



Reconciliation of Non-GAAP Financial Measures

Non-GAAP Financial Measures

This presentation contains references to Adjusted Income from Operations, Adjusted Operating Expenses, Adjusted Operating Ratios, Adjusted Diluted Earnings Per Common Share (EPS), Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Adjusted EBITDA and Debt to Adjusted EBITDA, which are “non-GAAP financial measures” as this term is defined in Item 10(e) of Regulation S-K under the Securities Act of 1933 and the Securities Exchange Act of 1934 and Regulation G under the Securities Exchange Act of 1934. In accordance with these rules, G&W has reconciled these non-GAAP financial measures to their most directly comparable U.S. GAAP measures.

Management views these non-GAAP financial measures as important measures of G&W’s operating performance. Management also views these non-GAAP financial measures as a way to assess comparability between periods.

These non-GAAP financial measures are not intended to represent, and should not be considered more meaningful than, or as an alternative to, their most directly comparable GAAP measures. These non-GAAP financial measures may be different from similarly-titled non-GAAP financial measures used by other companies.

The following tables set forth reconciliations of each of these non-GAAP financial measures to their most directly comparable GAAP measure (in millions, except percentages and per share amounts).

Adjusted Income from Operations, Adjusted Operating Expenses and Adjusted Operating Ratio

	Three Months Ended March 31,	
	2015	2014
Operating revenues	\$ 397.0	\$ 376.3
Operating expenses	324.4	301.4
Income from operations (a)	<u>\$ 72.6</u>	<u>\$ 74.9</u>
Operating ratio (b)	81.7%	80.1%
Operating expenses	\$ 324.4	\$ 301.4
Freightliner acquisition-related costs	(12.6)	-
Business development and related costs	-	(1.2)
Australian severance costs	(1.7)	-
Net gain on sale of assets	0.3	0.8
Adjusted operating expenses	<u>\$ 310.4</u>	<u>\$ 301.1</u>
Adjusted income from operations	<u>\$ 86.7</u>	\$ 75.2
FX		(2.5)
Adjusted income from operations excluding FX		<u>\$ 72.7</u>
Adjusted operating ratio	78.2%	80.0%

(a) Income from operations is calculated as operating revenues less operating expenses.

(b) Operating ratio is calculated as operating expenses divided by operating revenues.

Adjusted Income from Operations, Adjusted Operating Expenses and Adjusted Operating Ratio

	Three Months Ended March 31,	
	2015 Outlook (Revised)	2015 Outlook (Original)
Operating revenues	\$ 375	\$ 400
Operating expenses	~293	302
Income from operations (a)	<u>\$ ~82</u>	<u>\$ 98</u>
Operating ratio (b)		76%
Operating expenses	~293	\$ 302
Australian severance costs	(2)	(4)
Adjusted operating expenses	<u>\$ ~291</u>	<u>\$ 298</u>
Adjusted income from operations	<u>\$ ~84</u>	<u>\$ 102</u>
Adjusted operating ratio		74% - 75%

(a) Income from operations is calculated as operating revenues less operating expenses.

(b) Operating ratio is calculated as operating expenses divided by operating revenues.

Adjusted Income from Operations, Adjusted Operating Expenses and Adjusted Operating Ratio – by Segment

Three Months Ended March 31, 2015	North American & European Operations	Australian Operations
Operating revenues	\$ 337.9	\$ 59.2
Operating expenses	279.8	44.6
Income from operations (a)	<u>\$ 58.0</u>	<u>\$ 14.6</u>
Operating ratio (b)	82.8%	75.3%
Operating expenses	\$ 279.8	\$ 44.6
Freightliner acquisition-related costs	(12.5)	(0.1)
Australian severance costs	-	(1.7)
Net gain on sale of assets	0.3	-
Adjusted operating expenses	<u>\$ 267.6</u>	<u>\$ 42.8</u>
Adjusted income from operations	<u>\$ 70.3</u>	<u>\$ 16.4</u>
Adjusted operating ratio	79.2%	72.3%

(a) Income from operations is calculated as operating revenues less operating expenses.

(b) Operating ratio is calculated as operating expenses divided by operating revenues.

