



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 June 30, 2015	
	Actual	Outlook (Original - April 2015)
Operating revenues	\$ 542.2	\$565 - \$580
Operating expenses	442.8	454 - 465
Income from operations (a)	<u>\$ 99.5</u>	<u>\$111 - \$115</u>
Operating ratio (b)	81.7%	~80%
Operating expenses	\$ 442.8	\$454 - \$465
Business development and related costs	(0.8)	(3)
Net gain on sale of assets	0.5	-
Adjusted operating expenses	<u>\$ 442.5</u>	<u>\$451 - \$462</u>
Adjusted income from operations	<u>\$ 99.8</u>	<u>\$114 - \$118</u>
Adjusted operating ratio	81.6%	~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.

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

Three Months Ended June 30, 2015	North		
	American Operations	U.K./European Operations	Australian Operations
Operating revenues	\$ 311.0	\$ 164.4	\$ 66.8
Operating expenses	234.4	156.7	51.7
Income from operations (a)	<u>\$ 76.6</u>	<u>\$ 7.7</u>	<u>\$ 15.1</u>
Operating ratio (b)	75.4%	95.3%	77.4%
Operating expenses	\$ 234.4	\$ 156.7	\$ 51.7
Business development and related costs	(0.9)	-	0.1
Net gain on sale of assets	0.4	0.1	-
Adjusted operating expenses	<u>\$ 233.8</u>	<u>\$ 156.8</u>	<u>\$ 51.9</u>
Adjusted income from operations	<u>\$ 77.1</u>	<u>\$ 7.7</u>	<u>\$ 15.0</u>
Adjusted operating ratio	75.2%	95.3%	77.6%

(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 June 30, 2015 - Outlook (Original - April 2015)	North American Operations	U.K./European Operations	Australian Operations
Operating revenues	\$325 - \$335	\$170 - \$175	~\$70
Operating expenses	238 - 244	160 - 165	56
Income from operations (a)	<u>\$87 - \$91</u>	<u>~\$10</u>	<u>~13</u>
Operating ratio (b)	~73%	~94%	~80%
Operating expenses	\$238 - \$244	\$160 - \$165	~\$56
Business development and related costs	(3)	-	-
Adjusted operating expenses	<u>\$235 - \$241</u>	<u>\$160 - \$165</u>	<u>\$56</u>
Adjusted income from operations	<u>\$90 - \$94</u>	<u>~\$10</u>	<u>~\$14</u>
Adjusted operating ratio	~72%	~94%	~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.

Adjusted Net Income and Adjusted Diluted EPS

Three Months Ended June 30, 2015	Net Income	Diluted EPS
As reported	\$ 52.8	\$ 0.92
Add back certain items:		
Business development and related costs	0.5	0.01
Net gain on sale of assets	(0.3)	(0.01)
As adjusted	<u>\$ 53.0</u>	<u>\$ 0.93</u>

Three Months Ended June 30, 2014	Net Income	Diluted EPS
As reported	\$ 60.7	\$ 1.07
Add back certain items:		
Business development and related costs	1.0	0.02
Net gain on sale of assets	(1.0)	(0.02)
Credit facility refinancing-related costs	2.9	0.05
As adjusted	<u>\$ 63.7</u>	<u>\$ 1.12</u>
FX		(0.05)
As adjusted excluding FX		<u>\$ 1.07</u>

Adjusted Diluted EPS

Three Months Ended June 30, 2015 Outlook
(Revised - June 2015)

	Diluted EPS
As reported	\$0.84 - \$0.88
Add back certain items:	
Australian severance costs	0.03
Freightliner acquisition & finance related costs	0.03
As adjusted	<u>\$0.90 - \$0.94</u>

Three Months Ended June 30, 2015 Outlook
(Original - April 2015)

	Diluted EPS
As reported	\$0.99 - \$1.04
Add back certain items:	
Australian severance costs	0.03
Freightliner acquisition & finance related costs	0.03
As adjusted	<u>\$1.05 - \$1.10</u>

Adjusted Diluted EPS (Cont.)

