



Reconciliation of Non-GAAP Financial Measures

Non-GAAP Financial Measures Reconciliation

This presentation contains reconciliations of G&W's Adjusted Income from Operations, Adjusted Operating Ratio, Adjusted Diluted Earnings Per Common Share and Combined Company Adjusted Operating Revenues 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, G&W has reconciled these non-GAAP financial measures to their most directly comparable U.S. GAAP measure.

Adjusted Income from Operations and Adjusted Operating Ratios Description and Discussion

Management views Income from Operations, calculated as Operating Revenues less Operating Expenses, and Operating Ratios, calculated as Operating Expenses divided by Operating Revenues, as important measures of G&W's operating performance. Because management believes this information is useful for investors in assessing G&W's financial results over a period of time, the Income from Operations and Operating Ratios for the three months ended September 30, 2013 used to calculate Adjusted Income from Operations and Adjusted Operating Ratios are presented excluding the adjustment to depreciation and amortization expense related to the six months ended June 30, 2013 for the final allocation of fair values to RailAmerica's assets and liabilities, RailAmerica integration costs, expense associated with the 2011 Edith River derailment, an insurance recovery related to the Edith River derailment and net gain on sale of assets. The Income from Operations and Operating Ratios for the three months ended September 30, 2012 used to calculate Adjusted Income from Operations and Adjusted Operating Ratios are presented excluding RailAmerica acquisition-related costs, other business/corporate development costs and net gain on sale of assets. The Income from Operations and Operating Ratios for the guidance for the three months ended September 30, 2013 used to calculate Adjusted Income from Operations and Adjusted Operating Ratios are presented excluding RailAmerica integration costs. The Adjusted Income from Operations and Adjusted Operating Ratios presented excluding these effects are not intended to represent, and should not be considered more meaningful than, or as an alternative to, the Income from Operations and Operating Ratios calculated using amounts in accordance with GAAP. Adjusted Income from Operations and 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 G&W's Income from Operations and Operating Ratios calculated using amounts determined in accordance with GAAP to Adjusted Operating Income and Adjusted Operating Ratios as described above for the three months ended September 30, 2013 and 2012 and the guidance for the three months ended September 30, 2013 (\$ in millions):

| | Q3 2013 Actual | Q3 2013 Guidance | Q3 2012 Actual |
|--|-------------------|---------------------|-------------------|
| Operating revenues | \$ 401.4 | \$ 400 | \$ 222.7 |
| Operating expenses | 299.6 | 291 | 169.9 |
| Income from operations | <u>\$ 101.7</u> | <u>\$ 109</u> | <u>\$ 52.9</u> |
| Operating ratio | 74.7% | 73% | 76.3% |
| Operating expenses | \$ 299.6 | \$ 291 | \$ 169.9 |
| Adjustment to D&A expense for final allocation of fair values to RA's assets and liabilities | (2.0) | - | - |
| RailAmerica integration costs | (2.0) | (1.0) | (5.2) |
| Edith River derailment expense | (1.6) | - | - |
| Edith River insurance recovery | 1.5 | - | - |
| Other business/corporate development costs | - | - | (0.6) |
| Net gain on sale of assets | 0.7 | - | 3.0 |
| Adjusted operating expenses | <u>\$ 296.2</u> | <u>\$ 290</u> | <u>\$ 167.1</u> |
| Adjusted income from operations | <u>\$ 105.2</u> | <u>\$ 110</u> | <u>\$ 55.6</u> |
| Adjusted operating ratio | 73.8% | 73% | 75.0% |

Adjusted Diluted Earnings Per Common Share

Description and Discussion

Management views Diluted Earnings/(Loss) Per Common Share as an important financial measure of G&W's operating performance. Because management believes this information is useful for investors in assessing G&W's financial results, the Diluted Earnings Per Common Share for the three months ended September 30, 2013 used to calculate Adjusted Diluted Earnings Per Common Share are presented excluding the adjustment to depreciation and amortization expense related to the six months ended June 30, 2013 for the final allocation of fair values to RailAmerica's assets and liabilities, RailAmerica integration costs, expense associated with the 2011 Edith River derailment, an insurance recovery related to the Edith River derailment and net gain on sale of assets and are further adjusted to exclude the third quarter of 2013 short line tax credit. The Diluted Loss Per Common Share for the three months ended September 30, 2012 used to calculate Adjusted Diluted Earnings Per Common Share are presented excluding the contingent forward sale contract mark-to-market expense, RailAmerica acquisition-related costs, other business/corporate development costs and net gain on sale of assets. The Diluted Earnings Per Common Share for the guidance for the three months ended September 30, 2013 used to calculate Adjusted Diluted Earnings Per Common Share are presented excluding RailAmerica integration costs. The Adjusted Diluted Earnings Per Common Share presented excluding these effects are not intended to represent, and should not be considered more meaningful than, or as an alternative to, Diluted Earnings Per Common Share calculated using amounts in accordance with GAAP. Adjusted Diluted Earnings Per Common Share amounts 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 G&W's Diluted Earnings Per Common Share calculated using amounts determined in accordance with GAAP to Adjusted Diluted Earnings Per Common Share as described above for the three months ended September 30, 2013 (in millions except per share amounts):

| Three Months Ended September 30, 2013 | Net Income | Diluted Shares | Diluted Earnings/ (Loss) Per Common Share Impact |
|--|----------------|----------------|---|
| As reported | \$ 66.2 | 56.7 | \$ 1.16 |
| Add back certain items, net of tax: | | | |
| Adjustment to D&A expense for final allocation of fair values to RA's assets and liabilities | (1.3) | - | (0.02) |
| RailAmerica integration costs | (1.3) | - | (0.02) |
| Edith River derailment expense | (1.1) | - | (0.02) |
| Edith River insurance recovery | 1.0 | - | 0.02 |
| Net gain on sale of assets | 0.5 | - | 0.01 |
| Adjusted | \$ 68.4 | 56.7 | \$ 1.19 |
| Q3 impact of 2013 short line tax credit | 6.8 | - | 0.12 |
| Adjusted (excluding Q3 short line tax credit) | <u>\$ 61.6</u> | <u>56.7</u> | <u>\$ 1.07</u> |

Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of G&W's Diluted Loss Per Common Share calculated using amounts determined in accordance with GAAP to Adjusted Diluted Earnings Per Common Share as described above for the three months ended September 30, 2012 (in millions except per share amounts):

| Three Months Ended September 30, 2012 | Net (Loss)/ Income | Diluted shares | Diluted (Loss)/Earnings Per Common Share Impact |
|--|-----------------------|----------------|--|
| As reported | \$ (19.6) | 41.7 | \$ (0.47) |
| Add back certain items, net of tax: | | | |
| Contingent forward sale contact mark-to-market expense | (50.1) | 2.5 | (1.16) |
| RailAmerica acquisition-related costs | (3.1) | - | (0.07) |
| Other business/corporate development costs | (0.4) | - | (0.01) |
| Net gain on sale of assets | 2.0 | - | 0.05 |
| Adjusted | <u>\$ 32.0</u> | <u>44.2</u> | <u>\$ 0.72</u> |

Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of G&W's Diluted Earnings Per Common Share calculated using amounts determined in accordance with GAAP to Adjusted Diluted Earnings Per Common Share as described above for the guidance for the three months ended September 30, 2013 (in millions except per share amounts):

| Guidance for the Three Months Ended September 30, 2013 | Net Income | Diluted Shares | Diluted Earnings/(Loss) Per Common Share Impact |
|--|----------------|----------------|---|
| As reported | \$ 67.8 | 56.8 | 1.19 |
| Add back certain items, net of tax: | | | |
| RailAmerica integration costs | (0.6) | | (0.01) |
| Adjusted | <u>\$ 67.2</u> | 56.8 | <u>\$ 1.20</u> |

Combined Company Operating Revenues

Description and Discussion

Management views Operating Revenues as an important financial measure of G&W's operating performance. Because management believes this information is useful for investors in assessing G&W's financial results, compared with the same period in the prior year, the Operating Revenues for the three months ended September 30, 2012 used to calculate Combined Company Operating Revenues are presented including the elimination of non-freight revenues earned during the three months ended September 30, 2012 by a subsidiary of RailAmerica for work performed for subsidiaries of G&W and reclassifications of certain revenues of RailAmerica to align with G&W's accounting policies. The Combined Company Operating Revenues presented including these adjustments are not intended to represent, and should not be considered more meaningful than, or as an alternative to, Operating Revenues calculated using amounts in accordance with GAAP. Combined Company Operating Revenues 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 G&W's and RailAmerica's Revenues calculated using amounts determined in accordance with GAAP to Combined Company Revenues as described above for the three months ended September 30, 2012 (\$ in millions):

| Three Months Ended September 30, 2012 | G&W As Reported | RailAmerica As Reported | Eliminations/ Adjustments (a) | Combined Company |
|---------------------------------------|--------------------|----------------------------|----------------------------------|---------------------|
| Freight revenues | \$ 160.6 | \$ 113.0 | \$ (2.2) | \$ 271.5 |
| Non-freight revenues | 62.1 | 42.4 | (2.7) | 101.8 |
| Operating revenues | <u>\$ 222.7</u> | <u>\$ 155.4</u> | <u>\$ (4.9)</u> | <u>\$ 373.3</u> |

- (a) Includes the elimination of non-freight revenues earned during the three months ended September 30, 2012 by a subsidiary of RailAmerica for work performed by various subsidiaries of G&W and reclassifications of certain revenues of RailAmerica to align with G&W's accounting policies.

Combined Company Average Revenues per Carload Description and Discussion

Management views Average Revenues per Carload as an important financial measure of G&W's operating performance. Because management believes this information is useful for investors in assessing G&W's financial results, compared with the same period in the prior year, the Average Revenues per Carload for the three months ended September 30, 2012, used to calculate Combined Company Average Revenues per Carload are presented including adjustment of carloads and reclassifications of certain revenues of RailAmerica to align with G&W's accounting policies. The Combined Company Average Revenues per Carload presented including these effects are not intended to represent, and should not be considered more meaningful than, or as an alternative to, Average Revenues per Carload calculated using amounts in accordance with GAAP. Combined Company Average Revenues per Carload amounts 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 G&W's Average Revenues per Carload calculated using amounts determined in accordance with GAAP to Combined Company Average Revenues per Carload as described above for the three months ended September 30, 2012 (\$ in millions except average freight revenues per carload):

| | G&W As Reported | RailAmerica As Reported | Eliminations/ Adjustments (a) | Combined Company |
|--|--------------------|----------------------------|----------------------------------|---------------------|
| <u>Three Months Ended September 30, 2012</u> | | | | |
| Freight revenues | \$ 160.6 | \$ 113.0 | \$ (2.2) | \$ 271.5 |
| Carloads | 242,783 | 214,357 | (4,947) | 452,193 |
| Average revenues per carload | \$ 662 | \$ 527 | \$ 437 | \$ 600 |

(a) Includes adjustments of carloads and reclassifications of certain revenues of RA to align with G&W's accounting policies

