



## Forward-looking Statements

**This presentation contains forward-looking statements regarding future events and the future performance of Genesee & Wyoming Inc. (“the Company”) that involve risks and uncertainties that could cause actual results to differ materially, including, but not limited to, economic conditions, customer demand, increased competition in the relevant market and others. 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. Genesee & Wyoming Inc. disclaims any obligation to update the forward-looking statements contained in this presentation.**



# Agenda

- 1. GWI Overview**
- 2. Analysis of Revenues**
- 3. Expense Controls**
- 4. Fourth Quarter 2009 Results**
- 5. 2010 Guidance**



# G&W Overview



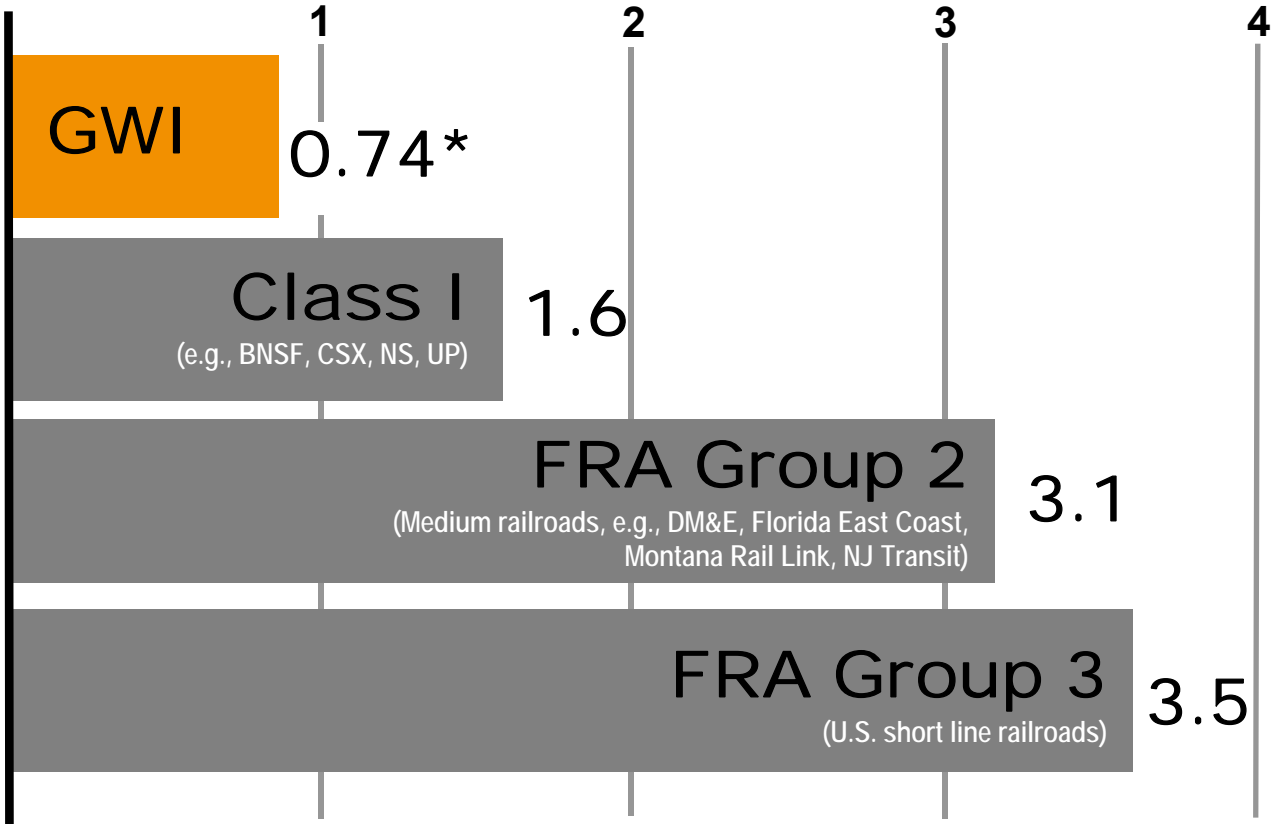
# GWI Today

- **Ownership of 62 railroads**
- **NYSE: GWR with market capitalization of  $\approx$  \$1.2 billion**
- **Employees  $\approx$  2,480**
- **547 locomotives**
- **Operate over 9,100 track miles**



