Reconciliation of Non-GAAP Financial Measures

Non-GAAP Financial Measures Reconciliation

This presentation contains reconciliations of GWI's adjusted operating income, adjusted operating ratios, adjusted diluted earnings per share, adjusted equity earnings in RailAmerica, adjusted EBIT, adjusted EBITDA and free cash flow as well as reconciliations of RailAmerica's adjusted operating income and adjusted operating ratios, each of 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 these non-GAAP financial measures to their most directly comparable U.S. GAAP measure.

GWI Results

GWI's Adjusted Operating Ratios Description and Discussion

Management views its Operating Ratios, calculated as Operating Expenses divided by Operating Revenues, as an important measure of GWI's operating performance. Because management believes this information is useful for investors in assessing GWI's financial results over a period of time, the Operating Ratios for the three months ended December 31, 2012 and 2011, used to calculate Adjusted Operating Ratios, are presented excluding RailAmerica acquisition-related costs, RailAmerica integration costs, other business/corporate development costs, gain on insurance recoveries, net gain/(loss) on sale and impairment of assets, contract termination expense in Australia and Edith River derailment costs. The 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 Operating Ratios calculated using amounts in accordance with GAAP. Adjusted Operating Ratios may be different from similarly-titled non-GAAP financial measures used by other companies.

GWI’s 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 Ratios as described above for the three months ended December 31, 2012 ($ in millions):

Three Months Ended December 31, 2012	North American & European Operations	Australian Operations	Total Operations
Operating revenues	$ 146.4	$ 80.9	$ 227.3
Operating expenses	135.8	57.8	193.7
Operating income	$ 10.6	$ 23.1	$ 33.7
Operating ratio	92.8%	71.5%	85.2%
Operating expenses	$ 135.8	$ 57.8	$ 193.7
RailAmerica acquisition-related costs	(12.5)	(0.1)	(12.6)
RailAmerica integration costs	(11.4)	-	(11.4)
Other business/corporate development costs	0.0	(0.5)	(0.5)
Gain on insurance recoveries	-	0.6	0.6
Net gain on sale of assets	0.8	(0.0)	0.8
Contract termination expense in Australia	-	(1.1)	(1.1)
Adjusted operating expenses	$ 112.8	$ 56.6	$ 169.5
Adjusted operating income	$ 33.6	$ 24.2	$ 57.8
Adusted operating ratio	77.1%	70.0%	74.6%

GWI's 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 Ratios as described above for the three months ended December 31, 2011 ($ in millions):

Three months ended December 31, 2011	North American & European Operations	Australian Operations	Total Operations
Operating revenues	$ 140.2	$ 70.2	$ 210.4
Operating expenses	109	56	165
Operating income	$ 31.0	$ 14.4	$ 45.4
Operating ratio	77.9%	79.5%	78.4%
Operating expenses	$ 109.2	$ 55.8	$ 165.0
Business/corporate development costs	(0.4)	(0.4)	(0.8)
Net gain/(loss) on sale and impairment of assets	2.5	0.5	3.0
Edith River derailment costs	-	(1.8)	(1.8)
Adjusted operating expenses	$ 111.2	$ 54.1	$ 165.3
Adjusted operating income	$ 29.0	$ 16.1	$ 45.1
Adjusted operating ratio	79.3%	77.0%	78.6%

GWI's Adjusted Diluted Earnings Per Common Share Description and Discussion

Management views Diluted Earnings Per Common Share 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, the Diluted Earnings Per Common Share for the three months ended December 31, 2012 and 2011, used to calculate Adjusted Diluted Earnings Per Common Share, are presented excluding RailAmerica acquisition-related costs, RailAmerica financing-related costs, RailAmerica integration costs, acquisition/integration costs incurred by RailAmerica, other business/corporate development costs, gain on insurance recoveries, net (gain)/loss on sale and impairment of assets, contract termination expense in Australia, acquisition-related income tax benefits, Edith River derailment costs and short line tax credit. 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.

