



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 and Taxes (EBIT), 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 December 31, 2015 | Net Income | Diluted EPS |
|---|----------------|----------------|
| As reported | \$ 84.9 | \$ 1.47 |
| Add back certain items: | | |
| Business development and related costs | 1.7 | 0.03 |
| Net gain on sale of assets | (0.2) | - |
| Out of period benefit of final allocation of fair values to Freightliner's assets & liabilities | (1.6) | (0.03) |
| Impact of reduction in U.K. effective tax rate | (9.7) | (0.17) |
| 2015 Short-Line Tax Credit | (27.4) | (0.47) |
| Application of full year effective rate on Q1 - Q3 results | 1.3 | 0.02 |
| As adjusted | <u>\$ 49.1</u> | <u>\$ 0.85</u> |

| Three Months Ended December 31, 2014 | Net Income | Diluted EPS |
|--|----------------|----------------|
| As reported | \$ 87.4 | \$ 1.53 |
| Add back certain items: | | |
| Business development and related costs | 1.0 | 0.02 |
| Net gain on sale of assets | (1.0) | (0.02) |
| Retroactive Short-Line Tax Credit for Q1 - Q3 2014 | (27.0) | (0.47) |
| Application of full year effective rate on Q1 - Q3 results | 3.5 | 0.06 |
| As adjusted | <u>\$ 63.8</u> | <u>\$ 1.12</u> |
| FX | | (0.05) |
| As adjusted excluding FX | | <u>\$ 1.07</u> |

Adjusted Diluted EPS

Three Months Ended December 31, 2015 Outlook (Revised - December 11, 2015)

| | Diluted EPS |
|--|------------------------|
| As reported | \$0.75 - \$0.80 |
| Add back certain items: | |
| Business development and related costs | 0.03 |
| Australian severance costs | 0.02 |
| As adjusted | <u>\$0.80 - \$0.85</u> |

Three Months Ended December 31, 2015 Outlook (October 30, 2015)

| | Diluted EPS |
|--|------------------------|
| As reported | \$0.85 - \$0.90 |
| Add back certain items: | |
| Business development and related costs | 0.03 |
| Australian severance costs | 0.02 |
| As adjusted | <u>\$0.90 - \$0.95</u> |

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

| Three Months Ended December 31, 2015 | North American Operations | Australian Operations | U.K./European Operations | Total |
|---|---------------------------|-----------------------|--------------------------|----------|
| Operating revenues | \$ 298.6 | \$ 55.2 | \$ 161.0 | \$ 514.9 |
| Operating expenses | 225.4 | 44.7 | 150.1 | 420.2 |
| Income from operations ^(a) | \$ 73.2 | \$ 10.5 | \$ 10.9 | \$ 94.6 |
| Operating ratio ^(b) | 75.5% | 81.0% | 93.2% | 81.6% |
| Operating expenses | \$ 225.4 | \$ 44.7 | \$ 150.1 | \$ 420.2 |
| Business development and related costs | (1.2) | (0.5) | (0.9) | (2.5) |
| Net gain on sale of assets | 0.3 | 0.0 | 0.0 | 0.3 |
| Out of period benefit of final allocation of fair values to Freightliner's assets & liabilities | - | - | 2.6 | 2.6 |
| Adjusted operating expenses | \$ 224.6 | \$ 44.2 | \$ 151.9 | \$ 420.6 |
| Adjusted income from operations | \$ 74.1 | \$ 11.0 | \$ 9.1 | \$ 94.2 |
| Adjusted operating ratio | 75.2% | 80.1% | 94.3% | 81.7% |

(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, 2014 | North American Operations | Australian Operations | U.K./European Operations | Total |
|--|---------------------------|-----------------------|--------------------------|-----------------|
| Operating revenues | \$ 338.3 | \$ 72.4 | \$ 5.0 | \$ 415.6 |
| Operating expenses | 248.0 | 48.6 | 5.5 | 302.2 |
| Income from operations ^(a) | <u>\$ 90.3</u> | <u>\$ 23.8</u> | <u>\$ (0.6)</u> | <u>\$ 113.5</u> |
| Operating ratio ^(b) | 73.3% | 67.2% | 111.5% | 72.7% |
| Operating expenses | \$ 248.0 | \$ 48.6 | \$ 5.5 | \$ 302.2 |
| Business development and related costs | (1.6) | (0.0) | - | (1.6) |
| Net gain on sale of assets | 1.4 | 0.2 | 0.0 | 1.7 |
| Adjusted operating expenses | <u>\$ 247.9</u> | <u>\$ 48.8</u> | <u>\$ 5.6</u> | <u>\$ 302.2</u> |
| Adjusted income from operations | <u>\$ 90.4</u> | <u>\$ 23.6</u> | <u>\$ (0.6)</u> | <u>\$ 113.4</u> |
| Adjusted operating ratio | 73.3% | 67.4% | 112.0% | 72.7% |

