



# Third Quarter 2011 Earnings Call

November 1, 2011

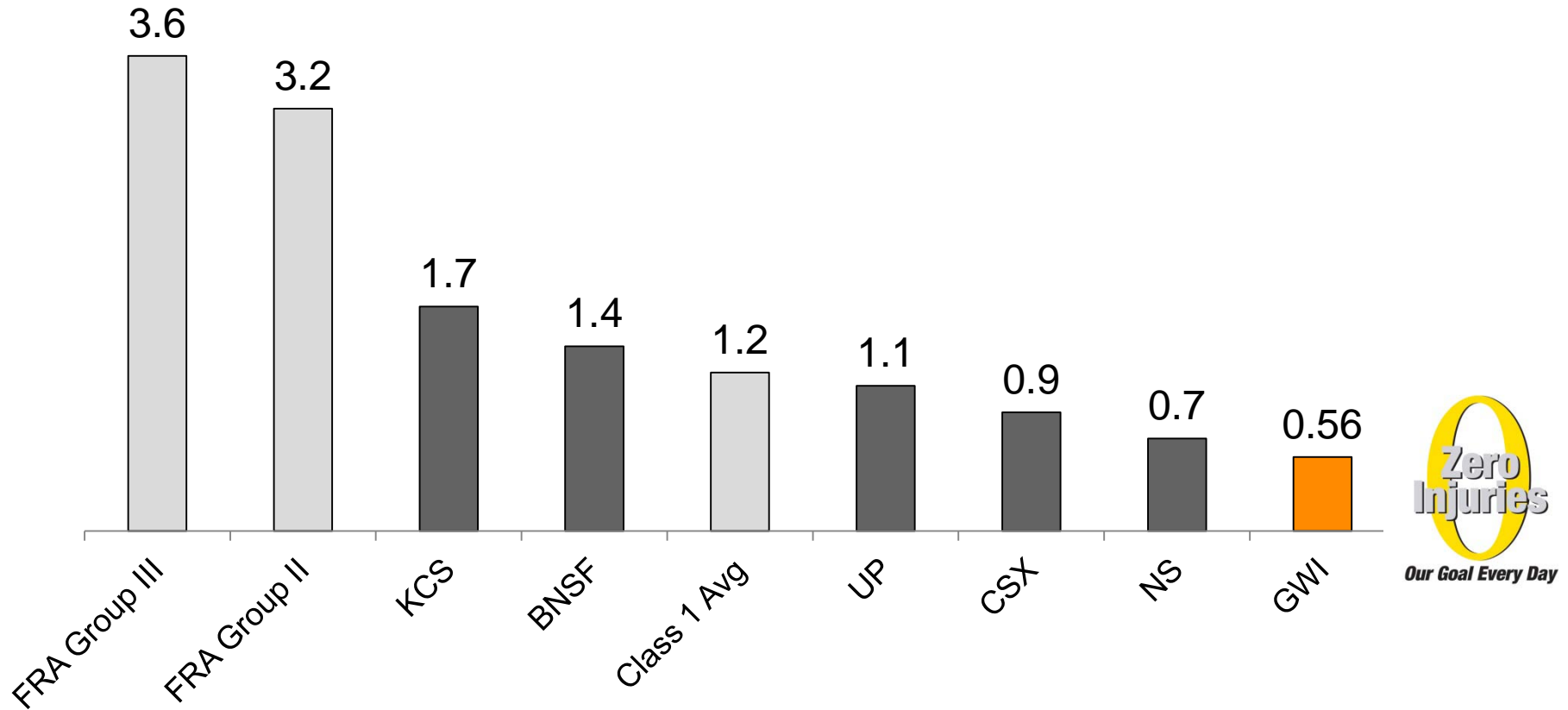


# Forward-Looking Statements

This presentation contains forward-looking statements regarding future events and the future performance of Genesee & Wyoming Inc. that involve risks and uncertainties that could cause actual results to differ materially from those expressed or forecasted, including, but not limited to, economic conditions, risks related to the acquisition and integration of railroads, customer demand, complexities of international operations, increased competition in the relevant market, third-party approvals and others, many of which are beyond our control. The Company refers you to the documents that it files from time to time with the Securities and Exchange Commission, such as the Company's Forms 10-Q and 10-K, which contain additional important factors that could cause its actual results to differ from its current expectations and from the forward-looking statements discussed during this presentation. Forward-looking statements speak only as of the date of this presentation or the date they were made. Genesee & Wyoming Inc. disclaims any obligation to update the forward-looking statements contained in this presentation.

