

July 24, 2012

### RailAmerica (RA)

Price:	\$24.81
Market Cap:	\$1,250,672,100
Cash:	\$98,480,000
Debt:	\$655,880,000
Net Cash:	-\$557,400,000
Enterprise Value:	\$1,808,072,100
Target Market Cap:	\$1,509,825,836
Target Enterprise Value:	\$2,067,225,836

Price/Book:	1.84
EV/FCF:	148.20
<b>Net Tang. Asset/Share:</b>	<b>\$9.13</b>
Avg. Year 1-5 FCF/Share:	\$1.46
<b>5 Years of FCF:</b>	<b>\$7.29</b>
Net Tang. Asset+5 FCF:	\$16.42

Net Tang. Asset Yr. 5/Share:
Avg. Year FCF/Share:
Year 5 Disposition FCF Multip
<b>Year 5 Disposition Price:</b>
<b>Gain Year 5:</b>

<b>Net Tang. Asset+5 FCF+ Gain Disposition:</b>
<b>IRR:</b>

Genesee & Wyoming (GWR) to purchase RailAmerica (RA) for \$27.50, or \$2 BB. Carlyle will invest \$800 MM in GWR, which will en acquire RA. BofA ML will lend \$2 BB in debt for the transaction. Bought out at \$27.50, or \$1.4 BB market cap and EV near \$2 BB. V \$860 MM equity value on a standalone basis. SG&A is 52% of rev, so GWR could have paid a premium, taking into consideration tl operation cost. If we reduce SG&A to 40%, then we would arrive at the target market cap. Steady earnings, and growth.

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\$18.29
\$1.46
3.0
<b>\$22.66</b>
<b>\$13.53</b>

<b>\$29.95</b>
<b>3.84%</b>

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<b>Company Name:</b>	<b>RailAmerica</b>
Ticker Symbol:	RA
<b>Last Price:</b>	<b>\$24.81</b>
Net Cash/Share:	-\$11.06
Net Cash to Last Price:	-44.57%
Shares Outstanding:	50,410,000
Industry:	Railroads
Sector:	Industrials
Institutional Ownership:	#VALUE!
Mutual Fund Ownership:	#VALUE!
Insider Ownership:	#VALUE!
Retail Ownership:	#VALUE!
Float:	#VALUE!

<b>Technicals</b>	
52 week low:	Error
Today from 52 week low:	#VALUE!
52 week high:	Error
Today from 52 week high:	#VALUE!
50 day Moving Average:	Error
200 day Moving Average:	Error

<b>Analyst/Consensus</b>	
Analyst Sales Growth FY1:	10.50%
Analyst Sales Growth FY2:	6.50%
SN Valuation Estimate FY1:	5.00%
SN Valuation Estimate FY2:	5.00%

Analyst Earnings Estimate FY1:	\$1.34
Analyst Earnings Estimate FY2:	\$1.56
SN Valuation Earnings Est. FY1:	\$1.61
SN Valuation Earnings Est. FY2:	\$1.70

<b>Multiples</b>	
Market Value to Book:	1.84
EV to Book:	2.66
Market Value to Tangible Net Assets:	4.62
P/E Ratio:	-168.10
Trailing P/E Ratio:	N/A
Forward P/E Ratio:	17.47
Beta:	Error
Dividend:	0
Dividend Yield:	0.00%
Dividend Date:	N/A
Ex-Dividend Date:	N/A

<b>Competitors</b>	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	8.14
Average EV to EBIT:	N/A
Company EV to EBITA:	14.87

Market Capitalization:	\$1,250,672,100.00
Total Debt:	\$655,880,000.00
Total Cash:	\$98,480,000.00
Net Cash/(Debt):	-\$557,400,000.00
Enterprise Value:	\$1,808,072,100.00
Current EV/Share:	\$35.87
EBITDA:	\$222,160,000.00
EV/EBITDA Multiple:	8.14
EV/EBITDA Multiple Average Year 1-5:	7.10
EV/FCF Multiple:	148.20
EV/FCF Multiple Average Year 1-5:	24.61

