

GENESEE & WYOMING INC

Form DEF 14A

April 19, 2004

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**SCHEDULE 14A  
(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES**

**EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

GENESEE & WYOMING INC.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**GENESEE & WYOMING INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**May 12, 2004**

The Annual Meeting of Stockholders of Genesee & Wyoming Inc. will be held at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, Connecticut 06870, on Wednesday, May 12, 2004 at 10:00 a.m., local time, for the following purposes:

1. to elect three directors;
2. to consider and act upon a proposal to approve the adoption of our 2004 Omnibus Incentive Plan ( *Omnibus Plan* );
3. to consider and act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP ( *PwC* ) as our independent auditors for our fiscal year ending December 31, 2004; and
4. to transact such other business as may properly come before the Annual Meeting or any adjournments of that meeting.

These items are fully described in the proxy statement, which is part of this Notice. We have not received notice of other matters that may be properly presented at the Annual Meeting.

The Board of Directors has fixed the close of business on March 29, 2004 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and any adjournments of that meeting.

**To be sure that your shares are properly represented at our Annual Meeting, whether you attend or not, please sign, date and promptly mail the enclosed proxy card in the enclosed envelope, or follow the instructions on your proxy card for voting by telephone or electronically through the Internet.** If your shares are held in the name of a bank, broker or other holder of record, their procedures should be described on the voting form they send to you.

Along with the attached proxy statement for our Annual Meeting, we are also sending you our 2003 Annual Report, which includes our financial statements.

BY ORDER OF THE BOARD OF DIRECTORS

Adam B. Frankel  
*Secretary*

Dated: April 19, 2004

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**GENESEE & WYOMING INC.**

**66 Field Point Road  
Greenwich, Connecticut 06830**

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**PROXY STATEMENT**

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**GENERAL INFORMATION**

***Why am I receiving this proxy statement?***

Our Board of Directors is soliciting proxies for the 2004 Annual Meeting of Stockholders, and we will bear the cost of this solicitation. You are receiving a proxy statement because you owned shares of our stock on March 29, 2004. Your ownership entitles you to vote at our Annual Meeting. By using the attached proxy, you are able to vote whether or not you attend our Annual Meeting. This proxy statement describes the matters on which we would like you to vote and provides information on those matters so that you can make an informed decision when you do vote.

The notice of annual meeting, proxy statement and proxy are first being mailed to our stockholders on or about April 19, 2004.

***What will I be voting on?***

Election of three directors (see page 4).

Approval of the adoption of our Omnibus Plan (see page 25).

Ratification of the selection of PwC as our independent auditors for 2004 (see page 33).

***How do I vote?***

You can vote either in person at our Annual Meeting or by proxy without attending our Annual Meeting. We urge you to vote by proxy even if you plan to attend the Annual Meeting so that we will know as soon as possible that enough votes will be present for us to hold the meeting. If you attend the meeting in person, you may vote at the meeting and your proxy will not be counted. You should follow the instructions set forth on the proxy form, being sure to sign it and to mail it in the enclosed postage-paid envelope.

If you hold your shares in street name, please refer to the information forwarded to you by your bank, broker or other holder of record to see what you will have to do in order to vote your shares.

***Can I vote by telephone or electronically?***

If you are a registered stockholder (meaning that you hold your stock in certificate form or participate in the Genesee & Wyoming Inc. Employee Stock Purchase Plan ( *Stock Purchase Plan* ), you may vote by telephone or electronically through the Internet, by following the instructions on your proxy card. If your shares are held in street name, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically. The deadline for voting by telephone or electronically is 11:59 p.m., Eastern Daylight Time, on Tuesday, May 11, 2004.

***Can I change my vote?***

Yes. At any time before your proxy is voted you may change your vote by:

Revoking it by written notice to our Corporate Secretary at the address set forth in this proxy statement;

Delivering a later-dated proxy; or

Voting in person at our Annual Meeting.

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If you hold your shares in street name, please refer to the information forwarded to you by your bank, broker or other holder of record for procedures on revoking or changing your proxy vote.

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### ***How many votes do I have?***

If you are a holder of our Class A Common Stock, then you are entitled to one vote at our Annual Meeting for each share of our Class A Common Stock that you held on March 29, 2004. If you are a holder of shares of our Class B Common Stock, then you are entitled to ten votes at our Annual Meeting for each share of our Class B Common Stock that you held on March 29, 2004. In addition, the holder of our Series A Preferred Stock ( *Preferred Stock* ) is entitled to 3,668,478 votes.

### ***How many shares are entitled to vote?***

On March 29, 2004, there were 20,343,131 shares of our Class A Common Stock, 2,707,935 shares of our Class B Common Stock and 25,000 shares of our Preferred Stock outstanding and entitled to vote at the meeting. There is no cumulative voting.

### ***How many votes must be present to hold the meeting?***

Under our by-laws, a majority of the votes that can be cast must be present in person or by proxy to hold our Annual Meeting.

### ***How many votes are required for the proposals to pass?***

All matters to be voted on at our Annual Meeting will be voted on by the holders of our Class A Common Stock, Class B Common Stock and Preferred Stock, all voting together as a single class. Our directors are elected by a plurality of the votes cast, and for all other proposals, a majority of the votes cast, in person or by proxy, and entitled to vote on the matter will be required.

### ***What if I decide to abstain?***

Abstentions may be specified on all proposals other than the election of directors and will count as present for purposes of the matter with respect to which the abstention is noted. A vote to abstain on those proposals will have the effect of a no vote.

### ***What if I don't return my proxy card and don't attend the Annual Meeting?***

If you are a holder of record (that is, your shares are registered in your own name with our transfer agent) and you don't vote your shares, your shares will not be voted. If you hold your shares in street name, and you don't give your bank, broker or other holder of record specific voting instructions for your shares, under rules of the New York Stock Exchange, your recordholder can vote your shares for the election of directors. If you don't give your recordholder specific instructions and your recordholder does not vote, the votes will be broker non-votes.

Broker non-votes will have no effect on the matters submitted to our stockholders for approval but will be counted as present for purposes of determining whether enough votes are present to hold our Annual Meeting.

### ***What happens if a nominee for director declines or is unable to accept election?***

If you vote by proxy, and if unforeseen circumstances make it necessary for our Board of Directors to substitute another person for a nominee, we will vote your shares for that other person.

### ***Is my vote confidential?***

Yes. Your voting records will not be disclosed to us except:

as required by law;

to the tabulator and inspectors of election; or

if the election is contested.



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The tabulator and the inspectors of election must comply with confidentiality guidelines that prohibit disclosure of specific votes to us. The tabulator of the votes is a representative of our transfer agent, and our inspectors of election are both officers of our Company.

**ANNUAL REPORT**

***Will I receive a copy of Genesee & Wyoming's Annual Report?***

We have mailed you our annual report for the fiscal year ended December 31, 2003 with this proxy statement. The annual report includes our audited financial statements, along with other financial information about our Company, which we urge you to read carefully.

***How can I receive a copy of Genesee & Wyoming's Form 10-K?***

Our Annual Report on Form 10-K, as filed with the SEC, is included in the Annual Report to Stockholders, which accompanies this proxy statement.

You can also obtain, free of charge, a copy of our Form 10-K for the fiscal year ended December 31, 2003, by:

accessing Genesee & Wyoming's Internet site at: [www.gwrr.com](http://www.gwrr.com)

writing to: Genesee & Wyoming Inc. - Stockholder Relations  
66 Field Point Road  
Greenwich, Connecticut 06830; or

telephoning us at: (203) 629-3722.

You can also obtain a copy of Genesee & Wyoming's annual report, Form 10-K and other periodic filings with the Securities and Exchange Commission (the "SEC") from the SEC's EDGAR database at [www.sec.gov](http://www.sec.gov).

