



Fourth Quarter 2015 Earnings Call

February 9, 2016



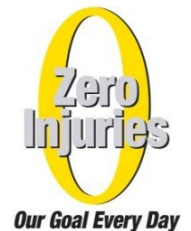
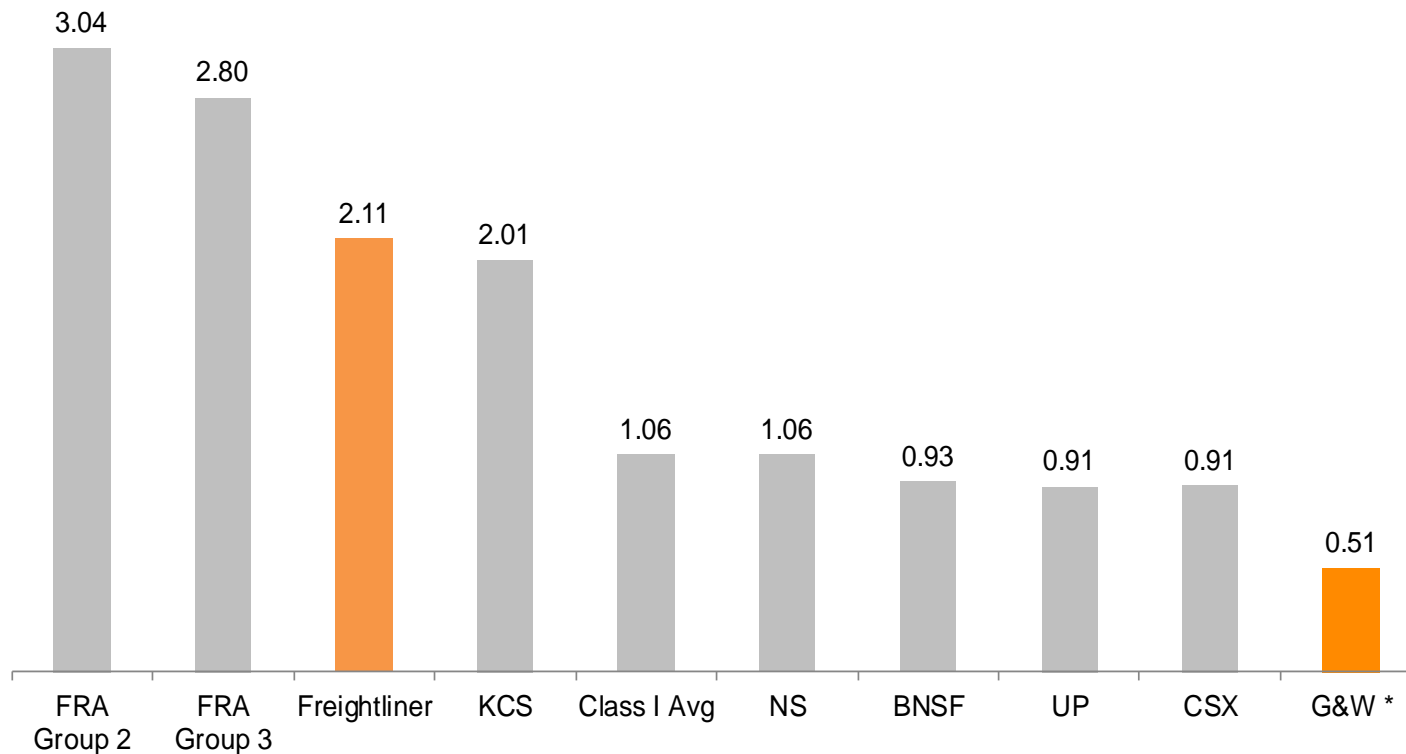
Forward-Looking Statements

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, risks related to the operation of our railroads, severe weather conditions and other natural occurrences, economic and market conditions (including employee strikes or work stoppages), the credit risk of customers and counterparties, customer demand, railroad network congestion, derailments, currency fluctuations, changes in commodity prices, increased competition in the relevant market, 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. does not undertake, and expressly disclaims, any duty to update any forward-looking statement contained in this presentation whether as a result of new information, future events or otherwise, except as required by law.

G&W Safety Performance – 2015

Injury Frequency Rate per 200,000 man-hours

G&W and Freightliner through December; others through November



* Excludes Freightliner

Q4 2015 Results Versus Q4 2014

- **Adjusted Diluted EPS in-line with revised Q4 2015 guidance of \$0.80 - \$0.85⁽¹⁾**
- **Adjusted Diluted EPS of \$0.85 decreased 24% (or 21%, excluding FX)⁽¹⁾**
- **Three trends driving rail shipment weakness:**
 - i. **Collapse in global commodity prices (e.g., iron ore, copper, manganese, crude oil)**
 - ii. **Shift of U.S. and U.K. power generation away from coal to cheaper natural gas**
 - iii. **Strong U.S. dollar impacting industrial customers (e.g., steel) as well as agricultural products**

(\$ per share)	Q4 2015	Q4 2014	Variance	%	Ex-FX
Diluted EPS	\$ 1.47	\$ 1.53	\$ (0.06)		
Adjustments:					
Out of Period Benefit of Final Allocation of Fair Values to Freightliner's Assets & Liabilities	\$ (0.03)	\$ -	\$ (0.03)		
Business Development and Related Costs	0.03	0.02	0.01		
Net Gain on Sale of Assets	-	(0.02)	0.02		
Application of Full Year Effective Tax Rate	0.02	0.06	(0.04)		
Impact of Reduction in U.K. Effective Tax Rate	(0.17)	-	(0.17)		
Short Line Tax Credit	(0.47)	(0.47)	-		
Total Adjustments	\$ (0.62)	\$ (0.41)	\$ (0.21)		
Adjusted Diluted EPS ⁽¹⁾	<u>\$ 0.85</u>	<u>\$ 1.12</u>	<u>\$ (0.27)</u>	(24%)	(21%)

⁽¹⁾ Adjusted Diluted Earnings Per Common Share (EPS) is a non-GAAP financial measure. Reconciliations of non-GAAP financial measures accompany this presentation.

Q4 2015 Results Versus Original Guidance

(\$ in millions, except per share amounts)	Original Q4 2015		
	Q4 2015 Actual	Guidance (October 2015)	Variance to Mid-Point
Operating Revenues	\$ 514.9	\$515 - \$530	\$ (7.6)
Income from Operations	\$ 94.6		
Out of Period Benefit of Final Allocation of Fair Values to Freightliner's Assets & Liabilities	\$ (2.6)		
Business Development and Related Costs	2.5		
Net Gain on Sale of Assets	(0.3)		
Adjusted Income from Operations*	\$ 94.2	\$100 - \$106	\$ (8.8)
Adjusted Operating Ratio*	81.7%	~80%	(170 bps)
Adjusted Diluted EPS*	\$ 0.85	\$0.90 - \$0.95	\$ (0.08)

Variance to Mid-Point (\$ in millions, except per share amounts)	Adjusted			Notes
	Operating Revenues	Income from Operations*	Adjusted EPS*	
North America	\$ (3.8)	\$ (5.9)	\$ (0.06)	Coal, Steel and Grain
Australia	(2.3)	(3.0)	(0.02)	Mine closure
U.K./Europe	(1.5)	0.1	-	
Variance to Original Guidance	\$ (7.6)	\$ (8.8)	\$ (0.08)	

* Adjusted Income from Operations, Adjusted Operating Ratio and Adjusted Diluted EPS are non-GAAP financial measures. Reconciliations of non-GAAP financial measures accompany this presentation.

