretirement benefit plan to assume certain retirement benefit obligations related to eligible Transtar employees.

Defined Benefit Pensions

Our unfunded pension plan is a tax qualified plan. Our pension plan covers certain eligible Transtar employees. These plans are noncontributory. Pension benefits earned are generally based on years of service and compensation during active employment. The accumulated benefit obligation at December 31, 2021 is \$1.4 million.

Postretirement Benefits

Our unfunded postretirement plan provides healthcare and life insurance benefits for eligible retirees and dependents of Transtar. Depending on retirement date and employee classification, certain healthcare plans contain contribution and cost-sharing features such as deductibles and co-insurance. The remaining healthcare and life insurance plans are non-contributory.

The following table summarizes our estimated benefit obligation as of December 31, 2021. Service costs are recorded in Operating expenses, and interest costs are recorded in Other (expense) income in the Combined Consolidated Statements of Operations.

	Pension Benefits	Postretirement Benefits
Benefit obligation as of January 1, 2021	\$ —	\$ —
Transtar acquisition	9,055	28,488
Service costs	712	864
Interest costs	108	337
Actuarial (gains) losses	(20)	344
Benefit paid	<u>(50)</u>	<u>—</u>
Benefit obligation as of December 31, 2021	<u>\$9,805</u>	<u>\$30,033</u>

The pension and postretirement benefits are unfunded and recorded in Other liabilities on the Combined Consolidated Balance Sheets. Our retirement plan costs for the three months ended March 31, 2022 (unaudited) and for the year ended December 31, 2021 are \$0.5 million and \$0.8 million for pension benefits and \$0.7 million and \$1.2 million for post-retirement benefits, respectively.

Weighted-average assumptions used to determine the estimated benefit obligation and period costs as of and for the year ended December 31, 2021 are as follows:

	Pension Benefits	Postretirement Benefits
Weighted-average assumptions used to determine pension benefit obligation:		
Discount rate	3.02%	3.00%
Rate of compensation increase	3.50%	N/A
Average future working lifetime (years)	N/A	11.34
Initial healthcare cost trend rate - Pre-Medicare	N/A	10.00%
Initial healthcare cost trend rate - Medicare eligible	N/A	3.00%
Ultimate healthcare cost trend rate	N/A	3.94%
Year ultimate healthcare cost trend rate is reached	N/A	2075

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	Pension Benefits	Postretirement Benefits
Weighted-average assumptions used to determine net periodic pension and postretirement costs:		
Discount rate	2.88%	2.86%
Rate of compensation increases	3.50%	N/A
Average future working lifetime (years)	10.93	11.34
Initial healthcare cost trend rate	N/A	6.00%
Ultimate healthcare cost trend rate	N/A	3.80%
Year ultimate healthcare cost trend rate is reached	N/A	2075

The following benefit payments, which reflect expected future service and compensation increases, as appropriate, are expected to be made from the Transtar defined benefit plans:

	Pension Benefits	Postretirement Benefits
2022	\$ 51	\$ 102
2023	143	173
2024	261	251
2025	390	354
2026	496	451
Years 2027-2031	4,501	3,252

15. INCOME TAXES

The current and deferred components of the income tax (benefit) provision included in the Combined Consolidated Statements of Operations are as follows:

	Year Ended December 31,		
	2021	2020	2019
Current:			
Federal	\$ 13	\$ 4	\$ (9)
State and local	224	329	243
Foreign	—	(41)	54
Total current provision	237	292	288
Deferred:			
Federal	(3,820)	(2,272)	14,097
State and local	(44)	—	(1)
Foreign	(3)	(4)	—
Total deferred (benefit) provision	(3,867)	(2,276)	14,096
Total	<u>\$(3,630)</u>	<u>\$(1,984)</u>	<u>\$14,384</u>

Prior to the spin-off, we are taxed as a disregarded entity for U.S. federal income tax purposes and our taxable income or loss generated was the responsibility of our parent, except as related to certain wholly owned corporate subsidiaries of the infrastructure business. Taxable income or loss generated by our corporate subsidiaries is subject to U.S. federal, state and foreign corporate income tax in locations where they conduct business.



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(Dollars in tables in thousands, unless otherwise noted) (continued)

The difference between our reported total provision for income taxes and the U.S. federal statutory rate of 21% is as follows:

	Year Ended December 31,		
	2021	2020	2019
U.S. federal tax at statutory rate	21.00%	21.00%	21.00%
Income not subject to tax at statutory rate	4.77%	4.15%	(212.63)%
State and local taxes	(0.22)%	(0.45)%	7.44%
Foreign taxes	— %	0.06%	1.67%
Other	(4.43)%	0.06%	10.99%
Change in valuation allowance	<u>(17.75)%</u>	<u>(22.13)%</u>	<u>614.62%</u>
Provision for income taxes	<u>3.37%</u>	<u>2.69%</u>	<u>443.09%</u>

Significant components of our deferred tax assets and liabilities are as follows:

	December 31,	
	2021	2020
Deferred tax assets:		
Net operating loss carryforwards	\$ 112,999	\$ 85,174
Accrued expenses	2,275	469
Interest expense	23,483	25,488
Operating lease liabilities	23,503	10,119
Investment in partnerships	15,524	—
Other	803	2,619
Total deferred tax assets	178,587	123,869
Less valuation allowance	<u>(137,771)</u>	<u>(94,139)</u>
Net deferred tax assets	40,816	29,730
Deferred tax liabilities:		
Investment in partnerships	—	(14,982)
Fixed assets and goodwill	(16,900)	(9,550)
Operating lease right-of-use assets	<u>(23,772)</u>	<u>(10,062)</u>
Net deferred tax assets (liabilities)	<u>\$ 144</u>	<u>\$ (4,864)</u>

The net operating losses include the tax benefits from expense allocations from the Parent to certain taxable subsidiaries within the Company, for all periods presented. These tax benefits are not compensated by the Parent and will not be included in the Company's net operating losses after Separation.

Deferred tax assets and liabilities are reported net in Other assets or Other liabilities in the Combined Consolidated Balance Sheets. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. We have analyzed our deferred tax assets and have determined, based on the weight of available evidence, that it is more likely than not that a significant portion will not be realized. Accordingly, valuation allowances have been recognized as of December 31, 2021 and 2020 of \$137.7 million and \$94.1 million, respectively, related to certain deductible temporary differences and net operating loss carryforwards.

A summary of the changes in the valuation allowance is as follows:

December 31,	
2021	2020

Valuation allowance at beginning of period	<u>\$ 94,139</u>	<u>\$81,313</u>
Change due to current year losses	<u>43,632</u>	<u>12,826</u>
Valuation allowance at end of period	<u>\$137,771</u>	<u>\$94,139</u>

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As of December 31, 2021, certain of our corporate subsidiaries had U.S. federal net operating loss carryforwards of approximately \$520.3 million that are available to offset future taxable income. If not utilized, \$169.1 million of these carryforwards will begin to expire in the year 2034, with \$351.2 million of these carryforwards having no expiration date. The utilization of the net operating loss carryforwards to reduce future income taxes will depend on the relevant corporate subsidiary's ability to generate sufficient taxable income prior to the expiration of the carryforward period, if any. In addition, the maximum annual use of net operating loss carryforwards may be limited after certain changes in stock ownership.

As of and for the year ended December 31, 2021, we had not established a liability for uncertain tax positions as no such positions existed. In general, our tax returns and the tax returns of our corporate subsidiaries are subject to U.S. federal, state, local and foreign income tax examinations by tax authorities. Generally, we are not subject to examination by taxing authorities for tax years prior to 2018. We do not believe that it is reasonably possible that the total amount of unrecognized tax benefits will significantly change within 12 months of the reporting date.

16. MANAGEMENT AGREEMENT AND AFFILIATE TRANSACTIONS

The Parent, and FTAI Infrastructure as a part of the Parent, are externally managed by the Manager. The Manager is paid annual fees in exchange for advising us on various aspects of our business, formulating our investment strategies, arranging for the acquisition and disposition of assets, arranging for financing, monitoring performance, and managing our day-to-day operations, inclusive of all costs incidental thereto. In addition, the Manager may be reimbursed for various expenses incurred by the Manager on our behalf, including the costs of legal, accounting and other administrative activities. In May 2015, in connection with the Parent's initial public offering ("IPO"), the Parent and the Manager entered into the Management Agreement. Additionally, the Parent has entered into certain incentive allocation arrangements with Fortress Worldwide Transportation and Infrastructure Master GP LLC (the "Master GP").

The Manager is entitled to a management fee, incentive allocations (comprised of Income Incentive Allocation and Capital Gains Incentive Allocation described below) and reimbursement of certain expenses. The management fee is determined by taking the average value of total equity (excluding non-controlling interests) of the Parent determined on a consolidated basis in accordance with U.S. GAAP at the end of the two most recently completed months multiplied by an annual rate of 1.50%, and is payable monthly in arrears in cash.

The income incentive allocation is calculated and distributable quarterly in arrears based on the pre-incentive allocation net income for the immediately preceding calendar quarter (the "Income Incentive Allocation"). For this purpose, pre-incentive allocation net income means, with respect to a calendar quarter, net income attributable to shareholders during such quarter calculated in accordance with U.S. GAAP excluding the Parent's pro rata share of (1) realized or unrealized gains and losses, and (2) certain non-cash or one-time items, and (3) any other adjustments as may be approved by the independent directors. Pre-incentive allocation net income does not include any Income Incentive Allocation or Capital Gains Incentive Allocation (described below) paid to the Master GP during the relevant quarter.

The Master GP is entitled to an Income Incentive Allocation with respect to its pre-incentive allocation net income in each calendar quarter as follows: (1) no Income Incentive Allocation in any calendar quarter in which pre-incentive allocation net income, expressed as a rate of return on the average value of the Parent's net equity capital (excluding non-controlling interests) at the end of the two most recently completed calendar quarters, does not exceed 2% for such quarter (8% annualized); (2) 100% of pre-incentive allocation net income of the Parent with respect to that portion of such pre-incentive allocation net income, if any, that is equal to or exceeds 2% but does not exceed 2.2223% for such quarter; and (3) 10% of the amount of pre-incentive allocation net income of the Parent, if any, that exceeds 2.2223% for such quarter. These calculations will be prorated for any period of less than three months.