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We currently have nine directors. Our by-laws provide for a classified Board of Directors, consisting of three classes of directors, with each class serving staggered three-year terms. As a result, only a portion of our Board of Directors is elected each year. The three directors identified below are to be elected by our stockholders at our upcoming Annual Meeting, each to hold office for a three-year term expiring in 2007 or until his successor is duly elected and qualifies:

*Proposed For Election as Directors**for a Three-Year Term Expiring in 2007*

Name and Age at March 29, 2004	Present Position, Principal Occupations During the Past Five Years, Positions with the Company, Other Relationships and Other Directorships
<b>Louis S. Fuller,</b> Age 62 <i>Director since 1974</i>	<b>Member of Courtright and Associates (executive search firm) from 1992 to 1999</b>  First cousin of Mortimer B. Fuller, III
<b>Philip J. Ringo</b> Age 62 <i>Director since 1978</i>	<b>Chairman and Chief Executive Officer of RubberNetwork.com, LLC since June 2001</b>  Consultant to ChemConnect, Inc. from January 2001 to May 2001 President and Chief Operating Officer of ChemConnect, Inc. from March 1999 to January 2001 President and CEO of Chemical Leaman Tank Lines Inc., a trucking firm, from 1995 to 1998 President and Chief Operating Officer of The Morgan Group, Inc. and Chairman and Chief Executive Officer of Morgan Drive Away, Inc., a common and contract carrier for the manufactured housing and recreational vehicle industries from 1992 to 1995 Other directorships: Internet Capital Group, Trimac Transportation and Australian Railroad Group Pty Ltd
<b>Mark A. Scudder</b> Age 41 <i>Director since 2003</i>	<b>President of Scudder Law Firm, P.C., L.L.O. since December 2002</b>  Attorney with Scudder Law Firm since 1993 representing public and private companies in mergers and acquisitions, financing transactions and general corporate matters, with a particular focus on the U.S. trucking industry Other directorships: Knight Transportation, Inc. and Covenant Transport, Inc.

The Board of Directors recommends the election of Louis S. Fuller, Philip J. Ringo and Mark A. Scudder, each of whom has also been nominated by the Governance Committee of our Board of Directors, which is comprised of independent directors. Louis S. Fuller and Philip J. Ringo were previously elected by our stockholders, and Mark A. Scudder was elected by the Board of Directors on July 25, 2003. Mr. Scudder was originally recommended by one of our executive officers, and prior to his election, members of the Governance Committee conducted an independent assessment of Mr. Scudder, which included interviews and reference checks.

Unless authority to vote for one or more of the nominees is specifically withheld according to the instructions, proxies in the enclosed form will be voted FOR the election of Messrs. Fuller, Ringo and Scudder. The Board of Directors does not contemplate that any of the nominees will be unable to serve as a director, but if that contingency should occur prior to the voting of the proxies, the persons named in the enclosed proxy reserve the right to vote for such substitute nominee or nominees as they, in their discretion, may determine.

**Table of Contents***Directors Whose Terms Do Not Expire at the Annual Meeting*

The following table sets forth certain information with respect to each of our directors whose term in office does not expire at the Annual Meeting.

*Terms Expiring at Annual Meeting in 2005*

Name and Age at March 29, 2004	Present Position, Principal Occupations During the Past Five Years, Positions with the Company, Other Relationships and Other Directorships
<b>Mortimer B. Fuller, III</b> Age 61 <i>Director since 1973</i>	<b>Chairman, Chief Executive Officer of Genesee &amp; Wyoming Inc. since 1977</b>  President of Genesee & Wyoming Inc. from 1977 to October 1997 First cousin of Louis S. Fuller Other directorships: Chairman of the Board of Australian Railroad Group Pty Ltd
<b>T. Michael Long</b> Age 60 <i>Director since 2001</i>	<b>Partner, Brown Brothers Harriman &amp; Co. since 1984</b>  Other directorships: HCA Inc., VAALCO Energy, Inc., CMS, Inc., MedSource Technologies, Inc. and Picis, Inc. Trustee of Ithaca College and The Upper Canada College Educational Foundation, Inc.
<b>Robert M. Melzer</b> Age 63 <i>Director since 1997</i>	<b>President and Chief Executive Officer of Property Capital Trust (real estate investment trust) from 1992 to 1999</b>  Chief Financial Officer of Property Capital Trust from 1990 to 1996 Other directorships: The Cronos Group

*Terms Expiring at Annual Meeting in 2006*

Name and Age at March 29, 2004	Present Position, Principal Occupations During the Past Five Years, Positions with the Company, Other Relationships and Other Directorships
<b>Robert W. Anestis</b> Age 58 <i>Director since 2003</i>	<b>Chairman, President and Chief Executive Officer of Florida East Coast Industries, Inc. since 1999</b>  President of Anestis & Company (investment banking and financial advisory firm) from 1986 to 1998 Other directorships: Champion Enterprises, Inc. and Jacksonville Museum of Modern Art
<b>Peter O. Scannell</b> Age 45 <i>Director since 2003</i>	<b>Founder and Managing General Partner of Rockwood Holdings LP (a private investment firm focused on the acquisition and development of operating businesses) since 1986</b>  Chairman and Chief Executive Officer of Rockwood Service Corporation (a materials testing and inspection firm) since 1990 Chairman and Chief Executive Officer of Kane Holding Company (a manufacturer of architectural products) since 1989
<b>Hon. M. Douglas Young, P.C.</b> Age 63 <i>Director since 1999</i>	<b>Chairman of Summa Strategies Canada Inc. since 1997</b>  Canada's Minister of Transport, Minister of Human Resources Development and Minister of National Defense from 1993 to 1997 Counsel to the law firm of Patterson Palmer Hunt Murphy

Other directorships: Magellan Aerospace Corporation, Connors Bros. Income Fund, Australian Railroad Group Pty Ltd, Tesma International Inc. and Heating Oil Partners Income Fund  
Mr. Hellmann, our Chief Financial Officer, is also a director of Heating Oil Partners Income Fund

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**RELATED PARTY TRANSACTIONS**

***Class B Stockholders Agreement.*** Genesee & Wyoming Inc., Mortimer B. Fuller, III, our other executive officers (the *Other Executives*) and all holders of the Class B Common Stock are parties to a Class B Stockholders Agreement dated as of May 20, 1996. Under that agreement, if a party proposes to transfer shares of Class B Common Stock in a transaction that will not result in the automatic conversion of those shares into shares of Class A Common Stock, the Other Executives have the right to purchase up to an aggregate of 50% of those shares, and Mr. Fuller has the right to purchase the balance, all at the then-current market price of the Class A Common Stock. If Mr. Fuller does not purchase the entire balance of the shares, the Other Executives have the right to purchase the shares that remain. Such purchase rights also apply if the employment of any of the Other Executives is terminated for any reason. The effect of this agreement is to concentrate ownership of the Class B Common Stock, which entitles the holders thereof to ten times the voting power of the Class A Common Stock, in the hands of our management, particularly Mr. Fuller. See **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**.

***Promissory Note.*** Mortimer B. Fuller, III was indebted to us under a promissory note executed in May 1998 that bore interest at the rate of 5.69% per annum. The largest amount of principal and unpaid interest outstanding since January 1, 2003 was \$439,173.72. The full amount of principal and substantially all the interest was paid on March 12, 2003 and the remaining interest was paid on March 17, 2004.

***Agreement with The 1818 Fund.*** Mr. Long is a partner at Brown Brothers Harriman & Co. (*BBH*) which is the general partner of The 1818 Fund III, L.P. (*The 1818 Fund*), and Mr. Long shares management and investment responsibility for The 1818 Fund. The Company and The 1818 Fund entered into a Stock Purchase Agreement on October 19, 2000. Pursuant to that agreement, on December 12, 2000 we issued to The 1818 Fund 20,000 shares of Preferred Stock for a purchase price of \$20,000,000. As a condition to the transaction, we entered into a letter agreement with Mortimer B. Fuller, III and The 1818 Fund under which Mr. Fuller has agreed, so long as The 1818 Fund continues to own at least 20% of the shares of Class A Common Stock issued or issuable upon conversion of the Preferred Stock, to vote substantially all stock (whether now or hereafter acquired) owned or, to the extent permitted by law, controlled by him in order to cause the election to the Board of Directors of the designee of The 1818 Fund. Currently, Mr. Long is the designee of The 1818 Fund. Additionally, The 1818 Fund has been granted tag-along rights, subject to certain exceptions, in the event Mr. Fuller transfers 15% or more of the shares of Class A Common Stock or Class B Common Stock owned by him in a single or series of related private transactions. We also entered into a Registration Rights Agreement dated December 12, 2000 with The 1818 Fund pursuant to which we agreed, under the terms and conditions set forth in that agreement, to register under the Securities Act of 1933, as amended, the shares of Preferred Stock and the Class A Common Stock issuable upon the conversion of such shares of Preferred Stock and all other shares of Class A Common Stock held by The 1818 Fund. On December 11, 2001, The 1818 Fund exercised an option to purchase an additional 5,000 shares of Preferred Stock for a purchase price of \$5,000,000, thus bringing the total number of shares of Preferred Stock owned by The 1818 Fund after such purchase to 25,000.

