UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): September 8, 2021 (July 28, 2021)

Fortress Transportation and Infrastructure Investors LLC

(Exact Name of Registrant as Specified in Charter)

Delaware	001-37386	32-0434238
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1345 Avenue of the Americas, 45th Floor, New York, New York 10105
(Address of Principal Executive Offices, and Zip Code)

(212) 798-6100
Registrant's Telephone Number, Including Area Code

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

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. ☐

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common shares, $0.01 par value per share	FTAI	New York Stock Exchange
8.25% Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares	FTAI PR A	New York Stock Exchange
8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares	FTAI PR B	New York Stock Exchange
8.25% Fixed Rate Series C Cumulative Perpetual Redeemable Preferred Shares	FTAI PR C	New York Stock Exchange

Introductory Note

This Current Report on form 8-K/A (this "Amendment") is being filed as an amendment to the Current Report on Form 8-K filed by Fortress Transportation and Infrastructure Investors LLC (the "Company") with the Securities and Exchange Commission on July 29, 2021 (the "Original Report"). In the Original Report, the Company disclosed, among other things, the closing on July 28, 2021 of the Membership Interest Purchase Agreement (the "Purchase Agreement") with United States Steel Corporation (the "Seller"), pursuant to which, Percy Acquisitions LLC purchased 100% of the equity interests of the Seller's wholly owned short-line railroad subsidiary, Transtar, LLC ("Transtar") from the Seller, for a cash purchase price of $640 million, subject to certain customary adjustments set forth in the Purchase Agreement. This Amendment is being filed to provide the historical condensed consolidated financial information of Transtar and the unaudited pro forma condensed combined financial information of the Company required by Items 9.01(a) and 9.01(b) of Form 8-K that were excluded from the Original Report. Except as set forth herein, this Amendment does not amend, modify or update the disclosure contained in the Original Report.

Item 7.01 Regulation FD Disclosure.

In addition to the historical condensed consolidated financial information of Transtar and the unaudited pro forma condensed combined financial information filed as Exhibit 99.1 and Exhibit 99.2, respectively, to this Amendment, the Company has prepared, and has furnished as Exhibit 99.3 to this Amendment, certain supplemental non-GAAP financial information.

The information in Item 7.01 of this Amendment and Exhibit 99.3 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

The historical condensed consolidated financial statements of Transtar as of and for the six months ended June 30, 2021 (unaudited), and for the year ended December 31, 2020, are filed as Exhibit 99.1 to this Amendment and are incorporated herein by reference. The consent of Ernst & Young LLP, Transtar's independent auditors, is attached as Exhibit 23.1 to this Amendment.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed consolidated financial information, including the unaudited pro forma condensed combined balance sheet as of June 30, 2021, the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2021 and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020, and related notes showing the pro forma effects of the Company's acquisition of Transtar and related financing transactions (the "Transactions") are filed as Exhibit 99.2 to this Amendment and are incorporated herein by reference. This unaudited pro forma condensed consolidated financial information is provided for illustrative purposes only and does not purport to represent what the Company's financial position or results of operations would have been if the Transactions been consummated on the dates indicated, nor are they necessarily indicative of what the financial position or results of operations of the Company will be in future periods.

(d) Exhibits.

Exhibit No.	Description
23.1	Consent of Ernst & Young LLP.
99.1	Audited consolidated financial statements of Transtar and the related notes thereto for the year ended December 31, 2020 and unaudited consolidated financial statements of Transtar as of and for the six months ended June 30, 2021.
99.2	Unaudited pro forma condensed combined financial information of the Company, which includes the unaudited pro forma condensed combined balance sheet as of June 30, 2021, the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2021 and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020.
99.3	Unaudited supplemental non-GAAP financial information.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

By: /s/ Eun Nam

Name: Eun Nam

Title: Chief Accounting Officer

Dated: September 8, 2021

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in Registration Statement No. 333-236770 on Form S-3 and related Prospectus of Fortress Transportation and Infrastructure Investors LLC of our report dated August 16, 2021, relating to the consolidated financial statements of Transtar, LLC and subsidiaries as of and for the year ended December 31, 2020 appearing in this Current Report on Form 8-K/A of Fortress Transportation and Infrastructure Investors LLC.

/s/ Ernst & Young LLP

New York, New York
September 8, 2021

Exhibit 99.1

TRANSTAR, LLC AND SUBSIDIARIES

Consolidated Financial Statements

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 sheet as of December 31, 2020, and the related consolidated statements of operations, changes in member’s equity and cash flows for the year 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 audit. We conducted our audit 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 the consolidated results of their operations and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

New York, New York
August 16, 2021

TRANSTAR, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	As of June 30, 2021 (unaudited)	As of December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 433	$ 748
Investment in affiliate	354,653	525,117
Accounts receivable, net	9,202	11,656
Prepaids and other current assets	2,768	3,306
Due from affiliates	11,491	10,905
Total current assets	378,547	551,732
Property and equipment, net	136,149	137,943
Operating lease right of use assets	11,722	12,567
Other assets	5,987	5,710
Total assets	$ 532,405	$ 707,952
LIABILITIES & MEMBER'S EQUITY		
Current liabilities		
Accounts payable	33,437	27,182
Payroll and benefits liabilities	6,236	5,315
Accrued taxes and other current liabilities	1,874	2,853
Operating lease liabilities	2,315	2,320
Finance lease liabilities	840	702
Due to affiliates	878	798
Note payable to affiliate	-	5,845
Total current liabilities	45,580	45,015
Non-current liabilities		
Operating lease liabilities	9,283	10,320
Finance lease liabilities	1,425	1,600
Deferred income tax liabilities	15,320	15,320
Other liabilities	10,720	9,852
Total non-current liabilities	36,748	37,092
Total liabilities	82,328	82,107
Member's equity		
Total member's equity	450,077	625,845
Total liabilities and member's equity	$ 532,405	$ 707,952

The accompanying notes are an integral part of these consolidated financial statements.

TRANSTAR, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands)

	Year Ended December 31, 2020
Revenues	
Revenues from affiliates	$ 93,586
Revenues from unrelated parties	21,596
Total revenues	115,182
Operating expenses	
Cost of sales	52,907
Depreciation expense	9,357
Selling, general and administrative expense	5,985
Total operating expenses	68,249
Operating income	46,933
Other income, net	627
Interest income from affiliate	11,511
Interest expense	(214)
Income before income taxes	58,857
Income tax expense	14,934
Net income	**$ 43,923**

The accompanying notes are an integral part of these consolidated financial statements.

TRANSTAR, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands)

	Six months ended June 30, 2021 (unaudited)
Revenues	
Revenues from affiliates	$ 56,405
Revenues from unrelated parties	12,867
Total revenues	69,272
Operating expenses	
Cost of sales	31,175
Depreciation expense	4,453
Selling, general and administrative expenses	2,825
Total operating expenses	38,453
Operating income	30,819
Other income, net	1,159
Interest income from affiliate	4,143
Interest expense	(76)
Income before income taxes	36,045
Income tax expense	9,132
Net income	**$ 26,913**

The accompanying notes are an integral part of these consolidated financial statements.

TRANSTAR, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY
(in thousands)

BALANCE, January 1, 2020	**$**	**566,487**
Contributions from Parent, net		15,435
Net income		43,923
BALANCE, December 31, 2020	**$**	**625,845**
Distributions to Parent, net (unaudited)		(202,681)
Net income (unaudited)		26,913
BALANCE, June 30, 2021 (unaudited)	**$**	**450,077**

The accompanying notes are an integral part of these consolidated financial statements.