North American Operations: Q4 2015 Overview

(US\$ in millions)	Q4 2015 Actual	Q4 2014 Actual	Change	% Change	% Change (ex. FX)	Same Railroad (ex. FX)
Operating Revenues	\$ 298.6	\$ 338.3	\$ (39.7)	(11.7%)	(10.5%)	(11.4%)
Income from Operations	\$ 73.2	\$ 90.3	\$ (17.1)	(18.9%)	(18.1%)	
Operating Ratio	75.5%	73.3%	(220 bps)			

- **North American operating revenues included \$3.0 million from Pinsky Arkansas**
- **Same railroad operating revenues (ex. FX) declined 11.4% which included:**
 - **37% decline in coal, primarily due to competition from low priced natural gas**
 - **23% decline in metals (steel and scrap), primarily due to competition from imported steel**
- **Cost reductions, including locomotives removed from service, headcount reductions and G&A cuts have been implemented and are ongoing**
 - **~43% incremental margin loss on lower same railroad revenue**

Australian Operations: Q4 2015 Overview

(US\$ in millions)	Q4 2015 Actual	Q4 2014 Actual	% Change	% Change (ex. FX)	Same Railroad (ex. FX)
Operating Revenues	\$ 55.2	\$ 72.4	(23.8%)	(9.4%)	(28.8%)
Income from Operations	\$ 10.5	\$ 23.8	(55.8%)	(47.6%)	
Operating Ratio	81.0%	67.2%			

- **Manganese mine ceased shipments in November 2015**
- **Australian operating revenues included \$11.8 million from Freightliner Australia (FLA) (freight-related revenues)**
- **Same Railroad Australian operating revenues (ex. FX) declined 28.8%, primarily due to lower iron ore shipments (2 fewer iron ore mines in 2015)**
- **Australian income from operations down 55.8%, or 47.6% ex. FX**
- **Further cost reduction initiatives underway**

U.K./European Operations: Q4 2015 vs. Q3 2015

(US\$ in millions)	Q4 2015 Actual	Q3 2015 Actual	Variance	%
Operating Revenues	\$ 161.0	\$ 170.7	\$ (9.7)	(5.7%)
Income from Operations	\$ 10.9	\$ 12.0	\$ (1.1)	(9.4%)
Business Development and Related Costs	\$ 0.9			
Out of Period Benefit of Final Allocation of Fair Values to Freightliner's Assets & Liabilities	\$ (2.6)			
Adjusted Income from Operations*	\$ 9.1	\$ 12.0	\$ (2.9)	(24.0%)
Adjusted Operating Ratio*	94.3%	93.0%	(130 bps)	

- **U.K. coal shipments lower due to warm winter weather, high stockpiles and natural gas competition– decision made to restructure coal business in 2016**
- **U.K. intermodal peak season ended mid-Q4**
- **Income from operations seasonally weaker than Q3 2015**

* Adjusted Income from Operations and Adjusted Operating Ratio are non-GAAP financial measures. Reconciliations of non-GAAP financial measures accompany this presentation.

G&W Summary Outlook for 2016

Consolidated G&W

- Adjusted diluted EPS expected to decline approximately 10% ^(a)
- Free cash flow expected to increase approximately 10% to \$285 million, prior to capital for new business investments^(a)
- Deleverage from 3.7x net debt/EBITDA to 3.4x net debt/EBITDA (assuming no share repurchase or acquisitions/investments) ^(b)

North America Segment (80% of operating income)

- Carloads down 3%; Core pricing up 3%; Operating income slightly down
- Coal revenue down 15% - 20% to \$75 million - \$80 million due primarily to natural gas competition
- Strong U.S. dollar continues to impede volumes due to cheaper imports (steel) and less competitive exports (paper, agricultural products)

(a) Does not reflect any impact of potential severance and restructuring related expenses in the U.K. and Australia.

(b) EBITDA is a non-GAAP financial measure. Reconciliations of non-GAAP financial measures accompany this presentation.

G&W Summary Outlook for 2016 (cont.)

Australia Segment (11% of operating income)

- Operating income down 25%^(a) primarily due to lower iron ore and manganese shipments as well as weaker currency
- Remaining iron ore exposure in Australia approximately US\$44 million of revenue
- Additional cost reductions underway, coinciding with recent manganese mine closure

U.K./Europe Segment (9% of operating income)

- Operating income flat^(a) in 2016, with second half operating income expected to increase 15% after U.K. coal business restructured
- U.K. coal revenues down from annualized US\$30 million in 2015 to approximately US\$15 million in 2016; workforce restructuring complete by mid-2016 (see details next slide)
- Expected growth in aggregates and U.K. Intermodal (partial redeployment of coal equipment to serve new customer contracts; also bidding on other new business)
- Eliminating marginal routes in Freightliner's continental Europe intermodal business

(a) Does not reflect any impact of potential severance and restructuring related expenses in the U.K. and Australia.

Detail on Restructuring U.K. Coal Business in First Half 2016

- G&W original acquisition expectations for U.K. coal to fade by 2022 have now changed; we expect dramatically lower coal shipments in 2016 and a need to restructure the business
- Three parts of U.K. Coal Business Restructuring
 1. Transition of leased locomotives to other revenue services under open access (well underway)
 2. Restructure workforce (expected to be completed mid-2016)
 3. Allow expiration of coal wagon leases (and/or convert some wagons for other service)
- In 2016, U.K. coal contribution forecast to be US\$15 million of EBITDA lower than expected
- After U.K. workforce restructuring, annual EBITDA shortfall is US\$10 million lower than expected
 - Of the shortfall, US\$5 million is leased equipment that we will redeploy in new service or return to lessors (majority by 2018)
 - Lost EBITDA from U.K. coal of roughly US\$5 million – EBITDA originally expected to fade by 2022
- While U.K. coal business has fallen off much more rapidly than expected, replacement business is proving available in other markets to fill US\$5 million gap