# 2009 Injury Frequency Rate

0 Injuries



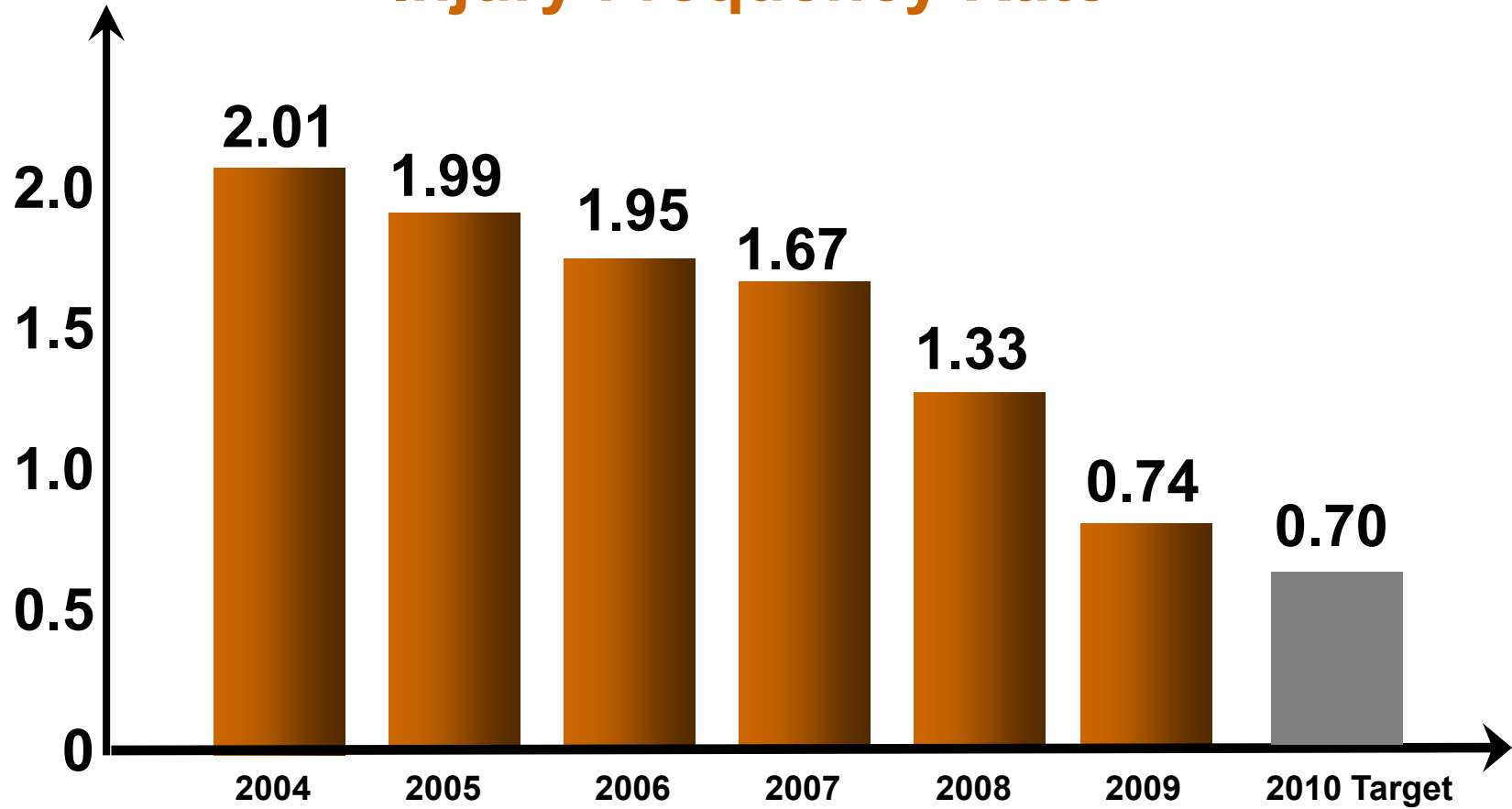
**Rate per 200,000 man hours worked**

\*GWI results through December; all others through November



# GWI Safety Performance

## Injury Frequency Rate



# GWI Worldwide



# Decentralized Operating Strategy

**Nine regions with strong local management combined with centralized administrative support**

- **Focused Regional Marketing**
- **Lower Operating Costs**
- **Efficient Use of Capital**
- **Continuous Safety Improvement**