TRANSTAR, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Year ended December 31, 2020
Cash flows from operating activities	
Net income	$ 43,923
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	9,357
Loss on sale of fixed assets	36
Amortization of operating lease right of use assets	1,778
Deferred tax provision	72
Change in other liabilities	(99)
Change in:	
Accounts receivables, net	172
Due to/from affiliates	512
Other assets	(217)
Prepaids and other current assets	(1,161)
Accounts payable	(1,464)
Payroll and benefits liabilities	(746)
Operating lease liabilities	(1,780)
Accrued taxes and other current liabilities	1,263
Net cash provided by operating activities	**51,646**
Cash flows from investing activities	
Purchase of fixed assets	(1,529)
Proceeds from sale of fixed assets	68
Net cash outflows from investment in affiliate	(65,101)
Net cash used by investing activities	**(66,562)**
Cash flows from financing activities	
Repayment of finance lease principal	(486)
Borrowings on note payable from affiliate	220
Contributions from Parent, net	15,435
Net cash provided by financing activities	**15,169**
Net increase in cash and cash equivalents	253
Cash and cash equivalents at beginning of period	495
Cash and cash equivalents at end of period	**748**

The accompanying notes are an integral part of these consolidated financial statements.

TRANSTAR, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Six months ended June 30, 2021 (unaudited)
Cash flows from operating activities	
Net income	$ 26,913
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	4,453
Amortization of operating lease right of use assets	844
Change in other liabilities	866
Gain on disposal of fixed assets	(356)
Change in:	
Accounts receivables, net	2,454
Due to/from affiliates	(506)
Other assets	(277)
Prepaids and other current assets	538
Accounts payable	5,264
Payroll and benefits liabilities	921
Operating lease liabilities	(1,042)
Accrued taxes and other current liabilities	(979)
Net cash provided by operating activities	**39,093**
Cash flows from investing activities	
Purchase of fixed assets	(1,579)
Proceeds from sale of fixed assets	620
Net cash inflows from investment in affiliate	170,464
Net cash provided by investing activities	**169,505**
Cash flows from financing activities	
Repayment of finance lease principal	(387)
Repayment of note payable to affiliate	(5,845)
Distributions to Parent, net	(202,681)
Net cash used by financing activities	**(208,913)**
Net decrease in cash and cash equivalents	(315)
Cash and cash equivalents at beginning of period	748
Cash and cash equivalents at end of period	**433**

The accompanying notes are an integral part of these consolidated financial statements.

1. DESCRIPTION OF THE BUSINESS AND BASIS OF PRESENTATION

Transtar, LLC (“Transtar”, “the Company”, “we” or “our”) owns six operating railroads in the United States with approximately 376 employees. The Company serves 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”, “the Parent” or “Seller”), accounted for approximately 81% of the Company’s revenues for both the year ended December 31, 2020 and six months ended on June 30, 2021 (unaudited).

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. Transactions between the Company and the Parent 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 will purchase 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, will be distributed by Transtar to Seller prior to the transaction close, and will not be acquired by Holdco. The Transaction closed on July 28, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company recognizes revenue as it transfers control over its services to the customer, 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.

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, 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 for the year ended December 31, 2020 and six months ended 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.

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. No impairment indicators were identified for the year ended December 31, 2020 and the six months ended June 30, 2021 (unaudited).

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 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 are deemed to have been remitted to the Parent, in cash, in the period the liability 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.

(Dollars in thousands, unless otherwise noted)

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.

3. REVENU E FROM CONTRACTS WITH CUSTOMERS

The Company disaggregates revenue from contracts with customers based on the characteristics of the services provided:

	Six months ended June 30, 2021 (unaudited)	Year ended December 31, 2020
Switching	$ 39,644	$ 69,005
Interline	22,201	29,301
Ancillary services	6,175	14,373
Total revenues from contracts with customers	68,020	112,679
Rental revenues	1,252	2,503
Total revenues	$ 69,272	$ 115,182

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.

(Dollars in thousands, unless otherwise noted)

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
Accounts receivable – trade	$ 9,943	$ 12,397
Allowance for doubtful accounts	(741)	(741)
Accounts receivable, net	$ 9,202	11,656

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 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, 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	406	-	406	-
Total	**$ 300,713**	**$ (162,770)**	**$ 137,943**	

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, 2020 and six months ended June 30, 2021 (unaudited) totaled $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.

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 a review of Transtar personnel. 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, 2020 and the 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 $1,491 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 $84 (expense) and $(82) (income) for the 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, 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, 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 $1,913 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 $(626) (income) and $(486) (income) for the 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, 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, 2020 and the six months ended June 30, 2021 (unaudited), Transtar recorded charges for contributions to these defined contribution plans of $277 and $203, respectively.

(Dollars in thousands, unless otherwise noted)

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.

The components of the income tax expense for the year ended December 31, 2020 were as follows:

Current tax expense		
Federal	$	10,488
State		4,374
Deferred tax expense		
Federal		27
State		45
Income tax expense	$	14,934

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:

	December 31, 2020
Tax provision at statutory rate	21.0%
State income taxes, net of federal income tax benefit	5.9%
Income tax credits	(1.6)%
Other, net	0.1%
Effective income tax rate	25.4%

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.

(Dollars in thousands, unless otherwise noted)

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
Deferred income tax assets:	
Operating lease liabilities	$ 2,904
Accruals and reserves not deducted for tax purposes until paid	4,327
Other	143
Deferred income tax liabilities:	
Property and equipment basis difference	(19,785)
Operating lease right of use asset	(2,909)
Net deferred tax liabilities	$ (15,320)

As of June 30, 2021, 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.

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. 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. The Company does not accrue for unasserted claims to 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 table sets forth the cash paid for interest:

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Cash paid for interest, net	$ 76	$ 214

Significant Non-Cash Investing and Financing Activities

For the year ended December 31, 2020 and the six months ended June 30, 2021 (unaudited), the change in Accounts payable related to purchases of property and equipment that had not been paid in cash was $(209) and $991, respectively.

(Dollars in thousands, unless otherwise noted)

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, 2020 and the six months ended June 30, 2021 (unaudited), the Company earned revenues of $93.6 million and $56.4 million, respectively, from services rendered to Parent and its affiliates. 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:

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Cost of sales	$ 411	$ 1,408
Selling, general and administrative expense	2,629	4,700
Total	$ 3,040	$ 6,108

Gary, Indiana Lease

The Company has one office lease at Gary, Indiana where 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:

	June 30, 2021 (unaudited)	December 31, 2020
Operating lease right of use assets	$ 2,127	$ 2,183
Operating lease liabilities, current	272	272
Operating lease liabilities, noncurrent	1,696	1,888

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.

(Dollars in thousands, unless otherwise noted)

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, 2020, the Company had an outstanding note payable of $5.8 million 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. Intercompany interest expense for the year ended December 31, 2020 and six months ended June 30, 2021 (unaudited) totaled $145 and $39, respectively.