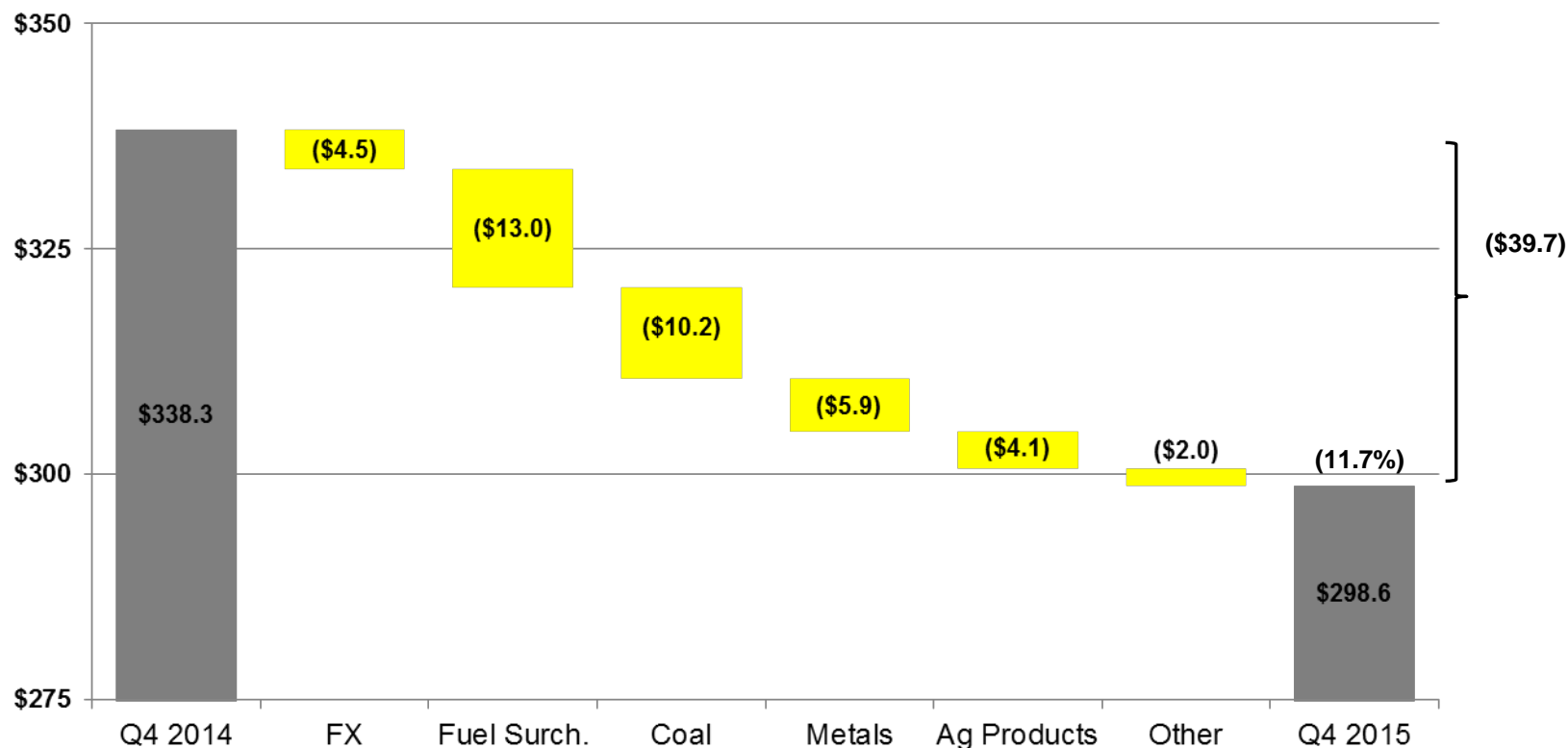
Key Priorities for G&W in 2016

1. Safety - Freightliner integration to G&W safety culture
2. Strong Free Cash Flow - approximately 10% increase over 2015^(a)
3. New Commercial Development (U.S., U.K., Australia, Europe)
4. U.S. Short Line Tax Credit Extension
5. Acquisitions and Investments Worldwide (weighed against intrinsic value of GWR shares)

(a) Free Cash Flow is a non-GAAP financial measure. Reconciliations of non-GAAP financial measures accompany this presentation.

North American Operations Operating Revenues: Q4 2015 vs. Q4 2014

(\$ millions)



North American Operations

Same Railroad Carloads: Q4 2015 vs. Q4 2014

Commodity	Change	%	Comment
Agricultural Products	(3,420)	(6%)	Low Grain Prices; Lower Export Volumes
Autos & Auto Parts	(3,364)	(36%)	Lower Export volumes
Chemicals & Plastics	(672)	(2%)	
Coal & Coke	(40,043)	(43%)	Steam Coal
Food & Kindred Products	(681)	(4%)	
Intermodal	(513)	(95%)	
Lumber & Forest Products	(290)	(1%)	
Metallic Ores	390	7%	
Metals	(15,641)	(35%)	Finished steel and scrap (with import competition)
Minerals & Stone	(4,880)	(10%)	Frac sand
Petroleum Products	255	1%	Lower Crude Oil, Higher LPGs/NGLs
Pulp & Paper	(1,815)	(4%)	Plant Closure; Lower Export Volumes
Waste	(132)	(1%)	
Other	(3,769)	(18%)	Class I Overhead Traffic
Total Carloads	(74,575)	(16%)	