# Acquisition Strategy

- 34 acquisitions since 1985

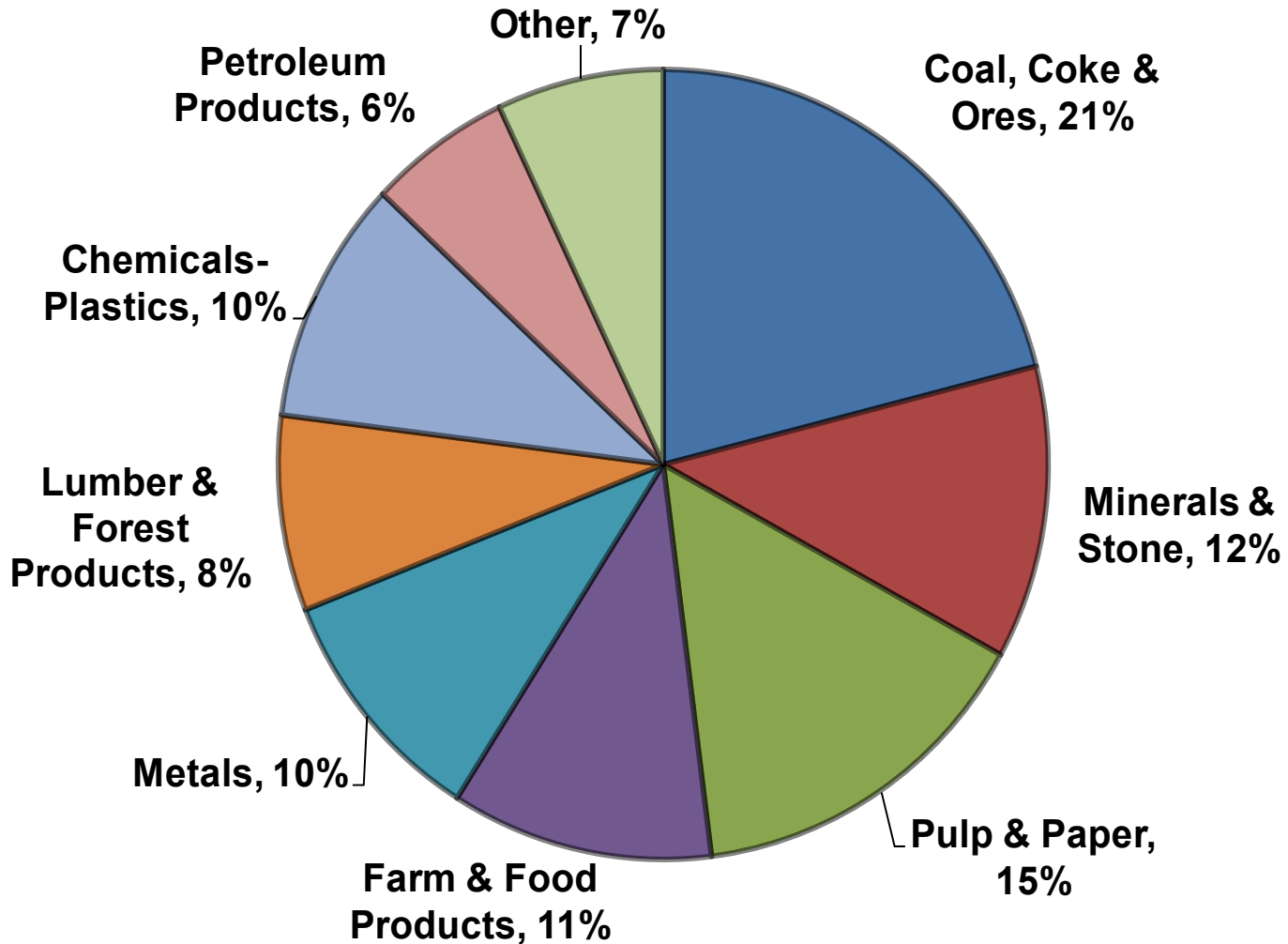


# Analysis of Revenues



# Freight Revenues (61% of Total)

2009



# Key Freight Commodities

## ■ Coal

- 85% Baseload Utilities 5%-10% Spot
- 10% Industrial

## ■ Pulp and Paper

- 50% Container Board 15% Pulp
- 25% Printing Paper 10% Newsprint

## ■ Metals

- 45% Finished Products 35% Scrap
- 10% Aluminum 10% Pipe and Other

## ■ Farm and Food

- Approximately 40% - 50% Australian Grain

## ■ Minerals and Stone

- Equally distributed among salt, cement, gypsum and minerals

# Same Railroad Carloads GWI 2009 vs. 2008

| Commodity              | Change           | %            | Comment                    |
|------------------------|------------------|--------------|----------------------------|
| Coal, Coke and Ores    | (24,500)         | (13%)        | Demand, Inventory          |
| Pulp & Paper           | (33,900)         | (28%)        | Paper/Packaging            |
| Minerals and Stone     | (18,400)         | (13%)        | Economy                    |
| Farm and Food          | 3,200            | 4%           | Australian Harvest         |
| Chemicals and Plastics | (4,900)          | (10%)        | Auto/Paper/Mfg             |
| Metals                 | (28,100)         | (33%)        | Steel/Scrap/Pipe           |
| Lumber and Forest      | (13,800)         | (19%)        | Housing                    |
| Petroleum Products     | 100              | 1%           |                            |
| Auto and Auto Parts    | (3,100)          | (28%)        | Auto Industry              |
| Other                  | (5,100)          | (14%)        |                            |
| <b>Total</b>           | <b>(128,500)</b> | <b>(16%)</b> | Of which (9,200) were HCRY |

