



## Reconciliation of Non-GAAP Financial Measures

# Non-GAAP Financial Measures

This presentation contains references to Adjusted Income from Operations, Adjusted Operating Ratio and Adjusted Diluted Earnings Per Common, 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.

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 and Adjusted Operating Ratio

|  | Q1 2014<br>Actual | Q1 2013<br>Actual |
|--|-------------------|-------------------|
| Operating revenues                     | \$ 376.3          | \$ 375.0          |
| Operating expenses                     | 301.4             | 298.8             |
| Income from operations                 | <u>\$ 74.9</u>    | <u>\$ 76.2</u>    |
| Operating ratio                        | 80.1%             | 79.7%             |
| Operating expenses                     | \$ 301.4          | \$ 298.8          |
| Business development and related costs | (1.2)             | -                 |
| RailAmerica integration costs          | -                 | (12.8)            |
| Net gain on sale of assets             | 0.8               | 1.7               |
| Adjusted operating expenses            | <u>\$ 301.1</u>   | <u>\$ 287.7</u>   |
| Adjusted income from operations        | <u>\$ 75.2</u>    | <u>\$ 87.3</u>    |
| Adjusted operating ratio               | 80.0%             | 76.7%             |

# Adjusted Diluted Earnings Per Common Share

| Three Months Ended March 31, 2014                           |            |                | Diluted Earnings/ (Loss) Per Common Share Impact |
|---|------------|----------------|--|
|   | Net Income | Diluted Shares |  |
| As reported   | \$ 39.6    | 56.9           | \$ 0.70  |
| Add back certain items, net of tax:                         |            |                |  |
| Business development and related costs                      | 0.7        |                | 0.01   |
| Net gain on sale of assets                                  | (0.5)      |                | (0.01)   |
| As adjusted   | \$ 39.8    | 56.9           | \$ 0.70  |
| Estimated impact of winter weather                          |            |                | \$0.23 - \$0.26                                  |
| As further adjusted for winter weather                      |            |                | \$0.93 - \$0.96                                  |
| Impact of foreign currency                                  |            |                | 0.05   |
| As further adjusted for winter weather and foreign currency |            |                | \$0.98 - \$1.01                                  |

| Three Months Ended March 31, 2013                |            |                | Diluted Earnings/ (Loss) Per Common Share Impact |
|--|------------|----------------|--|
|  | Net Income | Diluted Shares |  |
| As reported                                      | \$ 82.7    | 56.5           | \$ 1.46  |
| Add back certain items, net of tax:              |            |                |  |
| Retroactive 2012 short line tax credit           | (41.0)     |                | (0.72)   |
| 2013 short line tax credit                       | (4.0)      |                | (0.07)   |
| RailAmerica integration costs                    | 8.0        |                | 0.14   |
| Refinancing and debt prepayment related expenses | 0.4        |                | 0.01   |
| Net gain on sale of assets                       | (1.3)      |                | (0.02)   |
| As adjusted                                      | \$ 44.9    | 56.5           | \$ 0.80  |



**Zero  
Injuries**

***Our Goal Every Day***