North American Operations

Same Railroad Freight Revenues

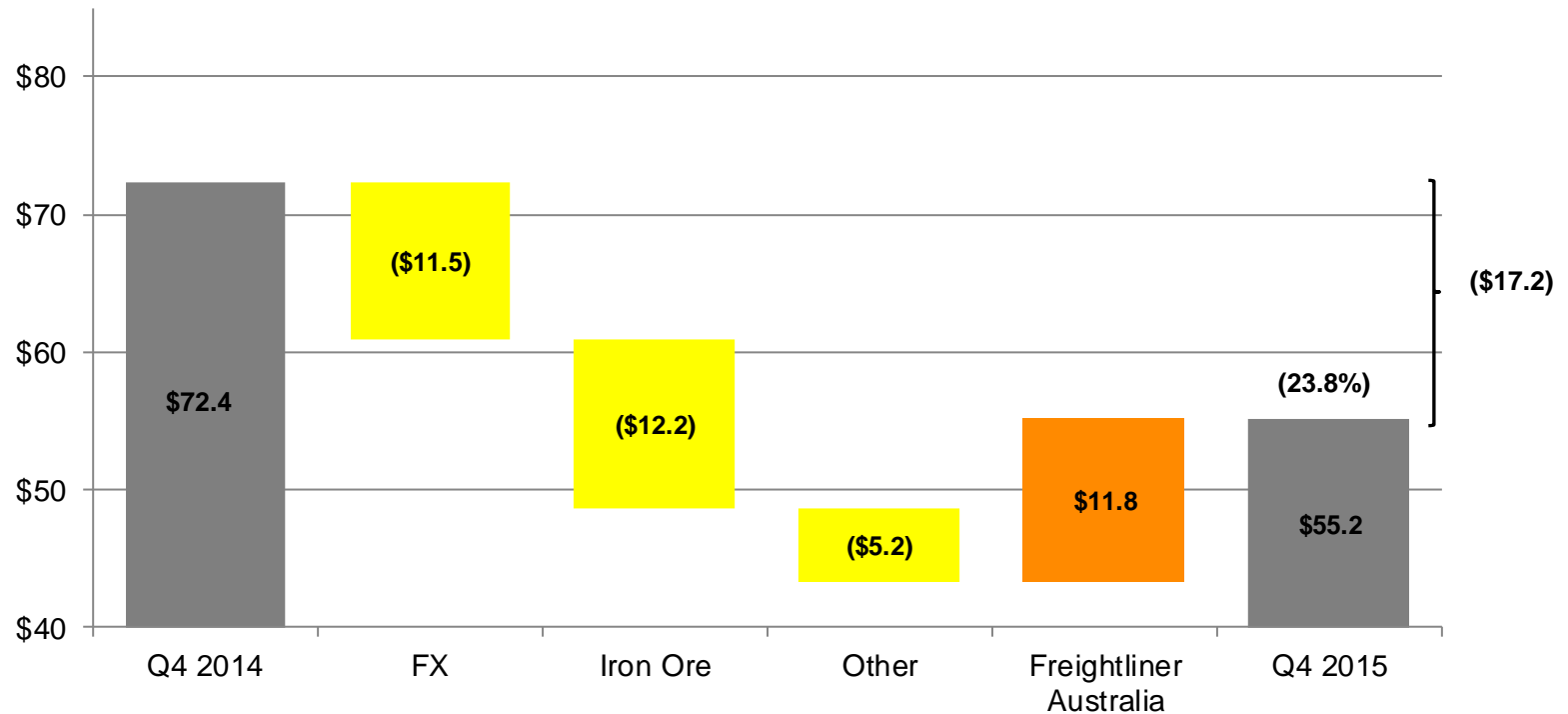
Average Revenues Per Carload

	Q4 2015	Q4 2014	Change
Average Revenues Per Carload	\$588	\$569	3.3%
Changes in Commodity Mix ^(a)			2.6%
Fuel Surcharge			(6.1%)
FX (Depreciation of C\$)			(1.1%)
Average Revenues Per Carload (excl. Mix, Fuel, FX) ^{(b)(c)}			7.9%

- (a) Changes in Commodity Mix illustrates changes between commodity groups, not within a commodity group
- (b) Average Revenues per Carload impacted by changes in customer mix in Other (Class I Overhead Traffic) and Metals commodity groups
- (c) North American same railroad core pricing increased approximately 3.5%

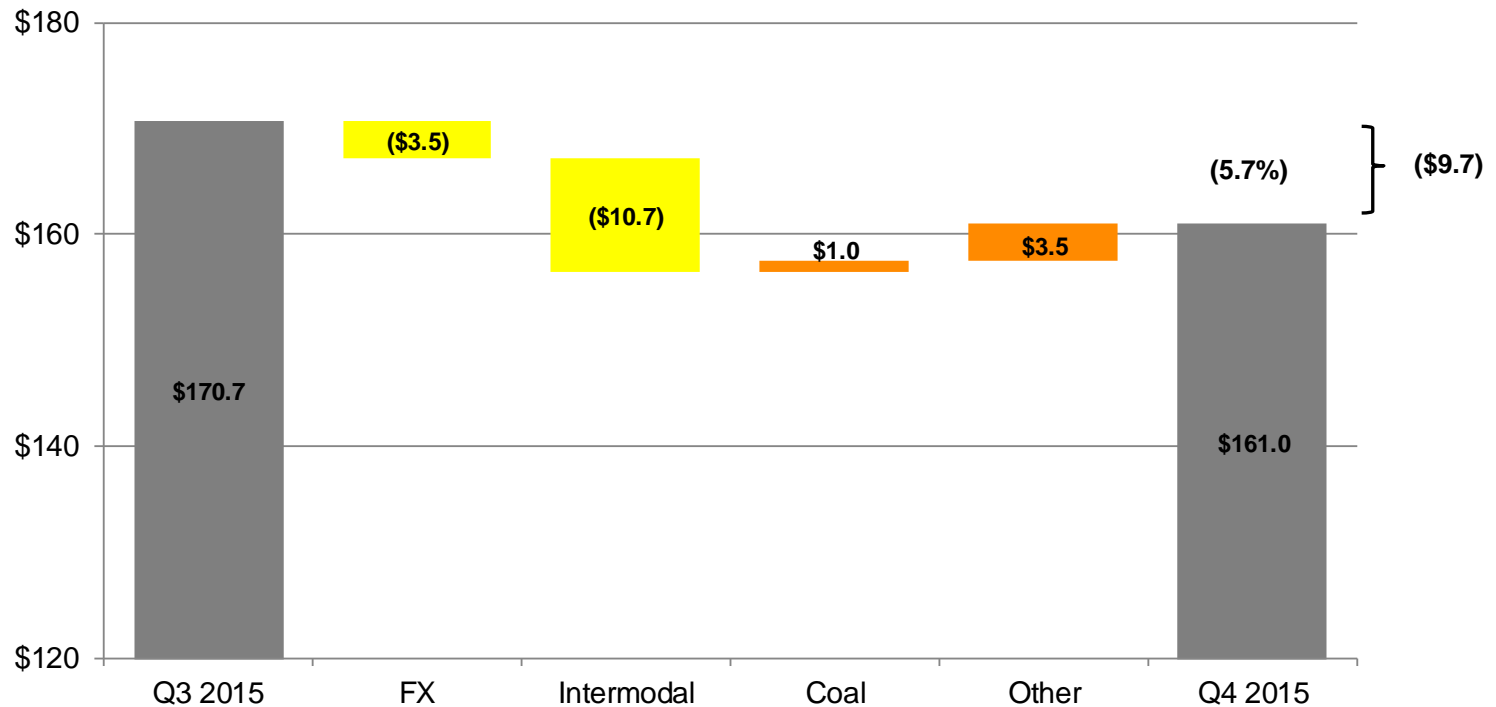
Australian Operations Operating Revenues: Q4 2015 vs. Q4 2014

(\$ millions)



U.K./Europe Operations Operating Revenues: Q4 2015 vs. Q3 2015

(\$ millions)