(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, 2015 | North American Operations | Australian Operations | U.K./European Operations | Total |
|--|---------------------------|-----------------------|--------------------------|-------------------|
| Operating revenues | \$ 1,241.8 | \$ 243.0 | \$ 515.6 | \$ 2,000.4 |
| Operating expenses | 944.3 | 188.1 | 483.7 | 1,616.1 |
| Income from operations ^(a) | <u>\$ 297.5</u> | <u>\$ 54.8</u> | <u>\$ 31.9</u> | <u>\$ 384.3</u> |
| Operating ratio | 76.0% | 77.4% | 93.8% | 80.8% |
| Operating expenses | \$ 944.3 | \$ 188.1 | \$ 483.7 | \$ 1,616.1 |
| Business development and related costs | (3.2) | (2.7) | (1.1) | (7.0) |
| Freightliner acquisition related costs | (12.6) | (0.0) | - | (12.6) |
| Net gain on sale of assets | 2.0 | 0.0 | 0.2 | 2.3 |
| Adjusted operating expenses | <u>\$ 930.5</u> | <u>\$ 185.4</u> | <u>\$ 482.9</u> | <u>\$ 1,598.8</u> |
| Adjusted income from operations | <u>\$ 311.3</u> | <u>\$ 57.6</u> | <u>\$ 32.7</u> | <u>\$ 401.6</u> |
| Adjusted operating ratio | 74.9% | 76.3% | 93.7% | 79.9% |

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

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

| | Three Months Ended | | | |
|--|--|----------------|-------------------|----------------------|
| | December 31, 2015 Outlook (October 30, 2015) | | | |
| | North America | Australia | U.K./Europe | Total |
| Operating revenues | \$300 - \$305 | \$55 - \$60 | \$160 - \$165 | \$515 - \$530 |
| Operating expenses | 224 - 225 | 43 - 48 | 152 - 155 | 418 - 427 |
| Income from operations (a) | <u>\$76 - \$80</u> | <u>~\$12</u> | <u>\$8 - \$10</u> | <u>\$97 - \$103</u> |
| Operating ratio (b) | ~74% | ~78% | 94% - 95% | ~81% |
| Operating expenses | \$224 - \$225 | \$43 - \$48 | \$152 - \$155 | \$418 - \$427 |
| Business development and related costs | (2) | - | - | (2) |
| Australian severance costs | - | (2) | - | (2) |
| Adjusted operating expenses | <u>222 - 223</u> | <u>41 - 46</u> | <u>152 - 155</u> | <u>315 - 424</u> |
| Adjusted income from operations | <u>\$78 - \$82</u> | <u>~\$14</u> | <u>\$8 - \$10</u> | <u>\$100 - \$106</u> |
| Adjusted operating ratio | ~74% | ~76% | 94% - 95% | ~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 Diluted EPS

| 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 |
| 2015 Short Line Tax Credit | | (0.47) |
| As adjusted | \$ | 3.68 |
| FX | | (0.05) |
| As adjusted excluding FX | \$ | 3.63 |

2016 Free Cash Flow

| | Twelve Months Ended December 31, 2016 - Outlook |
|--|--|
| Net cash provided by operating activities | \$ 475 |
| Net cash used in investing activities | (225) |
| Net cash used for acquisitions | - |
| Free cash flow | \$ 250 |
| New business investments | 35 |
| Free cash flow before new business investments | <u>\$ 285</u> |

Net Debt/Adjusted EBITDA

| | Twelve Months Ended | | |
|--|---------------------|------------------|----------------------|
| | December 31, 2015 | Acquisition LTM* | Combined Company LTM |
| Net income | \$ 225.0 | | |
| Add back: | | | |
| Provision for income taxes | 75.9 | | |
| Other income, net | (1.9) | | |
| Interest expense | 67.1 | | |
| Interest income | (0.5) | | |
| Depreciation and amortization expense | 188.5 | | |
| EBITDA | \$ 554.1 | \$ 19.5 | \$ 573.6 |
| Add back certain items | | | |
| Non-cash compensation cost related to equity awards | \$ 14.6 | | |
| Loss on settlement of Freightliner acquisition-related foreign currency forward purchase contracts | 18.7 | | |
| Freightliner acquisition-related costs | 16.8 | | |
| Net gain on sale of assets | (2.3) | | |
| Adjusted EBITDA | \$ 602.0 | \$ 19.5 | \$ 621.5 |
| Net debt | | | \$ 2,269 |
| Net debt/adjusted EBITDA ratio | | | 3.7 : 1.0 |

* Includes Freightliner - 1/1/2015 - 3/24/2015 and other investments

EBIT, EBITDA and Net Debt/Adjusted EBITDA

| | 2016 (Outlook) |
|---|----------------------|
| Net income | \$ 215 |
| Add back: | |
| Provision for income taxes | 90 |
| Other income, net | - |
| Interest expense | 75 |
| Interest income | - |
| EBIT | <u>\$ 380</u> |
| Depreciation and amortization expense | 204 |
| EBITDA | <u>\$ 584</u> |
| Add back certain items: | |
| Non-cash compensation cost related to equity awards | 16 |
| Adjusted EBITDA | <u><u>\$ 600</u></u> |
| Net debt | \$ 2,023 |
| Net debt/adjusted EBITDA ratio | 3.4 : 1.0 |