# 2011 Year-to-Date Safety

Injury Frequency Rate per 200,000 man-hours. GWI through September 2011; all others through July.



# Income and EPS

(millions, except per share amounts)	Q3 2011*	Q3 2010
Income from Cont Ops	\$33.0	\$22.1
Diluted EPS from Cont Ops	\$0.77	\$0.53**
Diluted Shares	42.8	41.9

\* Q3 2011 results include \$0.07 benefit from short line tax credit

\*\* Q3 2010 diluted EPS was \$0.59, inclusive of discontinued operations

Q3 2011 Significant Items	Pre-Tax Impact	After-Tax Impact	EPS Impact
• Refinancing-related costs	(\$0.9)	(\$0.6)	(\$0.01)
• Acquisition-related costs	(\$1.3)	(\$0.8)	(\$0.02)
• Net gain on asset sales	\$0.6	\$0.4	\$0.01

Q3 2010 Significant Items	Pre-Tax Impact	After-Tax Impact	EPS Impact
• FreightLink acquisition costs	(\$3.0)	(\$2.0)	(\$0.05)
• Net gain on asset sales	\$2.4	\$1.7	\$0.04
• Reversal of HCRY restructuring charge	\$2.3	\$1.5	\$0.04

# Discussion of Third Quarter 2011

Revenues +39% overall (+13% same-railroad, excluding currency)

- Adjusted same railroad carloads up 5%\*
- Same railroad average revenues per carload up 13%
- Arizona Eastern and FreightLink acquisitions in-line with plan

Operating Income +46% reported (+54% adjusted operating income\*\*)

- Adjusted operating ratio\*\* improved 260 bps to 73.9%
- North American & European Operations adjusted operating income increased 21%, driven by same railroad performance
- Australian adjusted operating income more than tripled, driven by FreightLink acquisition

\* Includes carloads from HCRY in both 3Q 2010 and 3Q 2011

\*\* Adjusted operating income and adjusted operating ratio are non-GAAP financial measures. Non-GAAP financial measure reconciliations accompany this presentation.

# Business Development Update

1. Acquisition of Arizona Eastern Railway for US\$90.1 million
  - Start-up on September 1, 2011 with integration and performance tracking expectations
2. Investments in locomotives for Australian intermodal service for A\$45 million
  - First locomotive delivered; 3 more units to be delivered in Q4:2011; 3 units to be delivered in Q2:2012
  - Lease/fuel savings imply investment at 4.2x EBITDA
3. New Service for Export Copper in Australia
  - New dedicated train service to both Darwin and Adelaide for export copper concentrate starting Q1:2012 (service for existing customer)



*a Genesee & Wyoming Company*



# Business Development Update (cont.)

## 4. Expanding Export Iron Ore Shipments in Australia

*Background:* OneSteel (ASX:OST) completed the purchase of iron ore assets from WPG Resources in October 2011, including the Peculiar Knob mine which is to be served by a haulage contract signed with G&W in April 2011 (A\$67m of capital and ~A\$50m of annual revenue)

- **Take Away #1:** Rail volume still expected to be 3.3 million tons (or more) from Peculiar Knob mine; development plan for new Hawks Nest mine to be determined
- **Take Away #2:** Start-up of Peculiar Knob shipments delayed from Q2:2012 to Q4:2012 as OneSteel builds new port and related infrastructure for A\$280 million
  - Export terminal location moving from Port Pirie to OneSteel's existing Whyalla site that is already served by G&W (see map on slide #7)
- **Take Away #3:** GWA likely to invest in additional equipment to transport incremental production of export iron ore (approx. 2 – 3 million additional tons per year)
  - OneSteel's publicly stated export iron ore target is now 12 million tons
  - G&W currently hauls between 6.0 to 7.0 million tons of export iron ore per year for mines near Whyalla plus the expected 3.3 million tons for Peculiar Knob



# SOUTH AUSTRALIA

To Alice Springs & Darwin

**Former WPG Resources  
~3.3m tons per year**

Wirrida

Peculiar Knob

Hawks Nest

X

X

Prominent Hill

Olympic Dam

X

Tarcoola

**Active Export  
Iron Ore Service**

**New Export  
Iron Ore Facility:  
A\$280m**

Whyalla

Port Pirie

Spencer  
Gulf

Adelaide

VICTORIA

- GWA-Owned Track
- GWA-Operated Track
- Interstate Lines With Open Access
- X Mine Sites