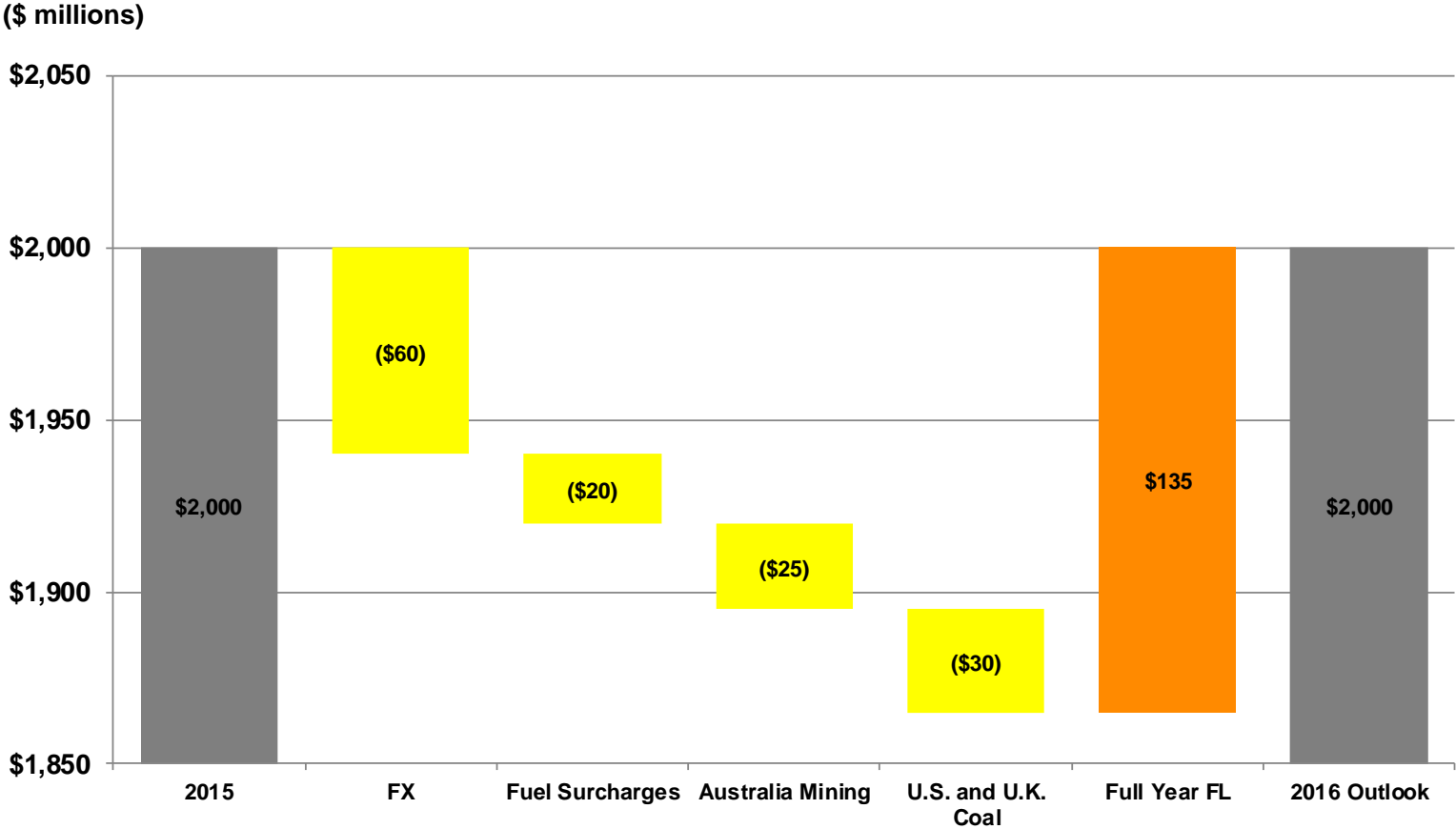
2016 Outlook

- Revenues: ~\$2 billion
- Operating Ratio^(a) : ~81%
- Tax Rate: ~29%
- Net Interest Expense: ~\$75 million
- Depreciation and Amortization:
(incl. Equity Comp. Amortization) ~\$220 million
- Diluted EPS^(a) : \$3.60 - \$3.80
- Diluted Shares: 58 million
- Free Cash Flow^{(a)(b)}: ~\$250 million
- Free Cash Flow Before
New Business Investments^(a): ~\$285 million

(a) Does not reflect any impact of potential severance and restructuring related expenses in the U.K. and Australia.

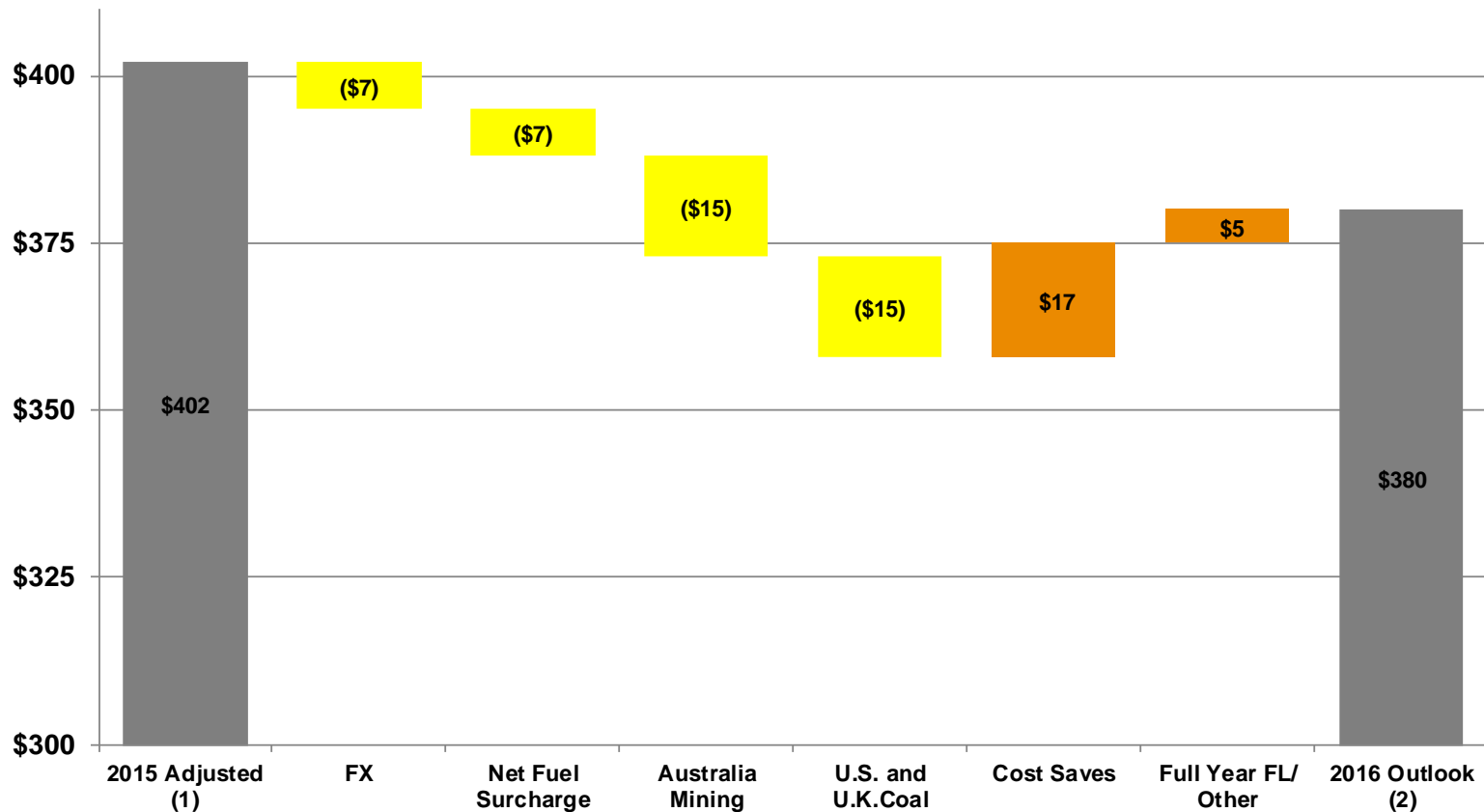
(b) Free Cash Flow is a non-GAAP financial measure. Reconciliations of non-GAAP financial measures accompany this presentation.