**Upper Range**  
DCF: EV/EBITDA Terminal Value

Implied TV from 3 X EV/EBITDA Multiple	\$844,061,153.67
Enterprise Value	\$844,061,153.67
Cash at Year 5:	\$465,882,554.42
Debt at Year 5:	\$655,880,000.00
Equity Value Year 5:	\$654,063,708.09
<b>Equity/Share at Year 5:</b>	<b>\$12.97</b>
Annualized Return:	-12.16%

**Lower Range**  
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value

Year 5 Net Tangible Assets excluding cash and debt	\$846,580,000.00
Enterprise Value	\$846,580,000.00
Cash at Year 5:	\$465,882,554.42
Debt at Year 5:	\$655,880,000.00
Equity Value Year 5:	\$656,582,554.42
<b>Equity/Share at Year 5:</b>	<b>\$13.02</b>
Annualized Return:	-12.09%

**EVA**

EVA today:	\$684,233,907.24
EVA in 5 Years:	\$1,545,746,859.94
EVA/Share:	\$30.66
Cash at Year 5:	\$465,882,554.42
Debt at Year 5:	\$655,880,000.00
Equity Value Year 5:	\$1,355,749,414.36
<b>Equity/Share at Year 5:</b>	<b>\$26.89</b>
<b>Annualized return</b>	<b>17.70%</b>

**Current Net Tangible Asset**

<b>Net Tangible Asset/Share:</b>	<b>\$6.46</b>
<b>Net Tangible Asset/Share in Year 5:</b>	<b>\$15.61</b>
Annualized return	19.32%

Current Equity Price:	\$24.81
Selling at Discount?	Premium
Appreciation Potential:	-73.98%

**Dividend Model**

<b>Next Year Dividend</b>	<b>\$0.00</b>
<b>WACC:</b>	<b>8.86%</b>
Dividend:	\$0.00
Net Income:	-\$7,440,000.00

**Income Statement**

Revenue:	\$569,630,000.00	100.0%
Cost of Goods Sold:	\$163,180,000.00	28.6%
Gross Profit:	\$406,450,000.00	71.4%
EBITDA:	\$194,830,000.00	34.2%
Net Income:	-\$7,440,000.00	-1.3%

**Balance Sheet**

Cash:	\$98,480,000.00
Short Term Investment:	\$0.00
A/R:	\$93,510,000.00
PP&E:	\$1,050,000,000.00
Assets:	\$1,636,720,000.00
A/P:	\$72,840,000.00
Deferred Tax:	\$190,350,000.00
Other Liabilities:	\$45,290,000.00
Short term Debt:	\$77,930,000.00
Long Term Debt:	\$577,950,000.00
Liabilities:	\$964,360,000.00
Retained Earnings:	\$84,270,000.00
Paid-In Capital:	\$591,840,000.00
Treasury Stock:	\$0.00
Stockholder's Equity:	\$680,120,000.00

**Cash Flow**

Net Income:	36,870,000.00
Depreciation/Amortization:	52,700,000.00
Change in Working capital:	-25,770,000.00
Cash from Operating Activities:	102,290,000.00
Capital Expenditures:	-130,780,000.00
Cash from Investing Activities:	-90,070,000.00
Total Cash Dividends Paid:	0.00
Issuance (Retirement) of Stock:	-70,570,000.00
Issuance (Retirement) of Debt:	-430,000.00
Cash from Financing Activities:	-74,020,000.00

**Profitability Margins**

Debt to Equity:	96.44%
Return on Assets:	2.25%
Return on Capital:	2.76%
Return on Equity:	5.42%

# SN VALUATION

# LBO Analysis

WACC Terminal Value:	N/A	<b>Intrinsic Price in 5 Years:</b>	<b>19.26</b>	<b>Non-LBO Forecast</b>	<b>Non-LBO Forecast</b>	<b>Desired Return Rate</b>	<b>20.00%</b>
EV/EBITDA with 3X Multiple Terminal Value:	\$12.97	Market Price:	24.81	Year 1 Target	23.58	<b>Implied Today's Price</b>	<b>7.74</b>
Net Tangible Asset Terminal Value:	\$13.02	LBO Price:	<b>24.81</b>	Year 2 Target	22.42	Overvalued/(Undervalued)	220.57%
EV/EBITDA with Today's Multiple Terminal Value:	\$24.14	Premium to Market Price:	0.00%	Year 3 Target	21.31		
EVA Enterprise Value:	\$26.89	LBO Price/Intrinsic Price Target:	-4.94%	Year 4 Target	20.26		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	-7.80%	Year 5 Target	19.26		
Average (Excluding Dividend Discount):	<b>\$19.26</b>	Implied IRR at today's EV/EBIT:	-0.55%	<b>Implied IRR (Market Price):</b>	<b>-4.94%</b>		
		5 Year Return:	-22.38%				