***Commercial Relationship with Sperry Rail.*** Mr. Scannell is the Chairman and Chief Executive Officer of Rockwood Service Corporation. One of Rockwood Service Corporation's subsidiaries, Sperry Rail, Inc., provides rail flaw inspection services to railroads, including a number of our subsidiaries. For 2003, the billings for those services were approximately \$243,268, which, according to representations made by Sperry Rail, accounted for less than 1% of its consolidated gross revenues.

**CORPORATE GOVERNANCE**

**General**

Pursuant to the General Corporation Law of the State of Delaware, the state under which we are organized, and our by-laws, our business, property and affairs are managed by or under the direction of the Board of Directors. Members of the Board of Directors are kept informed of our business through discussions with our Chief Executive Officer and other officers, by reviewing materials provided to them and by

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participating in meetings of the Board of Directors and its committees. The Board of Directors has three standing committees: an Audit Committee, a Compensation Committee and a Governance Committee. The Board of Directors held 11 meetings during 2003 and the standing committees of the Board of Directors held a total of 22 meetings.

The following table shows the membership of each standing committee and the number of meetings held by each of those committees during 2003:

Director	Audit Committee	Compensation Committee	Governance Committee
Robert W. Anestis		Chair	
T. Michael Long	X		
Robert M. Melzer	Chair		
Philip J. Ringo	X		X
Peter O. Scannell	X	X	
Mark A. Scudder		X	X
M. Douglas Young			Chair
2003 Meetings	12	5	5

Each director attended at least 75% of the aggregate of (a) the total number of meetings of the Board of Directors and (b) the total number of meetings of all committees of the Board of Directors on which he served (during the periods that he served).

The Board of Directors has adopted a charter for each of the three standing committees that addresses the composition and function of each committee and has also adopted Corporate Governance Principles that address the composition and function of our Board of Directors. You can find links to these materials on our website at: [www.gwrr.com](http://www.gwrr.com), and included as Appendix A to this proxy statement is a copy of the Audit Committee Charter.

The Board of Directors has determined that all of the directors who serve on these committees are independent for purposes of Section 303A of the Listed Company Manual of the New York Stock Exchange, and that the members of the Audit Committee are also independent for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the *Exchange Act*). The Board of Directors based these determinations primarily on a review of the responses of the directors and executive officers to questions regarding employment, compensation history, affiliations and family and other relationships, including those discussed under **RELATED PARTY TRANSACTIONS**, and on follow-up discussions.

**Committees of the Board*****Audit Committee***

*General.* The Audit Committee assists the Board of Directors in fulfilling its responsibility relating to the oversight of: (i) the quality and integrity of our financial statements, (ii) our compliance with legal and regulatory requirements, (iii) our independent auditor's qualifications and independence, and (iv) the performance of our internal audit function and independent auditors. The Audit Committee's report relating to 2003 appears on page 24 of this proxy statement.

*Financial Literacy and Expertise.* The Board of Directors has determined that each of the members of the Audit Committee is financially literate in accordance with Section 303A of the Listed Company Manual of the New York Stock Exchange. In addition, the Board of Directors has determined that Mr. Melzer qualifies as an Audit Committee Financial Expert as defined in Item 401(e) of Regulation S-K.

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### ***Compensation Committee***

The Compensation Committee discharges the responsibilities of the Board of Directors relating to the oversight of our compensation programs and compensation of our executives. The Compensation Committee's report relating to 2003 appears on pages 19 to 22 of this proxy statement. Each of the members of the Compensation Committee is an outside director within the meaning of Section 162(m) of the Internal Revenue Code.

### ***Governance Committee***

The Governance Committee assists the Board of Directors in fulfilling its responsibility relating to corporate governance by (i) identifying individuals qualified to become directors and selecting, or recommending that the Board of Directors select, the candidates for all directorships to be filled by the Board of Directors or by the stockholders, (ii) developing and recommending to the Board of Directors our Corporate Governance Principles, and (iii) otherwise taking a leadership role in shaping our corporate governance.

### ***Stockholder Recommendations for Director Nominations***

As noted above, the Governance Committee considers and establishes procedures regarding recommendations for nomination to the Board of Directors, including nominations submitted by stockholders. Such recommendations should be sent to us, to the attention of the Corporate Secretary, Genesee & Wyoming Inc., 66 Field Point Road, Greenwich, Connecticut 06830. Any recommendations submitted to the Corporate Secretary should be in writing and should include any supporting material the stockholder considers appropriate in support of that recommendation, but must include the information that would be required under the rules of the SEC in a proxy statement soliciting proxies for the election of such candidate and a signed consent of the candidate to serve as a director of the Company, if elected.

The Governance Committee evaluates all potential candidates in the same manner, regardless of the source of the recommendation. Based on the information provided to the Governance Committee, it will make an initial determination whether to conduct a full evaluation of a candidate. As part of the full evaluation process, the Governance Committee may conduct interviews, obtain additional background information and conduct reference checks of candidates. The Governance Committee may also ask the candidate to meet with management and other members of the Board of Directors. In evaluating a candidate, the Board of Directors, with the assistance of the Governance Committee, takes into account a variety of factors as described in our Corporate Governance Principles.

### ***Annual Meeting Attendance***

Our policy is that all of our directors, absent special circumstances, should attend our Annual Meetings of Stockholders. A regular meeting of our Board of Directors is typically scheduled in conjunction with the Annual Meeting of Stockholders. All directors attended last year's Annual Meeting of Stockholders.

### ***Executive Sessions***

Our Corporate Governance Principles require our Board of Directors to meet in executive session regularly and requires our independent directors to have at least four regularly scheduled meetings per year without any management or other directors present.

### ***Communicating with the Board***

Stockholders interested in communicating directly with our Board of Directors or our independent directors, in each case as a group, may do so by writing to our Corporate Secretary, Genesee & Wyoming Inc., 66 Field Point Road, Greenwich, Connecticut 06830. Our Corporate Secretary will review all such correspondence and forward to the Board of Directors or our independent directors a summary of that correspondence and copies of any correspondence that, in his opinion, deals with the functions of the Board of Directors or that he otherwise determines requires their attention. Any director or any independent director may at any time review a log of all correspondence received by the Company that is addressed to members of

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the Board of Directors or our independent directors and request copies of any such correspondence. Any concerns relating to accounting, internal controls or auditing matters will be brought to the attention of our Audit Committee and handled in accordance with the procedures established by our Audit Committee with respect to such matters.

### ***Code of Ethics***

We have a Code of Ethics applicable to all employees of our Company, including the Chief Executive Officer, the Chief Financial Officer, Chief Accounting Officer and, to the extent it applies to their activities, all members of our Board of Directors. You can find a link to our Code of Ethics on our website at [www.gwrr.com](http://www.gwrr.com). We intend to post amendments to or waivers (express or implied) from our Code of Ethics (to the extent applicable to our Chief Executive Officer, Chief Financial Officer or Chief Accounting Officer) at the same location on our website as our Code of Ethics.

### ***Hotline for Accounting or Auditing Matters***

As part of the Audit Committee's role to establish procedures for the receipt of complaints regarding accounting, internal accounting controls or auditing matters, we established a hotline for the receipt of complaints regarding our accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters. Our hotline number is (800) 589-3280.

## **DIRECTORS' COMPENSATION**

### ***Directors' Cash Compensation***

Prior to May 29, 2003, directors' fees consisted of \$15,000 per year payable quarterly, \$1,500 per Board meeting attended, \$500 per Board committee meeting attended but only if such committee meeting was not held in conjunction with a Board meeting, and \$250 per Board or Board committee meeting attended by telephone. The Board of Directors recommended and adopted changes in the cash portion of director compensation, which became effective May 29, 2003, the date of last year's Annual Meeting. Directors now receive an annual fee of \$20,000, in-person Board meeting fees of \$2,000 per meeting, in-person committee meeting fees of \$1,000 per meeting, even if such committee meeting was held in conjunction with a Board meeting, telephonic Board meeting fees of \$400 per meeting and telephonic committee meeting fees of \$400 per meeting. In addition, the Chair of the Audit Committee receives an annual fee of \$10,000, the Chair of the Compensation Committee receives an annual fee of \$5,000 and the Chair of the Governance Committee receives an annual fee of \$5,000. During 2003, we paid to, accrued for or deferred for our non-employee directors' cash directors' fees in the aggregate amount of \$277,200 for service on our Board of Directors and its committees. We also reimburse our directors for travel expenses in connection with their attendance at Board and committee meetings. All of our non-employee directors are qualified to receive fees.