2016 Operating Revenue Bridge



2016 Income from Operations Bridge

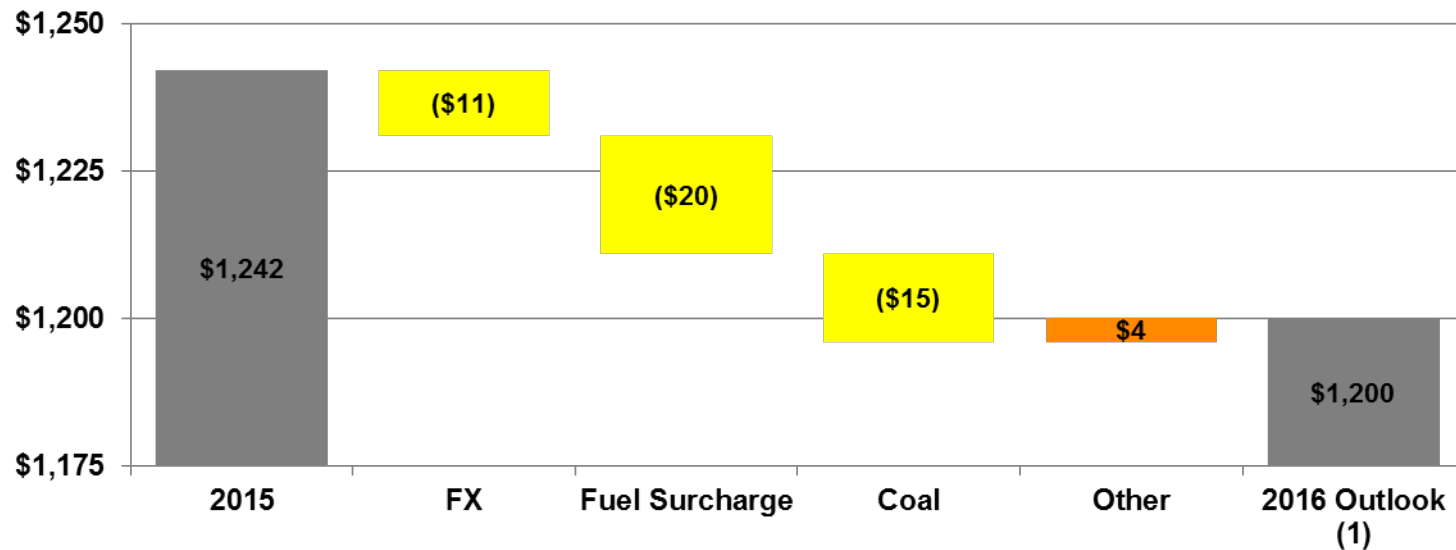
(\$ millions)



- (1) Adjusted income from operations is a non-GAAP financial measure. Reconciliations of non-GAAP financial measures accompany this presentation.
- (2) Reflects mid-point of 2016 annual outlook. Does not reflect any impact of potential severance and restructuring related expenses in the U.K. and Australia.

North American Operations Operating Revenues: 2016 Outlook vs. 2015

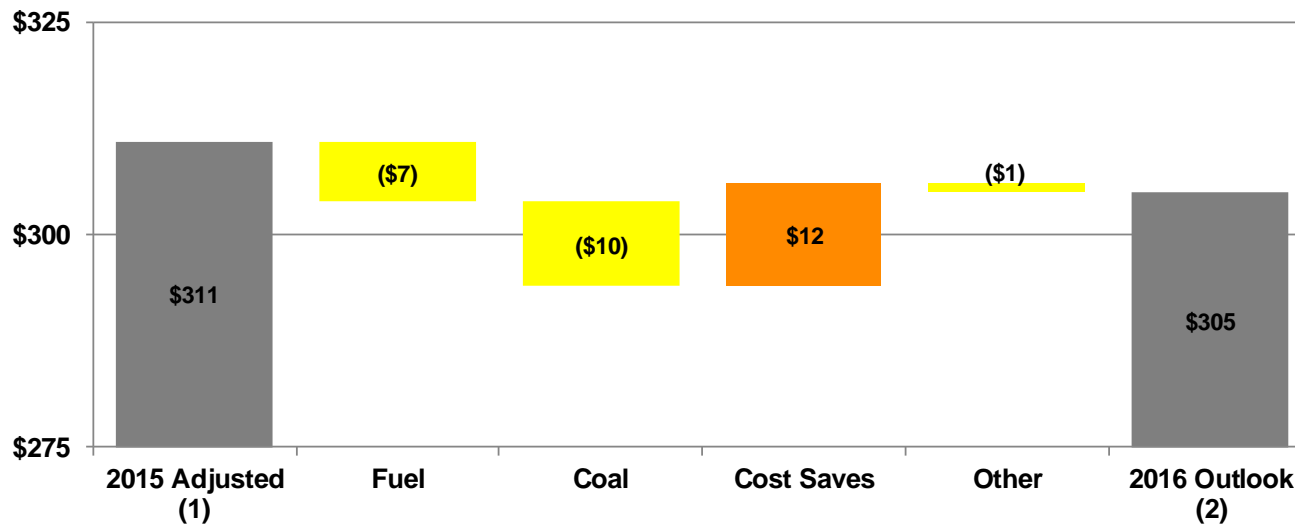
(\$ millions)



(1) Reflects mid-point of 2016 annual outlook.

North American Operations Income From Operations: 2016 Outlook vs. 2015

(\$ millions)



(1) Adjusted income from operations is a non-GAAP financial measure. Reconciliations of non-GAAP financial measures accompany this presentation.

(2) Reflects mid-point of 2016 annual outlook.

Australian Operations Operating Revenues: 2016 Outlook vs. 2015

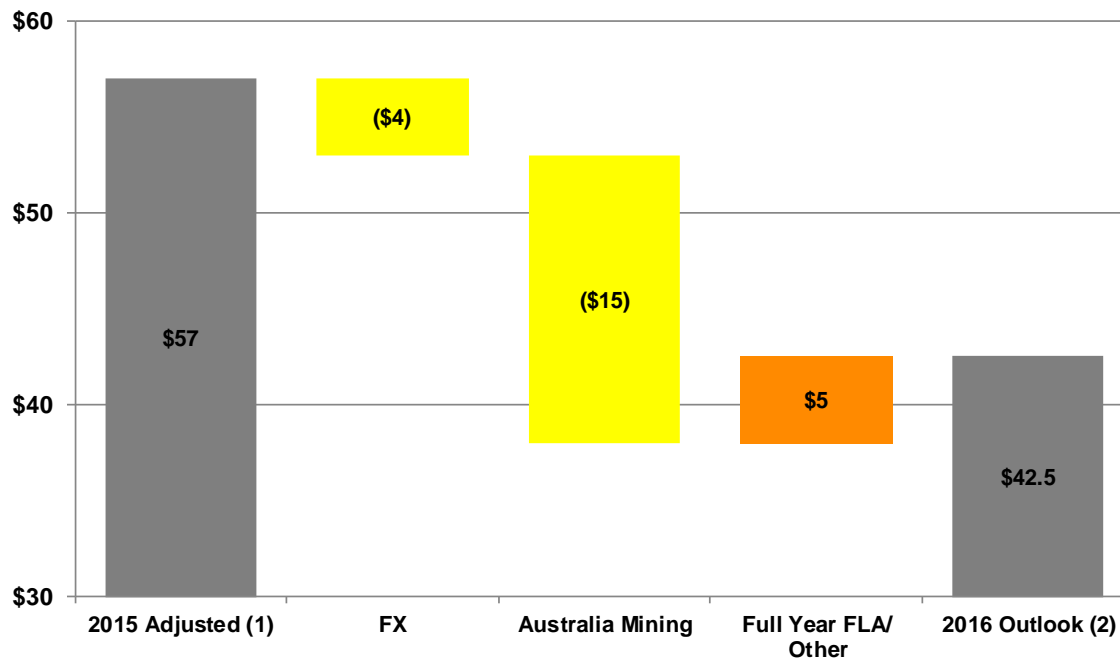
(US\$ millions)