Current Evaluation				Exit Evaluation			
Current Market Price:	24.81	LBO Price:	24.81	Exit Price:	19.26	Exit Price:	24.14
Outstanding Shares:	50,410,000	Outstanding Shares:	50,410,000	Outstanding Shares:	50,410,000	Outstanding Shares:	50,410,000
<b>Market Capitalization:</b>	<b>1,250,672,100</b>	<b>Market Capitalization:</b>	<b>1,250,672,100</b>	<b>Market Capitalization:</b>	<b>970,791,705</b>	<b>Market Capitalization:</b>	<b>1,216,771,144</b>
Available Cash:	98,480,000	Available Cash:	98,480,000	Available Cash:	465,882,554	Available Cash:	465,882,554
Debt:	655,880,000	Debt:	655,880,000	Debt:	655,880,000	Debt:	655,880,000
Net Cash:	<b>-557,400,000</b>	Net Cash:	<b>-557,400,000</b>	Net Cash:	<b>-189,997,446</b>	Net Cash:	<b>-189,997,446</b>
<b>Enterprise Value:</b>	<b>1,808,072,100</b>	<b>Enterprise Value:</b>	<b>1,808,072,100</b>	<b>Enterprise Value:</b>	<b>1,160,789,151</b>	<b>Enterprise Value:</b>	<b>1,406,768,589</b>
Original EV/EBITDA:	14.87	EV/EBITDA:	14.87	EV/EBITDA at 5 Years:	5.49	EV/EBITDA at 5 Years:	<b>5.00</b>
Original EV/EBITDA:	8.14	EV/EBITDA:	10.37	EV/EBITDA at 5 Years:	6.78	EV/EBITDA at 5 Years:	5.05
Competitor Average EV/EBIT:	N/A						
Competitor Average EV/EBITDA:	N/A						

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	24.81	24.81	23.58	22.42	21.31	20.26	19.26
Shares Outstanding:	50,410,000	50,410,000	50,410,000	50,410,000	50,410,000	50,410,000	50,410,000
<b>Market Capitalization:</b>	<b>1,250,672,100</b>	<b>1,250,672,100</b>	<b>1,188,885,364</b>	<b>1,130,151,068</b>	<b>1,074,318,412</b>	<b>1,021,244,047</b>	<b>970,791,705</b>
Available Cash:	98,480,000	98,480,000	155,006,500	218,572,538	292,292,591	374,756,859	465,882,554
Debt:	655,880,000	655,880,000	655,880,000	655,880,000	655,880,000	655,880,000	655,880,000
Net Cash:	<b>-557,400,000</b>	<b>-557,400,000</b>	<b>-500,873,500</b>	<b>-437,307,462</b>	<b>-363,587,409</b>	<b>-281,123,141</b>	<b>-189,997,446</b>
<b>Enterprise Value:</b>	<b>1,808,072,100</b>	<b>1,808,072,100</b>	<b>1,689,758,864</b>	<b>1,567,458,530</b>	<b>1,437,905,821</b>	<b>1,302,367,187</b>	<b>1,160,789,151</b>
EBIT	121,620,000	121,620,000	176,470,400	183,043,920	194,196,116	202,955,922	211,353,718
EV/EBIT:	14.87	14.87	9.58	8.56	7.40	6.42	5.49
EBITDA	174,320,000	174,320,000	231,805,400	241,145,670	255,202,954	267,013,101	278,613,756
EV/EBITDA:	10.37	10.37	7.29	6.50	5.63	4.88	4.17