GWI’s Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI'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 December 31, 2012 ($ in millions except per share amounts)

Three Months Ended December 31, 2012	Net Income	Diluted Shares	Diluted Earnings/ (Loss) Per Common Share Impact
As reported	$ 13.4	50.6	$ 0.18
Add back certain items, net of tax:			
RailAmerica acquisition-related costs	10.9	6.0	0.23
RailAmerica financing-related costs	9.5		0.20
RailAmerica integration costs	6.8		0.12
Acquisition/integration costs incurred by RailAmerica	3.5		0.06
Other business/corporate development costs	0.3		0.01
Gain on insurance recoveries	(0.4)		(0.01)
Net gain on sale of assets	(0.6)		(0.01)
Contract termination expense in Australia	0.8		0.01
Adjusted net income	$ 44.2	56.6	$ 0.79

GWI’s Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI'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 December 31, 2011 ($ in millions except per share amounts):

Three Months Ended December 31, 2011	Net Income	Diluted shares	Diluted Earnings/ (Loss) Per Share Impact
As reported	$ 33.3	42.9	$ 0.77
Add back certain items, net of tax:			
Acquisition-related income tax benefits	(1.9)		(0.04)
Net (gain)/loss on sale/impairment of assets	(1.9)		(0.04)
Edith River derailment costs	1.3		0.03
Business/corporate development costs	0.5		0.01
Short line tax credit	(2.2)		(0.05)
Adjusted net income	$ 29.1	42.9	$ 0.68

RailAmerica Results

RailAmerica's Adjusted Operating Income and Adjusted Operating Ratios Description and Discussion

RailAmerica's management views its Operating Income, calculated as Operating Revenue less Operating Expenses, and Operating Ratio, calculated as Operating Expenses divided by Operating Revenue, as an important measure of RailAmerica's operating performance. Because RailAmerica's management believes this information is useful for investors in assessing RailAmerica's financial results, the Operating Income and Operating Ratios for the three months ended December 31, 2012 and 2011, used to calculate Adjusted Operating Income and Adjusted Operating Ratios, are presented excluding integration costs, acquisition expenses and short line tax credit and including the pro forma depreciation and amortization expense. The Adjusted Operating Income 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 Operating Income and Operating Ratios calculated using amounts in accordance with GAAP. Adjusted Operating Income and Adjusted Operating Ratios may be different from similarly-titled non-GAAP financial measures used by other companies.

RailAmerica's Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of RailAmerica's Operating Income 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 December 31, 2012 and 2011 ($ in millions):

	Q4 2012		Q4 2011	
Operating revenue	$	151.1		147.3
Operating expenses		124.9		110.1
Operating income	$	26.1	$	37.2
Operating ratio		82.7%		74.7%
Operating expenses	$	124.9	$	110.1
Integration costs		(5.5)		-
Acquisition expenses		(0.1)		(0.3)
Pro forma depreciation and amortization expense		-		1.0
Short line tax credit		-		3.6
Adjusted operating expenses	$	119.3	$	114.3
Adjusted operating income	$	31.8	$	33.0
Adjusted operating ratio		78.9%		77.6%

GWI Results

GWI's Adjusted Equity Earnings from RailAmerica Description and Discussion

Management views its Equity Earnings from RailAmerica as an important measure of RailAmerica's operating performance. Because management believes this information is useful for investors in assessing GWI's financial results, the Equity Earnings from RailAmerica for the three months ended December 31, 2012 is presented excluding integration costs and acquisition expenses. The Adjusted Equity Earnings from RailAmerica presented excluding these effects is not intended to represent, and should not be considered more meaningful than, or as an alternative to, the Equity Earnings calculated using amounts in accordance with GAAP. Adjusted Equity Earnings may be different from similarly-titled non-GAAP financial measures used by other companies.

GWI’s Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI’s Equity Earnings from RailAmerica calculated using amounts determined in accordance with GAAP to Adjusted Equity Earnings from RailAmerica as described above for the three months ended December 31, 2012 ($ in millions):

		Q4 2012
Income from equity investment, net	$	15.6
Add back certain items, net of tax:		
Integration costs		3.4
Acquisition expenses		0.1
Adjusted income from equity investment, net	$	19.1

GWI’s Adjusted EBIT and Adjusted EBITDA Description and Discussion

Management views its Earnings Before Interest and Taxes (EBIT) and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) are important measures of GWI’s operating performance. Because management believes this information is useful for investors in assessing GWI’s financial results, EBIT and EBITDA for the twelve months ended December 31, 2012 and 2013 Budget, used to calculate Adjusted EBIT and Adjusted EBITDA, are presented excluding RailAmerica acquisition-related costs, RailAmerica integration costs, other business/corporate development costs, gain on insurance recoveries, net gain on sale of assets, contract termination expense in Australia and non-cash equity compensation. The EBIT and EBITDA presented excluding these effects are not intended to represent, and should not be considered more meaningful than, or as an alternative to, the EBIT and EBITDA calculated using amounts in accordance with GAAP. EBIT and EBITDA may be different from similarly-titled non-GAAP financial measures used by other companies.

