



# *Florida East Coast*

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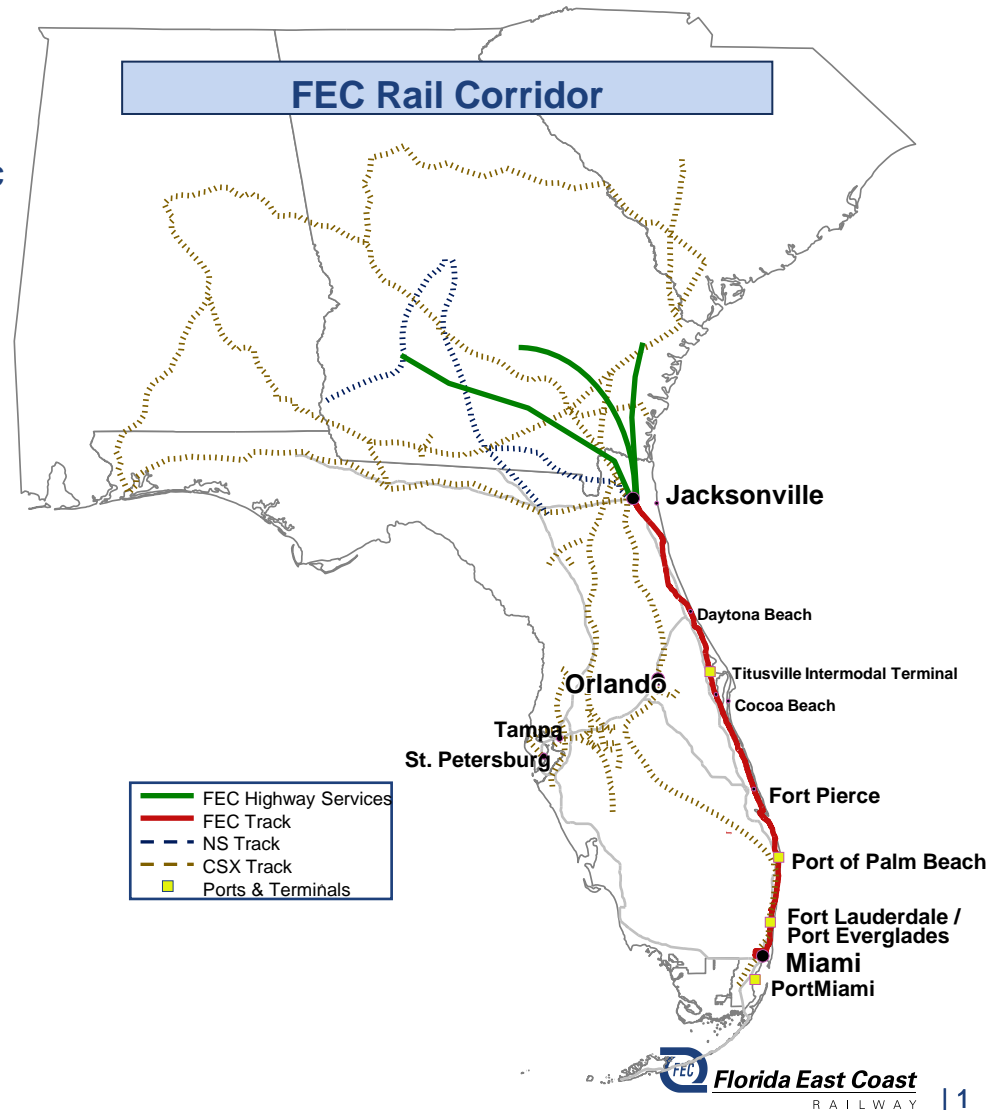


Northwestern University  
Transportation Center

# FEC Overview



- 351 miles of mainline track
  - Only railroad along Florida’s east coast
  - Unparalleled link between Florida rail traffic and nation’s rail network
- Most direct and efficient North/South mode for transporting multiple types of freight
  - Competitive advantage over motor carriers due to highly congested roadways and challenging trucking environment
- Attractive freight mix
  - Intermodal containers and trailers
  - Carload
    - Crushed rock (aggregate)
    - Automobiles, food products and other industrial products
- Connect to national freight network via CSX and Norfolk Southern in Jacksonville