# Revenues

(\$ in millions)	Q3 2011	Q3 2010	Change	%
Revenues	\$217.2	\$156.5	\$60.7	38.8%
New Operations		\$41.7		
Eliminations*		(\$7.2)		
New Operations, net of eliminations			\$34.5	
FX (net impact from change in A\$, C\$ and €)			\$5.3	
Same Railroad Revenues (ex. FX)			\$20.9	13.4%

\* Eliminations represent non-freight revenues for services provided to GWA (North) by GWA

# Freight Revenues

(\$ in millions)	Q3 2011	Q3 2010	Change	%
Freight Revenues	\$154.6	\$95.9	\$58.7	61.2%
New Operations			\$38.9	
FX (appreciation of A\$ & C\$)			\$2.3	
Same Railroad Freight Revenues (ex. FX)			\$17.5	18.3%

# GWI Same Railroad Adjusted\* Carloads

Q3 2011 vs. Q3 2010

Commodity	Change	%	Comment
Coal & Coke	3,539	7.1%	Steam Coal
Pulp & Paper	247	1.0%	
Minerals & Stone	2,347	6.5%	Salt, Aggregates
Farm & Food	3,664	13.5%	Australia, Illinois
Chemicals & Plastics	(65)	(0.4%)	
Metals	1,501	7.2%	Plant Expansion
Lumber & Forest Products	(714)	(4.1%)	Woodchips (paper)
Petroleum Products	(3)	(0.0%)	
Metallic Ores	(233)	(9.3%)	
Auto & Auto Parts	289	13.6%	
Intermodal Units	(631)	NM	
Other	877	4.8%	Marcellus Shale Drill Cuttings
<b>Total Same Railroad Adjusted Carloads</b>	<b>10,818</b>	<b>4.9%</b>	

\* Includes 4,238 carloads from HCRY in 3Q 2010 and 4,185 carloads in 3Q 2011

# Same Railroad Average Freight Revenues Per Carload

(\$ in millions)	Q3 2011	Q3 2010	Change
Average Freight Revenues Per Carload	\$496	\$439	13.0%
FX (appreciation of A\$ & C\$)			2.7%
Fuel Surcharge			3.2%
Changes in Commodity Mix <sup>(a)</sup>			0.3%
Average Freight Revenues Per Carload (ex. Fuel, FX, Mix) <sup>(b)(c)</sup>			6.8%

(a) Changes in Commodity Mix illustrates changes between commodity groups, not within a commodity group

(b) Includes impact of customer mix within certain commodity groups

- Favorable: Metals, Coal and Other traffic
- Unfavorable: Larger Australian grain harvest, surge in IL grain due to 2Q11 Midwest floods

(c) 3Q 2011 freight pricing increased approximately 5%-6% (full year 2011 freight pricing expected to be 3%-4%)

# Non-Freight Revenues

(\$ in millions)	Q3 2011	Q3 2010	Change	%
Non-Freight Revenues	\$62.6	\$60.6	\$2.0	3.3%
New Operations			\$2.8	
Eliminations*			(7.2)	
Same Railroad Non-Freight Revenues			\$6.4	
FX (net impact from change in A\$, C\$ & €)			\$3.0	
Same Railroad Non-Freight Revenues (ex. FX)			\$3.4	5.6%

\* Eliminations represent non-freight revenues for services provided to GWA (North) by GWA.

# Adjusted Operating Ratio\*

(\$ in millions)	Q3 2011	Q3 2010
Operating revenues	\$217.2	\$156.5
Operating expenses	161.2	118.0
Income for operations	\$56.0	\$38.5
Operating ratio	74.2%	75.4%
Adjustments to Operating Expenses:		
Net gain on sale of assets	0.6	2.4
Reversal of HCRY restructuring charges	-	2.3
Refinancing-related costs <sup>(a)</sup>	(0.1)	-
Acquisition-related costs <sup>(b)</sup>	(1.1)	(3.0)
Adjusted operating expenses*	\$ 160.6	\$ 119.7
Adjusted operating ratio*	73.9%	76.5%

(a) Total refinancing-related costs in 3Q 2011 include \$0.1 million of legal fees recorded in operating expense, \$0.5 million from the write-off of deferred financing fees recorded in interest expense and \$0.3 million of non-cash expense from the mark to market of an Australian intercompany liability associated with deferred financing fees recorded in other expense.