Adjusted Income from Operations, Adjusted Operating Expenses and Adjusted Operating Ratio – by Segment (cont.)

Three Months Ended March 31, 2014	North American & European Operations		Australian Operations
Operating revenues	\$	300.0	\$ 76.3
Operating expenses		244.3	57.1
Income from operations (a)	\$	<u>55.7</u>	\$ <u>19.2</u>
Operating ratio (b)		81.4%	74.9%
Operating expenses	\$	244.3	\$ 57.1
Business development and related costs		(1.2)	-
Net gain on sale of assets		0.7	0.1
Adjusted operating expenses	\$	<u>243.9</u>	\$ <u>57.2</u>
Adjusted income from operations	\$	<u>56.1</u>	\$ <u>19.1</u>
Adjusted operating ratio		81.3%	75.0%

(a) Income from operations is calculated as operating revenues less operating expenses.

(b) Operating ratio is calculated as operating expenses divided by operating revenues.

Adjusted Net Income and Adjusted Diluted EPS

Three Months Ended March 31, 2015	Net Income	Diluted EPS
As reported	\$ 23.9	\$ 0.42
Add back certain items:		
Loss on settlement of Freightliner acquisition-related foreign currency forward purchase contract	11.6	0.20
Freightliner acquisition-related costs	9.5	0.17
Credit facility refinancing-related costs	1.3	0.02
Australian severance costs	1.2	0.02
Net gain on sale of assets	(0.2)	-
As adjusted	<u>\$ 47.3</u>	<u>\$ 0.83</u>

Three Months Ended March 31, 2014	Net Income	Diluted EPS
As reported	\$ 40.0	\$ 0.70
Add back certain items:		
Business development and related costs	0.7	0.01
Net gain on sale of assets	(0.5)	(0.01)
As adjusted	<u>\$ 40.2</u>	<u>\$ 0.70</u>
FX		(0.03)
As adjusted excluding FX		<u>\$ 0.67</u>

Adjusted Diluted EPS

Three Months Ended March 31, 2015 (Outlook-Revised)	Diluted EPS
As reported	\$ ~0.78
Add back certain items:	
Australian severance costs	0.02
As adjusted	<u>\$ ~0.80</u>

Three Months Ended March 31, 2015 (Outlook-Original)	Diluted EPS
As reported	\$ 0.94
Add back certain items:	
Australian severance costs	0.04
As adjusted	<u>\$ 0.98</u>

Adjusted Diluted EPS

Twelve Months Ended December 31, 2015 (Outlook-Revised)	Diluted EPS
As reported	\$3.92 - \$4.12
Add back certain items:	
Australian severance costs	0.05
Freightliner acquisition and related costs	0.43
As adjusted	<u>\$4.40 - \$4.60</u>

Three Months Ended June 30, 2015 (Outlook-Revised)	Diluted EPS
As reported	\$0.99 - \$1.04
Add back certain items:	
Australian severance costs	0.03
Freightliner acquisition and financing related costs	0.03
As adjusted	<u>\$1.05 - \$1.10</u>

Adjusted Income from Operations, Adjusted Operating Expenses and Adjusted Operating Ratio – by Geography

	Twelve Months Ended December 31, 2015 (Outlook)			
	North America	U.K./Europe	Australia	Total
Operating revenues	\$1,305 - \$1,325	\$560 - \$565	\$265 - \$270	\$2,130 - \$2,160
Operating expenses	957 - 967	~524	~210	1,691 - 1,701
Income from operations (a)	<u>\$349 - \$359</u>	<u>\$36 - \$41</u>	<u>\$55 - \$60</u>	<u>\$439 - \$459</u>
Operating ratio (b)	~73%	~93%	~79%	~79%
Operating expenses	\$957 - \$967	~\$524	~\$210	\$1,691 - \$1,701
Australian severance costs	-	-	(5)	(5)
Business development and related costs	(12)	(4)	-	(16)
Adjusted operating expenses	<u>\$945 - \$955</u>	<u>~\$520</u>	<u>~\$205</u>	<u>\$1,670 - \$1,680</u>
Adjusted income from operations	<u>\$360 - \$370</u>	<u>\$40 - \$45</u>	<u>\$60 - \$65</u>	<u>\$460 - \$480</u>
Adjusted operating ratio	~72%	~92%	~77%	~78%

(a) Income from operations is calculated as operating revenues less operating expenses.