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	24.81	24.81	42.11	45.31	50.06	54.28	58.56
Shares Outstanding:	50,410,000	50,410,000	50,410,000	50,410,000	50,410,000	50,410,000	50,410,000
<b>Market Capitalization:</b>	<b>1,250,672,100</b>	<b>1,250,672,100</b>	<b>2,122,635,846</b>	<b>2,283,927,572</b>	<b>2,523,442,514</b>	<b>2,736,135,038</b>	<b>2,952,107,147</b>
Available Cash:	98,480,000	98,480,000	155,006,500	218,572,538	292,292,591	374,756,859	465,882,554
Debt:	655,880,000	655,880,000	655,880,000	655,880,000	655,880,000	655,880,000	655,880,000
Net Cash:	<b>-557,400,000</b>	<b>-557,400,000</b>	<b>-500,873,500</b>	<b>-437,307,462</b>	<b>-363,587,409</b>	<b>-281,123,141</b>	<b>-189,997,446</b>
<b>Enterprise Value:</b>	<b>1,808,072,100</b>	<b>1,808,072,100</b>	<b>2,623,509,346</b>	<b>2,721,235,034</b>	<b>2,887,029,923</b>	<b>3,017,258,179</b>	<b>3,142,104,593</b>
EBIT	121,620,000	121,620,000	176,470,400	183,043,920	194,196,116	202,955,922	211,353,718
EV/EBIT:	14.87	14.87	14.87	14.87	14.87	14.87	14.87
EBITDA	174,320,000	174,320,000	231,805,400	241,145,670	255,202,954	267,013,101	278,613,756
EV/EBITDA:	10.37	10.37	11.32	11.28	11.31	11.30	11.28

LBO Price	24.81	Equity Partners:	1,826,362,100	Weighting	<b>100.00%</b>	<b>Annualized Return for Equity Partners:</b>	<b>-7.80%</b>
Shares Outstanding	50,410,000	Debt Partners:	0		0.00%		
<b>Market Capitalization</b>	<b>1,250,672,100</b>	<b>Total Funds for LBO:</b>	<b>1,826,362,100</b>		<b>100.00%</b>		
Debt	575,690,000						
Cash	98,480,000						
<b>Enterprise Value</b>	<b>1,727,882,100</b>						
<b>Capital Investment</b>	<b>1,826,362,100</b>						

Book Value	Enterprise Value	Stock Valuation	Debt Reduction				
Beginning Book Value	680.12	Beginning Enterprise Value	1,808.07	Current Market Price	\$24.81	Starting Debt	577.95
Year 5 Book Value	1,141.76	Year 5 Enterprise Value	1,406.77	Year 5 Market Price	\$24.14	Debt Repayment	0.00
<b>Annualized Return</b>	<b>10.92%</b>	<b>Annualized Return</b>	<b>-4.90%</b>	<b>Annualized Return</b>	<b>-0.55%</b>	Year 5 Ending Debt	577.95
						<b>% of Starting Debt</b>	<b>100.00%</b>

SN VALUATION

LBO Pro Forma Income Statement

Name:

RailAmerica

Ticker:

RA

	Historical				Forecasted				
	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2011	2012	2013	2014	2015
Revenue	508.47	425.77	490.29	551.12	578.68	607.61	637.99	669.89	703.38
COGS	80.64	44.69	62.92	82.76	86.80	91.14	95.70	100.48	105.51
Gross margin	427.83	381.08	427.37	468.36	491.87	516.47	542.29	569.41	597.88
SG&A	267.21	234.23	252.32	271.08	231.47	243.04	255.20	267.96	281.35
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	1.72	-25.84	-2.19	5.12	0.00	0.00	0.00	0.00	0.00
Other operating expense	33.27	16.38	17.64	22.70	28.93	30.38	31.90	33.49	35.17
Depreciation is: Included within COGS	39.58	42.11	45.09	47.84	55.00	60.00	61.00	65.00	70.00
Operating Income (EBITA)	86.05	114.20	114.51	121.62	176.47	183.04	194.20	202.96	211.35
Interest income/(expense)	-61.68	-86.87	-83.78	-71.92	-51.56	-51.56	-51.56	-51.56	-51.56
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	-9.01	-8.12	-4.76	1.33	0.00	0.00	0.00	0.00	0.00
Income before tax	15.36	19.21	25.97	51.03	124.91	131.48	142.64	151.40	159.79
Tax	1.60	16.30	6.65	14.16	43.72	46.02	49.92	52.99	55.93
Income after tax	13.76	2.91	19.12	36.87	81.19	85.46	92.71	98.41	103.87
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	13.76	2.91	19.12	36.87	81.19	85.46	92.71	98.41	103.87
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.27	\$0.06	\$0.38	\$0.73	\$1.61	\$1.70	\$1.84	\$1.95	\$2.06
P/E (historical today's price; forecasted intrinsic price)	90.89	429.78	65.41	33.92	14.64	13.22	11.59	10.38	9.35
Revenue Growth	N/A	-16.26%	15.15%	12.41%	5.00%	5.00%	5.00%	5.00%	5.00%
Tax Rate	10.42%	84.85%	26.38%	27.75%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-9.80%	-13.49%	-14.60%	-12.49%	-8.92%	-8.92%	-8.92%	-8.92%	-8.92%
Margins									
COGS	15.86%	10.50%	12.83%	15.02%	15.00%	15.00%	15.00%	15.00%	15.00%
Gross margin	84.14%	89.50%	87.17%	84.98%	85.00%	85.00%	85.00%	85.00%	85.00%
SG&A	52.55%	55.01%	51.46%	49.19%	40.00%	40.00%	40.00%	40.00%	40.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.34%	-6.07%	-0.45%	0.93%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	6.54%	3.85%	3.60%	4.12%	5.00%	5.00%	5.00%	5.00%	5.00%
Depreciation is: Included within COGS	7.78%	9.89%	9.20%	8.68%	9.50%	9.87%	9.56%	9.70%	9.95%
Operating Income (EBITA)	16.92%	26.82%	23.36%	22.07%	30.50%	30.13%	30.44%	30.30%	30.05%
Interest income/(expense)	-12.13%	-20.40%	-17.09%	-13.05%	-8.91%	-8.49%	-8.08%	-7.70%	-7.33%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	-1.77%	-1.91%	-0.97%	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	3.02%	4.51%	5.30%	9.26%	21.59%	21.64%	22.36%	22.60%	22.72%
Tax	0.31%	3.83%	1.40%	2.57%	7.55%	7.57%	7.82%	7.91%	7.95%
Income after tax	2.71%	0.68%	3.90%	6.69%	14.03%	14.77%	16.02%	17.01%	17.95%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	2.71%	0.68%	3.90%	6.69%	14.03%	14.07%	14.53%	14.69%	14.77%