### ***Deferral of Cash Compensation***

Under our Genesee & Wyoming Inc. Deferred Stock Plan for Non-Employee Directors ( *Deferred Stock Plan* ), each non-employee director may elect to have all or a portion of his fees paid in units representing shares of our Class A Common Stock. Each participating director's Deferred Stock Plan account is credited with 125% of the cash compensation he elects to defer under the Deferred Stock Plan. Dividends (if any) payable on the Class A Common Stock are likewise credited as additional units in the Deferred Stock Plan accounts, and the number of units in the Deferred Stock Plan accounts are subject to customary anti-dilution adjustments. A non-employee director is not entitled to vote or transfer the Class A Common Stock represented by the units in his Deferred Stock Plan account until those units are paid out to him in shares. These shares will be paid out to the participating director or his designated beneficiaries (i) on the deferred payment date previously elected by him or (ii) if earlier, upon his death, long-term disability or cessation of service as a director. An aggregate of 168,750 shares of Class A Common Stock have been authorized for issuance under the Deferred Stock Plan. All of our non-employee directors are qualified to participate in the



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Deferred Stock Plan. The Deferred Stock Plan and the shares of Class A Common Stock available under that plan will be rolled into our Omnibus Plan if it is approved by our stockholders at the Annual Meeting. See **PROPOSAL TO APPROVE THE ADOPTION OF OUR 2004 OMNIBUS INCENTIVE PLAN.**

**Directors Matching Gift Plan**

Our Directors Matching Gift Plan is designed to provide an additional incentive for our directors to contribute to educational, cultural, environmental and charitable organizations of their choice. Our Company will match gifts without restriction in amounts from \$50 to \$5,000 per donor per year. The recipient organizations must be tax-exempt 501(c)(3) organizations. In addition, (x) arts or cultural organizations must be open to and operated for the benefit of the public, (y) environmental conservation organizations must be affiliated with national, regional or state-level organizations, must provide public benefits beyond individual communities and must engage in conservation efforts related to land, air and water use, and (z) for contributions to any type of organization, the organization must not have any religious affiliation. In 2003, our Company contributed \$15,525 pursuant to this plan. All charitable deductions made by the Company pursuant to this plan accrue solely to the Company, and the individual directors do not derive any personal financial benefit from the plan's implementation.

**Compensation for Membership on ARG's Board**

Messrs. Ringo and Young serve at our request on the Board of Directors of the Australian Railroad Group Pty Ltd ( ARG ), a joint venture between us and Wesfarmers Limited. We pay each of them fees of \$20,000 per year, plus \$5,000 for each ARG board meeting attended in person and \$1,000 for each ARG board meeting attended by telephone. We also reimburse them for travel expenses in connection with attendance at ARG board meetings. During 2003, for these services, we paid to Messrs. Ringo and Young cash directors' fees in the aggregate amount of \$97,500. The ARG fees are not included in the aggregate amount of Company directors' fees discussed under **-Directors' Cash Compensation.**

**Directors' Options**

The Genesee & Wyoming Inc. Stock Option Plan for Outside Directors (the *Directors' Plan* ) provides for grants to each of our non-employee directors of nonstatutory 10-year options to purchase shares of our Class A Common Stock. Options to purchase up to an aggregate of 303,750 shares of Class A Common Stock have been authorized for grant under the Directors' Plan. Each option granted under the Directors' Plan becomes exercisable in three equal annual installments commencing on the first anniversary of its grant date, is not transferable except by will or intestacy, and lapses within stated periods following the death of the director or cessation of his service as a director. These options are subject to customary anti-dilution provisions and acceleration of vesting upon a change in control. All of our non-employee directors are qualified to participate in the Directors' Plan. The Directors' Plan and the shares of Class A Common Stock available under that plan will be rolled into our Omnibus Plan if it is approved by our stockholders at the Annual Meeting. See **PROPOSAL TO APPROVE THE ADOPTION OF OUR 2004 OMNIBUS INCENTIVE PLAN.**

Under the Directors' Plan, directors receive 6,750 options upon being elected to the Board of Directors, and 3,375 options on the first and second anniversary of the date of their election. All options granted under the Directors' Plan have exercise prices equal to the market value of the Class A Common Stock on the date of the grant. Accordingly, the following option grants were made in 2003.

<b>Name</b>	<b>Grant Date</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiration Date</b>
T. Michael Long	1/11/03	3,375	\$ 13.95	1/10/13
Robert W. Anestis	5/29/03	6,750	\$ 13.59	5/28/13
Peter O. Scannell	5/29/03	6,750	\$ 13.59	5/28/13
Mark A. Scudder	8/21/03	6,750	\$ 15.59	8/20/13

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**EXECUTIVE OFFICERS**

**Current Makeup and Changes from Last Year**

**Mortimer B. Fuller, III**, age 61, has been our Chairman of the Board and Chief Executive Officer since 1977. See **ELECTION OF DIRECTORS** above for further information about Mr. Fuller.

**Charles N. Marshall**, age 62, has been our President and Chief Operating Officer since October 1997. He has 42 years of railroad industry experience with Consolidated Rail Corporation (Conrail), Southern Railway and the Chessie System Railroad (now part of CSX Transportation, Inc.). He was Senior Vice President-Development when he left Conrail in 1995 and also served as Senior Vice President-Marketing & Sales and in positions in legal, public and government affairs. Immediately prior to joining us in 1997, Mr. Marshall worked as a consultant to short line and regional railroads, including our railroads, specializing in developing acquisition opportunities within and outside the United States. Mr. Marshall served as one of our directors from July to October 1997, when he resigned in accordance with our policy that all directors other than the Chairman and Chief Executive Officer be non-employees.

**John C. Hellmann**, age 33, Chief Financial Officer, joined us in January 2000. From 1999 until January 2000, Mr. Hellmann was an investment banker at Lehman Brothers Inc. in the Emerging Communications Group, and from 1997 to 1999, he was an investment banker at Schroder & Co. Inc. in the Transportation Group. From 1992 to 1994, Mr. Hellmann worked for Weyerhaeuser Company in Japan and the People's Republic of China. Mr. Hellmann received an A.B. from Princeton University, an M.B.A. from The Wharton School at the University of Pennsylvania, and an M.A. in China Studies from Johns Hopkins University School of Advanced International Studies. Mr. Hellmann is a director of Heating Oil Partners Income Fund, as is Mr. Young.

**Adam B. Frankel**, age 36, has been Senior Vice President, General Counsel and Secretary since May 2003. Previously, he was with Ford Motor Company where he served since 1999 as a corporate and transactions attorney in the Office of General Counsel and as a Business Manager for Mergers and Acquisitions in Diversified Consumer Services. Between 1995 and 1999, he was an associate with Simpson, Thacher & Bartlett LLP in London and New York. Mr. Frankel received a B.A. in Economics from Brown University in 1989 and his J.D. from Stanford University School of Law in 1993.

**Charles W. Chabot**, age 57, became President-Marketing & Development in February 2002. Previously, he was Senior Vice President-Australia, a position to which he was appointed in October 1997. In addition, from December 2000 until February 2002, he served as Chief Executive Officer of Australian Railroad Group Pty Ltd. From 1992 to 1997, Mr. Chabot served as Senior Vice President-New York and Pennsylvania. He joined us as Senior Vice President-Marketing and Sales in 1991 and was President of Buffalo & Pittsburgh Railroad, Inc. from 1992 to 1997. Prior to joining us, Mr. Chabot was employed for over ten years by the Chessie System Railroad (now part of CSX Transportation, Inc.), where he served in various capacities in marketing and freight equipment planning. Mr. Chabot will retire from the Company in 2004.

**Robert A. Grossman**, age 62, became Executive Vice President-Government & Industry Affairs in March 2002. Prior to that, he was employed as an officer and director of Emons Transportation Group, Inc. and its predecessors since 1971. From 1986 until its acquisition by us in February 2002, Mr. Grossman served as Chairman of the Board and Chief Executive Officer of Emons Transportation Group, Inc., a public company in the short line railroad business with annual revenues of \$25 million.