Three Months Ended September 30, 2015 Outlook (August 3, 2015)

	Diluted EPS
As reported	\$0.93 - \$1.03
Add back certain items:	
Net gain on sale of assets	(0.01)
Business development and related costs	0.03
As adjusted	<u>\$0.95 - \$1.05</u>

Three Months Ended December 31, 2015 Outlook (August 3, 2015)

	Diluted EPS
As reported	\$0.92 - \$1.02
Add back certain items:	
Australian severance costs	0.02
Business development and related costs	0.01
As adjusted	<u>\$0.95 - \$1.05</u>

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

	Three Months Ended			
	September 30, 2015 Outlook (August 3, 2015)			
	North America	U.K./Europe	Australia	Total
Operating revenues	\$310 - \$315	\$170 - \$175	\$60 - \$65	\$540 - \$555
Operating expenses	230 - 231	160 - 163	47 - 51	436 - 445
Income from operations (a)	<u>\$80 - \$84</u>	<u>\$10 - \$12</u>	<u>~14</u>	<u>\$104 - \$110</u>
Operating ratio (b)	~74%	92% - 93%	~78%	~80%
Operating expenses	\$230 - \$231	\$160 - \$163	\$47 - \$51	\$436 - \$445
Net gain on sale of assets	1	-	-	1
Business development and related costs	(3)	-	-	(3)
Australian severance costs	-	-	-	-
Adjusted operating expenses	<u>\$228 - \$229</u>	<u>\$160 - \$163</u>	<u>\$47 - \$51</u>	<u>\$434 - \$443</u>
Adjusted income from operations	<u>\$82 - \$86</u>	<u>\$10 - \$12</u>	<u>~\$14</u>	<u>\$106 - \$112</u>
Adjusted operating ratio	~73%	92% - 93%	~78%	~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.

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

	Three Months Ended			
	December 31, 2015 Outlook (August 3, 2015)			
	North America	U.K./Europe	Australia	Total
Operating revenues	\$310 - \$315	\$170 - \$175	\$60 - \$65	\$540 - \$555
Operating expenses	229 - 230	160 - 163	47 - 53	437 - 446
Income from operations (a)	<u>\$81 - \$85</u>	<u>\$10 - \$12</u>	<u>~\$13</u>	<u>\$103 - \$109</u>
Operating ratio (b)	~73%	92% - 93%	~79%	~81%
Operating expenses	\$229 - \$230	\$160 - \$163	\$47 - \$53	\$437 - \$446
Net gain on sale of assets	-	-	-	-
Business development and related costs	(1)	-	-	(1)
Australian severance costs	-	-	(2)	(2)
Adjusted operating expenses	<u>\$228 - \$229</u>	<u>\$160 - \$163</u>	<u>\$46 - \$51</u>	<u>\$434 - \$443</u>
Adjusted income from operations	<u>\$82 - \$86</u>	<u>\$10-\$12</u>	<u>~\$14</u>	<u>\$106 - \$112</u>
Adjusted operating ratio	~73%	92% - 93%	~78%	~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

	Three Months Ended September 30, 2014	Three Months Ended December 31, 2014	Three Months Ended March 31, 2015	Three Months Ended June 30, 2015	G&W LTM	Acquisition LTM*	Combined Company LTM
Net income	\$ 72.7	\$ 87.4	\$ 23.9	\$ 52.8	\$ 236.8		
Add back:							
Provision for income taxes	36.9	14.7	16.9	29.3	97.8		
Other income, net	0.7	(0.8)	(0.3)	(0.3)	(0.7)		
Interest expense	12.7	12.1	13.5	17.8	56.0		
Interest income	(0.1)	(0.1)	-	(0.1)	(0.3)		
Depreciation and amortization expense	40.3	41.0	41.8	48.0	171.1		
EBITDA	\$ 163.2	\$ 154.2	\$ 95.8	\$ 147.5	\$ 560.6	\$ 73.0	\$ 633.6
Add back certain items							
Non-cash compensation cost related to equity awards	\$ 3.1	\$ 3.8	\$ 3.8	\$ 3.8	\$ 14.5		
Loss on settlement of Freightliner acquisition-related foreign currency forward purchase contracts	-	-	18.7	-	18.7		
Freightliner acquisition-related costs	0.3	1.0	12.6	0.1	13.9		
Net gain on sale of assets	(1.2)	(1.7)	(0.3)	(0.5)	(3.7)		
Adjusted EBITDA	\$ 165.3	\$ 157.3	\$ 130.6	\$ 150.9	\$ 604.1	\$ 73.0	\$ 677.1
Combined company debt							\$ 2,367
Debt/Adjusted EBITDA Ratio							3.50 : 1.0

*Includes Freightliner - 9/1/2014 - 3/24/2015; Pinsly - 7/1/2014 - 12/31/2014; and adjustment for various rail car purchases