GWI’s Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI's EBIT and EBITDA calculated using amounts determined in accordance with GAAP to Adjusted EBIT and Adjusted EBITDA as described above for the twelve months ended December 31, 2012 and 2013 Budget ($ in millions):

	2012	2013B
Net income - as reported	$ 52.4	$ 288.8
Add back:		
Loss from discontinued operations	0.1	-
Income from equity investment, net	(15.6)	-
Provision for income taxes	46.4	58.9
Other income, net	(2.3)	(1.5)
Contingent forward sale contract mark-to-market expense	50.1	-
Interest expense	62.8	73.2
Interest income	(3.7)	(3.9)
EBIT	$ 190.3	$ 415.5
Add back certain items:		
RailAmerica acquisition-related costs	$ 18.6	$ -
RailAmerica integration costs	11.4	8.7
Other business/corporate development costs	1.8	-
Gain on insurance recoveries	(0.8)	-
Net gain on sale of assets	(11.2)	-
Contract termination expense in Australia	1.1	-
Adjusted EBIT	$ 211.2	$ 424.2
Depreciation and amortization expense	73.4	140.1
Non cash equity compensation	8.0	14.0
Adjusted EBITDA	$ 292.6	$ 578.3

GWI's Adjusted Operating Income and Adjusted Operating Ratios Description and Discussion

Management views its Operating Income, calculated as Operating Revenues less Operating Expenses, and its Operating Ratio, calculated as Operating Expenses divided by Operating Revenues, as important measures of GWI's operating performance. Because management believes this information is useful for investors in assessing GWI's financial results over a period of time, the Operating Income and Operating Ratios for the twelve months ended December 31, 2012 and 2013 Budget, used to calculate Adjusted Operating Income and Adjusted Operating Ratios, are presented excluding RailAmerica acquisition-related costs, RailAmerica integration costs, other business/corporate development costs, gain on insurance recoveries, net gain on sale of assets and contract termination expense in Australia. The Adjusted Operating Income 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 Operating Income and Operating Ratios calculated using amounts in accordance with GAAP. Adjusted Operating Income and Adjusted Operating Ratios may be different from similarly-titled non-GAAP financial measures used by other companies.

GWI's Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI's Operating Income and Operating Ratios calculated using amounts determined in accordance with GAAP to Adjusted Operating Income and Adjusted Operating Ratios as described above for the twelve months ended December 31, 2012 and 2013 Budget ($ in millions):

	2012	2013B
Operating revenues	$ 874.9	$ 1,625
Operating expenses	684.6	1,210
Operating income	$ 190.3	$ 415
Operating ratio	78%	74%
Operating expenses	$ 684.6	$ 1,210
RailAmerica acquisition-related costs	(18.6)	-
RailAmerica integration costs	(11.4)	(9)
Other business/corporate development costs	(1.8)	-
Gain on insurance recoveries	0.8	-
Net gain on sale of assets	11.2	-
Contract termination expense in Australia	(1.1)	-
Adjusted operating expenses	$ 663.7	$ 1,201
Adjusted operating income	$ 211.2	$ 424
Adusted operating ratio	76%	74%

GWI's Adjusted Operating Income and Adjusted Operating Ratios Description and Discussion

Management views its Operating Income, calculated as Operating Revenue less Operating Expenses, and Operating Ratio, calculated as Operating Expenses divided by Operating Revenue, as important measures of GWI's operating performance. Because management believes this information is useful for investors in assessing GWI's financial results over a period of time, the Operating Income and Operating Ratios for the three months ended March 31, June 30, September 30 and December 31, 2013 used to calculate Adjusted Operating Income and Adjusted Operating Ratio, are presented excluding RailAmerica integration costs. The Adjusted Operating Income 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 Operating Income and Operating Ratios calculated using amounts in accordance with GAAP. Adjusted Operating Income and Adjusted Operating Ratios may be different from similarly-titled non-GAAP financial measures used by other companies.

GWI's Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI's Operating Income 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 March 31, June 30, September 30 and December 31, 2013 ($ in millions):

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Total
Operating revenues	$ 385	$ 405	$ 415	$ 420	$ 1,625
Operating expenses	304	302	300	304	$ 1,210
Operating income	$ 81	$ 103	$ 115	$ 116	$ 415
Operating ratio	79%	75%	72%	72%	74%
Operating expenses	$ 304	$ 302	$ 300	$ 304	$ 1,210
RailAmerica integration costs	(6)	(2)	(1)	-	(9)
Adjusted operating expenses	$ 298	$ 300	$ 299	$ 304	$ 1,201
Adjusted operating income	$ 87	$ 105	$ 116	$ 116	$ 424
Adusted operating ratio	77%	74%	72%	72%	74%