**Alan R. Harris**, age 55, was our Senior Vice President and Chief Accounting Officer until Mr. Andres joined us. Mr. Harris joined us in 1990 as our Chief Accounting Officer. Mr. Harris is a certified public accountant, and from 1985 to 1990, he was Director of Accounting, and subsequently Secretary and Treasurer, of Preston Trucking Company, Inc., an interstate carrier. Mr. Harris will retire from the Company in 2004.

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**James M. Andres**, age 44, joined us effective March 22, 2004 as our Chief Accounting Officer and Global Controller. Mr. Andres is a certified public accountant and received his M.B.A. from Syracuse University. From 2001 to 2003, he was Vice President and Corporate Controller for Axiohm Transaction Solutions, Inc., and from 1992 to 2001 was Division Controller for New Venture Gear, Inc., a joint venture between DaimlerChrysler and General Motors.

In December 2003, it was determined that Mr. Loftus, Senior Vice President Finance and Treasurer, and Mr. Hastings, Executive Vice President - Corporate Development should not be subject to the reporting obligations of Section 16 of the Exchange Act. As required by the SEC's rules (x) we have included Mr. Hastings in our named executive officer discussion of executive compensation and stock ownership, and (y) we have excluded securities held by Mr. Loftus and Mr. Hastings from our discussion of stock ownership held by directors and executive officers as a group.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Based on a review of filings made with the SEC and written representations of our directors and executive officers, we believe that all of our directors and executive officers complied with the reporting requirements of Section 16(a) of the Exchange Act, with the exception, due to the Company's failure to provide optionees with timely notification of the terms and conditions of July 31, 2003 option grants, of Mortimer B. Fuller, III, Robert A. Grossman, Alan R. Harris, John C. Hellmann, Charles N. Marshall, Mark W. Hastings and Thomas P. Loftus, who did not file their Form 4s related to such option grants in a timely manner, but who did subsequently file those Form 4s.

**Table of Contents****EXECUTIVE COMPENSATION**

The following table sets forth the annual and long-term compensation for services rendered to us in all capacities, for the past three fiscal years and paid by us to those persons who were, at December 31, 2003, the Chief Executive Officer, our other four most highly compensated executive officers during 2003 and Mr. Hastings, who, but for the fact that he was not serving as an executive officer at December 31, 2003, would have been one of our other four most highly compensated executive officers during 2003 (collectively, the *Named Executives* ).

*Summary Compensation Table*

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation		All Other Compensation (\$)(5)
		Salary (\$)(1)	Bonus (\$)(2)	Other Annual Compensation (\$)(3)	Awards	Payouts	
					Options(#)(4)	LTIP Payouts(\$)	
<b>Mortimer B. Fuller, III</b>	2003	\$576,500	\$192,587	-	75,000	-	\$ 2,955
Chairman and Chief Executive Officer	2002	560,000	119,174	-	63,750	-	81,045
	2001	510,000	355,400	-	84,375	-	169,007
<b>Charles N. Marshall</b>	2003	323,772	80,769	-	22,500	-	2,955
President and Chief Operating Officer	2002	309,000	22,284	-	30,000	-	51,647
	2001	294,387	105,400	-	33,750	-	70,362
<b>Charles W. Chabot</b>	2003	302,041	-	-	-	-	3,000
President-Marketing & Development	2002	314,000	-	-	30,000	-	11,023
	2001	220,000	110,000	\$71,705(6)	-	\$1,552,602(7)	67,836
<b>John C. Hellmann</b>	2003	280,000	66,812	-	45,000	-	2,955
Chief Financial Officer	2002	240,000	37,145	-	37,500	-	12,221
	2001	200,083	100,000	-	42,188	-	11,271
<b>Robert A. Grossman</b>	2003	269,906	-	-	7,500	-	2,955
Executive Vice President - Government & Industry Affairs	2002	219,862	5,000	-	21,000	-	-
	2001	-	-	-	-	-	-
<b>Mark W. Hastings</b>	2003	252,000	60,131	-	15,000	-	2,955
Executive Vice President - Corporate Development	2002	247,000	37,455	-	27,000	-	32,006
	2001	236,021	86,400	-	25,313	-	48,651

- (1) The amounts shown include cash compensation paid during the year indicated as well as cash compensation deferred at the election of the Named Executive.
- (2) The bonuses shown were awarded and paid in the succeeding year for services rendered during the year indicated.
- (3) Except for those described in footnote (6) to the table, the values of perquisites and other personal benefits are not shown on the table because the aggregate amount of such compensation (if any) for each year shown did not exceed the lesser of \$50,000 or 10% of the Named Executive's annual salary and bonus for that year.
- (4) The numbers of options awarded as shown on the table have been adjusted to reflect: (i) a three-for-two common stock split, effected in the form of a 50% common stock dividend, payable June 15, 2001, to stockholders of record as of May 31, 2001; (ii) a three-for-two common stock split, effected in the form of a 50% common stock dividend, payable March 14, 2002, to stockholders of record as of February 28, 2002; and (iii) a three-for-two stock split, effected in the form of a 50% common stock dividend, payable March 15, 2004 to stockholders of

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record as of February 27, 2004.

- (5) The amounts shown for 2003 reflect our contributions to our 401(k) Savings Plan on behalf of each of Messrs. Fuller, Marshall, Hellmann, Grossman and Hastings of \$2,955 and of \$3,000 on behalf of Mr. Chabot. The amounts shown for 2002 and 2001 include the value of insurance premiums paid by us and the economic benefits (projected on an actuarial basis) under split dollar life insurance arrangements.
- (6) The amount shown primarily reflects allowances, expense reimbursement and similar payments made to or on behalf of Mr. Chabot in connection with his overseas assignment. See **EXECUTIVE COMPENSATION - Severance and Other Agreements**.
- (7) The amount shown reflects a cash payout in lieu of stock of our formerly wholly-owned subsidiary, Australia Southern Railroad, upon exercise of stock options under that subsidiary's stock option plan.

**Table of Contents****Stock Options**

Shown below is further information on grants of stock options to the Named Executives during 2003. All such options were granted under the Genesee & Wyoming Inc. Amended and Restated 1996 Stock Option Plan (the *1996 Option Plan*). We currently have no provision for stock appreciation rights, although if our stockholders approve our Omnibus Plan, our Compensation Committee will then be permitted to make awards of stock appreciation rights. See **PROPOSAL TO APPROVE THE ADOPTION OF OUR 2004 OMNIBUS INCENTIVE PLAN**.

Name	Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price (\$/Sh)	Expiration Date	Grant Date Present Value \$(1)
Mortimer B. Fuller, III	6,693	1.4%	\$ 16.43	7/30/08	\$ 51,639.17
Mortimer B. Fuller, III	68,307	15.2%	14.94	7/30/08	551,191.95
Charles N. Marshall	22,500	5.0%	14.94	7/30/08	181,560.00
Charles W. Chabot	-	-	-	-	-
John C. Hellmann	45,000	10.0%	14.94	7/30/08	363,120.00
Robert A. Grossman	7,500	1.6%	14.94	7/30/08	60,520.00
Mark W. Hastings	15,000	3.3%	14.94	7/30/08	121,040.00

- (1) The hypothetical grant date present values are presented pursuant to the rules of the SEC and are calculated under the modified Black-Scholes Model for pricing options, a mathematical formula used to value options traded on stock exchanges. This formula considers a number of factors in estimating an option's present value. Factors used to value the options shown on the table include the expected volatility rate of the shares underlying the option (60.05), the risk-free interest rate (3.38%), the expected dividend yield (0%) and the expected life (5 years). The actual before-tax amount, if any, realized upon the exercise of stock options will depend upon the excess, if any, of the market price of the Class A Common Stock over the option exercise price per share at the time the option is exercised. The hypothetical grant date present values of the options reflected on the table may not be realized.

At no time during the last year did we adjust or amend the exercise price of options previously granted to Named Executives, and shown below is information with respect to option exercises by the Named Executives during 2003 and all unexercised options to purchase Class A Common Stock held by the Named Executives at December 31, 2003.