Capital Gains Incentive Allocation is calculated and distributable in arrears as of the end of each calendar year and is equal to 10% of the Parent's pro rata share of cumulative realized gains from the date of the Parent's IPO through the end of the applicable calendar year, net of the Parent's pro rata share of cumulative realized or unrealized losses, the cumulative non-cash portion of equity-based compensation expenses and all realized gains upon which prior performance-based Capital Gains Incentive Allocation payments were made to the Master GP.

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(Dollars in tables in thousands, unless otherwise noted) (continued)

A portion of the management fee, income incentive allocation, and capital gains incentive allocation that are attributable to the operations of FTAI Infrastructure is recorded in the Management fees and incentive allocation to affiliate on the Combined Consolidated Statement of Operations. These amounts are allocated on the following basis:

Management fee—Management fee is allocated to FTAI Infrastructure by applying the calculation methodology described above to the equity of FTAI Infrastructure included in these combined consolidated financial statements.

Income Incentive Allocation and Capital Gains Incentive Allocation—The Income Incentive Allocation and Capital Gains Incentive Allocation are allocated to FTAI Infrastructure by applying the allocation calculation methodology described above to FTAI Infrastructure’s financial results in each respective period.

The following table summarizes the management fees, income incentive allocation and capital gains incentive allocation included in these combined consolidated financial statements:

	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
	2022	2021	2021	2020	2019
Management fees	\$4,161	\$3,598	\$15,638	\$13,073	\$10,722
Capital gains incentive allocation	—	—	—	—	5,819
Total	\$4,161	\$3,598	\$15,638	\$13,073	\$16,541

The Parent pays all of its operating expenses, except those specifically required to be borne by the Manager under the Management Agreement. The expenses required to be paid by the Parent include, but are not limited to, issuance and transaction costs incident to the acquisition, disposition and financing of its assets, legal and auditing fees and expenses, the compensation and expenses of the Parent’s independent directors, the costs associated with the establishment and maintenance of any credit facilities and other indebtedness of the Parent (including commitment fees, legal fees, closing costs, etc.), expenses associated with other securities offerings of the Parent, costs and expenses incurred in contracting with third parties (including affiliates of the Manager), the costs of printing and mailing proxies and reports to the Parent’s shareholders, costs incurred by the Manager or its affiliates for travel on the Parent’s behalf, costs associated with any computer software or hardware that is used by the Parent, costs to obtain liability insurance to indemnify the Parent’s directors and officers and the compensation and expenses of the Parent’s transfer agent.

The Parent will pay or reimburse the Manager and its affiliates for performing certain legal, accounting, due diligence tasks and other services that outside professionals or outside consultants otherwise would perform, provided that such costs and reimbursements are no greater than those which would be paid to outside professionals or consultants. The Manager is responsible for all of its other costs incident to the performance of its duties under the Management Agreement, including compensation of the Manager’s employees, rent for facilities and other “overhead” expenses. A portion of the Parent’s reimbursement to the Manager is allocated to FTAI Infrastructure based on an estimate of time incurred by the Manager’s employees on activities related to our operations.

A portion of these reimbursable expenses that the Parent paid to the Manager and are attributable to FTAI Infrastructure are included in the combined consolidated financial statements as follows:

	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
	2022	2021	2021	2020	2019
Classification in the Combined Consolidated Statements of Operations:					
General and administrative expenses	\$1,130	\$ 960	\$3,937	\$4,053	\$3,747
Acquisition and transaction expenses	412	238	1,105	682	714
Total	\$1,542	\$1,198	\$5,042	\$4,735	\$4,461

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(Dollars in tables in thousands, unless otherwise noted) (continued)

In addition to the above, the following corporate expenses, which were allocated from the Parent, are also included in the combined consolidated financial statements:

	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
	2022	2021	2021	2020	2019
Classification in the Combined Consolidated Statements of Operations:					
General and administrative expenses	\$1,299	\$1,074	\$ 4,776	\$4,469	\$3,722
Acquisition and transaction expenses	<u>3,618</u>	<u>28</u>	<u>10,880</u>	<u>69</u>	<u>3,412</u>
Total	<u>\$4,917</u>	<u>\$1,102</u>	<u>\$15,656</u>	<u>\$4,538</u>	<u>\$7,134</u>

As of March 31, 2022 (unaudited), and December 31, 2021 and 2020, no amounts were recorded as a payable to the Manager or a receivable from the Manager.

Other Affiliate Transactions

As of March 31, 2022 (unaudited), and December 31, 2021 and 2020 an affiliate of our Manager owns an approximately 20% interest in Jefferson Terminal which has been accounted for as a component of non-controlling interest in consolidated subsidiaries in the accompanying combined consolidated financial statements. The carrying amount of this non-controlling interest as of March 31, 2022 (unaudited), and December 31, 2021 and 2020 was \$(16.2) million, \$(9.1) million and \$17.2 million, respectively.

The following table presents the amount of this non-controlling interest share of net loss:

	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
	2022	2021	2021	2020	2019
Non-controlling interest share of net loss	\$(7,466)	\$(4,961)	\$(26,472)	\$(16,522)	\$(17,571)

In July 2020, we purchased a 14% interest in FYX from an affiliate of our Manager, which retained a non-controlling interest in FYX subsequent to the transaction. Additionally, other investors in FYX are also affiliates of our Manager. See Note 6 for additional information related to FYX.

In connection with the Capital Call Agreement related to the Series 2016 Bonds, we entered into a Fee and Support Agreement with an affiliate of our Manager. The Fee and Support Agreement provides that the affiliate of the Manager is compensated for its guarantee of a portion of the obligations under the Standby Bond Purchase Agreement. This affiliate of the Manager received fees of \$1.7 million, was amortized as interest expense to the earlier of the redemption date or February 13, 2020.

In connection with the amendment to the Jefferson Revolver, on December 20, 2018, our subsidiary and an affiliate of our Manager entered into an amended and restated Fee and Support Agreement, and our subsidiary issued a \$0.3 million promissory note to the affiliate of our Manager, as consideration for the fee payable pursuant to the amended and restated Fee and Support Agreement.

In February 2020, the Fee and Support Agreement was terminated in connection with the Jefferson Refinancing.

17. SEGMENT INFORMATION

Our reportable segments represent strategic business units comprised of investments in different types of transportation and infrastructure assets. We have three reportable segments which operate in infrastructure businesses across several market sectors, all in North America. Our reportable segments are (i) Jefferson Terminal, (ii) Ports and Terminals and (iii) Transtar. The Jefferson Terminal segment consists of a multi-modal crude oil and refined products terminal and other related assets. The Ports and Terminals segment consists of Repauno, which is a 1,630 acre deep-water port located along the Delaware River with an underground storage cavern, a multipurpose dock, a rail-to-ship transloading system and multiple industrial development opportunities, and an equity method investment

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(Dollars in tables in thousands, unless otherwise noted) (continued)

in Long Ridge, which is a 1,660 acre multi-modal port located along the Ohio River with rail, dock, and multiple industrial development opportunities, including a power plant under construction. The Transtar segment consists of five freight railroads and one switching company, of which two railroads are connected to US Steel's largest production facilities.

Corporate and Other primarily consists of corporate general and administrative expenses, and management fees, all allocated from the Parent. Additionally, Corporate and Other currently includes (i) Containers, (ii) investments in Aleon, GMR, and CPE, (iii) a note receivable from CarbonFree, and (iv) KRS.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The chief operating decision maker evaluates investment performance for each reportable segment primarily based on Adjusted EBITDA.

Adjusted EBITDA is defined as net income (loss) attributable to Parent from continuing operations, adjusted (a) to exclude the impact of provision for (benefit from) income taxes, equity-based compensation expense, acquisition and transaction expenses, losses on the modification or extinguishment of debt and capital lease obligations, changes in fair value of non-hedge derivative instruments, asset impairment charges, incentive allocations, depreciation and amortization expense, and interest expense, (b) to include the impact of our pro-rata share of Adjusted EBITDA from unconsolidated entities, and (c) to exclude the impact of equity in earnings (losses) of unconsolidated entities and the non-controlling share of Adjusted EBITDA.

We believe that net income (loss) attributable to Parent, as defined by U.S. GAAP, is the most appropriate earnings measurement with which to reconcile Adjusted EBITDA. Adjusted EBITDA should not be considered as an alternative to net income (loss) attributable to shareholders as determined in accordance with U.S. GAAP.

The following tables set forth certain information for each reportable segment:

I. For the three months ended March 31, 2022 (Unaudited):

	Three months ended March 31, 2022 (Unaudited)				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Revenues					
Total revenues	\$ 13,046	\$ (1,986)	\$34,070	\$ 1,018	\$ 46,148
Expenses					
Operating expenses	13,123	3,883	19,063	1,999	38,068
General and administrative	—	—	—	2,430	2,430
Acquisition and transaction expenses	—	—	206	4,030	4,236
Management fees and incentive allocation to affiliate	—	—	—	4,161	4,161
Depreciation and amortization	<u>9,700</u>	<u>2,369</u>	<u>4,759</u>	<u>168</u>	<u>16,996</u>
Total expenses	22,823	6,252	24,028	12,788	65,891
Other expense					
Equity in losses of unconsolidated entities	—	(21,381)	—	(662)	(22,043)
Interest expense	(6,110)	(287)	(60)	(2)	(6,459)
Other expense	<u>(99)</u>	<u>—</u>	<u>(360)</u>	<u>—</u>	<u>(459)</u>
Total other expense	<u>(6,209)</u>	<u>(21,668)</u>	<u>(420)</u>	<u>(664)</u>	<u>(28,961)</u>
(Loss) income before income taxes	(15,986)	(29,906)	9,622	(12,434)	(48,704)
Provision for (benefit from) income taxes	<u>69</u>	<u>—</u>	<u>1,515</u>	<u>—</u>	<u>1,584</u>
Net (loss) income	<u>(16,055)</u>	<u>(29,906)</u>	<u>8,107</u>	<u>(12,434)</u>	<u>(50,288)</u>

Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	<u>(7,136)</u>	<u>(330)</u>	<u>—</u>	<u>—</u>	<u>(7,466)</u>
Net (loss) income attributable to Parent	<u>\$ (8,919)</u>	<u>\$ (29,576)</u>	<u>\$ 8,107</u>	<u>\$ (12,434)</u>	<u>\$ (42,822)</u>