12. LEASES

We lease certain locomotives, freight cars, and other property for use in our rail operations. We determine if an arrangement is or contains a lease at inception. We have lease agreements with lease and non-lease components, and we have 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; we recognize lease expense for these leases 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 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		As of December 31, 2020
Assets		
Operating lease right of use assets	$	12,567
Property and equipment, net		2,262
Total leased assets	$	14,829
Liabilities		
Current		
Operating lease liabilities, current	$	2,320
Finance lease liabilities, current		702
Noncurrent		
Operating lease liabilities, noncurrent		10,320
Finance lease liabilities, noncurrent		1,600
Total lease liabilities	$	14,942

(Dollars in thousands, unless otherwise noted)

The lease cost components are classified as follows:

	Classification	**Year Ended December. 31, 2020**
Operating lease cost	Cost of Sales	$ 2,799
Finance lease cost	Depreciation expense	511
Finance lease cost	Interest expense	69
Total lease cost		$ 3,379

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	4,301	-	4,301
Total lease payments	$ 16,136	$ 2,427	$ 18,563
Less: Imputed Interest	(3,496)	(125)	(3,621)
Present value of lease liabilities	$ 12,640	$ 2,302	$ 14,942

The following table presents the weighted average remaining lease term and discount rate:

	Year Ended December. 31, 2020
Weighted-average remaining lease term (years)	
Operating leases	8.53 years
Finance leases	4.21 years
Weighted-average discount rate (%)	
Operating leases	7.66%
Finance leases	3.14%

(Dollars in thousands, unless otherwise noted)

The following table presents other information related to our operating and finance leases for the year ended December 31, 2020:

	Year Ended December 31, 2020
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ (2,799)
Investing cash flows from operating leases	-
Operating cash flows from finance leases	(69)
Financing cash flows from finance leases	(486)
Leased assets obtained in exchange for finance lease liabilities	1,330
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 August 16, 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.

Exhibit 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information has been prepared to illustrate the estimated effects of the Transtar acquisition and the funding of the Bridge Loans in connection therewith (the “Transactions”). It sets forth:

- The historical condensed consolidated financial information of FTAI as of and for the six months ended June 30, 2021 (unaudited), derived from FTAI’s unaudited consolidated financial statements; and for the year ended December 31, 2020, derived from FTAI’s audited consolidated financial statements;

- The historical condensed consolidated financial information of Transtar as of and for the six months ended June 30, 2021 (unaudited), derived from Transtar’s unaudited consolidated financial statements; and for the year ended December 31, 2020, derived from Transtar’s audited consolidated financial statements;

- Pro forma adjustments to give effect to FTAI’s acquisition of Transtar and the related Bridge Loans used to finance the acquisition, on FTAI’s consolidated balance sheet as of June 30, 2021, as if the Transactions closed on June 30, 2021; and

- Pro forma adjustments to give effect to FTAI’s acquisition of Transtar and the related Bridge Loans used to finance the acquisition, on FTAI’s consolidated statements of operations for the year ended December 31, 2020 and six months ended June 30, 2021, as if the Transactions closed on January 1, 2020.

This unaudited pro forma condensed combined financial information should be read in conjunction with:

- FTAI’s audited consolidated financial statements and the related notes thereto for the year ended December 31, 2020 included in FTAI’s Annual Report on Form 10-K for the year ended December 31, 2020;

- FTAI’s unaudited consolidated financial statements and the related notes thereto as of and for the six months ended June 30, 2021 included in FTAI’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021;

- Transtar’s audited consolidated financial statements and the related notes thereto for the year ended December 31, 2020 and unaudited consolidated financial statements as of and for the six months ended June 30, 2021, filed herewith; and,

- The accompanying notes to the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information has been prepared from the respective historical consolidated financial information of FTAI and Transtar, and reflects adjustments to the historical information in accordance with Article 11, “*Pro Forma Financial Information*”, under Regulation S-X of the Exchange Act, (“Article 11”). The following unaudited pro forma condensed combined financial information primarily gives effect to:

- application of the acquisition method of accounting in connection with the Transtar acquisition;

- adjustments to reflect the Bridge Loans incurred to finance the Transtar acquisition; and

- transaction costs incurred in connection with the Transtar acquisition.

Accounting Standards Codification (“ASC”) Topic 805, *Business Combinations* (“ASC 805”), requires, among other things, that under the acquisition method most assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The acquisition method of accounting uses fair value concepts as defined by ASC Topic 820, *Fair Value Measurement* (“ASC 820”). ASC 820 defines the term “fair value” as “*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*”. As such, many of these fair value measurements require significant management judgment, and it is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts. For additional information, see the section entitled “Notes to Unaudited Pro Forma Condensed Combined Financial Information— Note 3: Preliminary estimated purchase consideration and purchase price allocation.”

The unaudited pro forma condensed combined balance sheet as of June 30, 2021 includes adjustments which depict the accounting for the Transactions required by GAAP regardless of whether they are expected to have a continuing impact on the combined company’s results or are non-recurring. Under ASC 805, acquisition-related transaction costs are not included as a component of consideration transferred but are accounted for as expenses in the period in which the costs are incurred. Total acquisition-related transaction costs (excluding financing fees) are estimated to be approximately $8.7 million, of which $5.9 million has been incurred as of June 30, 2021.

The allocation of the purchase price used in the unaudited pro forma condensed combined financial information is based on preliminary estimates and assumptions. These preliminary estimates and assumptions are subject to change. FTAI has not completed certain detailed valuation studies necessary to determine the fair value of Transtar's assets acquired and liabilities assumed and the related purchase price allocation. The final purchase price allocation determination will be based on the identification of Transtar's assets acquired and liabilities assumed and their respective assigned fair values as of the effective time of the acquisition.

As allowed under GAAP, FTAI has estimated the preliminary fair value of Transtar's assets and liabilities based on discussions with Transtar's management, valuation studies performed by an independent third-party valuation firm and financial due diligence. The final purchase accounting adjustments may be materially different from the preliminary unaudited adjustments presented herein.

The unaudited pro forma condensed combined financial information has been compiled in a manner consistent with the accounting policies adopted by FTAI. FTAI believes these accounting policies are similar in material respects to those of Transtar. Certain reclassifications have been made to conform the presentation of Transtar's financial information to that of FTAI. A reconciliation of these reclassifications is provided in the notes to the unaudited pro forma condensed combined financial information.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2021
(in thousands)