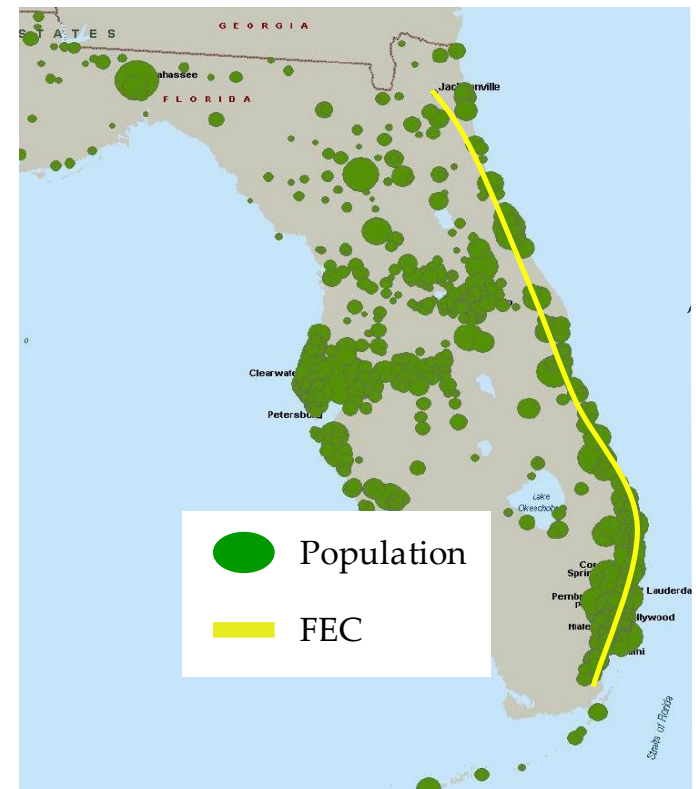
# Florida Market Overview



## Key Florida Attributes

- **Large Consumer Market**
  - 4<sup>th</sup> largest state economy in the U.S. (by GDP) <sup>(1)</sup>
  - Over 19 million residents <sup>(2)</sup>
  - More than 85 million out-of-state visitors annually <sup>(3)</sup>
- **Strategic Location**
  - Primary gateway to Latin America; accounts for more than one-third of all U.S. trade with Latin America
  - 3 of the nation's 15 largest container seaports
  - Closest U.S. ports of call from Panama Canal (Port Miami and Everglades)

## Population Density Along FEC Corridor



(1) Bureau of Economic Analysis

(2) Florida Chamber Foundation and Florida Department of Transportation report (December 2010)

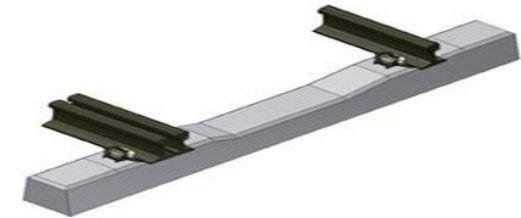
(3) VisitFlorida.com: <http://media.visitflorida.org/new/news.php?id=230>

# FEC Mainline & Performance



- **Highest Quality of Infrastructure**

- FRA Class IV Track (similar to Class 1's) – 60 MPH capability (recent tests ran at 80 MPH)
- Long-lasting concrete rail ties provide better support under high speed and heavy traffic than wooden ties
- 30% of mainline is double-tracked
- Mainline constructed of 136-pound per yard continuous welded rail
- Combined Carload and Intermodal trains



- **On-Time Performance**

- Best on-time service streak for UPS (2,000 Days without Service Failure)