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(Dollars in tables in thousands, unless otherwise noted) (continued)

The following table sets forth a reconciliation of Adjusted EBITDA to net loss attributable to Parent:

	Three months ended March 31, 2022 (Unaudited)				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Adjusted EBITDA	<u>\$3,806</u>	<u>\$1,369</u>	<u>\$14,647</u>	<u>\$(8,260)</u>	<u>\$ 11,562</u>
Add: Non-controlling share of Adjusted EBITDA					3,816
Add: Equity in losses of unconsolidated entities					(22,043)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities					(5,407)
Less: Interest expense					(6,459)
Less: Depreciation and amortization expense					(16,996)
Less: Incentive allocations					—
Less: Asset impairment charges					—
Less: Changes in fair value of non-hedge derivative instruments					(766)
Less: Losses on the modification or extinguishment of debt and capital lease obligations					—
Less: Acquisition and transaction expenses					(4,236)
Less: Equity-based compensation expense					(709)
Less: Benefit from income taxes					—
Net loss attributable to Parent					<u><u>\$(42,822)</u></u>

II. For the Three months ended March 31, 2021 (Unaudited)

	Three months ended March 31, 2021 (Unaudited)				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Revenues					
Total revenues	\$10,719	\$8,096	\$—	\$ 1,727	\$ 20,542
Expenses					
Operating expenses	11,721	3,102	—	1,986	16,809
General and administrative	—	—	—	2,034	2,034
Acquisition and transaction expenses	—	—	—	958	958
Management fees and incentive allocation to affiliate	—	—	—	3,598	3,598
Depreciation and amortization	<u>7,718</u>	<u>2,211</u>	<u>—</u>	<u>154</u>	<u>10,083</u>
Total expenses	<u>19,439</u>	<u>5,313</u>	<u>—</u>	<u>8,730</u>	<u>33,482</u>
Other (expense) income					
Equity in (losses) earnings of unconsolidated entities	—	1,542	—	(1,996)	(454)
Interest expense	(1,203)	(279)	—	(1)	(1,483)
Other income	<u>181</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>181</u>

Total other (expense) income	<u>(1,022)</u>	<u>1,263</u>	<u>—</u>	<u>(1,997)</u>	<u>(1,756)</u>
(Loss) income before income taxes	(9,742)	4,046	—	(9,000)	(14,696)
Provision for (benefit from) income taxes	<u>57</u>	<u>(462)</u>	<u>—</u>	<u>(1)</u>	<u>(406)</u>
Net (loss) income	<u>(9,799)</u>	<u>4,508</u>	<u>—</u>	<u>(8,999)</u>	<u>(14,290)</u>
Less: Net (loss) earnings attributable to non-controlling interests in consolidated subsidiaries	<u>(5,016)</u>	<u>55</u>	<u>—</u>	<u>—</u>	<u>(4,961)</u>
Net (loss) income attributable to Parent	<u><u>\$ (4,783)</u></u>	<u><u>\$4,453</u></u>	<u><u>\$—</u></u>	<u><u>\$(8,999)</u></u>	<u><u>\$ (9,329)</u></u>

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The following table sets forth a reconciliation of Adjusted EBITDA to net loss attributable to Parent:

	Three months ended March 31, 2021 (Unaudited)				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Adjusted EBITDA	<u>\$2,828</u>	<u>\$132</u>	<u>\$—</u>	<u>\$(5,836)</u>	<u>\$ (2,876)</u>
Add: Non-controlling share of Adjusted EBITDA					2,029
Add: Equity in losses of unconsolidated entities					(454)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities					(2,760)
Less: Interest expense					(1,483)
Less: Depreciation and amortization expense					(10,083)
Less: Incentive allocations					—
Less: Asset impairment charges					—
Less: Changes in fair value of non-hedge derivative instruments					7,964
Less: Losses on the modification or extinguishment of debt and capital lease obligations					—
Less: Acquisition and transaction expenses					(958)
Less: Equity-based compensation expense					(1,114)
Less: Benefit from income taxes					<u>406</u>
Net loss attributable to Parent					<u><u>\$ (9,329)</u></u>

III. For the Year Ended December 31, 2021

	Year Ended December 31, 2021				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Revenues					
Total revenues	\$ 46,352	\$ 11,617	\$57,539	\$ 4,711	\$ 120,219
Expenses					
Operating expenses	48,255	14,403	28,987	6,896	98,541
General and administrative	—	—	—	8,737	8,737
Acquisition and transaction expenses	—	—	2,841	11,985	14,826
Management fees and incentive allocation to affiliate	—	—	—	15,638	15,638
Depreciation and amortization	<u>36,013</u>	<u>9,052</u>	<u>8,320</u>	<u>631</u>	<u>54,016</u>
Total expenses	<u>84,268</u>	<u>23,455</u>	<u>40,148</u>	<u>43,887</u>	<u>191,758</u>
Other (expense) income					
Equity in (losses) earnings of unconsolidated entities	—	(13,597)	—	98	(13,499)
Gain on sale of assets, net	—	16	—	—	16
Interest expense	(14,812)	(1,147)	(53)	(7)	(16,019)
Other (expense) income	<u>(4,726)</u>	<u>(3,782)</u>	<u>(423)</u>	<u>1</u>	<u>(8,930)</u>

Total other (expense) income	<u>(19,538)</u>	<u>(18,510)</u>	<u>(476)</u>	<u>92</u>	<u>(38,432)</u>
(Loss) income before income taxes	(57,454)	(30,348)	16,915	(39,084)	(109,971)
Provision for (benefit from) income taxes	<u>229</u>	<u>(3,930)</u>	<u>64</u>	<u>7</u>	<u>(3,630)</u>
Net (loss) income	<u>(57,683)</u>	<u>(26,418)</u>	<u>16,851</u>	<u>(39,091)</u>	<u>(106,341)</u>
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	<u>(26,250)</u>	<u>(222)</u>	<u>—</u>	<u>—</u>	<u>(26,472)</u>
Net (loss) income attributable to Parent	<u><u>\$ (31,433)</u></u>	<u><u>\$ (26,196)</u></u>	<u><u>\$ 16,851</u></u>	<u><u>\$ (39,091)</u></u>	<u><u>\$ (79,869)</u></u>

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(Dollars in tables in thousands, unless otherwise noted) (continued)

The following table sets forth a reconciliation of Adjusted EBITDA to net loss attributable to Parent:

	Year Ended December 31, 2021				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Adjusted EBITDA	<u>\$10,631</u>	<u>\$21,375</u>	<u>\$28,129</u>	<u>\$(26,869)</u>	<u>\$ 33,266</u>
Add: Non-controlling share of Adjusted EBITDA					12,508
Add: Equity in losses of unconsolidated entities					(13,499)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities					(29,095)
Less: Interest expense					(16,019)
Less: Depreciation and amortization expense					(54,016)
Less: Incentive allocations					—
Less: Asset impairment charges					—
Less: Changes in fair value of non-hedge derivative instruments					2,220
Less: Losses on the modification or extinguishment of debt and capital lease obligations					—
Less: Acquisition and transaction expenses					(14,826)
Less: Equity-based compensation expense					(4,038)
Less: Benefit from income taxes					<u>3,630</u>
Net loss attributable to Parent					<u><u>\$(79,869)</u></u>

IV. For the Year Ended December 31, 2020

	Year Ended December 31, 2020				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Revenues					
Total revenues	\$ 60,283	\$ 3,855	\$—	\$ 4,424	\$ 68,562
Expenses					
Operating expenses	53,072	10,327	—	5,992	69,391
General and administrative	—	—	—	8,522	8,522
Acquisition and transaction expenses	—	907	—	751	1,658
Management fees and incentive allocation to affiliate	—	—	—	13,073	13,073
Depreciation and amortization	<u>29,034</u>	<u>1,497</u>	<u>—</u>	<u>583</u>	<u>31,114</u>
Total expenses	<u>82,106</u>	<u>12,731</u>	<u>—</u>	<u>28,921</u>	<u>123,758</u>
Other (expense) income					
Equity in (losses) earnings of unconsolidated entities	—	(3,222)	—	115	(3,107)
Loss on sale of assets, net	(8)	—	—	—	(8)
Loss on extinguishment of debt	(4,724)	—	—	—	(4,724)
Interest expense	(9,426)	(1,335)	—	(3)	(10,764)

Other income	<u>92</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>92</u>
Total other (expense) income	<u>(14,066)</u>	<u>(4,557)</u>	<u>—</u>	<u>112</u>	<u>(18,511)</u>
Loss before income taxes	(35,889)	(13,433)	—	(24,385)	(73,707)
Provision for (benefit from) income taxes	<u>278</u>	<u>(2,265)</u>	<u>—</u>	<u>3</u>	<u>(1,984)</u>
Net loss	<u>(36,167)</u>	<u>(11,168)</u>	<u>—</u>	<u>(24,388)</u>	<u>(71,723)</u>
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	<u>(16,483)</u>	<u>(39)</u>	<u>—</u>	<u>—</u>	<u>(16,522)</u>
Net loss attributable to Parent	<u><u>\$(19,684)</u></u>	<u><u>\$(11,129)</u></u>	<u><u>\$—</u></u>	<u><u>\$(24,388)</u></u>	<u><u>\$(55,201)</u></u>

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FTAI INFRASTRUCTURE

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

The following table sets forth a reconciliation of Adjusted EBITDA to net loss attributable to Parent:

	Year Ended December 31, 2020				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Adjusted EBITDA	<u>\$16,118</u>	<u>\$(2,600)</u>	<u>\$—</u>	<u>\$(23,327)</u>	<u>\$ (9,809)</u>
Add: Non-controlling share of Adjusted EBITDA					9,637
Add: Equity in losses of unconsolidated entities					(3,107)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities					(3,140)
Less: Interest expense					(10,764)
Less: Depreciation and amortization expense					(31,114)
Less: Incentive allocations					—
Less: Asset impairment charges					—
Less: Changes in fair value of non-hedge derivative instruments					(181)
Less: Losses on the modification or extinguishment of debt and capital lease obligations					(4,724)
Less: Acquisition and transaction expenses					(1,658)
Less: Equity-based compensation expense					(2,325)
Less: Benefit from income taxes					<u>1,984</u>
Net loss attributable to Parent					<u><u>\$(55,201)</u></u>