(1) Reflects mid-point of 2016 annual outlook.

Australian Operations Income from Operations: 2016 Outlook vs. 2015

(US\$ millions)

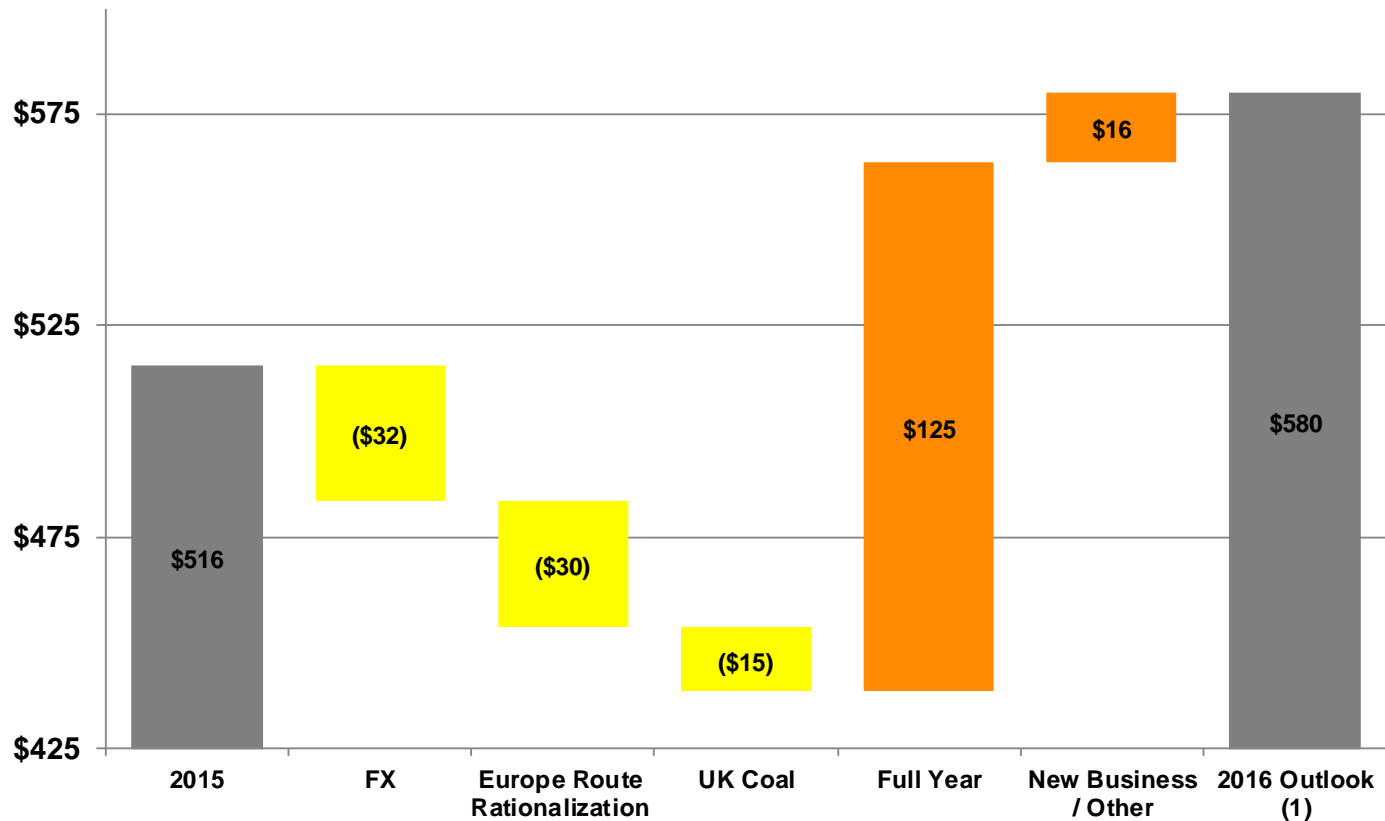


(1) Adjusted income from operations is a non-GAAP financial measure. Reconciliations of non-GAAP financial measures accompany this presentation.

(2) Reflects mid-point of 2016 annual outlook. Does not reflect any impact of potential severance and restructuring related expenses.

U.K./Europe Operations Operating Revenues: 2016 Outlook vs. 2015

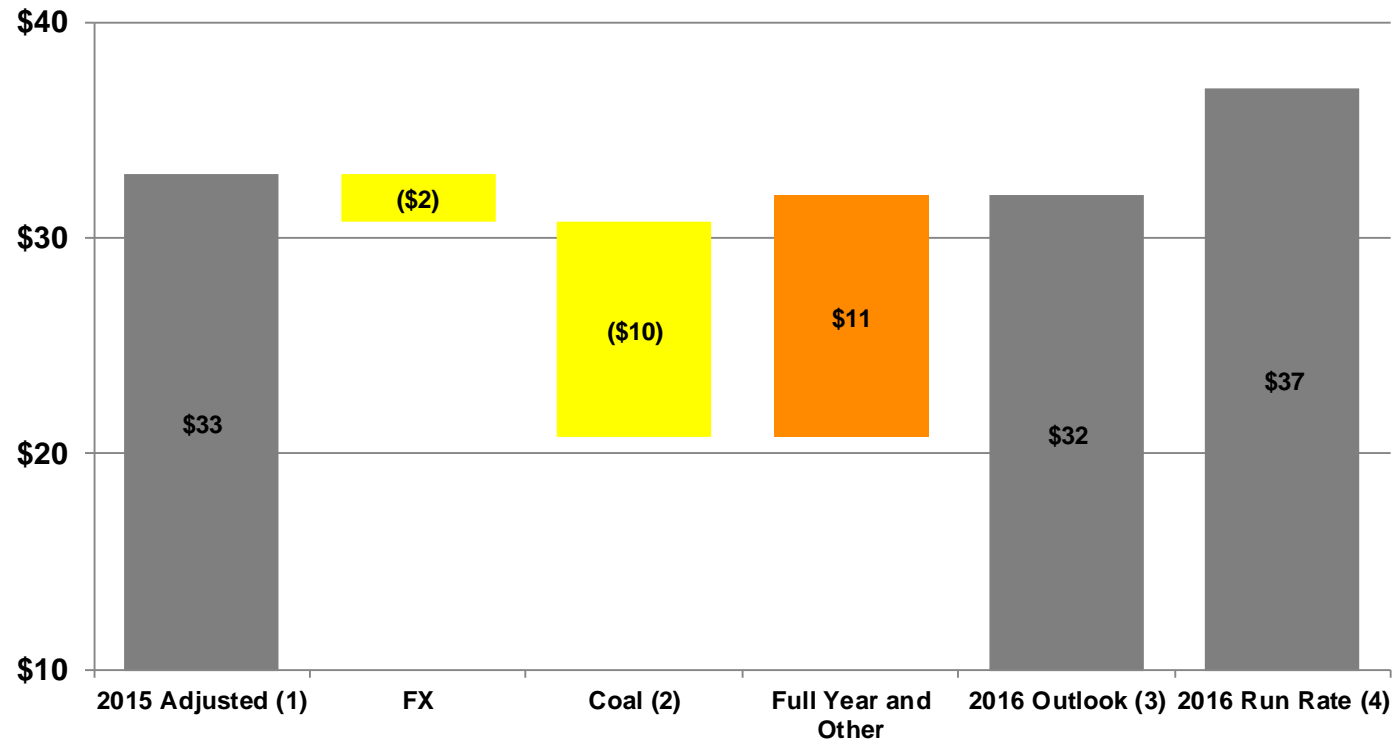
(US\$ millions)



