



## Reconciliation of Non-GAAP Financial Measures

# Non-GAAP Financial Measures

This presentation contains references to Adjusted Income from Operations, Adjusted Operating Expenses, Adjusted Operating Ratio, Adjusted Net Income, Adjusted Diluted Earnings Per Common Share (EPS), Free Cash Flow, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Adjusted EBITDA and Net 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 or, in the case of Free Cash Flow, an important financial measure of how well G&W is managing its assets and a useful indicator of cash flow that may be available for discretionary use by G&W. Management also views these non-GAAP financial measures as a way to assess comparability between periods. Key limitations of the Free Cash Flow measure include the assumptions that G&W will be able to refinance its existing debt when it matures and meet other cash flow obligations from financing activities, such as principal payments on debt.

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 Net Income and Adjusted Diluted EPS

Three Months Ended March 31, 2016	Net Income	Diluted EPS
As reported	\$ 27.0	\$ 0.47
Add back certain items:		
Australia impairment and related costs	16.8	0.29
Business development and related costs	0.3	-
Restructuring costs	0.8	0.01
Net gain on sale of assets	(0.1)	-
As adjusted	\$ 44.8	\$ 0.77
Short Line Tax Credit	(6.3)	(0.11)
As adjusted (excluding Short Line Tax Credit)	\$ 38.5	\$ 0.66

Three Months Ended March 31, 2015	Net Income	Diluted EPS
As reported	\$ 23.9	\$ 0.42
Add back certain items:		
Net gain on sale of assets	(0.2)	-
Freightliner acquisition-related costs	9.5	0.17
Australian severance costs	1.2	0.02
Credit facility refinancing-related costs	1.3	0.02
Loss on settlement of Freightliner acquisition-related foreign currency forward purchase contracts	11.6	0.20
As adjusted	\$ 47.3	\$ 0.83
Foreign exchange		(0.01)
As adjusted excluding foreign exchange		\$ 0.82

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

Three Months Ended March 31, 2016	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 299.8	\$ 51.8	\$ 131.0	\$ 482.6
Operating expenses	229.8	63.5	132.3	425.6
Income from operations <sup>(a)</sup>	<u>\$ 70.0</u>	<u>\$ (11.8)</u>	<u>\$ (1.2)</u>	<u>\$ 57.0</u>
Operating ratio <sup>(b)</sup>	76.7%	122.7%	100.9%	88.2%
Operating expenses	\$ 229.8	\$ 63.5	\$ 132.3	\$ 425.6
Australia impairment and related costs	-	(21.1)	-	(21.1)
Business development and related costs	(0.5)	(0.2)	0.2	(0.5)
Restructuring costs	(0.4)	(0.7)	(0.1)	(1.1)
Net gain on sale of assets	0.2	-	-	0.2
Adjusted operating expenses	<u>\$ 229.1</u>	<u>\$ 41.6</u>	<u>\$ 132.4</u>	<u>\$ 403.0</u>
Adjusted income from operations	<u>\$ 70.7</u>	<u>\$ 10.2</u>	<u>\$ (1.3)</u>	<u>\$ 79.6</u>
Adjusted operating ratio	76.4%	80.2%	101.0%	83.5%

(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, 2015	North American Operations	Australian Operations	U.K./European Operations	Total
Operating revenues	\$ 317.6	\$ 59.9	\$ 19.5	\$ 397.0
Operating expenses	260.5	45.7	18.2	324.4
Income from operations <sup>(a)</sup>	<u>\$ 57.1</u>	<u>\$ 14.2</u>	<u>\$ 1.3</u>	<u>\$ 72.6</u>
Operating ratio <sup>(b)</sup>	82.0%	76.3%	93.3%	81.7%
Operating expenses	\$ 260.5	\$ 45.7	\$ 18.2	\$ 324.4
Net gain on sale of assets	0.3	-	-	0.3
Freightliner acquisition-related costs	(12.6)	-	-	(12.6)
Australian severance costs	-	(1.7)	-	(1.7)
Adjusted operating expenses	<u>\$ 248.3</u>	<u>\$ 43.9</u>	<u>\$ 18.2</u>	<u>\$ 310.4</u>
Adjusted income from operations	<u>\$ 69.4</u>	<u>\$ 16.0</u>	<u>\$ 1.3</u>	<u>\$ 86.7</u>
FX	(0.3)	(1.1)	0.2	(1.2)
Adjusted income from operations excluding FX	<u>\$ 69.1</u>	<u>\$ 14.9</u>	<u>\$ 1.5</u>	<u>\$ 85.5</u>
Adjusted operating ratio	78.2%	73.3%	93.4%	78.2%

(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.)