- **Safety:**

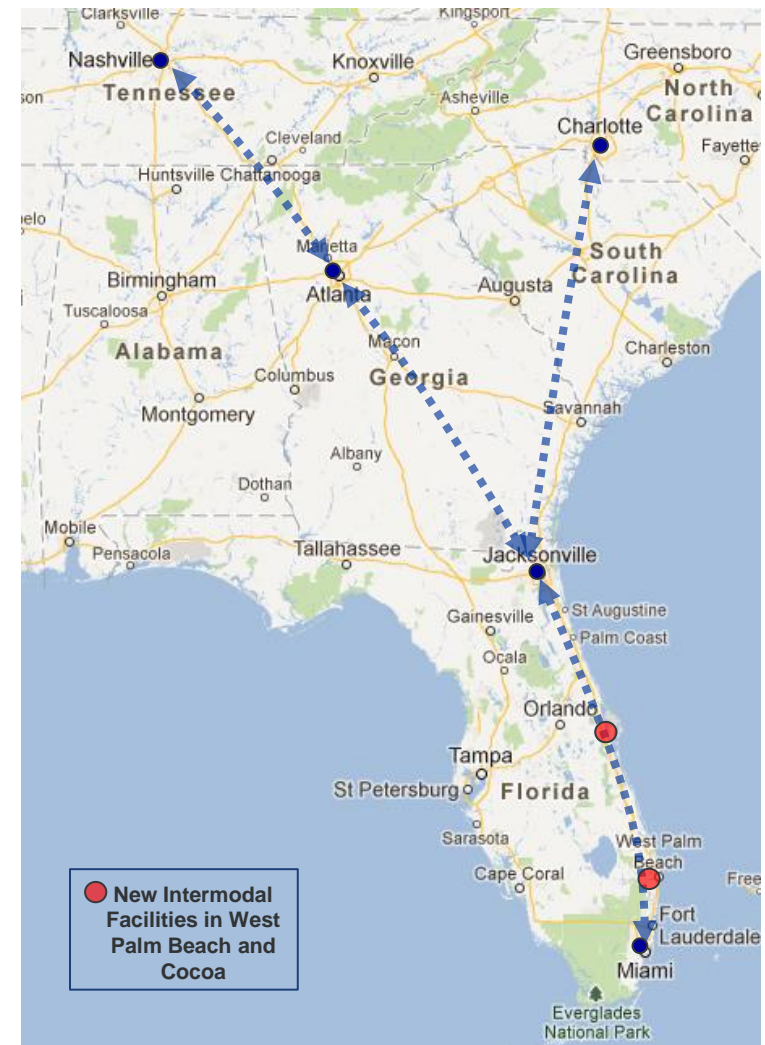
- Historically among the safest railroads in the US



# Market Expansion



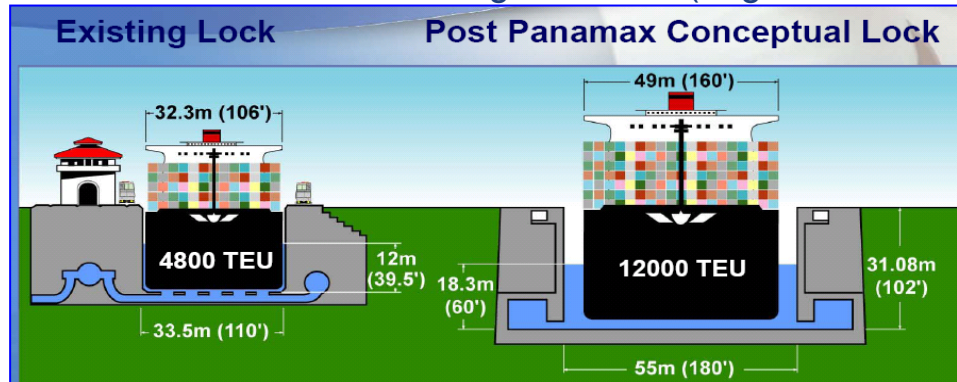
- New Intermodal terminal in Cocoa for next morning service between South/North Florida/Georgia and Central Florida
- New 2nd morning service between Nashville and South Florida on the Music City Xpress
- New 2nd morning service between North Carolina and South Florida on the Piedmont Xpress
- New Intermodal terminal in West Palm Beach to better service Palm Beach and Martin Counties