(1) Reflects mid-point of 2016 annual outlook.

U.K./Europe Operations Income From Operations: 2016 Outlook vs. 2015

(US\$ millions)



- 1) Adjusted income from operations is a non-GAAP financial measure. Reconciliations of non-GAAP financial measures accompany this presentation.
- 2) Note Coal is \$10 million lower than in 2015 and \$15 million below plan until exit fixed costs.
- 3) Reflects mid-point of 2016 annual outlook. Does not reflect any impact of potential severance and restructuring related expenses.
- 4) 2016 Run Rate represents full year estimate of the U.K./Europe operations post restructuring of the U.K. coal business and no further redeployment of leased equipment (\$5 million annual expense).

Capital Expenditures

(in millions)	2016	2015	Change
Major Renewals & Improvements Capital			
Track and Structure	\$112	\$160	\$48
Equipment	50	51	1
Other	13	22	9
Subtotal - Core Capital ^(a)	\$175	\$233	\$58
Grant Matching Capital	15	13	(2)
Subtotal - Core + Grant Matching Capital ^(b)	\$190	\$246	\$56
New Business and Investments	35	69	34
Total Capital Expenditures ^(b)	\$225	\$315	\$90

(a) Efficiencies from Railroad Engineering Services (RES), G&W's new engineering department, yields approximately \$10 million savings in core track capital.

(b) 2016 Depreciation and Amortization = \$204 million

(c) 2016 Capital is net of \$65 million of funding from government grants (requiring match of \$15 million). 2015 Capital is net of \$36 million of funding from government grants (requiring match of \$13 million).

2016 Free Cash Flow and EBITDA

(in millions)	Outlook 2016	
Net Income ⁽¹⁾	\$ 215	EBIT ^{*(1)} \$ 380
Plus:		
Depreciation and Amortization (2)	\$ 220	\$ 220
Deferred Taxes	\$ 40	
Changes in working Capital	TBD	
Other	TBD	
Operating Cash Flow	\$ 475	EBITDA* \$ 600
Less: Capital Expenditures	\$ (190)	
Plus: Asset Sales	TBD	
Plus: Prior Year Grant Payments	TBD	
Less: Current Year Grant Delays	TBD	
Investing Cash Flows Before New Bus. Investments	\$ (190)	
Free Cash Flow Before New Bus. Investments	\$ 285	
Less: New Business Investments	\$ (35)	
Free Cash Flow*	\$ 250	

(1) Reflects mid-point of 2016 annual outlook. Does not reflect any impact of potential severance and restructuring related expenses in the U.K. and Australia.

(2) Includes amortization of non-cash equity compensation expense of \$16 million; D&A of \$204 million.

* EBIT, EBITDA and Free Cash Flow are non-GAAP financial measures. Reconciliations of non-GAAP financial measures accompany this presentation.

Outlook – First Quarter 2016

(February 9, 2016)

(in millions, except per share amounts)	North America	Australia	U.K./Europe	Consolidated Q1 2016 Outlook
Operating Revenues	~\$290	~\$50	~\$135	~\$475
Operating Ratio ⁽¹⁾	~78%	~84%	~98%	~84%
Income from Operations ⁽¹⁾	~\$65	~\$8	~\$3	~\$76
Net Interest Expense				~\$18
Depreciation and Amortization ⁽²⁾	\$40	\$7	\$7	\$54
Effective Tax Rate				~29%
Diluted EPS ⁽¹⁾				\$0.70 - \$0.75
Diluted Shares				57.9

(1) Does not reflect any impact of potential severance and restructuring related expenses in the U.K. and Australia.

(2) Includes amortization of non-cash equity compensation expense of \$4 million and D&A of \$50 million.

FX: A\$1.00 = US\$0.70, C\$1.00 = US\$0.70, €1.00 = US\$1.08, £1.00 = US\$1.42, PLN1.00 = US\$0.242

Balance Sheet

- Net Debt of \$2.3 billion at December 31, 2015
- 3.7x Net Debt/Adjusted EBITDA* at December 31, 2015

(\$ in millions)	12/31/2015
Cash & Equivalents	\$ 36
Debt:	
Senior Secured Credit Facility, <i>due March 2020</i>	\$ 2,178
Other Debt	\$ 127
TOTAL DEBT	\$ 2,305
Total Equity	\$ 2,480
TOTAL CAPITALIZATION	\$ 4,785
Total Debt/Total Capitalization	48%
Net Debt/Total Capitalization	48%

* EBITDA is a non-GAAP financial measure. Reconciliations of non-GAAP financial measures accompany this presentation.



**Zero
Injuries**

Our Goal Every Day

Supporting Information for 2016 Outlook

(February 9, 2016)

	North America	Australia	U.K./Europe
Revenues	\$1,175 - \$1,225	\$215 - \$225	\$570 - \$590
Operating Ratio*	74% - 75%	80% - 82%	~95%
Income from Operations*	\$295 - \$315	\$40 - \$45	\$30 - \$34
2016 Carload Volume	-3%	-5%	30%
2016 Same Railroad Volumes			Flat
Freight Pricing	+3%	fixed/variable	Flat
FX	C\$1.00 = US\$0.70	A\$1.00 = US\$ 0.70	£1.00 = US\$1.42 €1.00 = US\$1.08
Q1 2016 Carload Volumes	370,000 - 380,000	45,000 - 50,000	260,000 - 265,000
% Change versus prior year	(10%) - (12%)	(10%) - (15%)	NM

* Does not reflect any impact of potential severance and restructuring related expenses in the U.K. and Australia.



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