V. For the Year Ended December 31, 2019

	Year Ended December 31, 2019				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Revenues					
Total revenues	\$204,348	\$ 22,187	\$—	\$ 2,917	\$229,452
Expenses					
Operating expenses	231,506	24,854	—	4,549	260,909
General and administrative	—	—	—	7,469	7,469
Acquisition and transaction expenses	—	5,008	—	4,126	9,134
Management fees and incentive allocation to affiliate	—	—	—	16,541	16,541
Depreciation and amortization	22,873	9,849	—	406	33,128
Asset impairment	—	<u>4,726</u>	—	—	<u>4,726</u>
Total expenses	<u>254,379</u>	<u>44,437</u>	<u>—</u>	<u>33,091</u>	<u>331,907</u>
Other income (expense)					
Equity in losses of unconsolidated entities	(292)	(192)	—	(62)	(546)
Gain on sale of assets, net	4,636	116,660	—	—	121,296
Interest expense	(16,189)	(1,712)	—	(6)	(17,907)

Other income	<u>752</u>	<u>2,098</u>	<u>—</u>	<u>7</u>	<u>2,857</u>
Total other (expense) income	<u>(11,093)</u>	<u>116,854</u>	<u>—</u>	<u>(61)</u>	<u>105,700</u>
(Loss) income before income taxes	(61,124)	94,604	—	(30,235)	3,245
Provision for (benefit from) income taxes	<u>284</u>	<u>14,106</u>	<u>—</u>	<u>(6)</u>	<u>14,384</u>
Net (loss) income	<u>(61,408)</u>	<u>80,498</u>	<u>—</u>	<u>(30,229)</u>	<u>(11,139)</u>
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	<u>(17,356)</u>	<u>(215)</u>	<u>—</u>	<u>—</u>	<u>(17,571)</u>
Net (loss) income attributable to Parent	<u>\$ (44,052)</u>	<u>\$ 80,713</u>	<u>\$—</u>	<u>\$ (30,229)</u>	<u>\$ 6,432</u>

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FTAI INFRASTRUCTURE

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

The following table sets forth a reconciliation of Adjusted EBITDA to net income attributable to Parent:

	Year Ended December 31, 2019				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Adjusted EBITDA	<u>\$(6,160)</u>	<u>\$114,760</u>	<u>\$—</u>	<u>\$(19,877)</u>	<u>\$ 88,723</u>
Add: Non-controlling share of Adjusted EBITDA					9,859
Add: Equity in losses of unconsolidated entities					(546)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities					(442)
Less: Interest expense					(17,907)
Less: Depreciation and amortization expense					(33,128)
Less: Incentive allocations					(5,819)
Less: Asset impairment charges					(4,726)
Less: Changes in fair value of non-hedge derivative instruments					(4,555)
Less: Losses on the modification or extinguishment of debt and capital lease obligations					—
Less: Acquisition and transaction expenses					(9,134)
Less: Equity-based compensation expense					(1,509)
Less: Provision for income taxes					<u>(14,384)</u>
Net income attributable to Parent					<u>\$ 6,432</u>

VI. Balance Sheet

The following tables sets forth the summarized balance sheet. All property, plant and equipment and leasing equipment are located in North America.

	March 31, 2022 (Unaudited)				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Current assets	\$ 245,554	\$ 23,332	\$ 86,227	\$22,878	\$ 377,991
Non-current assets	<u>1,017,976</u>	<u>284,744</u>	<u>686,624</u>	<u>70,361</u>	<u>2,059,705</u>
Total assets	<u>1,263,530</u>	<u>308,076</u>	<u>772,851</u>	<u>93,239</u>	<u>2,437,696</u>
Debt, net	703,601	25,000	—	—	728,601
Current liabilities	46,255	3,468	52,145	1,360	103,228
Non-current liabilities	<u>762,882</u>	<u>163,684</u>	<u>57,769</u>	<u>344</u>	<u>984,679</u>
Total liabilities	<u>809,137</u>	<u>167,152</u>	<u>109,914</u>	<u>1,704</u>	<u>1,087,907</u>
Non-controlling interests in equity of consolidated subsidiaries	<u>(9,202)</u>	<u>1,729</u>	<u>—</u>	<u>625</u>	<u>(6,848)</u>

Total equity	<u>454,393</u>	<u>140,924</u>	<u>662,937</u>	<u>91,535</u>	<u>1,349,789</u>
Total liabilities and equity	<u>\$1,263,530</u>	<u>\$308,076</u>	<u>\$772,851</u>	<u>\$93,239</u>	<u>\$2,437,696</u>

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(Dollars in tables in thousands, unless otherwise noted) (continued)

	December 31, 2021				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Current assets	\$ 296,753	\$ 35,300	\$ 71,946	\$ 8,985	\$ 412,984
Non-current assets	<u>987,678</u>	<u>281,599</u>	<u>690,492</u>	<u>69,548</u>	<u>2,029,317</u>
Total assets	<u>1,284,431</u>	<u>316,899</u>	<u>762,438</u>	<u>78,533</u>	<u>2,442,301</u>
Debt, net	693,624	25,000	—	—	718,624
Current liabilities	67,612	5,155	55,832	868	129,467
Non-current liabilities	<u>753,113</u>	<u>45,496</u>	<u>52,100</u>	<u>79</u>	<u>850,788</u>
Total liabilities	<u>820,725</u>	<u>50,651</u>	<u>107,932</u>	<u>947</u>	<u>980,255</u>
Non-controlling interests in equity of consolidated subsidiaries	<u>(2,604)</u>	<u>1,888</u>	<u>—</u>	<u>625</u>	<u>(91)</u>
Total equity	<u>463,706</u>	<u>266,248</u>	<u>654,506</u>	<u>77,586</u>	<u>1,462,046</u>
Total liabilities and equity	<u>\$1,284,431</u>	<u>\$316,899</u>	<u>\$762,438</u>	<u>\$78,533</u>	<u>\$2,442,301</u>
	December 31, 2020				
	Jefferson Terminal	Ports and Terminals	Transtar	Corporate and Other	Total
Current assets	\$ 79,288	\$ 2,936	\$—	\$2,291	\$ 84,515
Non-current assets	<u>910,640</u>	<u>397,281</u>	<u>—</u>	<u>6,574</u>	<u>1,314,495</u>
Total assets	<u>989,928</u>	<u>400,217</u>	<u>—</u>	<u>8,865</u>	<u>1,399,010</u>
Debt, net	253,473	25,000	—	—	278,473
Current liabilities	52,242	29,303	—	812	82,357
Non-current liabilities	<u>313,387</u>	<u>7,869</u>	<u>—</u>	<u>—</u>	<u>321,256</u>
Total liabilities	<u>365,629</u>	<u>37,172</u>	<u>—</u>	<u>812</u>	<u>403,613</u>
Non-controlling interests in equity of consolidated subsidiaries	<u>20,947</u>	<u>1,396</u>	<u>—</u>	<u>—</u>	<u>22,343</u>
Total equity	<u>624,299</u>	<u>363,045</u>	<u>—</u>	<u>8,053</u>	<u>995,397</u>
Total liabilities and equity	<u>\$989,928</u>	<u>\$400,217</u>	<u>\$—</u>	<u>\$8,865</u>	<u>\$1,399,010</u>

18. COMMITMENTS AND CONTINGENCIES

In the normal course of business FTAI Infrastructure and its subsidiaries may be involved in various claims, legal proceedings, or may enter into contracts that contain a variety of representations and warranties and which provide general indemnifications.

We have also entered into an arrangement with our non-controlling interest holder of Repauno, as part of the initial acquisition, whereby the non-controlling interest holder may receive additional payments contingent upon the achievement of certain conditions, not to exceed \$15.0 million. We will account for such amounts when and if such conditions are achieved. The contingency related to \$5.0 million of the total \$15.0 million was resolved during the year ended December 31, 2021. The \$5.0 million payment was included in the cost of the asset acquisition.

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FTAI INFRASTRUCTURE

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted) (continued)

Jefferson entered into a two-year pipeline capacity agreement for a recently completed pipeline. Under the agreement, which took effect in the second quarter of 2021, Jefferson is obligated to pay fixed marketing fees over the two-year agreement, which totals a minimum of \$10.2 million per year.

19. SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through the date of this filing and determined that there were no subsequent events that required disclosure in the combined consolidated financial statements.

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Report of Independent Auditors

To the Member of Transtar, LLC and subsidiaries

We have audited the accompanying consolidated financial statements of Transtar, LLC and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in member's equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Transtar, LLC and subsidiaries at December 31, 2020 and 2019, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP
New York, New York

December 20, 2021

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TRANSTAR, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	As of June 30, 2021 (unaudited)	As of December 31, 2020	As of December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	\$ 433	\$ 748	496
Investment in affiliate	354,653	525,117	460,016
Accounts receivable, net	9,202	11,656	11,828
Prepays and other current assets	2,768	3,306	2,145
Due from affiliates	<u>11,491</u>	<u>10,905</u>	<u>11,860</u>
Total current assets	378,547	551,732	486,345
Property and equipment, net	136,149	137,943	144,753
Operating lease right of use assets	11,722	12,567	14,344
Other assets	<u>5,987</u>	<u>5,710</u>	<u>5,492</u>
Total assets	<u>\$532,405</u>	<u>\$707,952</u>	<u>650,934</u>
LIABILITIES & MEMBER'S EQUITY			
Current liabilities			
Accounts payable	\$ 33,437	\$ 27,182	28,337
Payroll and benefits liabilities	6,236	5,315	6,060
Accrued taxes and other current liabilities	1,874	2,853	1,590
Operating lease liabilities	2,315	2,320	2,311
Finance lease liabilities	840	702	336
Due to affiliates	878	798	1,241
Note payable to affiliate	<u>—</u>	<u>5,845</u>	<u>5,625</u>
Total current liabilities	45,580	45,015	45,500
Non-current liabilities			
Operating lease liabilities	9,283	10,320	12,108
Finance lease liabilities	1,425	1,600	1,121
Deferred income tax liabilities	15,320	15,320	15,179
Other liabilities	<u>10,720</u>	<u>9,852</u>	<u>9,953</u>
Total non-current liabilities	<u>36,748</u>	<u>37,092</u>	<u>38,361</u>
Total liabilities	82,328	82,107	83,861
Member's equity			
Total member's equity	<u>450,077</u>	<u>625,845</u>	<u>567,073</u>
Total liabilities and member's equity	<u>\$532,405</u>	<u>\$707,952</u>	<u>650,934</u>

The accompanying notes are an integral part of these consolidated financial statements.