# The Asian Market Opportunity



- Panama Canal expansion will allow larger vessel passage
  - Currently can accommodate 4,800 TEU vessels
  - Post expansion, Canal will accommodate 13,000 + TEU vessels which will allow for faster all-water times to the East Coast for the more cost efficient “large vessels” (larger vessels are 30% more cost efficient)

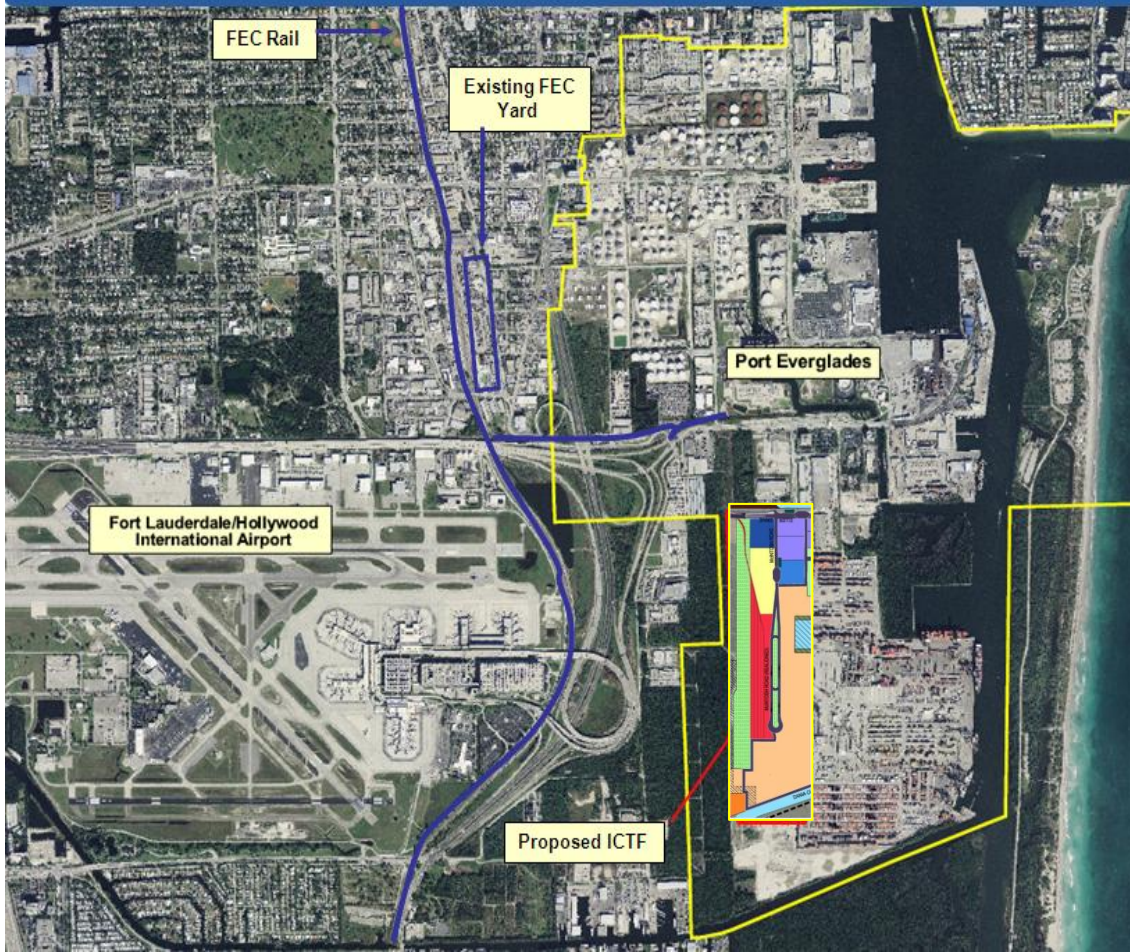


- Currently only 2 ports on the eastern seaboard with 50' water depth
- Over the last 3 years, the Port Miami received funding for over \$1.0 billion in infrastructure improvements, which combined with the Panama Canal expansion, will make it a gateway for import/export activity
  - On-dock rail restoration, with direct rail access to intermodal yard (FEC), and straight-track access to North Florida and beyond utilizing FEC Railway infrastructure (**Completion: 2<sup>nd</sup> half 2013**)
  - The Tunnel project will allow for better, and incremental access of freight flows in/out of the Port (**Completion: May 2014**)
  - 50' dredge expected to be completed in 2015 in concert with the Panama Canal expansion project