**Aggregated Option Exercises in 2003 and****Year-End Option Values**

Name	Shares Acquired on Exercise(#)	Value Realized(\$)	Unexercised Options Held at Year-End(#)		Value of All Unexercised In-the-Money Options at Year-End\$(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Mortimer B. Fuller, III	157,957	\$ 1,564,285	15,937	196,890	\$ 107,844	\$ 1,826,067
Charles N. Marshall	25,314	192,856	58,128	70,312	859,351	663,595
Charles W. Chabot	16,875	127,187	15,941	22,500	207,055	152,249
John C. Hellmann	-	-	100,077	117,423	1,550,300	1,154,858
Robert A. Grossman	-	-	5,250	23,250	35,525	152,024
Mark W. Hastings	31,642	263,654	57,376	54,237	888,040	509,220

- (1) Expressed as the excess of the market value of the Class A Common Stock at December 31, 2003 (\$21.00 per share) over the exercise price of each option.

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### Severance and Other Agreements

*Severance Agreements.* We have severance agreements ( *Severance Agreements* ) with each of our Named Executives which provide that upon termination of their employment within three years after a *Change in Control* (as defined in the Severance Agreements), unless such termination was initiated by the Company due to their illness, injury or incapacity for a period of six consecutive months or was for *Cause* (as defined in the Severance Agreements), the Named Executive will receive a cash amount equal to three times the average annual compensation we paid him during the immediately preceding five years. The Severance Agreements provide for reduction of the amounts paid pursuant thereto to the extent that such amounts would otherwise be non-deductible to us under Section 280G of the Internal Revenue Code. The Severance Agreements do not require the Company to pay Named Executives a set salary or pay a salary for a set period of time during such person's term of employment.

*Employment Agreement with Robert Grossman.* We have an employment agreement with Robert Grossman dated as of March 4, 2002 ( *Grossman Agreement* ) pursuant to which we have agreed to employ Mr. Grossman as our Executive Vice President - Government and Industry Affairs. The Grossman Agreement provides Mr. Grossman with an annual base salary of \$250,000 subject to such increases as may be approved by our Board of Directors. In addition, the Grossman Agreement provides that Mr. Grossman shall be eligible to earn an annual bonus of up to 50% of his annual base salary based upon the achievement of performance goals established under the Genesee Value Added bonus program (see **REPORT OF THE COMPENSATION COMMITTEE** ). The Grossman Agreement also provides Mr. Grossman with reasonable expense reimbursement and a car allowance. If Mr. Grossman's employment is terminated by the Company without *Cause* (as defined in the Grossman Agreement) or if Mr. Grossman resigns for *Good Reason* (as defined in the Grossman Agreement), Mr. Grossman shall be entitled to receive his base salary through the date of termination, his annual bonus that has been earned but unpaid as of the date of termination, reimbursement for unreimbursed expenses properly incurred and benefits under our employee benefit plans. In addition, he would be entitled to receive continued payment of his base salary and employee benefits until the expiration of the term of the Grossman Agreement (March 4, 2005) as long as he complies with the non-competition and confidentiality provisions of the Grossman Agreement. This amount is subject to reduction if Mr. Grossman receives any other cash severance or termination benefits under any of our other plans.

*Assignment Letter with Charles Chabot.* Pursuant to an Assignment Letter effective November 1, 1998 that we executed with Charles W. Chabot in connection with his assignment to Australia, we agreed that if Mr. Chabot was still employed by us when his foreign assignment ended, he would, at our discretion, be placed in a comparable position with us or given two years salary continuation. The assignment letter also provided Mr. Chabot with a base salary of at least \$200,000 per year, housing, a foreign living allowance, travel expenses, relocation expenses and tax equalization payments in connection with his foreign assignment.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth as of March 29, 2004 certain information concerning beneficial ownership of our stock held by (i) each stockholder known by us to own beneficially more than 5% of any class of stock, (ii) each of our directors, (iii) each Named Executive (see **EXECUTIVE COMPENSATION** ), and (iv) all of our directors and executive officers as a group.

We have calculated beneficial ownership in accordance with the rules of the SEC. Unless otherwise indicated below in the footnotes to the table, each stockholder named in the table has sole voting and investment power with respect to all shares shown as beneficially owned by that stockholder, and the designated address of each individual listed in the table is as follows: Genesee & Wyoming Inc., 66 Field Point Road, Greenwich, CT 06830. We have calculated percentage of class ownership based on 20,343,131 issued and outstanding shares of our Class A Common Stock, 2,707,935 issued and outstanding shares of our Class B Common Stock, and 25,000 issued and outstanding shares of our Preferred Stock. We have omitted percentages of less than 1.0 % from the table.

Name and Address of Beneficial Owner	Class A Common Stock Beneficially Owned		Class B Common Stock Beneficially Owned		Preferred Stock Beneficially Owned		Percent of Vote (1)
	No. of Shares	Percent of Class	No. of Shares	Percent of Class	No. of Shares	Percent of Class	
<b>Directors</b>							
Mortimer B. Fuller, III (2) (3)	153,613	-	2,076,259	76.7%	-	-	40.8%
Robert W. Anestis (4)	4,501	-	-	-	-	-	-
Louis S. Fuller (5)	251,234	1.2%	449,361	16.6%	-	-	9.3%
T. Michael Long (3) (6)	3,686,328	15.3%	-	-	25,000	100%	7.2%
Robert M. Melzer (7)	50,169	-	-	-	-	-	-
Philip J. Ringo (8)	63,985	-	-	-	-	-	-
Peter O. Scannell (9)	4,483	-	-	-	-	-	-
Mark A. Scudder (10)	534	-	-	-	-	-	-
M. Douglas Young (11)	45,057	-	-	-	-	-	-
<b>Named Executives</b>							
Charles W. Chabot (12)	49,479	-	-	-	-	-	-
Robert A. Grossman (13)	12,000	-	-	-	-	-	-
John C. Hellmann (14)	148,264	-	1,248	-	-	-	-
Charles N. Marshall (15)	407,584	2.0%	-	-	-	-	-
Mark W. Hastings (16)	116,422	-	49,950	1.8%	-	-	1.1%
<b>Other</b>							
The 1818 Fund III, LP(3)(6) 59 Wall Street New York, NY 10005 Wellington Management Company, LLP(17) 75 State Street Boston, MA 02109	3,668,478	15.3%	-	-	25,000	100%	7.2%
All Directors and Executive Officers as a Group (16 persons) (18)	4,928,090	20.2%	2,526,868	93.3%	25,000	100%	58.2%

- (1) Reflects the voting power of the outstanding share holdings shown on the table as a result of the fact that the Class A Common Stock is entitled to one vote per share, the Class B Common Stock is entitled to ten votes per share and the 25,000 outstanding shares of Preferred Stock are entitled to an aggregate of 3,668,478 votes.