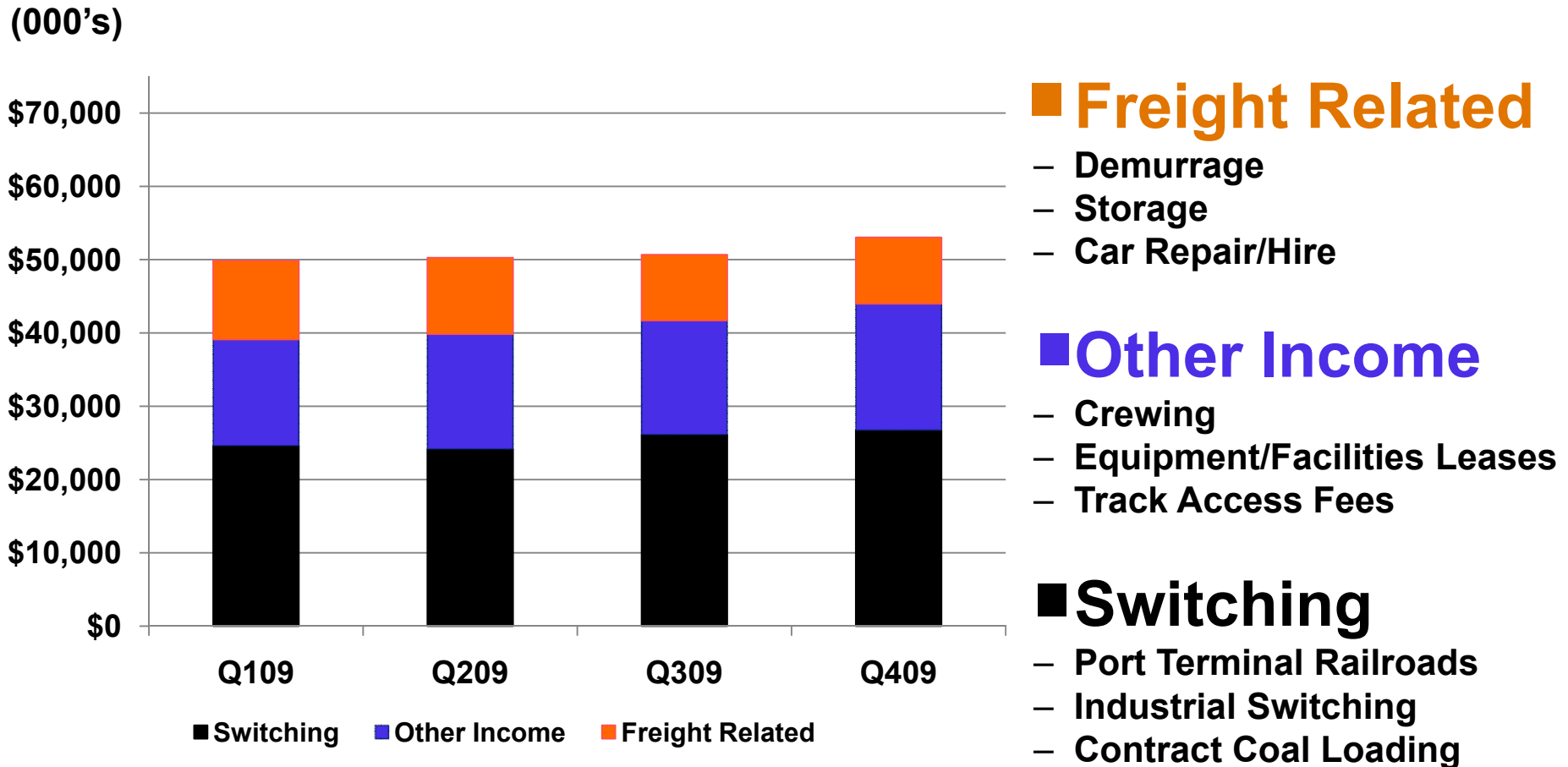
# Average Revenues Per Carload

| <i>(\$ in millions)</i>  | YTD<br>2009 | YTD<br>2008 | Change  |
|--|-------------|-------------|---------|
| <b>Average Revenues Per Carload</b>                              | \$428       | \$454       | (5.8%)  |
| FX (Appreciation of C\$ & A\$)                                   |             |             | (1.6%)  |
| Fuel Surcharge   |             |             | (5.7%)  |
| Mix  |             |             | (0.9%)  |
| <b>Average Revenues per Carload (ex. Fuel, FX, Mix)</b>          |             |             | 2.4%    |
| <b>U.S. &amp; Canada Same Railroad (ex. Fuel, FX, Mix, RCAF)</b> |             |             | 4.9%(a) |

(a) Impact of RCAF was approximately 1%



# Adjusted Non-Freight Revenues\*



\* Excluding fuel sales, normalized for FX. Adjusted non-freight revenues is a non-GAAP financial measure. A non-GAAP financial measure reconciliation is included at the end of this presentation.