	FTAI	Transtar, as Reclassified	Financing Adjustments (Note 4)	Notes	Acquisition Adjustments (Note 5)	Notes	Pro Forma Combined
Assets							
Cash and cash equivalents	$ 105,244	$ 433	$ 632,325	(a)	$ (638,383)	(a)	$ 99,619
Restricted cash	38,001	-	-		-		38,001
Accounts receivable, net	175,827	20,693	-		(16)	(b)	196,504
Leasing equipment, net	1,656,702	-	-		-		1,656,702
Operating lease right-of-use assets, net	64,541	11,722	-		(23)	(c)	76,240
Finance leases, net	13,124	2,270	-		95	(d)	15,489
Property, plant, and equipment, net	1,014,390	133,879	-		372,497	(e)	1,520,766
Investments	114,493	354,653	-		(354,653)	(f)	114,493
Intangible assets, net	14,488	-	-		62,370	(g)	76,858
Goodwill	122,735	-	-		117,310	(h)	240,045
Other assets	234,401	8,755	-		12,384	(i)	255,540
Total assets	**$ 3,553,946**	**$ 532,405**	**$ 632,325**		$ (428,419)		$ 4,290,257
Liabilities							
Accounts payable and accrued liabilities	$ 148,367	$ 42,425	$ -		$ 2,164	(j)	$ 192,956
Debt, net	2,127,086	-	632,325	(b)	-		2,759,411
Maintenance deposits	119,448	-	-		-		119,448
Security deposits	35,663	-	-		-		35,663
Operating lease liabilities	64,120	11,598	-		101	(k)	75,819
Pension and other postretirement benefits	-	-	-		37,543	(l)	37,543
Other liabilities	18,249	28,305	-		(15,283)	(m)	31,271
Total liabilities	**$ 2,512,933**	**$ 82,328**	**$ 632,325**		$ 24,525		$ 3,252,111
Equity							
Common shares	$ 856	$ -	$ -		$ -		$ 856
Preferred shares	133	-	-		-		133
Additional paid in capital	1,163,748	450,077	-		(450,077)	(n)	1,163,748
Accumulated deficit	(88,056)	-	-		(2,867)	(o)	(90,923)
Accumulated other comprehensive loss	(49,115)	-	-		-		(49,115)
Shareholders' equity	1,027,566	450,077	-		(452,944)		1,024,699
Non-controlling interest in equity of consolidated subsidiaries	13,447	-	-		-		13,447
Total equity	1,041,013	450,077	-		(452,944)		1,038,146
Total liabilities and equity	**$ 3,553,946**	**$ 532,405**	**$ 632,325**		$ (428,419)		$ 4,290,257

See accompanying notes to the "Unaudited Pro Forma Condensed Combined Financial Information"

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(in thousands, except per share amounts)

	FTAI	Transtar, as Reclassified	Financing Adjustments (Note 4)	Notes	Acquisition Adjustments (Note 5)	Notes	Pro Forma Combined
Revenues							
Equipment leasing revenues	$ 138,178	$ -	$ -		$ -		$ 138,178
Infrastructure revenues	35,886	69,272	-		-		105,158
Total revenues	174,064	69,272	-		-		243,336
Expenses							
Operating expenses	56,180	31,175	-		(650)	(p)	86,705
General and administrative	7,907	2,825	-		-		10,732
Acquisition and transaction expenses	6,042	-	-		191	(q)	6,233
Management fees and incentive allocation to affiliate	8,103	-	-		-		8,103
Depreciation and amortization	91,906	4,453	-		6,418	(r)	102,777
Asset impairment	2,189	-	-		-		2,189
Interest expense	70,494	76	30,289	(c)	(57)	(s)	100,802
Total expenses	242,821	38,529	30,289		5,902		317,541
Other (expense) income							
Equity in losses of unconsolidated entities	(5,778)	-	-		-		(5,778)
Gain on sale of assets, net	4,798	356	-		-		5,154
Loss on extinguishment of debt	(3,254)	-	-		-		(3,254)
Interest income	739	4,143	-		(4,143)	(t)	739
Other (expense) income	(703)	803	-		-		100
Total other (expense) income	(4,198)	5,302	-		(4,143)		(3,039)
(Loss) income before income taxes	(72,955)	36,045	(30,289)		(10,045)		(77,244)
(Benefit from) provision for income taxes	(1,471)	9,132	(7,674)	(d)	(2,545)	(u)	(2,558)
Net (loss) income	(71,484)	26,913	(22,615)		(7,500)		(74,686)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	(11,586)	-	-		-		(11,586)
Less: Dividends on preferred shares	11,176	-	-		-		11,176
Net (loss) income attributable to shareholders	$ (71,074)	$ 26,913	$ (22,615)		$ (7,500)		$ (74,276)
Loss per share							
Basic (v)	$ (0.83)	$ -					$ (0.86)
Diluted (v)	$ (0.83)	$ -					$ (0.86)
Weighted-average shares outstanding:							
Basic	86,029,305	-					86,029,305
Diluted	86,029,305	-					86,029,305

See accompanying notes to the “Unaudited Pro Forma Condensed Combined Financial Information”

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(in thousands, except per share amounts)

	FTAI	Transtar, as Reclassified	Financing Adjustments (Note 4)	Notes	Acquisition Adjustments (Note 5)	Notes	Pro Forma Combined
Revenues							
Equipment leasing revenues	$ 297,934	$ -	$ -		$ -		$ 297,934
Infrastructure revenues	68,562	115,182	-		-		183,744
Total revenues	366,496	115,182	-		-		481,678
Expenses							
Operating expenses	109,512	52,907	-		(988)	(p)	161,431
General and administrative	18,159	5,985	-		-		24,144
Acquisition and transaction expenses	9,868	-	-		3,652	(q)	13,520
Management fees and incentive allocation to affiliate	18,519	-	-		-		18,519
Depreciation and amortization	172,400	9,357	-		12,558	(r)	194,315
Asset impairment	33,978	-	-		-		33,978
Interest expense	98,206	214	56,134	(c)	(164)	(s)	154,390
Total expenses	460,642	68,463	56,134		15,058		600,297
Other (expense) income							
Equity in losses of unconsolidated entities	(5,039)	-	-		-		(5,039)
Loss on sale of assets, net	(308)	(36)	-		-		(344)
Loss on extinguishment of debt	(11,667)	-	-		-		(11,667)
Interest income	162	11,511	-		(11,511)	(t)	162
Other income	70	663	-		-		733
Total other (expense) income	(16,782)	12,138	-		(11,511)		(16,155)
(Loss) income before income taxes	(110,928)	58,857	(56,134)		(26,569)		(134,774)
(Benefit from) provision for income taxes	(5,905)	14,934	(14,243)	(d)	(6,940)	(u)	(12,154)
Net (loss) income from continuing operations	(105,023)	43,923	(41,891)		(19,629)		(122,620)
Net income from discontinued operations, net of taxes	1,331	-	-		-		1,331
Net (loss) income	(103,692)	43,923	(41,891)		(19,629)		(121,289)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries:	(16,522)	-	-		-		(16,522)
Less: Dividends on preferred shares	17,869	-	-		-		17,869
Net (loss) income attributable to shareholders	$ (105,039)	$ 43,923	$ (41,891)		$ (19,629)		$ (122,636)
(Loss) earnings per share							
Basic (v)							
Continuing operations	$ (1.24)	$ -					$ (1.44)
Discontinued operations	$ 0.02	$ -					$ 0.02
Diluted (v)							
Continuing operations	$ (1.24)	$ -					$ (1.44)
Discontinued operations	$ 0.02	$ -					$ 0.02
Weighted-average shares outstanding:							
Basic	86,015,702	-					86,015,702
Diluted	86,015,702	-					86,015,702

See accompanying notes to the “Unaudited Pro Forma Condensed Combined Financial Information”

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

(Dollars in thousands, unless otherwise stated)

Note 1: Description of the Transaction and Basis of Pro Forma Presentation

On June 7, 2021, Percy Acquisition LLC ("Percy"), a subsidiary of FTAI, and United States Steel Corporation ("U.S. Steel") entered into the Transtar Purchase Agreement, pursuant to which, among other things, Percy will purchase 100% of the equity interests of Transtar from U.S. Steel. The Transtar acquisition closed on July 28, 2021, following the receipt of regulatory approval, and Transtar became a wholly-owned subsidiary of FTAI. At closing, after customary working capital and other adjustments, as outlined in the Transtar Purchase Agreement, approximately $636,008 was paid in cash.