# Strategic Initiative: ICTF and near dock rail service at Port Everglades



Port Everglades Map



- **ICTF Groundbreaking Event** took place on January 17<sup>th</sup> to announce the start of construction on a 42 acre Intermodal Container Transfer Facility
- **Total Cost: \$73M**
  - FEC-State Loan and Cash ~ \$35M
  - Broward County ~ \$20M
  - State Grants ~ \$18M
- **Q1 2013 Update**
  - Lease agreement with Broward County executed
  - ICTF design-build request has been awarded to The Milord Company
  - Received State Loan funding in Q3
- **Estimated completion during the 1<sup>st</sup> half of 2014**

# 50' FT. Deep Dredge in South Florida is a Game-Changer



## **50' DEEP WATER ADVANTAGE**

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- Closest U.S. Port to Panama Canal
- Open Ocean Channel
- Efficient Vessel Piloting Operations
- Increased Vessel Turn Times
- Vessel Network Efficiencies
- Rail Connectivity to 70% Population



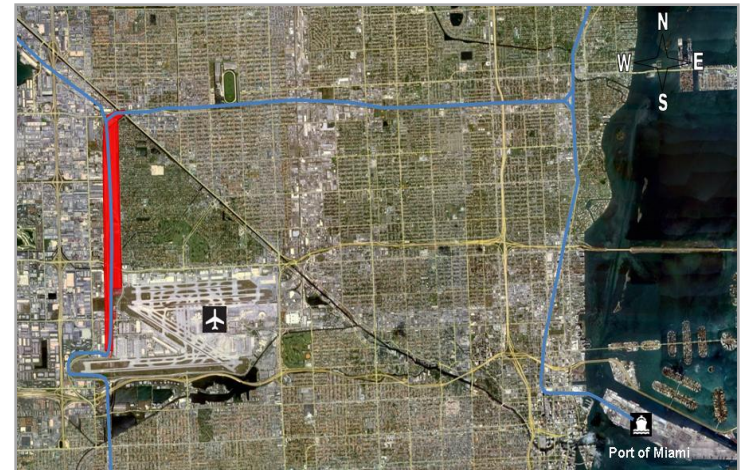


# Strategic Initiative: On-dock rail service at Port Miami

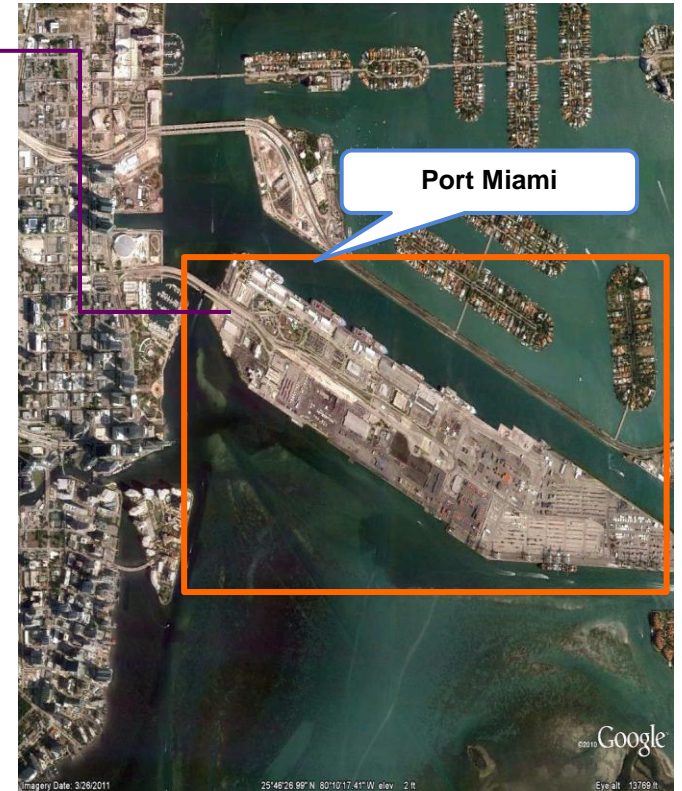