SN VALUATION

LBO Adjusted Proforma Balance Sheet

	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-03-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	26.95	190.22	152.97	91.00	98.48			98.48	155.01	218.57	292.29	374.76	465.88
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and Short term</b>	<b>26.95</b>	<b>190.22</b>	<b>152.97</b>	<b>91.00</b>	<b>98.48</b>			<b>98.48</b>	<b>155.01</b>	<b>218.57</b>	<b>292.29</b>	<b>374.76</b>	<b>465.88</b>
Accounts Receivable	76.38	66.62	74.67	96.81	93.51			93.51	93.51	93.51	93.51	93.51	93.51
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>76.38</b>	<b>66.62</b>	<b>74.67</b>	<b>96.81</b>	<b>93.51</b>			<b>93.51</b>	<b>93.51</b>	<b>93.51</b>	<b>93.51</b>	<b>93.51</b>	<b>93.51</b>
Total Inventory	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	24.33	34.66	27.97	27.85	33.61			33.61	33.61	33.61	33.61	33.61	33.61
<b>Current Assets</b>	<b>127.66</b>	<b>291.50</b>	<b>255.61</b>	<b>215.66</b>	<b>225.60</b>	<b>0.00</b>	<b>0.00</b>	<b>225.60</b>	<b>282.13</b>	<b>345.69</b>	<b>419.41</b>	<b>501.88</b>	<b>593.00</b>
PP&E, Gross	1,009.08	1,041.95	1,109.00	1,200.00	1,200.00			1,200.00	1,280.00	1,360.00	1,440.00	1,520.00	1,600.00
Change in Depreciation		52.34	49.85	52.70	52.70			52.70	55.34	58.10	61.01	64.06	67.26
Accumulated Depreciation	55.47	89.43	127.38	150.00	150.00			150.00	205.34	263.44	324.44	388.50	455.76
<b>PP&amp;E, Net</b>	<b>953.61</b>	<b>952.52</b>	<b>981.62</b>	<b>1,050.00</b>	<b>1,050.00</b>			<b>1,050.00</b>	<b>1,074.67</b>	<b>1,096.56</b>	<b>1,115.56</b>	<b>1,131.50</b>	<b>1,144.24</b>
Goodwill	199.75	200.77	212.50	211.84	212.02	0.00		212.02	212.02	212.02	212.02	212.02	212.02
Intangibles	172.86	136.65	140.55	134.85	134.94			134.94	134.94	134.94	134.94	134.94	134.94
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	16.56	17.19	13.38	13.48	14.16			14.16	14.16	14.16	14.16	14.16	14.16
<b>Long Term Assets</b>	<b>1,342.78</b>	<b>1,307.13</b>	<b>1,348.05</b>	<b>1,410.17</b>	<b>1,411.12</b>			<b>1,411.12</b>	<b>1,435.79</b>	<b>1,457.68</b>	<b>1,476.68</b>	<b>1,492.62</b>	<b>1,505.36</b>
<b>Total Assets</b>	<b>1,470.44</b>	<b>1,598.63</b>	<b>1,603.66</b>	<b>1,625.83</b>	<b>1,636.72</b>	<b>0.00</b>	<b>0.00</b>	<b>1,636.72</b>	<b>1,717.91</b>	<b>1,803.38</b>	<b>1,896.09</b>	<b>1,994.50</b>	<b>2,098.36</b>
Accounts Payable	56.06	53.95	66.26	78.84	72.84			72.84	72.84	72.84	72.84	72.84	72.84
Accrued Expense	51.35	34.67	36.91	28.62	23.43			23.43	23.43	23.43	23.43	23.43	23.43
Other current Liabilities	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Current Liabilities</b>	<b>107.41</b>	<b>88.62</b>	<b>103.17</b>	<b>107.46</b>	<b>96.27</b>	<b>0.00</b>	<b>0.00</b>	<b>96.27</b>	<b>96.27</b>	<b>96.27</b>	<b>96.27</b>	<b>96.27</b>	<b>96.27</b>
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.90	0.67	0.40	71.99	77.93			77.93	77.93	77.93	77.93	77.93	77.93
Long term Debt	628.68	643.11	573.31	503.70	577.95	0.00	0.00	577.95	577.95	577.95	577.95	577.95	577.95
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Interest Earning Debt</b>	<b>629.58</b>	<b>643.78</b>	<b>573.71</b>	<b>575.69</b>	<b>655.88</b>	<b>0.00</b>	<b>0.00</b>	<b>655.88</b>	<b>655.88</b>	<b>655.88</b>	<b>655.88</b>	<b>655.88</b>	<b>655.88</b>
Deferred Income tax	144.75	185.00	202.99	213.42	190.35			190.35	190.35	190.35	190.35	190.35	190.35
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	117.19	21.89	19.04	20.68	21.86			21.86	21.86	21.86	21.86	21.86	21.86
<b>Total Liabilities</b>	<b>998.93</b>	<b>939.29</b>	<b>898.91</b>	<b>917.25</b>	<b>964.36</b>	<b>0.00</b>	<b>0.00</b>	<b>964.36</b>	<b>964.36</b>	<b>964.36</b>	<b>964.36</b>	<b>964.36</b>	<b>964.36</b>
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.43	0.54	0.55	0.51	0.50		0.00	0.50	0.50	0.50	0.50	0.50	0.50
Additional Paid-in capital	470.58	630.65	636.76	591.34	591.34	0.00	0.00	591.34	591.34	591.34	591.34	591.34	591.34
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	50.03	46.39	65.50	84.27	84.27		0.00	84.27	165.46	250.93	343.64	442.05	545.91
Treasury Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-49.52	-18.25	1.94	4.01	4.01		0.00	4.01	4.01	4.01	4.01	4.01	4.01
<b>Total Equity</b>	<b>471.52</b>	<b>659.33</b>	<b>704.75</b>	<b>680.13</b>	<b>680.12</b>	<b>0.00</b>	<b>0.00</b>	<b>680.12</b>	<b>761.31</b>	<b>846.78</b>	<b>939.49</b>	<b>1,037.90</b>	<b>1,141.76</b>
<b>Liability + Equity</b>	<b>1,470.45</b>	<b>1,598.62</b>	<b>1,603.66</b>	<b>1,597.38</b>	<b>1,644.48</b>	<b>0.00</b>	<b>0.00</b>	<b>1,644.48</b>	<b>1,725.67</b>	<b>1,811.14</b>	<b>1,903.85</b>	<b>2,002.26</b>	<b>2,106.12</b>
<b>Variance</b>	-0.01	0.01	0.00	28.45	-7.76			-7.76	-7.76	-7.76	-7.76	-7.76	-7.76
<b>Debt/Equity</b>	1.34	0.98	0.81	0.85	0.96			0.96	0.86	0.77	0.70	0.63	0.57
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	6.66	6.39	6.57	5.69	6.19			5.89	6.19	6.50	6.82	7.16	7.52
Accounts Receivable Turnover Days	54.83	57.11	55.59	64.12	58.98			61.93	58.98	56.17	53.50	50.95	48.52
Days Payable Outstanding	253.74	440.63	384.38	347.71	306.29			321.25	306.29	291.71	277.82	264.59	251.99
Days Sales Outstanding	54.83	57.11	55.59	64.12	58.98			64.12	61.93	58.98	56.17	53.50	50.95
Cash Conversion Cycle	-198.92	-383.52	-328.79	-283.60	-247.31			-257.13	-244.36	-232.73	-221.64	-211.09	-201.04
Net tangible assets/share					6.46				8.07	9.76	11.60	13.55	15.61