GWI's Adjusted 2013 Diluted Earnings Per Share Guidance Description and Discussion

Management views 2013 Diluted Earnings Per Diluted Share Guidance 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, the 2013 Diluted Earnings Per Share Guidance for the three months ended March 31, June 30, September 30 and December 31, 2013, used to calculate Adjusted 2013 Diluted Earnings Per Share Guidance, are presented excluding RailAmerica integration expense and the short line tax credit applicable to 2012 and 2013. The Adjusted 2013 Diluted Earnings Per Share Guidance presented excluding these effects are not intended to represent, and should not be considered more meaningful than, or as an alternative to, 2013 Diluted Earnings Per Share Guidance calculated using amounts in accordance with GAAP. Adjusted 2013 Diluted Earnings Per Share Guidance amounts may be different from similarly-titled non-GAAP financial measures used by other companies.

GWI’s Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI's 2013 Diluted Earnings Per Share Guidance calculated using amounts determined in accordance with GAAP to Adjusted 2013 Diluted Earnings Per Share Guidance as described above for the three months ended March 31, June 30, September 30 and December 31, 2013:

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Total
2013 EPS Guidance	$ 1.43	$ 1.08	$ 1.29	$ 1.30	$ 5.10
RailAmerica integration expense	0.09	0.02	0.01	-	0.12
2012 Short line tax credit	(0.62)	-	-	-	(0.62)
Adjusted 2013 EPS Guidance	$ 0.90	$ 1.10	$ 1.30	$ 1.30	$ 4.60
2013 Short line tax credit					(0.45)
Adjusted 2013 EPS Guidance, excluding short line tax credit					$ 4.15

GWI's Adjusted Diluted Earnings Per Share Description and Discussion

Management views Diluted Earnings Per Share 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, the Diluted Earnings Per Share for the twelve months ended December 31, 2012, used to calculate Adjusted Diluted Earnings Per Share, are presented excluding RailAmerica acquisition-related costs, RailAmerica financing-related costs, RailAmerica integration costs, acquisition/integration costs incurred by RailAmerica, other business/corporate development costs, gain on insurance recoveries, net gain on sale of assets, contract termination expense in Australia and the mark-to-market loss on Carlyle Convertible. The Adjusted Diluted Earnings Per 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 Share calculated using amounts in accordance with GAAP. Adjusted Diluted Earnings Per Share amounts may be different from similarly-titled non-GAAP financial measures used by other companies.

GWI's Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI's Diluted Earnings Per Share calculated using amounts determined in accordance with GAAP to Adjusted Diluted Earnings Per Share as described above for the twelve months ended December 31, 2012 ($ in millions except per share amounts):

Twelve Months Ended December 31, 2012	Net Income	Diluted shares	Diluted Earnings/ (Loss) Per Share Impact
As reported	$ 52.4	51.3	$ 1.02
Add back certain items, net of tax:			
RailAmerica acquisition-related costs	14.5		0.28
RailAmerica financing-related costs	9.5		0.19
RailAmerica integration costs	6.8		0.13
Acquisition/integration costs incurred by RailAmerica	3.5		0.07
Other business/corporate development costs	1.2		0.02
Gain on insurance recoveries	(0.5)		(0.01)
Net gain on sale of assets	(8.6)		(0.17)
Contract termination expense in Australia	0.8		0.02
Mark-to-market loss on Carlyle Convertible	50.1		0.98
Adjusted net income	$ 129.7	51.3	$ 2.53

GWI's Free Cash Flow Description and Discussion

Management views Free Cash Flow as an important financial measure of how well GWI is managing its assets. Subject to the limitations discussed below, Free Cash Flow is a useful indicator of cash flow that may be available for discretionary use by GWI. Free Cash Flow is defined as Net Cash Provided by Operating Activities from Continuing Operations less Net Cash Used in Investing Activities from Continuing Operations. Key limitations of the Free Cash Flow measure include the assumptions that GWI 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. Free Cash Flow is not intended to represent, and should not be considered more meaningful than, or as an alternative to, measures of cash flow determined in accordance with GAAP. Free Cash Flow may be different from similarly-titled non-GAAP financial measures used by other companies.

GWI’s Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI's Net Cash Provided by Operating Activities from Continuing Operations to GWI's Free Cash Flow for the twelve months ended December 31, 2013 ($ in millions):

Twelve Months Ended December 31, 2013		
Net cash provided by operating activities from continuing operations	$	456
Net cash used in investing activities from continuing operations*		(255)
Free cash flow	$	201

* Includes 2013 capital expenditures of $182 million and new business investments of $73 million.