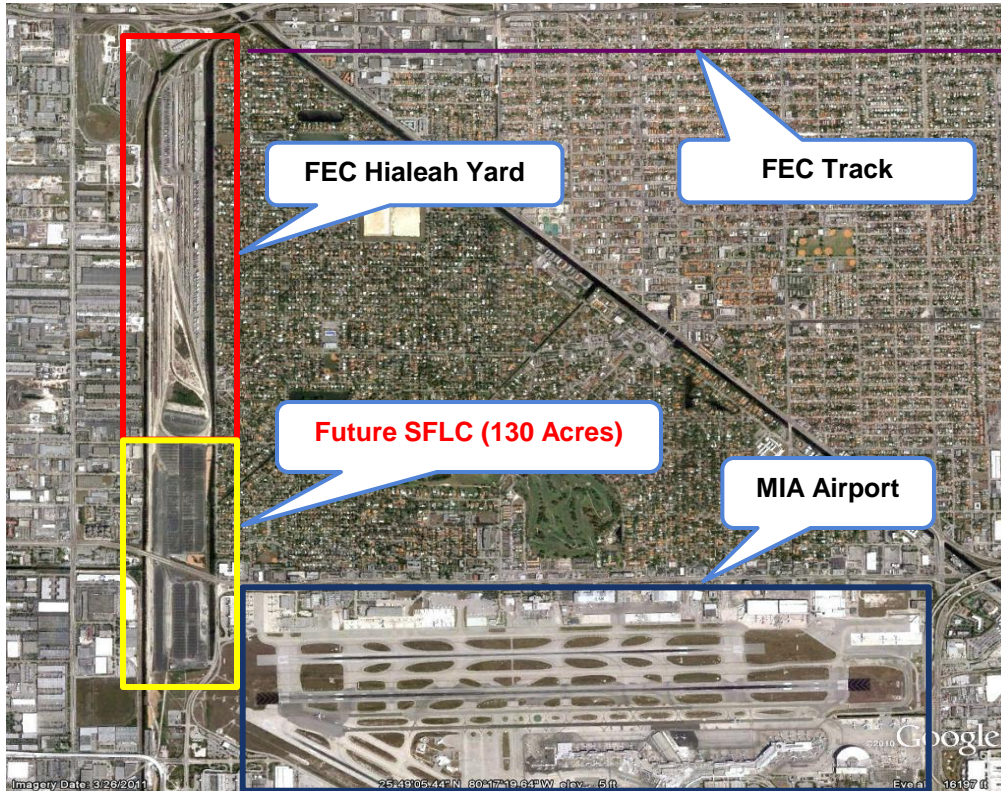
# PORT MIAMI



- Implementing on-dock rail service at Port Miami allows FEC to directly serve Port customers
  - Only railroad with direct access to the Port
  - Trains will be run directly from the Port to the FEC mainline
- Total project cost \$45-50 million
  - Federal TIGER II grant (\$23M)
  - Florida DOT (up to \$9M)
  - Miami Dade County (up to \$5M)
  - FEC (up to \$9M)
- Q1 2013 Update
  - Rail line lead to Port has been completed
  - Bascule Bridge rehabilitation phase has begun
  - Joint marketing program with the Port has begun
- Estimated start up date: 2<sup>nd</sup> half 2013



# South Florida Logistics Center



← 12 Miles/ 19.31KM →

Property will offer up to 1.5 million square feet of FTZ warehousing / distribution / transloading

Goal is to create a full-service logistics solution for import/export goods through Port Miami

- Connecting the major modes of transportation for the efficient movement of goods (Airport, Seaport, Rail, Trucking)