(b) Total acquisition-related costs in Q3 2011 include \$1.1 million of costs recorded in operating expenses and \$0.1 million of non-cash expense recorded in other expense due to the mark to market of an Australian intercompany liability associated with Australian acquisition expenses.

\* Adjusted operating expenses and adjusted operating ratio are non-GAAP financial measures. Non-GAAP financial measure reconciliations accompany this presentation.

# Guidance – Fourth Quarter 2011

(\$ in millions, except per share amounts)	Consolidated Q4 2011 Guidance	Australia Q4 2011 Guidance
Revenues	~\$210	\$70
Operating Ratio	~76%	~74%
Net Interest Expense	~\$8.5	
Effective Tax Rate	~27%	
Diluted EPS from Continuing Ops	\$0.70 - \$0.74	
Diluted Shares	42.8 million	
<b><u>Key Assumptions</u></b>	<b><u>Consolidated</u></b>	<b><u>Same Railroad</u></b>
Carloads	~245,000	~225,000
Average Revenue per Carload	+28%-30%	+10%-12%
Fuel	\$3.20/gallon	
FX	US\$1.04 = A\$1.00	
	US\$1.00 = C\$1.00	



# Strong Balance Sheet

\$225 million of revolver capacity following repayment of Series A US\$75 million maturity on November 1, 2011

(\$ in millions)	Sept. 30, 2011
Cash & Equivalents	\$15.6
Debt:	
4.85% Senior Notes, <i>due November 2011</i>	\$75.0
5.36% Senior Notes, <i>due August 2015</i>	100.0
Floating Rate Senior Notes, <i>due August 2012</i>	25.0
Other Long-Term Debt, <i>due October 2013</i>	397.3
<b>TOTAL DEBT</b>	<b>597.3</b>
Total Equity	904.5
<b>TOTAL CAPITALIZATION</b>	<b>\$1,501.8</b>
Total Debt/Total Capitalization	39.8%
Net Debt/Total Capitalization	39.1%



## Reconciliation of Non-GAAP Financial Measures

# Non-GAAP Financial Measures Reconciliation

This presentation contains adjusted operating income, adjusted operating ratios and adjusted change in diluted earnings per share, which are “non-GAAP financial measures” as this term is defined in Regulation G of the Securities Exchange Act of 1934. In accordance with Regulation G, GWI has reconciled each of these non-GAAP financial measures to their most directly comparable U.S. GAAP measures.

## Adjusted Operating Income Description and Discussion

Management views its Operating Income as an important financial measure of GWI's operating performance. Because management believes this information is useful for investors in assessing GWI's financial results compared with the same period in the prior year, the Operating Income for the three months ended September 30, 2011 and 2010, are presented excluding net gain on sale of assets, acquisition-related costs, refinancing-related costs and the reversal of restructuring charges. The Adjusted Operating Income presented excluding these effects are not intended to represent, and should not be considered more meaningful than, or as an alternative to, Operating Income calculated in accordance with GAAP. The Adjusted Operating Income may be different from similarly-titled non-GAAP financial measures used by other companies.

# Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI's Operating Income calculated using amounts determined in accordance with GAAP to Adjusted Operating Income as described above for the three months ended September 30, 2011 and 2010 (\$ in millions):

<b>North American &amp; European Operations</b>			
<b>(\$ in millions)</b>	<b>Q3 2011</b>	<b>Q3 2010</b>	<b>% change</b>
Operating revenues	\$ 145.8	\$ 124.6	
Operating expenses	107.8	91.0	
Income from operations	\$ 38.0	\$ 33.6	13.0%
Adjustments to operating expenses:			
Net gain on sale of assets	0.6	2.4	
Acquisition-related costs	(0.9)	(2.8)	
Refinancing-related costs	(0.1)	-	
Reversal of restructuring charges	-	2.3	
Adjusted operating expenses	\$ 107.5	\$ 93.0	
Adjusted operating income	\$ 38.3	\$ 31.6	21.3%
<b>Australian Operations</b>			
<b>(\$ in millions)</b>	<b>Q3 2011</b>	<b>Q3 2010</b>	<b>% change</b>
Operating revenues	\$ 71.4	\$ 31.8	
Operating expenses	53.3	26.9	
Income from operations	\$ 18.1	\$ 4.9	>100%
Adjustments to operating expenses:			
Acquisition-related costs	(0.2)	(0.2)	
Adjusted operating expenses	\$ 53.1	\$ 26.7	
Adjusted operating income	\$ 18.3	\$ 5.1	>100%