# Cost Controls



# Responding to the Recession

- **Reduce Train Starts**
- **Park Locomotives**
- **Furlough Employees**
- **Redesign Operating Plans**
- **In-source Track Activities**

# Comparison to Rail Industry

## Y/Y Change in Operating Expense Ex-Fuel

|                 | <b>1Q:09</b> | <b>2Q:09</b> | <b>3Q:09</b> | <b>4Q:09</b> |
|-----------------|--------------|--------------|--------------|--------------|
| BNI             | -9.9%        | -13.7%       | -11.1%       | -6.9%        |
| UNP             | -6.7%        | -11.9%       | -10.3%       | -8.4%        |
| CSX             | -6.9%        | -14.2%       | -14.7%       | -9.9%        |
| NSC             | -6.9%        | -16.2%       | -14.2%       | -5.9%        |
| Class I Average | -7.6%        | -14.0%       | -12.6%       | -7.8%        |
| GWR *           | -6.6%        | -9.1%        | -16.6%       | -16.6%       |

\* GWR: U.S. and Canada Same Railroad Only, excluding one-time items and certain non-freight transportation expense, normalized for FX. This percentage change is a non-GAAP financial measure. A non-GAAP financial measure reconciliation is included at the end of this presentation.

Source: JPMorgan, GWI



# Fourth Quarter 2009 Results



# Fourth Quarter Summary

## ■ Revenues

- Total Revenues Down 10.4% versus 4Q08 (ex. Fuel Sales and FX)\*
- Stronger Grain and Steel Pipe in U.S. in Q4
- Delayed Start to Australian Grain Harvest

## ■ Operating Expenses

- U.S. and Canada Adjusted Operating Expenses\* down 17%
- Maintained Adjusted Operating Ratio\* of 80.9%

\* Total revenues excluding fuel sales and the impact of foreign exchange, Adjusted Operating Ratio and U.S. and Canada Adjusted Operating Expenses are non-GAAP financial measures. Non-GAAP financial measure reconciliations are included at the end of this presentation.



# Fourth Quarter Revenues

| <i>(\$ in millions)</i>                       | 4Q 2009 | 4Q 2008 | Change   | %       |
|---|---------|---------|----------|---------|
| <b>Revenues</b>                               | \$139.9 | \$149.2 | (\$9.2)  | (6.2%)  |
| <b>FX (Appreciation of A\$, C\$ and €)</b>    |         |         | \$7.6    |         |
| <b>Third-Party Fuel Sales</b>                 |         |         | (\$1.3)  |         |
| <b>Total Revenues (ex. Fuel Sales and FX)</b> |         |         | (\$15.5) | (10.4%) |

# Fourth Quarter Operating Income

| <i>(\$ in millions)</i>     | 4Q 2009  | 4Q 2008  | \$<br>Change | %<br>Change |
|-----------------------------|----------|----------|--------------|-------------|
| Operating Income            | \$ 27.5  | \$ 30.4  | \$ (2.9)     | (9.6%)      |
| Net Gain on Sale of Assets  | \$ (0.8) | \$ (3.9) | \$ 3.1       |             |
| Acquisition-related expense | \$ -     | \$ 2.0   | \$ (2.0)     |             |
| Adj. Operating Income*      | \$ 26.7  | \$ 28.5  | \$ (1.8)     | (6.3%)      |
| Operating Ratio             | 80.4%    | 79.6%    |              | (0.8%)      |
| Adj. Operating Ratio*       | 80.9%    | 80.9%    |              | 0.0%        |

\* Adjusted Operating Income and Adjusted Operating Ratio are non-GAAP financial measures. A non-GAAP financial measure reconciliation is included at the end of this presentation.