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2011	2012	2013	2014	2015
Net Income	16.53	15.84	19.12	36.87	81.19	85.46	92.71	98.41	103.87
Depreciation	49.12	52.34	49.85	52.70	55.34	58.10	61.01	64.06	67.26
<b>Net Income + Depreciation</b>	<b>65.65</b>	<b>68.18</b>	<b>68.97</b>	<b>89.57</b>	<b>136.53</b>	<b>143.57</b>	<b>153.72</b>	<b>162.46</b>	<b>171.13</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-3.16	21.06	2.77	10.52	0.00	0.00	0.00	0.00	0.00
Non Cash Items	9.56	-46.91	34.59	27.96	0.00	0.00	0.00	0.00	0.00
Change in Working capital	11.52	-32.79	10.85	-25.77	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	9.76	-8.05	-22.14	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-2.11	12.31	12.58	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>83.57</b>	<b>9.54</b>	<b>117.18</b>	<b>102.28</b>	<b>136.53</b>	<b>143.57</b>	<b>153.72</b>	<b>162.46</b>	<b>171.13</b>
Capital Expenditures Expenditures	-61.28	-47.79	-62.71	-130.78	-80.00	-80.00	-80.00	-80.00	-80.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	15.63	89.98	-14.93	40.70	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-45.65</b>	<b>42.19</b>	<b>-77.64</b>	<b>-90.08</b>	<b>-80.00</b>	<b>-80.00</b>	<b>-80.00</b>	<b>-80.00</b>	<b>-80.00</b>
Financing Cash flow items	-18.07	-20.18	-0.22	-3.02	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	-19.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.64	143.12	-0.11	-70.57	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-7.36	-7.71	-76.84	-0.43	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-24.79</b>	<b>111.17</b>	<b>-77.17</b>	<b>-74.02</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	-1.56	0.36	0.40	-0.17	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	15.39	26.95	190.22	152.97	98.48	155.01	218.57	292.29	374.76
<b>Net Change in Cash</b>	<b>11.56</b>	<b>163.27</b>	<b>-37.25</b>	<b>-61.97</b>	<b>56.53</b>	<b>63.57</b>	<b>73.72</b>	<b>82.46</b>	<b>91.13</b>
Ending Cash Balance	26.95	190.22	152.97	91.00	155.01	218.57	292.29	374.76	465.88
Capex to Revenue	12.05%	11.22%	12.79%	23.73%	13.82%	13.17%	12.54%	11.94%	11.37%
Depreciation to Sales	9.66%	12.29%	10.17%	9.56%	9.56%	9.56%	9.56%	9.56%	9.56%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	15.02%	15.65%	15.23%	17.57%	16.73%	15.93%	15.17%	14.45%	13.76%
Distributable FCF Yield	2.10%	2.86%	2.19%	0.67%	3.13%	3.52%	4.08%	4.56%	5.04%
Dividend Yield	0.00%	-1.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>FCF (Ops-Investing-Dividends)</b>	<b>37.92</b>	<b>71.21</b>	<b>39.54</b>	<b>12.20</b>	<b>56.53</b>	<b>63.57</b>	<b>73.72</b>	<b>82.46</b>	<b>91.13</b>