## Adjusted Operating Ratio Description and Discussion

Management views its Operating Ratio, calculated as Operating Expenses divided by Operating Revenues, as an important financial measure of GWI's operating performance. Because management believes this information is useful for investors in assessing GWI's financial results compared with the same period in the prior year, the Operating Ratios for the three months ended September 30, 2011 and 2010, are presented excluding net gain on sale of assets, acquisition-related costs, refinancing-related costs and the reversal of restructuring charges. The Adjusted Operating Ratios, calculated as Adjusted Operating Expenses divided by Operating Revenues, presented excluding these effects are not intended to represent, and should not be considered more meaningful than, or as an alternative to, the Operating Ratios calculated in accordance with GAAP. The Adjusted Operating Ratios may be different from similarly-titled non-GAAP financial measures used by other companies.

# Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI's Operating Ratio calculated using amounts determined in accordance with GAAP to Adjusted Operating Ratio as described above for the three months ended September 30, 2011 and 2010 (\$ in millions):

(\$ in millions)	Q3 2011	Q3 2010	% change
Operating revenues	\$ 217.2	\$ 156.5	
Operating expenses	161.2	118.0	
Income from operations	\$ 56.0	\$ 38.5	45.5%
Operating ratio	74.2%	75.4%	
Adjustments to operating expenses:			
Net gain on sale of assets	0.6	2.4	
Acquisition-related costs	(1.1)	(3.0)	
Refinancing-related costs	(0.1)	-	
Reversal of restructuring charges	-	2.3	
Adjusted operating expenses	\$ 160.6	\$ 119.7	
Adjusted operating income	\$ 56.6	\$ 36.8	53.8%
Adjusted operating ratio	73.9%	76.5%	



## Adjusted Diluted Earnings Per Share

Management views its Diluted Earnings Per Share (EPS) as an important financial measure of GWI's operating performance. Management believes it is important to understand diluted EPS with and without the impact of significant items identified for the quarter in analyzing the Company's performance. Because management believes this information is useful for investors in assessing GWI's financial results compared with the same period in the prior year, Diluted EPS for the three months ended September 30, 2011 versus 2010, are presented excluding the impact of refinancing-related costs, acquisition-related costs, net gain on sale of assets and the reversal of restructuring charges as well as the benefit to the 2011 period from the short-line tax credit. The Adjusted Diluted EPS presented excluding these effects is not intended to represent, and should not be considered more meaningful than, or as an alternative to, Diluted EPS calculated in accordance with GAAP. The Adjusted Diluted EPS may be different from similarly-titled non-GAAP financial measures used by other companies.

# Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI's Change in Diluted Earnings Per Share calculated using amounts determined in accordance with GAAP to Change in Diluted Earnings Per Share Adjusted for Significant Items as described above for the three months ended September 30, 2011 and 2010 (\$ in millions):

Q3 2011 Significant Items	Pre-Tax Impact	After-Tax Impact	Diluted EPS Impact
Net gain on asset sales	\$ 0.6	\$ 0.4	\$ 0.01
Acquisition-related costs	\$ (1.3)	\$ (0.8)	\$ (0.02)
Refinancing-related costs	\$ (0.9)	\$ (0.6)	\$ (0.01)
			\$ (0.02)

Q3 2010 Significant Items	Pre-Tax Impact	After-Tax Impact	Diluted EPS Impact
Net gain on asset sales	\$ 2.4	\$ 1.7	\$ 0.04
Acquisition-related costs	\$ (3.0)	\$ (2.0)	\$ (0.05)
Reversal of restructuring charges	\$ 2.3	\$ 1.5	\$ 0.04
			\$ 0.03

	Diluted EPS Q3 2011	Diluted EPS Q3 2010	% Change
As Reported	\$ 0.77	\$ 0.53	45%
Impact of Significant Items	\$ (0.02)	\$ 0.03	-9%
Adjusted	\$ 0.79	\$ 0.50	58%
Short-line tax credit	\$ 0.07	\$ -	
Adjusted for short-line tax credit	\$ 0.73	\$ 0.50	46%