# Fourth Quarter Income and EPS

| <i>(\$ in millions, except per share amounts)</i> | 4Q 2009 | 4Q 2008 |
|---|---------|---------|
| Income from Cont Ops                              | \$18.3  | \$25.3  |
| Diluted EPS from Cont Ops                         | \$0.44  | \$0.70  |
| Diluted Shares                                    | 41.3    | 36.4    |

| Q4 09 Significant Items  | Pre-Tax Impact | After-Tax Impact | EPS Impact |
|--------------------------|----------------|------------------|------------|
| • Gain on sale of assets | \$0.8          | \$0.5            | \$0.01     |
| • Net tax benefits       | \$1.0          | \$1.0            | \$0.03     |

| Q4 08 Significant Items    | Pre-Tax Impact | After-Tax Impact | EPS Impact |
|----------------------------|----------------|------------------|------------|
| • Gain on sale of assets   | \$3.9          | \$2.7            | \$0.07     |
| • Acq-related expense      | (\$2.0)        | (\$1.3)          | (\$0.03)   |
| • Certain net tax benefits | \$9.3          | \$9.3            | \$0.26     |



# Guidance



# 2010 Guidance

- **Revenue: \$580-\$600 million**
- **Operating Ratio: ~80%**
- **Tax Rate: ~38%\***
- **EPS: Approximately \$1.50\***
- **Diluted Shares: 41.5 million**
- **Free Cash Flow: \$80 million - \$85 million**

\* Short line tax credit extension would reduce tax rate to 28% and increase EPS by \$0.25



# 2010 Guidance - Revenues

| <i>(\$ in millions)</i>                    | 2010E       |
|--|-------------|
| <b>2009 Revenues</b>                       | \$545       |
| <b>Australia Grain</b>                     | \$15-\$20   |
| <b>Stabilizing Economy</b>                 | \$0-\$15    |
| <b>Third party Fuel Sales</b>              | \$5         |
| <b>FX (Appreciation of A\$, C\$ and €)</b> | \$15        |
| <b>Total Revenues</b>                      | \$580-\$600 |



# 2010 Free Cash Flow Guidance

| <i>(\$ in millions)</i>                             | <b>Original<br/>2009</b> | <b>Updated<br/>2009</b> | <b>Actual<br/>2009</b> | <b>Guidance<br/>2010</b> |
|---|--------------------------|-------------------------|------------------------|--------------------------|
| Date Guidance Provided                              | 2/11/09                  | 7/30/09                 |                        | 2/8/10                   |
| <b>Net Income</b>                                   | \$65-\$73                | \$58 - \$63             | \$61.5                 | \$60-\$65                |
| <b>Plus:</b>  |                          |                         |                        |                          |
| <b>Depreciation &amp; Amortization</b>              | 52                       | 48                      | 48.1                   | 52                       |
| <b>Deferred Taxes</b>                               | 17                       | 8                       | 7.6                    | 20                       |
| <b>Option and Restricted Stock<br/>Amortization</b> | 6                        | 6                       | 6.0                    | 6                        |
| <b>Changes in Working Capital</b>                   | TBD                      | TBD                     | 3.8                    | TBD                      |
| <b>Operating Cash Flow</b>                          | \$140-\$148              | \$120 -\$125            | \$126.9                | \$138-\$143              |
| <b>Less: Capital Expenditures</b>                   | (58)                     | (58)                    | (56.6)                 | (57)                     |
| <b>Plus: Asset Sales+Ins. Recovery</b>              | -                        | -                       | 12.3                   | TBD                      |
| <b>Plus: Prior Year Grant Payments</b>              | 8                        | 8                       | 6.7                    | 14.4                     |
| <b>Less: Current Year Grant Delays</b>              | (8)                      | (8)                     | (14.4)                 | (14.4)                   |
| <b>Total Free Cash Flow*</b>                        | <b>\$80-\$90</b>         | <b>\$62-\$67</b>        | <b>\$75.0</b>          | <b>\$80 - \$85</b>       |

\* Free cash flow is a non-GAAP financial measure. A non-GAAP financial measure reconciliation is included at the end of this presentation.





**Appendix**

# Supporting Information For 2010 Guidance

- **2010 Carloads of 815,000 (25,000 increase over 2009 due primarily to Australian grain)**
- **2010 Consolidated Pricing, ex. Currency: 3.5%**
- **2010 U.S. and Canada Pricing: 3.0%**
- **Fuel: W.T.I. Crude Averages \$80 per barrel**
- **Net Interest Expense: \$18 million**
- **Depreciation & Amortization: \$52 million**
- **Net Capital Expenditures: \$57 million + \$35 million in Grants from Outside Parties**



# Strong Balance Sheet

***\$ in millions***

**December 31, 2009**

|  |                  |
|--|------------------|
| Cash & Equivalents                                 | \$ 105.7         |
| Debt:  |                  |
| 4.85% Senior Notes, <i>due November 2011</i>       | \$ 75.0          |
| 5.36% Senior Notes, <i>due August 2015</i>         | 100.0            |
| Floating Rate Senior Notes, <i>due August 2012</i> | 25.0             |
| Other Long-Term Debt, <i>due October 2013</i>      | 249.4            |
| <b>TOTAL LONG-TERM DEBT</b>                        | <b>\$ 449.4</b>  |
| Total Equity                                       | \$ 688.9         |
| <b>TOTAL CAPITALIZATION</b>                        | <b>\$1,138.3</b> |
| Total Debt/Total Capitalization                    | 39.5%            |
| Net Debt/Total Capitalization                      | 30.2%            |