# Advantages of New South Florida & Port Projects

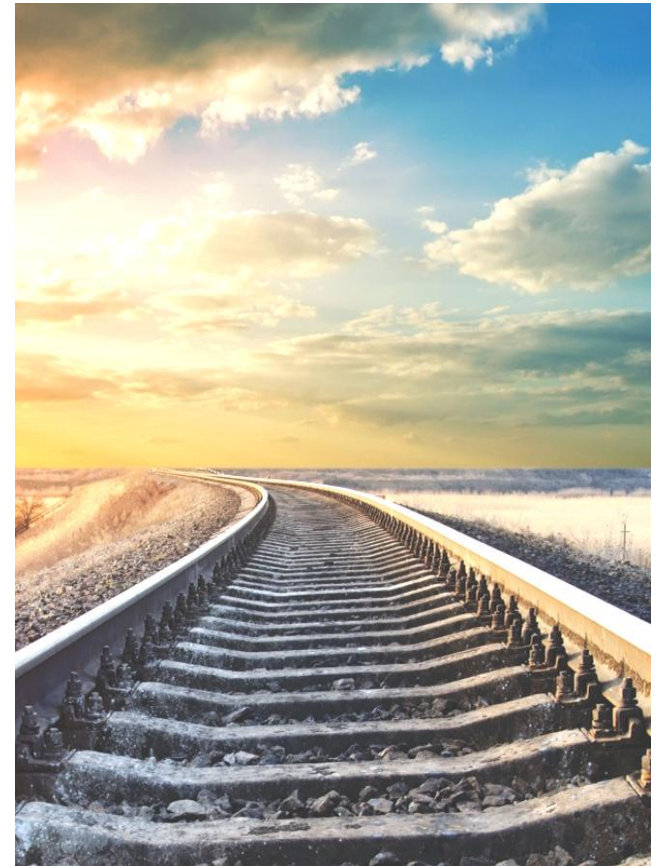


## Creating Balanced Trade

- Import commodities include furniture and retail merchandise
- Miami can serve as a transshipment hub when Asian trade is dropped at Port Miami and then trans-loaded
- FEC and Port Miami is actively working with the largest exporters to China to re-fill Asia-bound containers; Products include soybeans, grain, scrap metal, paper, resins, frozen poultry, U.S.-manufactured automobiles, raw-baled cotton, and alternative fuels

## A New Dawn for Florida and Asia

- FEC has engaged in joint marketing strategies with the south Florida ports
- Focusing on ocean carriers line companies, manufacturers, exporters, importers, 3PLs, supply chain, freight-forwarders, and custom house broker companies for the greatest market penetration
- FEC and the south Florida ports will help shippers to significantly reduce their transportation expenses, inventory investment and carbon emissions



# Port/Rail Infrastructure for increased Market Reach –Now & Post Canal Expansion



## FASTEST CONNECTION

WITH SOUTHEAST U.S. MARKETS

In 2014 and beyond, a –50-foot channel will make South Florida the most efficient entry and exit point for goods flowing between Asia and the Southeast U.S. And with on-dock rail facilities at both PortMiami and Port Everglades, Florida East Coast Railway—along with our interline rail connections—will deliver the convenience and efficiency of pier-to-ramp intermodal service.

For cargo shippers and ocean carriers that means reducing supply chain expense while increasing speed to market.



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### TRANSIT TIME & COST ADVANTAGE

- South Florida Ports are faster and less expensive into Orlando versus Port of Savannah