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TRANSTAR, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	As of December 31, 2020	As of December 31, 2019
Revenues		
Revenues from affiliates	\$ 93,586	\$108,602
Revenues from unrelated parties	<u>21,596</u>	<u>24,164</u>
Total revenues	<u>115,182</u>	<u>132,766</u>
Operating expenses		
Cost of sales	52,907	67,843
Depreciation expense	9,357	7,888
Selling, general and administrative expense	<u>5,985</u>	<u>6,994</u>
Total operating expenses	<u>68,249</u>	<u>82,725</u>
Operating income	46,933	50,041
Other income (expense), net	627	(147)
Interest income from affiliate	11,511	20,444
Interest expense	<u>(214)</u>	<u>(267)</u>
Income before income taxes	58,857	70,071
Income tax expense	<u>14,934</u>	<u>18,172</u>
Net income	<u>\$ 43,923</u>	<u>\$ 51,899</u>
	Six months Ended June 30, 2021 (unaudited)	Six months Ended June 30, 2020 (unaudited)
Revenues		
Revenues from affiliates	\$56,405	\$44,479
Revenues from unrelated parties	<u>12,867</u>	<u>11,141</u>
Total revenues	<u>69,272</u>	<u>55,620</u>
Operating expenses		
Cost of sales	31,175	31,055
Depreciation expense	4,453	4,490
Selling, general and administrative expense	<u>2,825</u>	<u>2,831</u>
Total operating expenses	<u>38,453</u>	<u>38,376</u>
Operating income	30,819	17,244
Other income (expense), net	1,159	1,105
Interest income from affiliate	4,143	7,601
Interest expense	<u>(76)</u>	<u>(120)</u>
Income before income taxes	36,045	25,830
Income tax expense	<u>9,132</u>	<u>6,533</u>
Net income	<u>\$26,913</u>	<u>\$19,297</u>

The accompanying notes are an integral part of these consolidated financial statements.

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TRANSTAR, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY
(in thousands)

BALANCE, January 1, 2019	\$ 481,204
Contributions from Parent, net	33,970
Net income	<u>51,899</u>
BALANCE, December 31, 2019	<u>567,073</u>
Contributions from Parent, net	14,849
Net income	<u>43,923</u>
BALANCE, December 31, 2020	<u>625,845</u>
Distributions to Parent, net	(202,681)
Net income	<u>26,913</u>
BALANCE, June 30, 2021 (unaudited)	<u>\$ 450,077</u>

The accompanying notes are an integral part of these consolidated financial statements.

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TRANSTAR, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Cash flows from operating activities		
Net income	\$ 43,923	\$ 51,899
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	9,357	7,888
Loss (gain) on sale of fixed assets	36	(371)
Amortization of operating lease right of use assets	1,778	1,011
Impairment of property, plant, and equipment	—	1,300
Deferred tax provision	141	579
Change in deferred credits and other liabilities	(99)	519
Change in:		
Accounts receivables, net	172	(104)
Due to/from affiliates	512	(1,294)
Other assets	(217)	(433)
Prepays and other current assets	(1,161)	1,671
Accounts payable	(947)	(9,361)
Payroll and benefits liabilities	(746)	(2,293)
Operating lease liabilities	(1,780)	(1,007)
Accrued taxes and other current liabilities	<u>1,263</u>	<u>(18,743)</u>
Net cash provided by operating activities	<u>52,232</u>	<u>31,261</u>
Cash flows from investing activities		
Purchase of fixed assets	(1,529)	(10,021)
Proceeds from sale of fixed assets	67	435
Net cash outflows from investment in affiliate	<u>(65,101)</u>	<u>(56,472)</u>
Net cash used by investing activities	<u>(66,563)</u>	<u>(66,058)</u>
Cash flows from financing activities		
Repayment of finance lease principal	(486)	(182)
Borrowings on note payable from affiliate	220	460
Contributions from Parent, net	<u>14,849</u>	<u>33,970</u>
Net cash provided by financing activities	<u>14,583</u>	<u>34,248</u>
Net increase (decrease) in cash and cash equivalents	252	(549)
Cash and cash equivalents at beginning of period	<u>496</u>	<u>1,045</u>
Cash and cash equivalents at end of period	<u>\$ 748</u>	<u>\$ 496</u>

The accompanying notes are an integral part of these consolidated financial statements.

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TRANSTAR, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six months ended June 30, 2021 (unaudited)	Six months ended June 30, 2020 (unaudited)
Cash flows from operating activities		
Net income	\$ 26,913	\$ 19,297
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	4,453	4,490
Gain (loss) on sale of fixed assets	(356)	36
Amortization of operating lease right of use assets	844	754
Change in deferred credits and other liabilities	866	913
Change in:		
Accounts receivables, net	2,454	1,824
Due to/from affiliates	(506)	3,401
Other assets	(277)	(134)
Prepays and other current assets	538	(165)
Accounts payable	5,264	(7,117)
Payroll and benefits liabilities	921	(29)
Operating lease liabilities	(1,042)	(890)
Accrued taxes and other current liabilities	<u>(979)</u>	<u>361</u>
Net cash provided by operating activities	<u>39,093</u>	<u>22,741</u>
Cash flows from investing activities		
Purchase of fixed assets	(1,579)	(605)
Proceeds from sale of fixed assets	620	67
Net cash outflows from investment in affiliate	<u>170,464</u>	<u>(27,243)</u>
Net cash used by investing activities	<u>169,505</u>	<u>(27,781)</u>
Cash flows from financing activities		
Repayment of finance lease principal	(387)	(213)
Borrowings on note payable from affiliate	(5,845)	100
Contributions from Parent, net	<u>(202,681)</u>	<u>5,846</u>
Net cash provided by financing activities	<u>(208,913)</u>	<u>5,733</u>
Net increase (decrease) in cash and cash equivalents	(315)	693
Cash and cash equivalents at beginning of period	<u>748</u>	<u>496</u>
Cash and cash equivalents at end of period	<u>\$ 433</u>	<u>\$ 1,189</u>

The accompanying notes are an integral part of these consolidated financial statements.

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TRANSTAR, LLC AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, unless otherwise noted)

1. DESCRIPTION OF THE BUSINESS AND BASIS OF PRESENTATION

Transtar, LLC (“Transtar” or “the Company”) owns six operating railroads in the United States with approximately 376 employees. The Company operates within six U.S. states with more than 268 track miles. The Company's railroads transport a wide variety of commodities. Revenues from affiliates of the Company's parent, United States Steel Corporation (“US Steel” or “the Parent”), accounted for approximately 82%, 80%, 81% and 81% of the Company's revenues for the year ended December 31, 2019, six months ended on June 30, 2020 (unaudited), year ended December 31, 2020 and six months ended June 30, 2021 (unaudited), respectively.

The consolidated Statements of Operations include all revenues and costs directly attributable to Transtar. The consolidated financial statements also include allocations of certain cost of sales and selling, general and administrative expenses from Parent. These allocations reflect the provision of services and support by the Parent relating to certain corporate functions, including, but not limited to, finance, accounting, legal, human resources, information technology and other shared services. These corporate expenses are allocated to Transtar based on direct usage or benefit, where identifiable, or allocated on a pro rata basis of revenues, headcount, or other measures as determined appropriate. All of the allocations and estimates in the consolidated financial statements are based on assumptions that the Company's management (“management”) believe are reasonable. Allocations of expenses from the Parent are assumed to be settled in cash in the period such expenses are incurred.

The consolidated Balance Sheets include the assets and liabilities that have historically been held by Transtar. The Parent's short and long-term debt has not been pushed down to Transtar's consolidated financial statements because Transtar is not the legal obligor of the debt and the Parent's borrowings were not directly attributable to Transtar. The Company participates in the Parent's centralized cash management and financing programs and has entered into a preferred stock investment arrangement and a note payable arrangement with affiliates of the Parent. The related investment balances are reflected in Investment in affiliate and the related debt balance is reflected in Note payable to affiliate within the consolidated Balance Sheets. The related interest income and interest expense are included in Interest income from affiliate and Interest expense within the consolidated Statement of Operations.

Member's Equity represents the Parent's ownership interest in the Company, specifically the cumulative net investment by Parent in the Company and the cumulative operating results through the dates presented. Certain tax settlements between the Parent and the Company as well as cost allocations are considered to be cash receipts and cash payments and are reflected in the accompanying consolidated Statement of Member's equity as Contributions from Parent, net and Distributions to Parent, net, are reflected in the consolidated Statements of Cash Flows as financing cash flows, and in the accompanying consolidated Balance Sheets within Member's equity. All intercompany accounts and transactions within Transtar have been eliminated in the accompanying consolidated financial statements. Refer to Note 11, Relationship with Parent and Related Entities for additional details.

The accompanying consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

On June 7, 2021, Percy Acquisitions LLC (“Holdco”), an indirect subsidiary of Fortress Transportation and Infrastructure Investors LLC (the “Purchaser”), entered into a Membership Interest Purchase Agreement (the “Purchase Agreement”) with the Parent, pursuant to which, among other things, Holdco purchased 100% of the equity interests of Transtar from the Parent, for a cash purchase price of \$640 million, subject to certain customary adjustments set forth in the Purchase Agreement (the “Transaction”). Certain interests historically owned by Transtar and included in these financial statements, including its Investment in affiliate as described in Note 6, *Fair Value of Financial Instruments* and its consolidated subsidiary, Warrior & Gulf Navigation, LLC, were distributed by Transtar to the Parent prior to the transaction close, and were not acquired by Holdco.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company recognizes revenue as it transfers control to the customer and as the customer receives and consumes the benefit of its services. Revenue is measured as the amount of consideration the Company expects to receive in exchange for providing services. The Company disaggregates its revenue into the following four categories: interline revenues, switching revenues, ancillary services, and rental revenues.