FTAI estimates the total purchase consideration to be approximately $636,008, as described in "—Note 3: Preliminary estimated purchase consideration and purchase price allocation," below. FTAI has assumed, for the purposes of the unaudited pro forma condensed combined financial information, that it will pay $103 as part of the net working capital and indemnification adjustments. FTAI incurred Bridge Loans in an aggregate principal amount of $650,000 to fund the acquisition.

The unaudited pro forma condensed combined financial information has been prepared from the respective historical consolidated financial information of FTAI and Transtar, and reflects adjustments to the historical financial information in accordance with Article 11 using the acquisition method of accounting, as defined by ASC 805, and using the fair value concepts as defined in ASC 820. As a result, FTAI has recorded the business combination in its consolidated financial statements and applied the acquisition method to account for Transtar's assets acquired and liabilities assumed as of July 28, 2021, the closing date of the acquisition. The acquisition method requires the recording of identifiable assets acquired and liabilities assumed at their fair values on the acquisition date, and the recording of goodwill for the excess of the purchase price over the aggregate fair value of the identifiable assets acquired and liabilities assumed.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what FTAI's financial position or results of operations would have been had the Transactions been consummated on the date indicated, nor is it necessarily indicative of what the financial position or results of operations of FTAI will be in future periods. The historical financial information has been adjusted to depict the accounting for the Transactions. Additionally, the unaudited pro forma condensed combined financial information does not reflect the cost of any integration activities or benefits that may result from potential revenue enhancements, anticipated cost savings and expense efficiencies or other synergies that may be achieved in the acquisition or any strategies that management may consider in order to continue to efficiently manage FTAI's operations.

To prepare the unaudited pro forma condensed combined financial information, FTAI adjusted Transtar's assets and liabilities to their estimated fair values based on preliminary valuation procedures performed and a preliminary allocation of purchase price. As of the date of this filing, FTAI has not completed certain detailed valuation procedures necessary to finalize the fair values of Transtar's assets acquired and liabilities assumed and the related purchase price allocation. The final valuation and related allocation of the purchase price is still being finalized and is expected to be completed when FTAI files its report on Form 10-Q for the quarter ended September 30, 2021, or no later than 12 months after the closing date. Accordingly, the final acquisition accounting adjustments may be materially different from the unaudited pro forma adjustments presented herein and may include (i) changes in fair values of Property, plant and equipment; (ii) changes in allocations to Intangible assets, such as above or below market leases, customer relationships, as well as goodwill; and, (iii) other changes to assets and liabilities. Furthermore, FTAI is still evaluating Transtar's accounting policies in an effort to determine if differences in accounting policies require adjustment or reclassification of Transtar's results of operations or reclassification of assets or liabilities to conform to FTAI's accounting policies and classifications. As a result of that review, differences could be identified between the accounting policies of the two companies that, when conformed, could have a material impact on the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information, and accompanying notes thereto, should be read in conjunction with (i) FTAI's audited consolidated financial statements and the related notes thereto for the year ended December 31, 2020, included in FTAI's Annual Report on Form 10-K for the year ended December 31, 2020; (ii) FTAI's unaudited consolidated financial statements and the related notes thereto as of and for the six months ended June 30, 2021, included in FTAI's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021; and (iii) Transtar's audited consolidated financial statements and the related notes thereto, for the year ended December 31, 2020 and unaudited consolidated financial statements as of and for the six months ended June 30, 2021, filed herewith.

Note 2: Adjustments to Transtar historical financial statements

Intercompany eliminations

There are no significant intercompany balances or transactions that require elimination from the unaudited pro forma condensed combined financial information.

Presentation and reclassification adjustments

Certain presentation and reclassification adjustments have been made to the historical presentation of Transtar's financial statements in order conform to the presentation of FTAI, by reclassifying:

- Investment in affiliate to Investments;
- Due from affiliates to Accounts receivable, net;
- Finance leases included in Property and equipment, net to Finance leases, net;
- Prepaids and other current assets to Other assets;
- Payroll and benefits liabilities, Accrued taxes and other current liabilities, and Due to affiliates, to Accounts payable and accrued liabilities;
- Finance lease liabilities, both current and noncurrent, and Deferred income tax liabilities to Other liabilities;
- Member's equity to Additional paid in capital;
- Revenues from affiliates and Revenues from unrelated parties to Infrastructure revenues;
- Cost of sales to Operating expenses;
- Gain (loss) on sale of assets included in Other (expense) income to Gain (loss) on sale of assets, net; and
- Interest income from affiliate to Interest income.

The following tables illustrate the impact of adjustments made to the historical Transtar financial statements to align to the presentation of FTAI as described above:

TRANSTAR
UNAUDITED CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2021

	Transtar Before Reclassification	Reclassification Adjustments	Transtar, as Reclassified	FTAI Presentation
ASSETS				
Current assets				
Cash and cash equivalents	$ 433	$ -	$ 433	Cash and cash equivalents
Investment in affiliate	354,653	-	354,653	Investments
Accounts receivable, net	9,202	11,491	20,693	Accounts receivable, net
Prepaids and other current assets	2,768	(2,768)	-	Other assets
Due from affiliates	11,491	(11,491)	-	
Total current assets	378,547	-	378,547	
Property and equipment, net	136,149	(2,270)	133,879	Property, plant and equipment, net
		2,270	2,270	Finance leases, net
Operating lease right of use assets	11,722	-	11,722	Operating lease right-of-use assets, net
Other assets	5,987	2,768	8,755	Other assets
Total assets	**$ 532,405**	**$ -**	**$ 532,405**	
LIABILITIES & MEMBER'S EQUITY				
Current liabilities				
Accounts payable	$ 33,437	$ 8,988	$ 42,425	Accounts payable and accrued liabilities
Payroll and benefits liabilities	6,236	(6,236)	-	
Accrued taxes and other current liabilities	1,874	(1,874)	-	
Operating lease liabilities	2,315	(2,315)	-	
Finance lease liabilities	840	(840)	-	
Due to affiliates	878	(878)	-	
Total current liabilities	45,580	(3,155)	42,425	
Non-current liabilities				
Operating lease liabilities	9,283	2,315	11,598	Operating lease liabilities
Finance lease liabilities	1,425	(1,425)	-	
Deferred income tax liabilities	15,320	(15,320)	-	
Other liabilities	10,720	17,585	28,305	Other liabilities
Total non-current liabilities	36,748	3,155	39,903	
Total liabilities	**82,328**	-	**82,328**	
Member's equity				
Total member's equity	450,077	-	450,077	Additional paid in capital
Total liabilities and member's equity	**$ 532,405**	$ -	**$ 532,405**	

TRANSTAR
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Transtar Before Reclassification	Reclassification Adjustments	Transtar, as Reclassified	FTAI Presentation
Revenues				
Revenues from affiliates	$ 56,405	$ (56,405)	$ -	
Revenues from unrelated parties	12,867	56,405	69,272	Infrastructure revenues
Total revenues	69,272	-	69,272	Total revenues
Operating expenses				
Cost of sales	31,175	-	31,175	Operating expenses
Depreciation expense	4,453	-	4,453	Depreciation and amortization
Selling, general and administrative expenses	2,825	-	2,825	General and administrative
Total expenses	38,453	-	38,453	
Operating income	30,819	-	30,819	
	-	356	356	Gain (loss) on sale of assets, net
Other income, net	1,159	(356)	803	Other (expense) income
Interest income from affiliate	4,143	-	4,143	Interest income
Interest expense	(76)	-	(76)	Interest expense
Income before income taxes	36,045	-	36,045	
Income tax expense	9,132	-	9,132	(Benefit from) provision for income taxes
Net income	**$ 26,913**	**$ -**	**$ 26,913**	