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- (2) The amounts shown include: (i) 63,633 shares of Class A Common Stock owned by Mr. Fuller individually; (ii) 1,480,654 shares of Class B Common Stock owned by Mr. Fuller individually; (iii) 6,393 shares of Class A Common Stock held by Mr. Fuller's wife, as to which shares Mr. Fuller disclaims beneficial ownership; (iv) 7,500 shares of Class A Common Stock held by Overlook Estate Foundation, Inc. of which Mr. Fuller is President; (v) presently exercisable options to purchase 76,087 shares of Class A Common Stock; and (vi) presently exercisable third-party options to purchase 595,605 shares of Class B Common Stock, which shares are subject to a voting agreement under which Mr. Fuller has been granted an irrevocable proxy through March 20, 2008. The number of shares in the table includes shares which are subject to a Variable Prepaid Forward transaction with Credit Suisse First Boston Capital LLC entered into on March 8, 2004 relating to 225,000 shares of Class B Common Stock, which contract expires on March 8, 2007, and for which Mr. Fuller received net proceeds of \$4,707,937. Under the terms of the contract, Mr. Fuller has agreed to deliver shares of Class B Common Stock (which are immediately convertible into shares of Class A Common Stock on a one-for-one basis) or shares of Class A Common Stock on the expiration date of the contract (or on an earlier date if the contract is terminated early) as follows: (i) if the final price is less than or equal to the Floor Price (\$23.91 per share), 225,000 shares; (ii) if the final price is less than or equal to the Cap Price (\$29.8917 per share), but greater than the Floor Price, then a number of shares equal to 225,000 times the Floor Price divided by the final price; (iii) if the final price is greater than the Cap Price, then a number of shares equal to 225,000 shares multiplied by a fraction, the numerator of which is the sum of the Floor Price and the difference between the final price and the Cap Price, and the denominator of which is the final price. In connection with the contract, Mr. Fuller has pledged 225,000 shares of Class B Common Stock to secure his obligation under the contract. Under the contract, in lieu of delivery of shares, Mr. Fuller may, at his option, settle the contract by delivery of cash.
- (3) By reason of a voting agreement, under Rule 13d-5(b)(1) under the Exchange Act, a group comprised of Mortimer B. Fuller, III, The 1818 Fund and T. Michael Long may be deemed to beneficially own substantially all of the shares of our stock beneficially owned by the members of the group. Mr. Long beneficially owns 17,850 shares of Class A Common Stock, consisting of units under the Deferred Stock Plan representing 7,725 shares of Class A Common Stock and presently exercisable options to purchase 10,125 shares of Class A Common Stock, and The 1818 Fund beneficially owns 25,000 shares of Preferred Stock, convertible into 3,668,478 shares of Class A Common Stock. Mr. Fuller, on the one hand, and The 1818 Fund and Mr. Long, on the other hand, disclaim beneficial ownership of the shares owned by the other, and they are not reflected in the respective amounts shown on the table. As Mr. Long shares voting and investment power with respect to the Preferred Stock, the amount of Class A Common Stock shown on the table for Mr. Long includes those shares beneficially owned by The 1818 Fund.
- (4) The amounts shown include: 3,000 shares of Class A Common Stock held by an HR-10 plan for the benefit of Mr. Anestis; and (ii) units under the Deferred Stock Plan representing 1,501 shares of Class A Common Stock.
- (5) The amounts shown include: (i) 47,320 shares of Class A Common Stock and 449,361 shares of Class B Common Stock owned by Mr. Fuller individually; (ii) 1,414 shares of Class A Common Stock owned jointly by Mr. Fuller and his wife; and (iii) 202,500 shares of Class A Common Stock owned by Mr. Fuller's wife, as to which shares he disclaims beneficial ownership.
- (6) The 25,000 shares of Preferred Stock owned by The 1818 Fund are convertible, subject to certain exceptions, at any time into 3,668,478 shares of Class A Common Stock. Mr. Long is a general partner of BBH, the general partner of The 1818 Fund and, as such, his pecuniary interest in the Preferred Stock is limited to his percentage interest in BBH's interest in such shares. Voting and investment power with respect to the Preferred Stock is shared equally by Mr. Long and Lawrence C. Tucker, in their respective capacities as partners of BBH. The Class A Common Stock shown on the table for The 1818 Fund consists of the 3,668,478 of shares of Class A Common Stock into which the 25,000 shares of Preferred Stock are convertible.

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- (7) The amount shown includes: (i) 10,125 shares of Class A Common Stock owned by Mr. Melzer individually; (ii) 7,500 shares of Class A Common Stock held by a self-directed IRA; (iii) presently exercisable options to purchase 16,875 shares of Class A Common Stock; and (iv) units under the Deferred Stock Plan representing 15,669 shares of Class A Common Stock.
- (8) The amount shown includes: (i) 12,487 shares of Class A Common Stock owned by Mr. Ringo's wife, as to which shares he disclaims beneficial ownership; (ii) presently exercisable options to purchase 30,375 shares of Class A Common Stock; and (iii) units under the Deferred Stock Plan representing 21,123 shares of Class A Common Stock.
- (9) The amount shown includes: 3,000 shares of Class A Common Stock held jointly by Mr. Scannell and his wife; and (ii) units under the Deferred Stock Plan representing 1,483 shares of Class A Common Stock.
- (10) These are units under the Deferred Stock Plan representing shares of Class A Common Stock.
- (11) The amount shown includes: (i) presently exercisable options to purchase 15,750 shares of Class A Common Stock; and (ii) units under the Deferred Stock Plan representing 29,307 shares of Class A Common Stock.
- (12) The amount shown includes: (i) 41,979 shares of Class A Common Stock held by Mr. Chabot individually; and (ii) presently exercisable options to purchase 7,500 shares of Class A Common Stock.
- (13) The amount shown includes: (i) 1,500 shares of Class A Common Stock owned by Mr. Grossman individually; and (ii) a presently exercisable option to purchase 10,500 shares of Class A Common Stock.
- (14) The amount shown includes: (i) 5,062 shares of Class A Common Stock and 1,248 shares of Class B Common Stock owned by Mr. Hellmann individually; and (ii) presently exercisable options to purchase 143,202 shares of Class A Common Stock.
- (15) The amount shown includes: (i) 358,831 shares of Class A Common Stock owned by Mr. Marshall individually; and (ii) presently exercisable options to purchase 48,753 shares of Class A Common Stock.
- (16) The amount shown includes: (i) 57,274 shares of Class A Common Stock and 49,950 shares of Class B Common Stock owned jointly by Mr. Hastings and his wife; (ii) 1,350 shares of Class A Common Stock beneficially owned by Mr. Hastings' minor children, as to which shares he disclaims beneficial ownership; and (iii) presently exercisable options to purchase 57,798 shares of Class A Common Stock.
- (17) The amount and percentage shown, and the information contained in this footnote, is derived from a Schedule 13G filed by Wellington Management Company, LLP ( "WMC" ) on February 12, 2004. The shares are owned of record by clients of WMC. WMC, in its capacity as investment adviser, may be deemed to beneficially own all of such shares. Those clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such shares. No such client is known to have such right or power with respect to more than five percent of the class. WMC has shared power to vote 1,088,473 of such shares and has shared power to dispose of all of such shares.
- (18) See footnotes 2 through 16 to this table. The amounts shown include: (i) presently exercisable options to purchase an aggregate of 366,856 shares of Class A Common Stock (ii) presently exercisable third-party options to purchase an aggregate of 595,605 shares of Class B Common Stock; and (iii) units under the Deferred Stock Plan representing an aggregate of 77,342 shares of Class A Common Stock.

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**REPORT OF THE COMPENSATION COMMITTEE\***

The Compensation Committee is responsible for determining annually the total compensation of our executive officers (including Mortimer B. Fuller, III, our Chief Executive Officer, and the other Named Executives), administering our stock option plan and our cash incentive plan (including determining grants and awards thereunder) and making recommendations to the Board of Directors concerning the compensation structure and performance measures for incentive-based compensation. The Compensation Committee considers the advice of independent outside consultants in its determinations. When the Compensation Committee determines compensation levels for executive officers, it reviews compensation survey data from independent sources to ensure that the total compensation program is competitive. Companies selected for the survey are those with whom we compete for executive talent.

**Executive Compensation Philosophy**

The goals of our executive compensation program are to align compensation with business objectives and performance, and to enable us to attract, retain and reward executives who contribute to our long-term success and to increasing stockholder value. The program reflects the following principles:

**Compensation should be related to performance**

Executives are rewarded based upon Company-wide performance, regional performance (in the case of executives who are regional managers) and individual performance. Company-wide performance and regional performance are evaluated by reviewing the extent to which strategic and business objectives are met, including such factors as achieving safety objectives, operating profits and return on invested capital targets. When the Company performs well, based on financial and non-financial measures, executives will receive greater incentive compensation. When the business does not meet objectives or is facing financial challenges, incentive awards will be reduced. An executive's individual compensation will also vary based on the person's performance, contribution and overall value to the business. Finally, executives with sustained high performance should be rewarded more than those in similar positions with lesser performance.

**Employees should think like stockholders**

We believe that employees should act in the interests of stockholders and we use our annual and long-term incentive compensation plans as tools to align our employees' interests with stockholders' interests. Our executives' annual incentive compensation is based on metrics that we believe directly enhance stockholder value. We also believe that equity compensation is another good way to align interests. In addition, we have an employee stock purchase plan that enables employees to purchase our Class A Common Stock at a discount through payroll deductions. We are proposing the approval of the adoption of our Omnibus Plan which, if approved by stockholders, would replace our existing equity-based plans. See **PROPOSAL TO APPROVE THE ADOPTION OF OUR 2004 OMNIBUS INCENTIVE PLAN**.

**Incentive compensation should be a greater part of total compensation for more senior positions**

The proportion of an individual's total compensation that varies based on individual and Company performance objectives should increase as the individual's business responsibilities increase.

**Executive Compensation Program**

Our executive compensation program currently consists of annual salary, annual incentive compensation in the form of cash bonuses, and long-term incentive compensation in the form of stock options.

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\* The material in this report is not Soliciting Material, is not deemed filed with the SEC and is not to be incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filings.

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### ***Salaries***

The Compensation Committee annually reviews and makes changes to salaries each year based on, among other things, recommendations of the Chief Executive Officer. Factors considered are an executive's performance, changes in competitive compensation levels and changes in the executive's responsibilities.