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TRANSTAR, LLC AND SUBSIDIARIES **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** (Dollars in thousands, unless otherwise noted) (continued)

The Company generates revenue primarily from industrial switching and interline services, as well as from demurrage and rentals, and other ancillary revenues related to the movement of freight. Switching revenues are derived from the performance of switching services, which involve the movement of cars from one point to another within the limits of an individual plant, industrial area, or a rail yard. Revenues are recognized as the services are performed, and the services are completed on the same day they are initiated.

Interline revenues are derived from transportation services for railcars that originate or terminate at the Company's railroads and involve one more other carriers. For interline traffic, one railroad typically invoices a customer on behalf of all railroads participating in the route directed by the customer. The invoicing railroad then pays the other railroads their portion of the total amount invoiced on a monthly basis. The Company records revenue related to interline traffic for transportation service segments provided by carriers along railroads that are not owned or controlled by the Company on a net basis. Interline revenues are recognized as the transportation movements occur.

The Company's ancillary services revenue primarily relates to demurrage and storage services. Demurrage represents charges assessed by railroads for the detention of cars by shippers or receivers of freight beyond a specified free time and is recognized on a per day basis. Storage services revenue is earned for the provision of storage of shippers' railcars and is generally recognized on a per day, per car basis, as the storage services are provided.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The Company's contracts may have a single performance obligation or multiple performance obligations. Contracts with multiple obligations are evaluated to identify the specific performance obligations to the customer. The Company allocates the standalone selling price adjusted for any applicable variable consideration to each performance obligation to determine the transaction price.

The timing of revenue recognition, billings, and cash collections result in trade accounts receivable, contract assets and contract liabilities. The Company's contract assets and liabilities are typically short-term in nature, with terms settled within a 12-month period. The Company had no material contract assets or contract liabilities recorded on the consolidated Balance Sheets as of December 31, 2019, December 31, 2020 and June 30, 2021 (unaudited).

Costs associated with car hire (payments made to other railroads for use of their railcars), net of receipts from railroads for use of our railcars, and costs for repairs of railcars net of reimbursements from railroads are included within cost of sales.

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents.

Investment in affiliate

The Company participates in a cash pooling arrangement administered by the Parent. Under this arrangement, the Company acquires preferred shares in an affiliate entity with its excess cash. The affiliate loans funds to other subsidiaries of the Parent and invests in money market accounts with short term maturities. The Company earns income on its preferred shares in return for participating in the cash pooling arrangement. The Investment in affiliate is accounted for as a debt security under ASC 320 due to the ability of the Company to redeem its interest at any time and is classified as a trading security. As a trading security, the instrument is recorded at fair value, which equals its cost basis; there are no realized or unrealized gains or losses for the years ended December 31, 2019 and 2020, and the six months ended June 30, 2020 (unaudited) and June 30, 2021 (unaudited). Income earned is recorded as Interest income from affiliate in the consolidated Statements of Operations.

Property and equipment, net

Property and equipment are recorded at cost. Major renewals or improvements to property and equipment that extend the useful life or increase the functionality of the asset, or both, are capitalized, while routine maintenance and repairs are expensed when incurred. The Company incurs maintenance and repair expenses to keep its operations safe and fit for existing purpose.

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TRANSTAR, LLC AND SUBSIDIARIES **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** (Dollars in thousands, unless otherwise noted) (continued)

Unlike the Class I railroads that operate over extensive contiguous rail networks, the Company's short line railroads are generally geographically dispersed businesses that transport freight over relatively short distances. The Company's largest category of capital expenditures is for track line upgrades, expansion and replacement, where the Company utilizes both employees and professional contractors in completing these capital projects. Costs that are directly attributable to self-constructed assets (including overhead costs) are capitalized.

Direct costs that are capitalized as part of self-constructed assets include materials, labor and equipment. Indirect costs are capitalized if they clearly relate to the construction of the asset. In addition, though the Company generally does not incur significant rail grinding or ballast cleaning expenses, such costs are expensed when incurred.

The Company reviews its long-lived tangible assets for impairment whenever events and circumstances indicate that the carrying amounts of such assets may not be recoverable. When factors indicate that an asset or asset group may not be recoverable, the Company uses an estimate of the related undiscounted future cash flows over the remaining life of such asset or asset group in measuring whether or not impairment has occurred. If an impairment indicator is identified and undiscounted cash flows are less than the carrying amount of the asset or asset group, a loss would be reported to the extent that the carrying value of the related assets exceeds the fair value of those assets. In 2019, the Company recognized an impairment charge of \$1,300 associated with a rail line asset based on the estimated selling price. The impairment charge is included within Other income, net on the consolidated Statements of Operations.

Derailment and Property Damages, Personal Injuries and Third-Party Claims

The Company self-insures its financial risk of providing rail-related services. The Company's self-insurance relates to railroad employee injuries, personal injuries associated with grade crossing accidents and other third-party claims associated with the Company's operations, including environmental and asbestos related liabilities.

Accruals for claims are recorded in the period when a loss from a claim is determined to be probable and estimable, including for claims that have been incurred but not reported. These estimates are updated in future periods as additional information becomes available.

Defined Benefit Plans

Certain of Transtar's employees participate in defined benefit pension and other postretirement benefit plans (the "Plans") sponsored by the Parent and accounted for by the Parent in accordance with accounting guidance for defined benefit pension and other postretirement benefit plans. Defined benefit plan expenses were allocated to the Company based on the actual service credit earned by the Transtar employees. In addition, interest cost, expected return on plan assets, and amortization of actuarial gains and losses were allocated to the Company based on the projected benefit obligations of Transtar employees as a percentage of total projected benefit obligations of the Parent.

Income Taxes

Income taxes, as presented herein, attribute current and deferred income taxes of the Parent to the Transtar standalone financial statements in a manner that is systematic, rational, and consistent with the asset and liability method prescribed by ASC Topic 740. Accordingly, the Transtar income tax provision was prepared following the "separate return method." The separate return method applies ASC Topic 740 to the standalone financial statements of each member of the consolidated group as if the group member were a separate taxpayer and a standalone enterprise. As a result, actual tax transactions included in the consolidated financial statements of the Parent may not be included in these consolidated financial statements of Transtar. Similarly, the tax treatment of certain items reflected in these consolidated financial statements of Transtar may not be reflected in the consolidated financial statements and tax returns of the Parent; therefore, items such as alternative minimum tax, net operating losses, credit carryforwards, and valuation allowances may exist in the standalone financial statements that may or may not exist in the Parent's consolidated financial statements.

Deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well

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TRANSTAR, LLC AND SUBSIDIARIES **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** (Dollars in thousands, unless otherwise noted) (continued)

as net operating loss and tax credit carryforwards. Transtar recognizes valuation allowances against deferred tax assets by tax jurisdiction when it is more likely than not that such assets will not be realized. Accruals for uncertain tax positions are provided for in accordance with ASC Subtopic 740-10. Transtar recognizes interest and penalties related to uncertain tax positions as a component of income tax expense.

In general, the taxable income (loss) of various Transtar entities was included in the Parent's consolidated tax returns, where applicable, in jurisdictions around the United States. As such, separate income tax returns were not prepared for any entities of Transtar. Consequently, income taxes currently payable or receivable are deemed to have been remitted to or received from the Parent, in cash, in the period in which the liability or asset arose.

Fair Value of Financial Instruments

The Company applies the following three-level hierarchy of valuation inputs for measuring fair value:

- Level 1 – Quoted prices for identical assets or liabilities in active markets that the Company has the ability to access at the measurement date.
- Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations in which all significant inputs are observable market data.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The Company does not have any level 3 financial instruments.

Management Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to use judgment and to make estimates and assumptions that affect business combinations, reported assets, liabilities, revenues, and expenses during the reporting period. Significant estimates using management judgment are made in the areas of recoverability and useful life of assets, as well as liabilities for environmental-related liabilities, workers' compensation claims and income taxes. Actual results could differ from those estimates.

Risks and Uncertainties

Slower growth, an economic recession, significant changes in commodity prices or regulation that affects foreign imports and exports could negatively impact the Company's business. The Company is required to assess for potential impairment of its assets whenever events or changes in circumstances, including economic circumstances, indicate that the respective asset's carrying amount may not be recoverable. A decline in current macroeconomic or financial conditions could have a material adverse effect on the Company's results of operations, financial condition, and liquidity.

Recently Adopted Accounting Standards

In March 2020, the FASB issued Accounting Standards Update 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (ASU 2020-04). ASU 2020-04 provides optional exceptions for applying generally accepted accounting principles to modifications of contracts, hedging relationships, and other transactions that reference LIBOR or another rate that will be discontinued by reference rate reform if certain criteria are met. The guidance is effective beginning on March 12, 2020 and the amendments will be applied prospectively through December 31, 2022. Transtar adopted this guidance during 2020. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which adds an impairment model that is based on expected losses rather than incurred losses. ASU 2016-13 is effective for public business entities, other than SEC filers for fiscal years beginning after December 15, 2022, including interim reporting periods, with earlier application permitted. Transtar adopted this standard effective January 1, 2020. The impact of adoption was not material to the consolidated financial statements.

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TRANSTAR, LLC AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Dollars in thousands, unless otherwise noted) (continued)

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company disaggregates revenue from contracts with customers based on the characteristics of the services provided:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Switching	\$ 69,005	\$ 80,319
Interline	29,301	33,241
Ancillary services	<u>14,373</u>	<u>18,134</u>
Total revenues from contracts with customers	112,679	131,694
Rental revenues	<u>2,503</u>	<u>1,072</u>
Total revenues	<u>\$115,182</u>	<u>\$132,766</u>
	Six months ended June 30, 2021 (unaudited)	Six months ended June 30, 2020 (unaudited)
Switching	\$39,644	\$33,209
Interline	22,201	13,337
Ancillary services	<u>6,175</u>	<u>8,437</u>
Total revenues from contracts with customers	68,020	54,983
Rental revenues	<u>1,252</u>	<u>637</u>
Total revenues	<u>\$69,272</u>	<u>\$55,620</u>

The Company does not have any significant contract assets or liabilities.

4. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are recorded at the invoiced amount and generally do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of all probable credit losses on existing accounts receivable. Management reviews its receivable balances on a monthly basis and determines the allowance based on historical write-off experience and anticipated future outcomes. Account balances are charged off against the allowance when management determines it is probable that the receivable will not be recovered.