(b) Operating ratio is calculated as operating expenses divided by operating revenues.

Adjusted Income from Operations, Adjusted Operating Expenses and Adjusted Operating Ratio – by Geography

	Three Months Ended June 30, 2015 (Outlook)			
	North America	U.K./Europe	Australia	Total
Operating revenues	\$325 - \$335	\$170 - \$175	~\$70	\$565 - \$580
Operating expenses	238 - 244	160 - 165	56	454 - 465
Income from operations (a)	<u>\$87 - \$91</u>	<u>~\$10</u>	<u>~13</u>	<u>\$111 - \$115</u>
Operating ratio (b)	~73%	~94%	~80%	~80%
Operating expenses	\$238 - \$244	\$160 - \$165	~\$56	\$454 - \$465
Business development and related costs	(3)	-	-	(3)
Adjusted operating expenses	<u>\$235 - \$241</u>	<u>\$160 - \$165</u>	<u>\$56</u>	<u>\$451 - \$462</u>
Adjusted income from operations	<u>\$90 - \$94</u>	<u>~\$10</u>	<u>~\$14</u>	<u>~\$114 - \$118</u>
Adjusted operating ratio	~72%	~94%	~80%	~80%

(a) Income from operations is calculated as operating revenues less operating expenses.

(b) Operating ratio is calculated as operating expenses divided by operating revenues.

Debt/Adjusted EBITDA

	G&W 2015 Outlook	Freightliner 1/1/15 - 3/24/15	Combined Company 2015 Outlook
Net income	\$ 230		
Add back:			
Provision for income taxes	132		
Interest expense	67		
Depreciation and amortization expense	189		
EBITDA	\$ 618	\$ 19	\$ 637
Add back certain items:			
Non-cash compensation cost related to equity awards	13	-	13
Loss on settlement of Freightliner acquisition-related foreign currency forward purchase contracts	19	-	19
Freightliner acquisition-related costs	17	-	17
Adjusted EBITDA	\$ 667	\$ 19	\$ 686
Estimated Combined Company debt at December 31, 2015			\$ 2,232
Debt to Adjusted EBITDA Ratio			3.25 : 1.0

Debt/Adjusted EBITDA

	Three Months Ended June 30, 2014	Three Months Ended September 30, 2014	Three Months Ended December 31, 2014	Three Months Ended March 31, 2015	G&W LTM	Freightliner LTM*	Combined Company LTM
Net income	\$ 60.9	\$ 72.9	\$ 87.6	\$ 23.9	\$ 245.3		
Add back:							
Provision for income taxes	32.6	36.9	14.7	17	101.1		
Other income, net	(0.9)	0.7	(0.8)	-	(1.0)		
Interest expense	17.8	12.7	12.1	14	56.0		
Interest income	(0.2)	(0.1)	(0.1)	-	(0.4)		
Depreciation and amortization expense	38.2	40.3	41.0	42	161.7		
EBITDA	\$ 148.3	\$ 163.4	\$ 154.4	\$ 96	\$ 562.6	\$ 87.4	\$ 650.1
Add back certain items							
Non-cash compensation cost related to equity awards	\$ 2.7	\$ 3.1	\$ 3.8	\$ 3.8	\$ 13.4		
Loss on settlement of Freightliner acquisition-related foreign currency forward purchase contracts	-	-	-	18.7	18.7		
Freightliner acquisition-related costs	0.5	0.3	1.0	12.6	14.4		
Net gain on sale of assets	(1.4)	(1.2)	(1.7)	(0.3)	(4.6)		
Adjusted EBITDA	\$ 150.2	\$ 165.5	\$ 157.5	\$ 131.3	\$ 604.5	\$ 87.4	\$ 691.9
Combined company debt							\$ 2,446
Debt/Adjusted EBITDA Ratio							3.5 : 1.0

* 4/1/2014 - 3/24/2015