## Reconciliation of Non-GAAP Financial Measures

# Non-GAAP Financial Measures Reconciliations

**This presentation contains adjusted non-freight revenues, year over year change in adjusted operating expenses, the ratio of change in adjusted operating expenses to decline in volumes, adjusted total revenues and free cash flow, 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 measures.**



# Adjusted Non-Freight Revenues Description and Discussion

Management views its Non-Freight Revenues as an important measure of GWI's operating performance. Because management believes this is useful for investors in assessing GWI's financial results over a period of time, Non-Freight Revenues are presented on a quarterly basis from Q1 2009 through Q4 2009, excluding fuel sales and the impact of foreign exchange. The Adjusted Non-Freight Revenues presented excluding these effects are not intended to represent, and should not be considered more meaningful than, or as an alternative to, Non-Freight Revenues calculated using amounts in accordance with GAAP.



# Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI's Non-Freight Revenues calculated using amounts determined in accordance with GAAP to Adjusted Non-Freight Revenues (\$ in millions):

|                    | <u>Q1 2009</u> | <u>Q2 2009</u> | <u>Q3 2009</u> | <u>Q4 2009</u> |
|--------------------|----------------|----------------|----------------|----------------|
| As Reported        | \$ 49.3        | \$ 50.8        | \$ 53.3        | \$ 57.8        |
| Fuel Sales         | (3.6)          | (3.1)          | (3.8)          | (4.6)          |
| Foreign Exchange * | 4.2            | 2.6            | 1.2            | (0.2)          |
| Adjusted           | <u>\$ 49.9</u> | <u>\$ 50.3</u> | <u>\$ 50.7</u> | <u>\$ 53.0</u> |

\* Assumes average exchange rate from December 2009.



# Year over Year Change in Adjusted Operating Expenses and the Ratio of the Change in Adjusted Operating Expenses to Decline in Volumes

## Description and Discussion

Management views its Year over Year (Y/Y) Change in Operating Expenses and the Ratio of the Change in Operating Expenses to Decline in Volumes as an important measure of GWI's U.S. and Canada Same Railroad operating performance. Because management believes this is useful for investors in assessing GWI's financial results compared with the same period in the prior year, the Operating Expenses for the three months ended March 31, June 30, September 30, and December 31, 2009 and 2008, used to calculate Y/Y change, are presented excluding: 1) the cost of diesel fuel; 2) net gain/(loss) on sale and impairment of assets and gain on insurance recoveries; 3) Huron Central Railway Inc. (HCRY) restructuring and related charges and legal expenses associated with the resolution of the arbitration associated with the Meridian & Bigbee LLC (M&B) Haulage Agreement; 4) acquisition-related expense; 5) non-freight transportation expense associated with industrial and port switching, contract coal loading, Class I switching and commuter rail services and 6) the impact of foreign exchange. The Ratio of the Change in Adjusted Operating Expenses to Decline in Volumes is calculated as Y/Y change in Adjusted Operating Expenses divided by the Y/Y Change in U.S. and Canada Same Railroad Carloads. The Y/Y Change in Adjusted Operating Expenses and the Ratio of the Change in Adjusted Operating Expenses to Decline in Volumes presented excluding these effects are not intended to represent, and should not be considered more meaningful than, or as an alternative to, the Operating Expenses calculated using amounts in accordance with GAAP.



# Non-GAAP Financial Measures Reconciliations

The following table sets forth a reconciliation of GWI's Change in Operating Expenses calculated using amounts determined in accordance with GAAP to the U.S. and Canada Same Railroad Y/Y Change in Operating Expenses and the Ratio of Change in Adjusted Operating Expenses to Adjusted Decline in Volumes (\$ in millions):

Y/Y Change in Adjusted Operating Expenses:

|   | Q1 2009        | Q1 2008        | Y/Y Ratio | Q2 2009        | Q2 2008        | Y/Y Ratio | Q3 2009        | Q3 2008        | Y/Y Ratio | Q4 2009        | Q4 2008        | Y/Y Ratio |
|---|----------------|----------------|-----------|----------------|----------------|-----------|----------------|----------------|-----------|----------------|----------------|-----------|
| As reported   | \$ 112.4       | \$ 119.4       | (5.9%)    | \$ 115.4       | \$ 123.0       | (6.2%)    | \$ 105.3       | \$ 124.9       | (15.7%)   | \$ 112.4       | \$ 118.8       | (5.3%)    |
| Operating expenses - new operations   | (15.0)         | -              |           | (10.5)         | -              |           | (10.3)         | -              |           | -              | -              |           |
| Australia and Netherlands same railroad operating expenses                        | (16.9)         | (24.4)         |           | (20.7)         | (31.6)         |           | (22.6)         | (29.9)         |           | (25.6)         | (18.2)         |           |
| U.S. and Canada same railroad operating expenses                                  | \$ 80.5        | \$ 95.0        | (15.3%)   | \$ 84.2        | \$ 91.4        | (7.9%)    | \$ 72.4        | \$ 95.0        | (23.8%)   | \$ 86.8        | \$ 100.6       | (13.7%)   |
| Diesel fuel   | (7.0)          | (14.5)         |           | (5.7)          | (15.8)         |           | (6.4)          | (14.4)         |           | (9.3)          | (11.7)         |           |
| Net gain/(loss) on sale and impairment of assets and gain on insurance recoveries | 0.2            | 0.5            |           | (4.6)          | 2.5            |           | 2.5            | 1.2            |           | 0.8            | 3.9            |           |
| Restructuring charges of \$2.3M and legal expenses of \$1.1M                      | -              | -              |           | (3.7)          | -              |           | 0.3            | -              |           | -              | -              |           |
| Acquisition-related expense   | -              | -              |           | -              | -              |           | -              | -              |           | -              | (2.0)          |           |
| Certain non-freight transportation expenses                                       | (6.5)          | (6.7)          |           | (6.8)          | (6.8)          |           | (7.0)          | (7.1)          |           | (7.0)          | (6.9)          |           |
| Foreign currency exchange   | 2.2            | -              |           | 1.4            | -              |           | 0.5            | -              |           | (1.3)          | -              |           |
| Adjusted U.S. and Canada same railroad operating expenses                         | <u>\$ 69.4</u> | <u>\$ 74.3</u> | (6.6%)    | <u>\$ 64.8</u> | <u>\$ 71.3</u> | (9.1%)    | <u>\$ 62.3</u> | <u>\$ 74.7</u> | (16.6%)   | <u>\$ 70.0</u> | <u>\$ 83.9</u> | (16.6%)   |
| U.S. and Canada same railroad carloads  | <u>145,765</u> | <u>168,006</u> | (13.2%)   | <u>132,030</u> | <u>174,234</u> | (24.2%)   | <u>147,950</u> | <u>184,950</u> | (20.0%)   | <u>167,125</u> | <u>201,916</u> | (17.2%)   |
| Ratio of Change in Adjusted Operating Expenses To Decline in Volumes              |                |                | 49.9%     |                |                | 37.6%     |                |                | 83.0%     |                |                | 96.3%     |



# Adjusted Total Revenues Description and Discussion

Management views its Total Revenues as an important measure of GWI's operating performance. Because management believes this is useful for investors in assessing GWI's financial results compared with the same period in the prior year, Total Revenues for the three months ended December 31, 2009, are presented excluding the year over year change in fuel sales and the impact of foreign exchange. The Adjusted Total Revenues presented excluding these effects are not intended to represent, and should not be considered more meaningful than, or as an alternative to, Total Revenues calculated using amounts in accordance with GAAP.



# Non-GAAP Financial Measure Reconciliation

The following table sets forth a reconciliation of GWI's Total Revenues calculated using amounts determined in accordance with GAAP to Adjusted Total Revenues described above (\$ in millions):

|                    | <u>Q4 2009</u>  | <u>Q4 2008</u> | <u>Change</u> | <u>%</u> |
|--------------------|-----------------|----------------|---------------|----------|
| As Reported        | \$ 139.9        | \$ 149.2       | \$ (9.3)      | (6.2%)   |
| Fuel Sales         | 1.3             |                |               |          |
| Foreign Exchange * | <u>(7.5)</u>    |                |               |          |
| Adjusted           | <u>\$ 133.7</u> |                | \$ (15.5)     | (10.4%)  |

\* Calculated by comparing reported revenues in 2009 with estimated revenues in 2008 assuming average rates in effect in 2009.



# 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 Provided by Investing Activities from Continuing Operations, excluding the cost of acquisitions, proceeds from divestitures and contingent consideration held in escrow. 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.



# 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 (\$ in millions):

|  | Year Ended<br>December 31, |                |
|--|----------------------------|----------------|
|  | 2009                       | 2008           |
| Net cash provided by operating activities from continuing operations | \$ 126.9                   | \$ 128.7       |
| Net cash used in investing activities from continuing operations     | (58.3)                     | (413.8)        |
| Net cash paid/(received) for acquisitions/divestitures               | 6.4                        | 345.5          |
| Contingent consideration held in escrow                              | -                          | 7.5            |
| Free cash flow   | <u>\$ 75.0</u>             | <u>\$ 67.9</u> |