Accounts receivable, net, which represent receivables from unrelated third parties, consisted of the following:

	As of June 30, 2021 (unaudited)	As of December 31, 2020	As of December 31, 2019
Accounts receivable – trade	\$9,943	\$12,397	\$12,569
Allowance for doubtful accounts	<u>(741)</u>	<u>(741)</u>	<u>(741)</u>
Accounts receivable, net	<u>\$9,202</u>	<u>\$11,656</u>	<u>\$11,828</u>

The Company's business is subject to credit risk. There is a risk that a customer or counterparty will fail to meet its obligations when due. Customers and counterparties have defaulted and may continue to default on their obligations to the Company due to bankruptcy, lack of liquidity, operational failure, or other reasons.

Although the Company has procedures for reviewing its receivables and credit exposures to specific customers and counterparties to address present credit concerns, default risk may arise from events or circumstances that are difficult to detect or foresee. Some of the Company's risk management methods depend upon the evaluation of

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TRANSTAR, LLC AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Dollars in thousands, unless otherwise noted) (continued)

information regarding markets, customers or other matters that are not publicly available or otherwise accessible by the Company and this information may not, in all cases, be accurate, complete, up-to-date or properly evaluated. As a result, unexpected credit exposures could adversely affect the Company's consolidated results of operations, financial condition, and liquidity.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment were as follows as of December 31, 2019:

	Cost	Accumulated Depreciation	Net Book Value	Life of Asset (Years)
Buildings	8,395	(4,590)	3,805	20-35
Land	7,296	—	7,296	—
Machinery and Equipment	280,021	(147,769)	132,252	5-50
Vehicles	1,640	(1,349)	291	4-6
Construction in Progress	<u>1,109</u>	<u>—</u>	<u>1,109</u>	—
Total	<u>298,461</u>	<u>(153,708)</u>	<u>144,753</u>	

Property and equipment were as follows as of December 31, 2020:

	Cost	Accumulated Depreciation	Net Book Value	Life of Asset (Years)
Buildings	8,395	(4,801)	3,594	20-35
Land	7,296	—	7,296	—
Machinery and Equipment	281,647	(156,108)	125,539	5-50
Vehicles	2,969	(1,861)	1,108	4-6
Construction in Progress	<u>406</u>	<u>—</u>	<u>406</u>	—
Total	<u>300,713</u>	<u>(162,770)</u>	<u>137,943</u>	

Machinery and equipment consist of locomotives, railcars, signaling equipment, track equipment (welders, tractors, and other miscellaneous equipment) including other track material such as rail, ties, and ballast.

The Company depreciates its property and equipment using the straight-line method over the useful lives of the property and equipment, down to its estimated salvage value. The preceding table sets forth the estimated useful lives of the Company's major classes of property and equipment.

Depreciation expense for the year ended December 31, 2019, six months ended June 30, 2020 (unaudited), year ended December 31, 2020 and six months ended June 30, 2021 (unaudited) totaled \$7.9 million, \$4.5 million, \$9.4 million, and \$4.5 million respectively.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company records its Investment in affiliate at fair market value. The investment is secured by cash held in money market accounts and can be redeemed on demand by the Company at cost plus accumulated interest. The investment is not publicly traded, but its value is based on observable prices at which the Company transacts to purchase and redeem shares each day. As such, the Company classifies this investment as a level 2 instrument and presents it within Investment in affiliate on the consolidated Balance Sheets.

No other financial instruments are recorded at fair value in the consolidated financial statements. Fair value for all other financial instruments of the Company approximates their cost.

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TRANSTAR, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, unless otherwise noted) (continued)

7. RETIREMENT BENEFIT PLANS

US Steel offers various retirement benefits to its eligible employees, including employees of Transtar. Because US Steel provides these benefits to eligible employees and retirees of Transtar, the costs to participating employees of Transtar in these plans are reflected in the consolidated financial statements, while the related assets and liabilities are retained by US Steel. Expense allocations for these benefits were determined based on Transtar personnel headcount. All cost allocations related to the various retirement benefit plans have been deemed paid by Transtar to US Steel in the period in which the cost was recorded in the Consolidated Statements of Operations.

Defined Benefit Pensions

US Steel sponsors a pension plan that covers eligible Transtar employees. These plans are noncontributory. Pension benefits earned are generally based on years of service and compensation during active employment.

For the year ended December 31, 2019 and the six months ended June 30, 2020 (unaudited), and year ended December 31, 2020 and six months ended June 30, 2021 (unaudited), the total US Steel defined benefit pension plan service costs credited to Transtar employees and recorded within Cost of Sales in the consolidated Statements of Operations were \$1,396 and \$746, and \$1,491 and \$740, respectively. The allocation of non-service costs components of net pension expense attributable to Transtar employees (i.e. interest cost, expected return on plan assets, and amortization of actuarial gains and losses) were \$259 (expense) and \$42 (expense), and \$84 (expense) and \$(82) (income) for the year ended December 31, 2019, the six months ended June 30, 2020 (unaudited), year ended December 31, 2020 and six months ended June 30, 2021 (unaudited), respectively. The allocation of non-service costs is reflected in the Consolidated Statements of Operations as a component of Other income (expense), net.

Postretirement Benefits

US Steel sponsors an unfunded postretirement plan that provides healthcare and life insurance benefits for eligible retirees and dependents of Transtar. Depending on retirement date and employee classification, certain healthcare plans contain contribution and cost-sharing features such as deductibles and co-insurance. The remaining healthcare and life insurance plans are non-contributory.

For the year ended December 31, 2019 and the six months ended June 30, 2020 (unaudited), and year ended December 31, 2020 and the six months ended June 30, 2021 (unaudited) the total US Steel postretirement benefit plan service costs credited to Transtar employees and recorded within Cost of Sales in the consolidated Statements of Operations were \$1,849 and \$956, and \$1,913 and \$825, respectively. The allocation of non-service cost components of net postretirement benefit plan expense (i.e. interest cost, expected return on plan assets, and amortization of actuarial gains and losses) were \$112 (expense) and \$(317) (income), and \$(626) (income) and \$(486) (income) for the year ended December 31, 2019 and the six months ended June 30, 2020 (unaudited), and year ended December 31, 2020 and six months ended June 30, 2021 (unaudited), respectively. The allocation of non-service costs is reflected in the consolidated Statements of Operations as a component of Other income (expense), net.

Defined Contribution Plan - Employee Savings Plans

US Steel sponsors defined contribution retirement and savings plans covering substantially all of Transtar's employees. For the year ended December 31, 2019 and six months ended June 30, 2020 (unaudited), and year ended December 31, 2020, and the six months ended June 30, 2021 (unaudited) Transtar recorded charges for contributions to these defined contribution plans of \$575, \$173, \$277 and \$203, respectively.

8. INCOME TAXES

As previously discussed in Note 1, *Description of the Business and Basis of Presentation*, although Transtar was historically included in consolidated income tax returns of US Steel, Transtar's income taxes are computed and reported herein under the "separate return method." Use of the separate return method may result in differences when the sum of the amounts allocated to standalone tax provisions are compared with amounts presented in the consolidated financial statements. In that event, the related deferred tax assets and liabilities could be significantly different from those presented herein. Certain tax attributes, such as net operating loss carryforwards that were actually reflected in US Steel's consolidated financial statements may or may not exist at the standalone level for Transtar.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, unless otherwise noted) (continued)

	Year Ended December 31,	
	2020	2019
Current tax expense		
Federal	\$10,488	\$12,275
State	4,374	5,318
Deferred tax expense		
Federal	27	418
State	<u>45</u>	<u>161</u>
Income tax expense	<u>\$14,934</u>	<u>\$18,172</u>

The provision for income taxes differs from that which would be computed by applying the statutory United States federal income tax rate to income before income taxes. The following is a summary of the effective income tax rate reconciliation:

	Year Ended December 31,	
	2020	2019
Tax provision at statutory rate	21.0%	21.0%
State income taxes, net of federal income tax benefit	5.9%	6.2%
Income tax credits	(1.6)%	(1.3)%
Other, net	<u>0.1%</u>	<u>—</u> %
Effective income tax rate	<u>25.4%</u>	<u>25.9%</u>

The United States track maintenance credit is an income tax credit for Class II and Class III railroads, as defined by the United States Surface Transportation Board (STB), to reduce their federal income tax based on qualified railroad track maintenance expenditures (the Short Line Tax Credit). Qualified expenditures include amounts incurred for maintaining track, including roadbed, bridges and related track structures owned or leased by a Class II or Class III railroad. The credit is equal to 50% of the qualified expenditures, subject to an annual limitation of \$3,500 multiplied by the number of miles of railroad track owned or leased by the Class II or Class III railroad as of the end of its tax. The amount of track maintenance credit recognized was approximately \$900 for the years ended December 31, 2019 and 2020.

Deferred income taxes reflect the effect of temporary differences between the book and tax basis of assets and liabilities as well as available income tax credit and net operating loss carryforwards. The components of net deferred income taxes were as follows:

	December 31,	
	2020	2019
Deferred income tax assets:		
Operating lease liabilities	\$ 2,904	\$ 3,343
Accruals and reserves not deducted for tax purposes until paid	4,327	4,218
Other	143	110
Deferred income tax liabilities:		
Property and equipment basis difference	(19,785)	(19,502)
Operating lease right of use asset	<u>(2,909)</u>	<u>(3,348)</u>
Net deferred tax liabilities	<u>\$(15,320)</u>	<u>\$(15,179)</u>

As of June 30, 2021 (unaudited), federal income tax returns remain subject to examination for the 2017 through 2020 tax years, and state income tax returns remain subject to examination for the 2012 through 2020 tax years.

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TRANSTAR, LLC AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, unless otherwise noted) (continued)

9. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is a defendant in certain lawsuits and a party to certain arbitrations resulting from the Company's operations in the ordinary course, as the nature of the Company's business exposes it to the potential for various claims and litigation, including those related to property damage, personal injury, freight loss, labor and employment, environmental and other matters. The Company self-insures its financial risk associated with such claims.