### GREATER MARKET PENETRATION

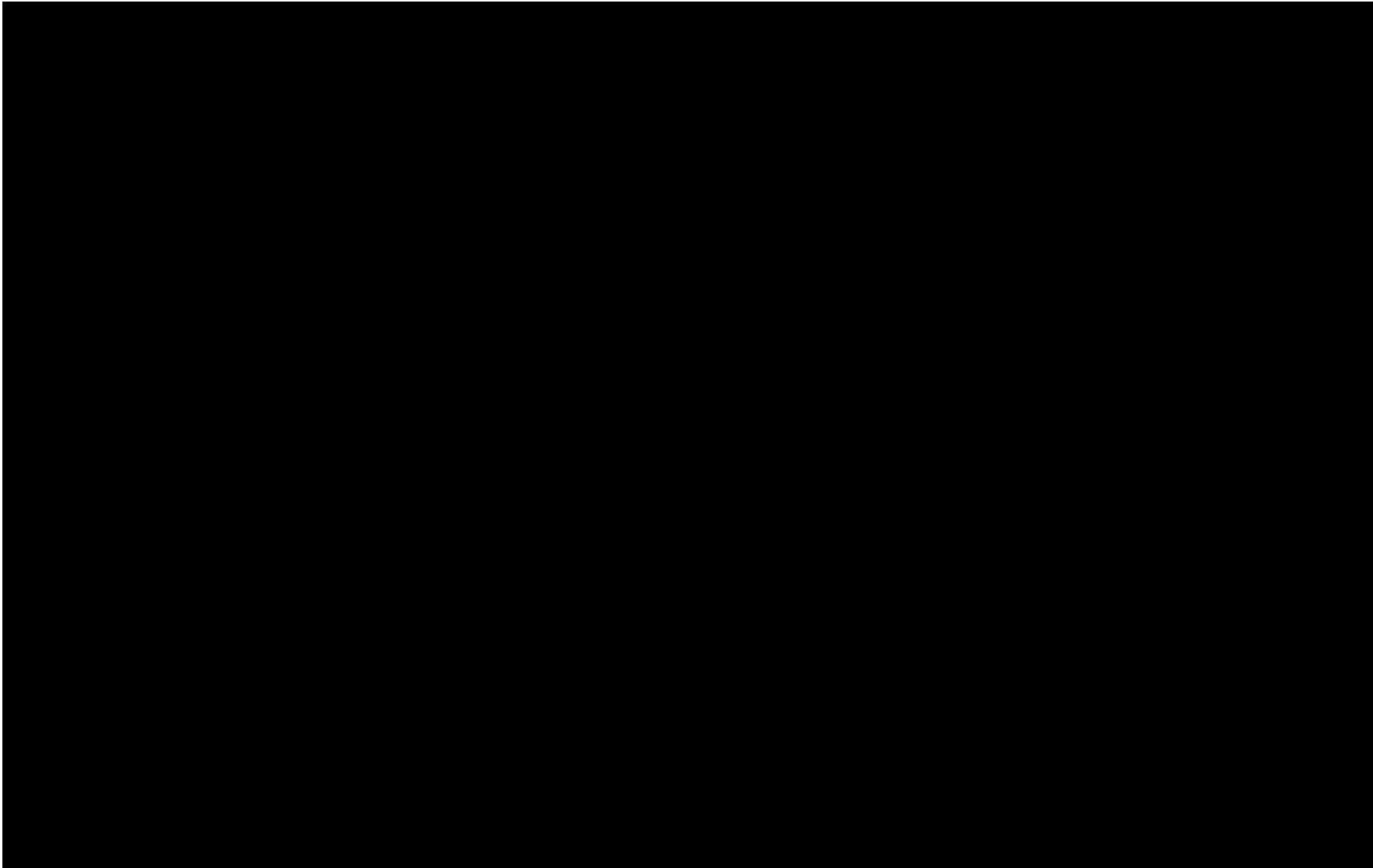
- Post Panama Canal expansion completion, South Florida Ports will be positioned to be a focal point into Atlanta and other southeast markets for ocean carriers due to cost benefits, which will cascade down to Importers & Exporters

### STRATEGIC PORTS & INVESTMENTS

- Port Miami – 50’ FT. Depth Completed end of 2014
- Port Everglades – 50’ FT. anticipated completion 2017
- Super-Post Panamax Cranes at both Ports
- Vessel Berthing & Bulkhead Expansion Plans
- Efficient, Short-Transit Port Channels
- Excellent Vessel Turn-Times
- Marine Terminal Efficiency plans
- Port Miami On-Dock Intermodal Rail 2<sup>nd</sup> half 2013
- Port Everglades Near Dock Intermodal Rail Q2 2014

GET FASTER ACCESS TO  
CONSUMER MARKETS – IN 2014 AND TODAY.

# FEC & The South Florida Logistics Center Spot-Light





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# Questions

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