# SN VALUATION

# LBO Debt Schedule

	<b>Proforma</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net Change in Cash	-61.97	56.53	63.57	73.72	82.46	91.13
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	655.88	655.88	655.88	655.88	655.88	655.88
Current Portion Debt Balance	77.93	77.93	77.93	77.93	77.93	77.93
Long Term Debt Balance	577.95	577.95	577.95	577.95	577.95	577.95
Forward Libor Curve		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
<b>Interest Expense</b>		<b>52.47</b>	<b>52.47</b>	<b>52.47</b>	<b>52.47</b>	<b>52.47</b>
Cash Balance		91.00				
Interest @ 1.0%		0.91	0.91	0.91	0.91	0.91
<b>Net Interest Expense/(Income)</b>		<b>51.56</b>	<b>51.56</b>	<b>51.56</b>	<b>51.56</b>	<b>51.56</b>
<b>Net Interest Rate</b>		<b>8.92%</b>	<b>8.92%</b>	<b>8.92%</b>	<b>8.92%</b>	<b>8.92%</b>
EBITDA		176.47	183.04	194.20	202.96	211.35
<b>EBITDA/Interest Expense Coverage</b>		<b>3.36</b>	<b>3.49</b>	<b>3.70</b>	<b>3.87</b>	<b>4.03</b>

**Interest Rate Coverage Table**

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB					BBB
BB+			BB+	BB+	
BB	BB	BB			
B+					
B					
B-					
CCC					
CC					
C					
D					

\*Source: NYU; Professor Damodaran



# Altman Z Score

Company Name:

RailAmerica

Ticker:

RA

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	20.25	202.88	152.44	129.33	185.86	249.42	323.14	405.61	496.73
Total Assets	1,470.44	1,598.63	1,603.66	1,636.72	1,717.91	1,803.38	1,896.09	1,994.50	2,098.36
<b>X1</b>	<b>0.01</b>	<b>0.13</b>	<b>0.10</b>	<b>0.08</b>	<b>0.11</b>	<b>0.14</b>	<b>0.17</b>	<b>0.20</b>	<b>0.24</b>
Retained Earnings	50.03	46.39	65.50	84.27	165.46	250.93	343.64	442.05	545.91
Total Assets	1,470.44	1,598.63	1,603.66	1,636.72	1,717.91	1,803.38	1,896.09	1,994.50	2,098.36
<b>X2</b>	<b>0.03</b>	<b>0.03</b>	<b>0.04</b>	<b>0.05</b>	<b>0.10</b>	<b>0.14</b>	<b>0.18</b>	<b>0.22</b>	<b>0.26</b>
EBITDA	125.63	156.31	159.60	169.46	231.47	243.04	255.20	267.96	281.35
Total Assets	1,470.44	1,598.63	1,603.66	1,636.72	1,717.91	1,803.38	1,896.09	1,994.50	2,098.36
<b>X3</b>	<b>0.09</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>
Market Value of Equity	1,250.67	1,250.67	1,250.67	1,250.67	1,188.89	1,130.15	1,074.32	1,021.24	970.79
Total Liabilities	998.93	939.29	898.91	964.36	964.36	964.36	964.36	964.36	964.36
<b>X4</b>	<b>1.25</b>	<b>1.33</b>	<b>1.39</b>	<b>1.30</b>	<b>1.23</b>	<b>1.17</b>	<b>1.11</b>	<b>1.06</b>	<b>1.01</b>
Net Sales	508.47	425.77	490.29	551.12	578.68	607.61	637.99	669.89	703.38
Total Assets	1,470.44	1,598.63	1,603.66	1,636.72	1,717.91	1,803.38	1,896.09	1,994.50	2,098.36
<b>X5</b>	<b>0.35</b>	<b>0.27</b>	<b>0.31</b>	<b>0.34</b>	<b>0.34</b>	<b>0.34</b>	<b>0.34</b>	<b>0.34</b>	<b>0.34</b>
<b>Altman Z Score</b>	<b>1.44</b>	<b>1.58</b>	<b>1.64</b>	<b>1.62</b>	<b>1.79</b>	<b>1.85</b>	<b>1.91</b>	<b>1.97</b>	<b>2.03</b>

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red