The Company is a party to various proceedings related to environmental issues, including administrative and judicial proceedings involving private parties and regulatory agencies. In accordance with the Asset Retirement and Environmental Obligations Topic in the ASC, the Company reviews its role with respect to each site identified at least quarterly, giving consideration to a number of factors such as the type of clean-up required, and the nature and extent of the Company's alleged connection to the location. Amounts are recorded for contingent anticipated future environmental remediation costs with respect to sites to the extent such costs are reasonably estimable and probable. The recorded liabilities for estimated future environmental costs are undiscounted. As of June 30, 2021, December 31, 2020, and December 31, 2019, the Company recorded an estimated \$3,985 of liability related to environmental obligations. The liability includes future costs for remediation and restoration of sites as well as any significant ongoing monitoring costs, but excludes any anticipated insurance recoveries. Environmental remediation liabilities are included within Other liabilities on the consolidated Balance Sheets. Currently, the Company does not possess sufficient information to reasonably estimate the amounts of additional liabilities, if any, on some sites until completion of future environmental studies. In addition, conditions that are currently unknown could, at any given location, result in additional exposure, the amount and materiality of which cannot presently be reasonably estimated. Based upon information currently available, however, the Company believes its environmental reserves accurately reflect the estimated cost of remedial actions currently required.

Management believes there are adequate provisions in the consolidated financial statements for any probable liabilities that may result from disposition of the pending lawsuits and arbitrations. Current obligations are not expected to have a material adverse effect on the consolidated results of operations, financial condition, or liquidity of the Company. The Company does not accrue for unasserted claims related to potential asbestos exposure as it cannot reliably estimate the range of loss associated with those claims. However, it believes any potential liabilities related to such matters would not be material to the consolidated financial statements.

However, any material changes to pending litigation or a catastrophic rail accident or series of accidents involving material freight loss or property damage, personal injuries or environmental liability or other claims or disputes that are not covered by insurance could have a material adverse effect on the Company's results of operations, financial condition and liquidity.

10. SUPPLEMENTAL CASH FLOW INFORMATION

Interest Paid

The following tables set forth the cash paid for interest:

	Year Ended December 31,	
	2020	2019
Cash paid for interest, net	\$214	\$267

	Six Months Ended June 30,	
	2020 (unaudited)	2019 (unaudited)
Cash paid for interest, net	\$76	\$120

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(Dollars in thousands, unless otherwise noted) (continued)

Significant Non-Cash Investing and Financing Activities

For the year ended December 31, 2019, the year ended December 31, 2020 and six months ended June 30, 2021 (unaudited) the changes in Accounts payable related to purchases of property and equipment that had not been paid in cash as of the respective balance sheet dates were \$143, (\$209) and \$991, respectively. These items were accrued in accounts payable in the normal course of business.

11. RELATIONSHIP WITH PARENT AND RELATED ENTITIES

Historically, Transtar has been managed and operated in the normal course of business with other affiliates of the Parent. Accordingly, certain shared costs have been allocated to Transtar and reflected as expenses in the consolidated financial statements. Management of the Parent and Transtar consider the allocation methodologies used to be reasonable and appropriate reflections of the historical Parent expenses attributable to Transtar for purposes of the standalone financial statements; however, the expenses reflected in the consolidated financial statements may not be indicative of the actual expenses that would have been incurred during the period presented if Transtar historically operated as a separate, standalone entity. In addition, the expenses reflected in the consolidated financial statements may not be indicative of expenses that will be incurred in the future by Transtar.

Revenues from affiliates

For the year ended December 31, 2019 and the six months ended June 30, 2020 (unaudited), and year ended December 31, 2020 and the six months ended June 30, 2021 (unaudited) the Company earned revenues of \$108.6 million and \$44.5 million, and \$93.6 million and \$56.4 million, respectively, from services rendered to US Steel. Revenues from affiliates are generally based on published tariff rates available to all customers that utilize the Company's railroads.

Corporate Allocated Costs

The consolidated financial statements include corporate costs incurred by the Parent for services that are provided to or on behalf of Transtar. The corporate costs include allocations of incurred costs associated primarily with the following shared functions: information technology, legal, human resources, procurement, and treasury services. The Parent allocates associated costs down to the various Transtar entities based on certain drivers, principally revenue and headcount. Management believes the allocation methods are consistent and reasonable.

The allocated corporate costs included in the Statement of Operations, exclusive of the pension and postretirement benefit costs described in Footnote 7, Retirement Benefit Plans, are as follows:

	Year Ended December 31,	
	2020	2019
Cost of sales	\$1,408	\$1,425
Selling, general and administrative expense	4,700	4,811
Total	\$6,108	\$6,236

	Six Months Ended	
	June 30, 2021 (unaudited)	June 30, 2020 (unaudited)
Cost of sales	\$ 411	\$ 677
Selling, general and administrative expense	2,629	2,133
Total	\$3,040	\$2,810

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TRANSTAR, LLC AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Dollars in thousands, unless otherwise noted) (continued)

Gary, Indiana Lease

The Company has one office lease at Gary, Indiana where the Parent is the lessor. The annual lease expense for the Company under this lease is \$272. The lease commenced in 2013 and has a 20-year non-cancelable term. The balances related to this lease included in the Company's financial statements were as follows:

	December 31,	
	2020	2019
Operating lease right of use assets	\$2,183	\$2,285
Operating lease liabilities, current	272	272
Operating lease liabilities, noncurrent	1,888	1,991

	June 30, (unaudited)	
	2021	2020
Operating lease right of use assets	\$2,127	\$2,233
Operating lease liabilities, current	272	272
Operating lease liabilities, noncurrent	1,696	1,803

Cash Management and Financing

Transtar participates in the Parent's centralized cash management and financing programs. Disbursements are made through centralized systems, which are operated by an affiliate of the Parent, under the direction of the Parent. Cash receipts are transferred to centralized accounts, also maintained by the affiliate. As cash is disbursed and received by affiliate, it is accounted for by Transtar as Investment in affiliate. All financing decisions for wholly and majority owned subsidiaries are determined by central Parent treasury operations.

Accounts receivable and payable

Receivables and payables between Transtar and the Parent and Parent affiliates are settled on a current basis and have been accounted for through the Due to/from Affiliates accounts in the consolidated financial statements.

Note payable to affiliate

As of December 31, 2019 and December 31, 2020, the Company had an outstanding note payable of \$5.6 million and \$5.8 million, respectively, with the Parent. A Company subsidiary issued a promissory note to the Parent, payable on demand, that incurred interest at a rate equal to one-month LIBOR plus 200 basis points on the then average outstanding principal balance. The intercompany note was settled with the Parent in April of 2021. Intercompany interest expense for the year ended December 31, 2019 and December 31, 2020 totaled \$235 and \$145, respectively.

12. LEASES

The Company leases certain locomotives, freight cars, and other property for use in our rail operations. Management determines if an arrangement is or contains a lease at inception. The Company has lease agreements with lease and non-lease components, and has elected to not separate lease and non-lease components for all classes of underlying assets. Leases with an initial term of 12 months or less are not recorded on our consolidated statements of financial position; rather the lease expense for these leases are recognized on a straight-line basis over the lease term. Leases with initial terms in excess of 12 months are recorded as operating or financing leases in our consolidated Statements of Operations. Operating leases are included in operating lease right of use assets and operating lease liabilities in our consolidated Balance Sheets. Finance leases are included in properties and equipment, net, finance lease liabilities, current, and finance lease liabilities, noncurrent on the consolidated Balance Sheets.

Operating lease assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As our leases do not provide an implicit rate, we use a collateralized incremental borrowing rate for all operating leases based on the information available at

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TRANSTAR, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, unless otherwise noted) (continued)

commencement date, including lease term, in determining the present value of future payments. The operating lease asset also includes any lease payments made, lease incentives, and initial direct costs incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Operating lease expense is recognized on a straight-line basis over the lease term and reported in cost of sales, and financing lease expense is recorded as depreciation and interest expense in our consolidated Statement of Operations.

Classification	Year Ended December 31,	
	2020	2019
Assets		
Operating lease right of use assets	\$12,567	\$14,344
Property and equipment, net	<u>2,262</u>	<u>1,443</u>
Total leased assets	<u>14,829</u>	<u>15,787</u>
Liabilities		
Current		
Operating lease liabilities, current	2,320	2,311
Finance lease liabilities, current	702	336
Noncurrent		
Operating lease liabilities, noncurrent	10,320	12,108
Finance lease liabilities, noncurrent	<u>1,600</u>	<u>1,121</u>
Total lease liabilities	<u>\$14,942</u>	<u>\$15,876</u>

The lease cost components are classified as follows:

	Classification	Year Ended December 31,	
		2020	2019
Operating lease cost	Cost of Sales	\$2,799	\$2,005
Finance lease cost	Depreciation expense	511	196
Finance lease cost	Interest expense	<u>69</u>	<u>35</u>
Total lease cost		<u>\$3,379</u>	<u>\$2,236</u>

The following table presents aggregate lease maturities as of December 31, 2020:

	Operating Leases	Finance Leases	Total
2021	\$ 2,693	\$ 765	\$ 3,458
2022	2,573	765	3,338
2023	2,364	636	3,000
2024	2,109	240	2,349
2025	2,096	21	2,117
After 2025	<u>4,301</u>	<u>—</u>	<u>4,301</u>
Total lease payments	16,136	2,427	18,563
Less: Imputed Interest	<u>(3,496)</u>	<u>(125)</u>	<u>(3,621)</u>
Present value of lease liabilities	<u>\$12,640</u>	<u>\$2,302</u>	<u>\$14,942</u>

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TRANSTAR, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, unless otherwise noted) (continued)

The following table presents the weighted average remaining lease term and discount rate:

	Year Ended December 31,	
	2020	2019
Weighted-average remaining lease term (years)		
Operating leases	8.53 years	8.54 years
Finance leases	4.21 years	4.64 years
Weighted-average discount rate (%)		
Operating leases	7.66%	6.34%
Finance leases	3.14%	3.84%

The following table presents other information related to our operating and finance leases:

	2020	2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$2,799	\$2,005
Investing cash flows from operating leases	—	—
Operating cash flows from finance leases	(69)	(35)
Financing cash flows from finance leases	(486)	182
Leased assets obtained in exchange for finance lease liabilities	1,330	1,640
Leased assets obtained in exchange for operating lease liabilities	—	—

13. SUBSEQUENT EVENTS

In preparing the consolidated financial statements, the Company has evaluated events and transactions for recognition or disclosure through December 20, 2021, the date the consolidated financial statements were available to be issued. Immediately prior to the Transaction, the Company redeemed in full its Investment in affiliate and distributed all of the proceeds from the redemption to the Parent.