TRANSTAR
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Transtar Before Reclassification	Reclassification Adjustments	Transtar, as Reclassified	FTAI Presentation
Revenues				
Revenues from affiliates	$ 93,586	$ (93,586)	$ -	
Revenues from unrelated parties	21,596	93,586	115,182	Infrastructure revenues
Total revenues	115,182	-	115,182	Total revenues
Operating expenses				
Cost of sales	52,907	-	52,907	Operating expenses
Depreciation expense	9,357	-	9,357	Depreciation and amortization
Selling, general and administrative expenses	5,985	-	5,985	General and administrative
Total expenses	68,249	-	68,249	
Operating income	46,933	-	46,933	
	-	(36)	(36)	Gain (loss) on sale of assets, net
Other income, net	627	36	663	Other (expense) income
Interest income from affiliate	11,511	-	11,511	Interest income
Interest expense	(214)	-	(214)	Interest expense
Income before income taxes	58,857	-	58,857	
Income tax expense	14,934	-	14,934	(Benefit from) provision for income taxes
Net income	**$ 43,923**	**$ -**	**$ 43,923**	

Note 3: Preliminary estimated purchase consideration and purchase price allocation

The following table summarizes the components of the preliminary estimated purchase consideration:

in thousands	
(i) Cash consideration subject to adjustments set forth in Purchase Agreement	$ 636,008
Fair value of cash consideration	636,008
Total purchase consideration	**$ 636,008**

(i) The cash consideration transferred is net of working capital adjustments, closing date indebtedness, certain agreed upon transaction expenses, and closing cash required.

The preliminary allocation of the estimated purchase price to the assets acquired and liabilities assumed as of the closing date of the Transtar acquisition includes estimated adjustments for the fair value of Transtar's assets and liabilities. The final allocation will be determined once FTAI has determined the final purchase price and completed all detailed valuation analyses. The final allocation could differ materially from the preliminary allocation used in this unaudited condensed combined financial information and related pro forma adjustments. The following table summarizes the allocation of the preliminary estimated purchase price:

in thousands	As of June 30, 2021
Fair value of assets acquired:	
Cash and cash equivalents	$ 366
Accounts receivable, net	20,677
Operating lease right-of-use assets, net	11,699
Finance leases, net	2,365
Property, plant and equipment, net	506,376
Intangible assets, net	62,370
Other assets	18,831
Amount attributable to assets acquired	**$ 622,684**

in thousands	As of June 30, 2021
Fair value of liabilities assumed:	
Accounts payable and accrued liabilities	$ 41,722
Operating lease liabilities	11,699
Pension and other postretirement benefits	37,543
Other liabilities	13,022
Amount attributable to liabilities assumed	**$ 103,986**

Fair value of net assets acquired	$ 518,698
Goodwill	117,310
Total preliminary estimated purchase consideration	**$ 636,008**

Transtar's preliminary identifiable intangible assets and their estimated useful lives consist of the following:

Identifiable intangible assets	**Estimated useful life in years**	**Estimated fair value**
Above/below market leases	2-7	$ 1,370
Favorable contracts	13-15	51,000
Customer relationships	13-15	10,000
		$ 62,370

Transtar's preliminary property, plant and equipment and their estimated useful lives consist of the following:

Property, plant and equipment	**Weighted average estimated useful life in years**	**Estimated fair value**
Rail and railroad cars	1-40	$ 205,308
Bridges and Tunnels	15-55	176,310
Land	n/a	91,890
Buildings and Improvements	3-25	12,533
Locomotives	1-16	8,668
Other machinery and equipment	2-15	6,541
Leased vehicles	2-5	2,286
Construction in process	n/a	1,928
Communication equipment	2-22	711
Total property, plant and equipment		$ 506,376

The deferred tax assets included in Other assets above represent the deferred tax impact associated with the goodwill created from the preliminary purchase price allocation. FTAI has estimated that the fair value adjustment to increase Other assets on this basis would be $2,834. This assumes the estimated blended statutory tax rate of approximately 25.3% for the combined company.

The effective tax rate of the combined company could be significantly different (either higher or lower) depending on the post-acquisition activities and cash needs. The estimate is preliminary and subject to change based upon the final determination of fair value of the identifiable assets and liabilities.

Goodwill is calculated as the difference between the acquisition date fair value of consideration transferred and the values assigned to identified assets acquired and liabilities assumed. Goodwill recognized in the acquisition is not deductible for tax purposes.

Note 4: Pro forma financing adjustments

a) Reflects the $632,325 cash proceeds received from Bridge Loans. This amount consists of proceeds from Bridge Loans of $650,000, net of closing issuance costs of $17,675. Additional issuance costs of $667 were previously included in the historical consolidated financial statements of FTAI.

b) Reflects Bridge Loans in the amount of $650,000, net of closing issuance costs of $17,675, used primarily to finance the cash consideration transferred. Additional issuance costs of $667 were previously included in the historical consolidated financial statements of FTAI. The Bridge Loans represent short term financing arrangements which FTAI expects to replace with long-term financing at or before maturity.

c) Reflects $24,175 and $43,906 of interest expense and $6,114 and $12,228 amortization of debt issuance costs for the six months ended June 30, 2021 and year ended December 31, 2020, respectively, associated with the Bridge Loans.

The Bridge Loans bear interest at the Adjusted Eurodollar Rate (determined in accordance with the Credit Agreement) plus 5.50%, 6%, 6.5% and 7% per annum for the first, second, third and fourth period of three months, respectively, commencing on the closing date of the Transtar acquisition, but excluding, the maturity date, July 27, 2022.

A one-eighth percent change in the assumed interest rate of the Bridge Loans would increase or decrease the interest expense by $403 and $813 for the six months ended June 30, 2021 and year ended December 31, 2020, respectively.

d) The pro forma income tax adjustments included in the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2021 and year ended December 31, 2020, reflect the income tax effects of the pro forma financing adjustments, which are estimated to produce a tax benefit of $7,674 and $14,243, after applying an effective tax rate of 25.3% and 25.4%, respectively. The effective blended tax rate of the combined company could be significantly different from what has been used in these unaudited pro forma condensed combined financial information for a variety of reasons, including post-acquisition activities.