	Twelve Months Ended			
	December 31, 2016 Outlook (April 28, 2016)			
	North America	Australia	U.K./Europe	Total
Operating revenues	\$1,175 - \$1,225	\$210 - \$220	\$570 - \$590	~\$2,000
Operating expenses	881 - 921	202 - 207	540 - 560	~1,663
Income from operations (a)	<u>\$294 - \$304</u>	<u>\$8 - \$13</u>	<u>~\$30</u>	<u>~\$337</u>
Operating ratio (b)	~75%	94% - 96%	~95%	~83%
Operating expenses	\$881 - \$921	\$202 - \$207	\$540 - \$560	~\$1,663
Australia impairment and related costs	-	(21)	-	(21)
Business development and related costs	(1)	-	-	(1)
Restructuring costs	-	(1)	-	(1)
Adjusted operating expenses	<u>880 - 920</u>	<u>180 - 185</u>	<u>\$540 - \$560</u>	<u>~\$1,640</u>
Adjusted income from operations	<u>\$295 - \$305</u>	<u>\$30 - \$35</u>	<u>~\$30</u>	<u>~\$360</u>
Adjusted operating ratio	~75%	84% - 85%	~95%	~82%

(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 Diluted EPS

Twelve Months Ended December 31, 2016  
(Updated Outlook - April 28, 2016)

	Diluted EPS
As reported	\$3.20 - \$3.40
Add back certain items:	
Australia impairment and related costs	0.29
Restructuring costs	0.01
As adjusted	<u>\$3.50 - \$3.70</u>

Twelve Months Ended December 31, 2015

	Diluted EPS
As reported	\$ 3.89
Add back certain items:	
Business development and related costs	0.10
Freightliner acquisition-related costs	0.16
Net gain on sale of assets	(0.03)
Impact of reduction in U.K. effective tax rate	(0.17)
Loss on settlement of Freightliner acquisition-related foreign currency forward purchase contracts	0.20
As adjusted	<u>\$ 4.15</u>

# Free Cash Flow

Twelve Months Ended December 31,	(Updated Outlook - April 28, 2016) 2016	(Original Guidance - February 9, 2016) 2016	2015
Net cash provided by operating activities	\$ 470	\$ 475	\$ 475.1
Net cash used in investing activities	(225)	(225)	(1,074.3)
Net cash used for acquisitions	-	-	792.2
Free cash flow	\$ 245	\$ 250	\$ 193.0
New business investments	35	35	65.6
Free cash flow before new business investments	\$ 280	\$ 285	\$ 258.7



# Net Debt/Adjusted EBITDA

	Three Months Ended June 30, 2015	Three Months Ended September 30, 2015	Three Months Ended December 31, 2015	Three Months Ended March 31, 2016	Twelve Months Ended March 31, 2016	Acquisition LTM*	Combined Company LTM
Net income	\$ 52.8	\$ 63.4	\$ 84.9	\$ 27.0	\$ 228.2		
Add back:							
Provision for/(Benefit from) income taxes	29.3	36.9	(7.1)	12.8	71.8		
Interest expense	17.8	17.5	18.3	18.0	71.5		
Depreciation and amortization expense	48.0	48.3	50.0	49.3	195.6		
EBITDA	\$ 148.0	\$ 166.0	\$ 146.1	\$ 107.1	\$ 567.2	\$ 0.4	\$ 567.5
Add back certain items							
Non-cash compensation cost related to equity awards	\$ 3.0	\$ 3.3	\$ 4.3	\$ 5.0	\$ 15.6		
Australia impairment and related costs	-	-	-	13.0	13.0		
Business development and related costs	0.8	1.1	2.4	0.3	4.6		
Restructuring costs	-	-	-	1.1	1.1		
Net gain on sale of assets	(0.5)	(1.2)	(0.3)	(0.2)	(2.1)		
Adjusted EBITDA	\$ 151.3	\$ 169.2	\$ 152.5	\$ 126.3	\$ 599.3	\$ 0.4	\$ 599.7
Net debt							\$ 2,211
Net debt/adjusted EBITDA ratio							3.7 : 1.0

\* Includes various rail car purchases and other investments

# Net Debt/Adjusted EBITDA

Twelve Months Ended December 31, 2016 Outlook  
(April 28, 2016)

Net income	\$	210
Add back:		
Provision for income taxes		86
Interest expense		75
Depreciation and amortization expense		206
EBITDA	\$	577
Add back certain items:		
Non-cash compensation cost related to equity awards	\$	19
Adjusted EBITDA		596
Net debt	\$	2,050
Net debt/adjusted EBITDA ratio		3.4 : 1.0