### ***Annual Incentive Compensation***

Starting with bonuses for 2002 performance, our Board of Directors adopted a new incentive compensation program, the Genesee Value Added Bonus Program, which has a number of components and is designed to create objective standards against which performance can be measured to determine whether the Company is operating in a manner that generates increased stockholder value. The two principal components of our Genesee Value Added Bonus Program are: (i) financial performance as measured by return on invested capital, and (ii) safety performance.

The Compensation Committee, with input from senior management, establishes our annual corporate financial and safety performance targets and, where appropriate, targets for each region. A target bonus is earned if these objectives are achieved. For variances from the financial performance targets, the bonus is formula-based and can vary from zero to 200% of the target bonus, depending on the extent to which the financial performance targets for the applicable year were met at the Company level or in the employee's region, as applicable. To the extent that the formula-based bonus amount of a region or the Company as a whole, as applicable, would result in a bonus payment that would otherwise be greater than 200% of the target bonus amount or less than zero, the excess amount is carried forward to determinations of the subsequent year's bonus payout, provided that no employee has any direct right to the excess positive amounts carried forward.

For our Chief Executive Officer, our Chief Financial Officer and our Chief Operating Officer, as well as several other corporate executives, their entire bonuses are based on the Genesee Value Added formula as applied to the performance of the Company as a whole, with 80%-85% dependent on the corporate financial target and 15%-20% dependent on the corporate safety targets. Certain corporate executives who hold non-operational positions have all or a portion of their bonuses determined by evaluating their performance compared to personal objectives, which incorporates subjective and qualitative evaluations of performance. Bonuses for the heads of our regions are based 60% on the regional Genesee Value Added financial targets, 20% on the corporate Genesee Value Added financial target, and 20% on the regional Genesee Value Added safety target.

Bonus targets currently range from 35% to 70% of annual salary. The maximum bonus percentage assigned to each executive depends on the degree to which that executive is responsible for financial results. For our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and President-Marketing & Development, each of whom held those positions for full year 2002 and full year 2003, aggregate cash bonuses for 2003 were \$340,168 versus \$178,603 for 2002.

### ***Long-Term Incentive Compensation - The 1996 Option Plan***

Long-term incentives are provided through the grant of stock options under our 1996 Option Plan. The Compensation Committee views stock options as a means of aligning the long-range interests of key employees, including executives, with those of the stockholders by providing them with the opportunity to build a meaningful equity stake in our Company. Options are granted at the discretion of the Compensation Committee based on its evaluation of each employee's contribution and expected future contribution to our financial success. In 2003, the Compensation Committee granted options to purchase an aggregate of 449,070 shares of Class A Common Stock to 203 employees (including our Named Executives).

### ***Other Compensation***

*401(k) Savings Plan.* Executive and other employees are entitled to participate in our 401(k) Savings Plan, which provides retirement benefits to employees and includes both employer and employee contributions.

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*Employee Stock Purchase Plan.* Executives (other than our Chairman and Chief Executive Officer) and other employees are also entitled to participate in our Stock Purchase Plan which permits participants to purchase Class A Common Stock at approximately 90% of its fair market value. The Stock Purchase Plan is intended to encourage ownership of our Class A Common Stock by our present and future employees at all levels of employment and thereby provide them the benefit of the incentive created by stock ownership. The Stock Purchase Plan is also intended to provide a more efficient mechanism for our employees to acquire stock ownership. The Stock Purchase Plan is administered by the Compensation Committee.

### ***Chief Executive Officer Compensation***

The prior discussion included under **- Executive Compensation Philosophy** and **- Executive Compensation Program** applies to the compensation of Mortimer B. Fuller, III, our Chief Executive Officer. Although Mr. Fuller has a Severance Agreement with us, he has no agreement that requires that he be paid a set salary or paid a salary for a set period of time during his employment. The compensation paid to Mr. Fuller for his performance in 2003 was established applying the principles outlined above.

*Base Salary.* The Compensation Committee increased Mr. Fuller's salary in 2003 by 2.9% to \$576,500.

*Annual Incentive Compensation.* Mr. Fuller's annual incentive compensation package for his 2003 performance was a cash bonus payment of \$192,587, which was paid in February of 2004. This amount was determined entirely in accordance with our Genesee Value Added Bonus Program and was based on the extent to which the Company met the objective performance criteria established at the outset of 2003.

*Long-Term Incentive Compensation.* The long-term incentive component currently takes the form of the grant of stock options under our 1996 Option Plan. Mr. Fuller was awarded 75,000 options on July 31, 2003. In evaluating Mr. Fuller's performance and determining his option grant, the Compensation Committee noted several accomplishments:

the execution of the Company's long-term strategy and the resulting consistent performance, particularly in the context of a difficult North American economy and Australian drought;

the generation of attractive acquisition prospects, the discipline of the acquisition process and the results of recent acquisitions;

strong and stable leadership as Chairman of ARG;

the attraction of first-rate senior management as the Company continues to grow in size and complexity; and

the attraction of strong, highly-qualified independent directors.

### **Deductibility of Compensation**

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation in excess of \$1 million paid to their chief executive officers or any of the four other most highly compensated executive officers. However, the statute exempts qualifying performance-based compensation from the deduction limit if certain requirements are met. For 2003, none of our Named Executives received compensation in excess of \$1 million.

While the tax impact of any compensation arrangement is one factor to be considered, such impact is evaluated by the Compensation Committee in light of the Company's overall compensation philosophy and objectives. The Committee believes that there are circumstances where the provision of compensation that is not fully deductible may be more consistent with the compensation philosophy and objectives of the Company and/or may be in the best interests of the Company and its stockholders. The Committee's ability to exercise discretion and to retain flexibility in this regard may, in certain circumstances, outweigh the advantages of

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qualifying all compensation as deductible under Section 162(m). Accordingly, the Compensation Committee reserves the authority to award compensation that may not be fully deductible.

*Compensation Committee*

Robert W. Anestis, *Chairman*

Peter O. Scannell

Mark A. Scudder

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

Our Chief Executive Officer consults with the Compensation Committee. He participates in discussions of the Compensation Committee and makes recommendations to it, but he does not vote or otherwise participate in the Compensation Committee's ultimate determinations. Our Board of Directors believes that it is wise and prudent to have our Chief Executive Officer participate in these determinations, because his evaluations and recommendations with respect to the compensation and benefits paid to executives other than himself are extremely valuable to the Compensation Committee. However, our Chief Executive Officer neither participates in nor is otherwise involved in the deliberations of the Compensation Committee with respect to his own compensation and benefits.

None of our executive officers has served as a member of a compensation committee of a board of directors of any other entity which has an executive officer serving as a member of our Board of Directors, and there are no other matters regarding interlocks or insider participation that are required to be disclosed.

**Table of Contents****STOCK PRICE PERFORMANCE GRAPH\***

Our Class A Common Stock is traded on the New York Stock Exchange under the symbol GWR. Prior to September 27, 2002, when our Class A Common Stock began trading on the New York Stock Exchange, our Class A Common Stock was traded on the Nasdaq National Market. To assist your analysis of our cumulative total stockholder return, we used to include in our cumulative total stockholder return graphs the results of the Nasdaq Composite Total Return Index (US) and the NASDAQ Trucking and Transportation Stocks Index. However, because we are now listed on the New York Stock Exchange, we have selected an alternative broad equity market index and an alternative peer group index. Set forth below is a line graph comparing the cumulative total stockholder return on the Class A Common Stock during the five-year period ended December 31, 2003, based on the market price thereof, with the cumulative total return of the (i) Nasdaq Composite Total Return Index (US) (ii) the NASDAQ Trucking and Transportation Stocks Index, (iii) the Russell 2000 Index and (iv) the Fidelity Railroad Index.

	<b>Genesee &amp; Wyoming Inc - Cl A</b>	<b>NASDAQ Composite Total Return Index (US)</b>	<b>Nasdaq Trucking &amp; Transportation Stocks Index</b>	<b>Russell 2000 Index</b>	<b>Fidelity Railroad Index</b>
Dec 98	100.00	100.00	100.00	100.00	100.00
Dec 99	100.98	185.43	95.31	121.26	90.08
Dec 00	214.71	111.83	86.63	117.59	104.63
Dec 01	384.12	88.76	102.43	120.52	117.31
Dec 02	359.12	61.37	104.32	95.83	111.47
Dec 03	555.88				