Note 5: Pro forma acquisition accounting adjustments

Pursuant to the Transtar Purchase Agreement, the acquired interests also include various real estate assets, which are known as the "Zug Island Bridges" and "Gary Locomotive Shop". These acquired interests are not included in the historical financial statements of Transtar, as they were historically owned by Transtar's former parent, U.S. Steel. Additionally, the acquired interests exclude Warrior & Gulf Navigation, LLC ("WGN"), a subsidiary historically wholly-owned by Transtar prior to the Transtar acquisition. WGN is included in the historical consolidated financial statements of Transtar.

a) Reflects the pro forma adjustments to Cash and cash equivalents which includes:

(i) Cash paid at closing of $636,008 (See Note 3 above), which is subject to customary net working capital and indemnification adjustments;
(ii) Cash paid at closing of $2,308 related to a prepaid representations and warranties insurance policy; and,
(iii) Pro forma adjustment to eliminate WGN in the amount of $67.

b) Reflects the pro forma adjustment to Accounts receivable, net to eliminate WGN in the amount of $16.

c) Reflects the pro forma adjustments to Operating lease right-of-use assets, net which includes:

(i) The remeasurement of operating lease right-of-use assets in the amount of $2,104 as a result of the Transtar acquisition; and,
(ii) Represents the elimination of balances related to a lease of certain real estate assets in the amount of $2,127, located in Gary, Indiana. Pursuant to the Transtar Purchase Agreement, the building, which was previously leased to Transtar by U.S. Steel, was acquired by Transtar as part of the Transactions, and as such, is reflected in the pro forma adjustments to Property, plant and equipment, net.

d) Reflects the remeasurement of finance lease right-of-use assets as a result of the acquisition.

e) Reflects the pro forma adjustments to Property, plant and equipment, net which includes:

(i) Pro forma adjustments of $355,173 to increase Transtar's historical property, plant and equipment to its preliminary estimate of acquisition date fair value;
(ii) Pursuant to the Transtar Purchase Agreement, the inclusion of the Gary Locomotive Shop, in the amount of $1,061;
(iii) Pursuant to the Transtar Purchase Agreement, the inclusion of the Zug Island Bridges, in the amount of $17,741; and,
(iv) Pro forma adjustment to eliminate WGN in the amount of $1,478.

f) Reflects the elimination of certain cash pooling arrangements with an affiliate of Transtar's former parent that, pursuant to the Transtar Purchase Agreement, were settled and the proceeds distributed by Transtar to U.S. Steel prior to closing.

g) Reflects the preliminary estimate of fair value of identifiable intangible assets acquired.

h) Reflects the pro forma adjustment for the goodwill arising from the acquisition.

i) Reflects the pro forma adjustments to Other assets which includes:

(i) Pursuant to the Transtar Purchase Agreement, the recognition of an indemnification asset, whereby FTAI is indemnified against losses relating to potential claims arising from asbestos exposure and certain environmental claims by U.S. Steel. This indemnification asset is recorded in an equal and offsetting amount to that of the related liability of $7,252;
(ii) Pro forma deferred tax adjustment in the amount of $2,834, which is driven by excess tax goodwill over financial statement goodwill. Pro forma financial statements contemplate FTAI electing, pursuant to IRC section 338(h)(10), to treat the acquisition as an asset acquisition for tax purposes, whereby the tax basis of the acquired assets and liabilities are stepped up to their acquisition date fair values. Transaction costs associated with the acquisition are treated as a current expense for financial statement purposes and capitalized into tax basis giving rise to additional tax basis in goodwill and an associated deferred tax asset;
(iii) Recognition of a prepaid representations and warranties insurance policy in the amount of $2,308 paid at closing; and,

(iv) Pro forma adjustment to eliminate WGN in the amount of $10.

j) Reflects the pro forma adjustments to Accounts payable and accrued liabilities which includes:

(i) An accrual of $2,867 for non-recurring transaction costs, incurred after and not yet recognized as of June 30, 2021; and,
(ii) Pro forma adjustment to eliminate WGN in the amount of $703.

k) Reflects the pro forma adjustments to Operating lease liabilities, which includes:

(i) The remeasurement of operating lease liabilities in the amount of $2,069, as a result of the Transtar acquisition; and,
(iii) Represents the elimination of balances related to a lease of certain real estate assets located in Gary, Indiana in the amount of $1,968. Pursuant to the Transtar Purchase Agreement, the building, which was previously leased to Transtar by U.S. Steel, was acquired by Transtar as part of the Transactions and there is no remaining obligation related to the terminated lease.

l) Reflects the obligation, in the amount of $37,543, related to Transtar employees' pension and other post-employment benefits that FTAI has agreed to provide in connection with the Transtar Purchase Agreement. These balances were not reflected in the Transtar historical financial statements as these employees were part of plans sponsored by Transtar's former parent, U.S. Steel, and were not obligations of Transtar. No adjustment was required in the unaudited pro forma condensed combined statement of operations, however, as periodic benefit costs related to the pension and other post-employment benefits provided to Transtar employees by U.S. Steel were already reflected in the Transtar historical financial statements.

m) Reflects the pro forma adjustments to Other liabilities which includes:

(i) The remeasurement of finance lease liabilities in the amount of $100 as a result of the Transtar acquisition;
(ii) The elimination of Transtar's historical deferred tax liability in the amount of $15,320. Due to the Transactions, the tax basis of the acquired Transtar net assets now equals their book basis (with the exception of goodwill, where tax basis is in excess of the book basis), eliminating historic book-tax basis differences that gave rise to the deferred tax liability; and,
(iii) Pro forma adjustment to eliminate WGN in the amount of $63.

n) Reflects the elimination of Transtar's historical Member's equity.

o) Reflects the impact of non-recurring transaction costs.

p) Reflects the pro forma adjustments to Operating expenses which includes:

(i) The remeasurement of operating lease rental expenses in the amounts of $(633) and $(1,124) for the six months ended June 30, 2021 and year ended December 31, 2020, respectively; and,
(ii) Pro forma adjustment to eliminate WGN in the amounts of $(17) and $136 for the six months ended June 30, 2021 and year ended December 31, 2020, respectively.

q) Reflects an adjustment to record recurring transaction-related costs, including $191 and $385 of amortization for the six months ended June 30, 2021 and year ended December 31, 2020, respectively, related to the prepaid representations and warranties insurance policy. Additionally, an adjustment was made to record $3,267 to the pro forma condensed combined statement of operations for the year ended December 31, 2020 of non-recurring transaction costs incurred after and not yet recognized as of June 30, 2021.

r) Reflects the pro forma adjustments to Depreciation and amortization which includes:

(i) An adjustment of $2,183 and $4,401 for the six months ended June 30, 2021 and year ended December 31, 2020, respectively, to record amortization expense related to identifiable intangible assets, based on the preliminary determination of their estimated fair values and remaining useful lives. A 10% change in the valuation of the acquired intangible assets would cause a corresponding increase or decrease to the annual amortization expense of $440;
(ii) An adjustment of $4,242 and $8,023 for the six months ended June 30, 2021 and year ended December 31, 2020, respectively, to record incremental depreciation expense related to the property, plant and equipment acquired (including Zug Island Bridge and Gary Locomotive Shop), based on the preliminary determination of their estimated fair values and remaining useful lives. A 10% change in the valuation of the acquired property, plant and equipment would cause a corresponding increase or decrease to the annual depreciation expense of $1,687; and,
(iii) The remeasurement of finance lease depreciation in the amounts of $(7) and $134 for the six months ended June 30, 2021 and year ended December 31, 2020, respectively.

s) Reflects the pro forma adjustments to Interest expense which includes:

(i) An adjustment of $(18) and $(19) for the six months ended June 30, 2021 and year ended December 31, 2020, respectively, related to the remeasurement of finance leases obligations; and,

(ii) Pro forma adjustment to eliminate WGN in the amounts of $(39) and $(145) for the six months ended June 30, 2021 and year ended December 31, 2020, respectively.

t) Reflects the elimination of interest income related to cash pooling arrangements with an affiliate of Transtar's former parent that, pursuant to the Transtar Purchase Agreement, were excluded from the acquisition, in the amounts of $4,143 and $11,511 for the six months ended June 30, 2021 and year ended December 31, 2020, respectively.

u) Reflects the pro forma income tax effects of the pro forma acquisition accounting adjustments, which include:

(i) Adjustment to reflect a tax benefit of $2,545 and $6,741 for the six months ended June 30, 2021 and year ended December 31, 2020, respectively, after applying an effective tax rate of 25.3% and 25.4% for the six months ended June 30, 2021 and year ended December 31, 2020, respectively; and,

(ii) Pro forma adjustment to eliminate WGN income tax expense in the amount of $199 from the pro forma condensed combined income statement for the year ended December 31, 2020.

The effective blended tax rate of the combined company could be significantly different from what has been used in these pro forma financial statements for a variety of reasons, including post-acquisition activities.

v) Reflects amounts after pro forma financing and acquisition adjustments. Basic and diluted net earnings (loss) per share ("EPS") are each calculated by dividing adjusted pro forma net earnings (loss) by the weighted average shares outstanding and diluted weighted average shares outstanding for the six months ended June 30, 2021 and year ended December 31, 2020.

in thousands		**Six Months Ended June 30, 2021**		**Year Ended December 31, 2020**
Basic EPS				
Combined pro forma net loss from continuing operations	$	(74,686)	$	(122,620)
Add: Loss attributable to non-controlling interests		(11,586)		(16,522)
Less: Preferred stock dividend		11,176		17,869
Combined pro forma net loss from continuing operations attributable to FTAI common shareholders	$	(74,276)	$	(123,967)
Combined pro forma net income from discontinued operations attributable to FTAI common shareholders	$	-	$	1,331
Weighted average common shares outstanding		86,029,305		86,015,702
Basic EPS from continuing operations	$	(0.86)	$	(1.44)
Basic EPS from discontinued operations	$	-	$	0.02
Weighted average diluted shares outstanding		86,029,305		86,015,702
Diluted EPS from continuing operations	$	(0.86)	$	(1.44)
Diluted EPS from discontinued operations	$	-	$	0.02

Exhibit 99.3

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
UNAUDITED SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION

Fortress Transportation and Infrastructure Investors LLC (the "Company") is providing Adjusted EBITDA of Transtar and Pro Forma Adjusted EBITDA (collectively, "Adjusted EBITDA") to supplement the condensed consolidated financial information of Transtar, LLC ("Transtar"), which is presented on a U.S. generally accepted accounting principles ("GAAP") basis, and the unaudited pro forma condensed combined financial information of the Company, which is presented on a GAAP basis and prepared in accordance with Article 11 of Regulation S-X. Adjusted EBITDA is a non-GAAP financial measure. The condensed consolidated financial information of Transtar and the unaudited pro forma condensed combined financial information of the Company are contained in Exhibits 99.1 and 99.2, respectively, to the Current Report on Form 8-K/A to which this exhibit is filed.

The Company's management believes Adjusted EBITDA and Pro Forma Adjusted EBITDA provide users of the pro forma financial statements with useful information with which to evaluate pro forma results of operations. Adjusted EBITDA is defined as net loss attributable to shareholders from continuing operations (in the case of Adjusted EBITDA on a pro forma basis) or net income (in the case of Adjusted EBITDA for Transtar), in each case as, (i) to exclude the impact of 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, (ii) to include the impact of our pro-rata share of Adjusted EBITDA from unconsolidated entities and (iii) to exclude the impact of equity in losses of unconsolidated entities and the non-controlling share of Adjusted EBITDA.

In the case of Transtar, the Company believes that net income, as defined by GAAP, is the most appropriate earnings measurement with which to reconcile Adjusted EBITDA for Transtar, as presented below. The Company believes that net loss attributable to shareholders from continuing operations, as presented in the Company's unaudited pro forma condensed combined financial information, is the most appropriate earnings measurement with which to reconcile Pro Forma Adjusted EBITDA, as presented below. These non-GAAP financial measures may not be comparable to similarly titled measures of other companies because other entities may not calculate these non-GAAP financial measures in the same manner, and should not be considered as an alternative to net income or net income (loss) attributable to shareholders from continuing operations as determined in accordance with GAAP. Although we use or have used these non-GAAP financial measures to assess the performance of Transtar and our business on a pro forma basis and for the other purposes set forth above, the use of these non-GAAP financial measures as analytical tools has limitations, and you should not consider these non-GAAP financial measures in isolation, or as substitutes for analysis of financial measures reported in accordance with GAAP.

The following table sets forth a reconciliation of net income to Adjusted EBITDA of Transtar:

(dollars in thousands)	Six Months Ended June 30, 2021	Year Ended December 31, 2020
Net income	$ 26,913	$ 43,923
Add: Provision for income taxes	9,132	14,934
Add: Equity-based compensation expense	-	-
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	4,453	9,357
Add: Interest expense	76	214
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	-	-
Less: Equity in losses of unconsolidated entities	-	-
Less: Non-controlling share of Adjusted EBITDA	-	-
Adjusted EBITDA (non-GAAP)	$ 40,574	$ 68,428

The following table sets forth a reconciliation of net loss attributable to shareholders from continuing operations as presented in the unaudited pro forma condensed combined financial information to Pro Forma Adjusted EBITDA:

(dollars in thousands)(1)	Six Months Ended June 30, 2021	Year Ended December 31, 2020
Net loss attributable to shareholders from continuing operations	$ (74,276)	$ (123,967)
Add: Benefit from for income taxes	(2,558)	(12,154)
Add: Equity-based compensation expense	2,553	2,325
Add: Acquisition and transaction expenses	6,233	13,520
Add: Losses on the modification or extinguishment of debt and capital lease obligations	3,254	11,667
Add: Changes in fair value of non-hedge derivative instruments	(6,573)	181
Add: Asset impairment charges	2,189	33,978
Add: Incentive allocations	-	-
Add: Depreciation and amortization expense(2)	117,682	224,661
Add: Interest expense	100,802	154,390
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities(3)	2,391	1,208
Less: Equity in losses of unconsolidated entities	5,778	5,039
Less: Non-controlling share of Adjusted EBITDA(4)	(5,286)	(9,637)
Pro Forma Adjusted EBITDA (non-GAAP)	$ 152,189	$ 301,211

(1) Pro forma amounts give effect to the Transtar Transactions in the manner described in the unaudited pro forma condensed combined herein.

(2) Depreciation and amortization expense includes the following for the six months ended June 30, 2021 and the fiscal year ended December 31, 2020: (i) depreciation and amortization expense of $102,777 and $194,315, (ii) lease intangible amortization of $1,950 and $3,747 and (iii) amortization for lease incentives of $12,955 and $26,599, respectively.

(3) Pro-rata share of Adjusted EBITDA from unconsolidated entities includes the following items for the six months ended June 30, 2021 and the fiscal year ended December 31, 2020: (i) net loss of $(6,173) and $(5,435), (ii) interest expense of $527 and $1,138, (iii) depreciation and amortization expense of $3,812 and $5,513, (iv) acquisition and transaction expense of $0 and $581, (v) changes in fair value of non-hedge derivative instruments of $4,201 and $(589) and (vi) asset impairment of $24 and $0, respectively.

(4) Non-controlling share of Adjusted EBITDA includes the following items for the six months ended June 30, 2021 and the fiscal year ended December 31, 2020: (i) equity based compensation of $490 and $374, (ii) provision for income taxes of $26 and $59, (iii) interest expense of $1,013 and $2,025, (iv) depreciation and amortization expense of $3,983 and $6,149, (v) changes in fair value of non-hedge derivative instruments of $(226) and $38 and (vi) loss on extinguishment of debt of $0 and $992, respectively.