GENESEE & WYOMING INC
Form S-3/A
May 13, 2004

Table of Contents

As filed with the Securities and Exchange Commission on May 13, 2004.

Registration No. 333-115088

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

To

Form S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Genesee & Wyoming Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**06-0984624**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification Number)*

66 Field Point Road
Greenwich, Connecticut 06830
(203) 629-3722
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Adam B. Frankel, Esq.
Senior Vice President, General Counsel and Secretary
66 Field Point Road
Greenwich, Connecticut 06830
(203) 629-3722
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

With copies to:

Avrohom J. Kess, Esq.	**Philip J. Niehoff, Esq.**
Simpson Thacher & Bartlett LLP	**Mayer, Brown, Rowe & Maw LLP**
425 Lexington Avenue	**190 South LaSalle Street**
New York, New York 10017	**Chicago, Illinois 60603-3441**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. þ

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ______________

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ______________

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Class A Common Stock, par value $.01 per share	3,862,048 shares	$23.72	$91,607,778.56	$11,606.71

(1) In addition to the shares set forth in the table, pursuant to Rule 416 under the Securities Act of 1933, as amended, the number of shares registered includes an indeterminate number of shares of the Class A Common Stock issuable as a result of any stock splits or stock dividends.

(2) Estimated solely for the purpose of calculating the registration fee and calculated in accordance with Rule 457(c) under the Securities Act of 1933, as amended, on the basis of the average of the high and low prices per share of the Class A Common Stock as reported on the New York Stock Exchange on April 29, 2004.

(3) Previously paid on April 30, 2004 in connection with the filing of the initial Registration Statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

SUBJECT TO COMPLETION, DATED MAY 13, 2004

Prospectus Supplement

(to Prospectus dated May , 2004)

3,358,303 Shares

Class A Common Stock

The 1818 Fund III, L.P., the selling stockholder, is selling 3,358,303 shares of our Class A Common Stock. We will not receive any of the proceeds from the sale of the shares by the selling stockholder.

Our Class A Common Stock is listed on the New York Stock Exchange under the symbol GWR. On May 12, 2004, the last reported sale price of our Class A Common Stock was $23.45 per share.

See Risk Factors beginning on page 1 of the accompanying prospectus to read about the risks you should consider before buying shares of our Class A Common Stock.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discount	$	$
Proceeds to the selling stockholder	$	$

The selling stockholder and certain of our other stockholders have granted the underwriters a 30-day option to purchase up to an additional 503,745 shares of our Class A Common Stock to cover any over-allotments.

Delivery of the shares will be made on or about May , 2004.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Bear, Stearns & Co. Inc. **Credit Suisse First Boston**

Deutsche Bank Securities

BB&T Capital Markets

Morgan Keegan & Company, Inc.

Avondale Partners

The date of this prospectus supplement is May , 2004.

Table of Contents

Table of Contents

Table of Contents

PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and certain other matters relating to Genesee & Wyoming Inc. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. If the description in the prospectus supplement differs from the description in the accompanying prospectus, the description in the prospectus supplement supersedes the description in the accompanying prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We and the selling stockholder have not authorized anyone else to provide you with different information. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates, regardless of time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of our Class A Common Stock. The selling stockholder is not making an offer of these securities in any state where the offer is not permitted.

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. These filings are available to the public over the Internet at the Securities and Exchange Commission s web site at http://www.sec.gov. You may also read and copy any document we file with the Securities and Exchange Commission at its public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference room.

The Securities and Exchange Commission allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the Securities and Exchange Commission will automatically update and supersede this information. Information furnished under Item 9 or Item 12 of our Current Report on Form 8-K is not incorporated by reference in this prospectus. We furnished information under Item 12 of our Current Reports on Form 8-K on February 11, 2004 and on May 3, 2004.

We incorporate by reference the documents listed below, any documents that we file after the date of filing of the initial registration statement of which this prospectus forms a part and prior to the effectiveness of that registration statement, and any documents we file in the future with the Securities and Exchange Commission, under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, until we sell all of the securities that we have registered for sale under the registration statement of which this prospectus forms a part.

The Annual Report on Form 10-K for the year ended December 31, 2003 filed on March 15, 2004;

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 filed on May 10, 2004; and

The Current Reports on Form 8-K filed on January 7, 2004, March 9, 2004 and May 3, 2004.

We make available any documents that we file with the Securities and Exchange Commission free of charge on our website at http://www.gwrr.com as soon as reasonably practicable after we electronically file such documents with the Securities and Exchange Commission. In addition, you may request a copy of these filings, including the documents that are incorporated by reference in this prospectus, at no cost by writing or telephoning us at the following address or telephone number:

Genesee & Wyoming Inc.

66 Field Point Road
Greenwich, CT 06830
Attention: Adam B. Frankel, Esq.
Telephone: (203) 629-3722

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

The following information supplements, and should be read together with, the information contained or incorporated by reference in other parts of the prospectus. This summary highlights selected information from the prospectus supplement. As a result, it does not contain all of the information you should consider before investing in our Class A Common Stock. You should carefully read the entire prospectus, including the documents incorporated by reference in it, which are described under Where You Can Find More Information About Us.

Unless the context otherwise requires, when used in this prospectus, the terms Genesee & Wyoming, we, our and us refer to Genesee & Wyoming Inc. and its consolidated subsidiaries and unconsolidated subsidiaries, including Australian Railroad Group Pty Ltd and its subsidiaries, referred to as ARG. ARG is our 50%-owned subsidiary based in Perth, Western Australia. Unless otherwise indicated, all references to currency amounts in this prospectus supplement are in U.S. dollars.

Our Company

We are a leading owner and operator of short-line and regional freight railroads in the United States, Canada, Mexico, Australia and Bolivia. Genesee & Wyoming was founded in 1899 as a 14-mile rail line serving a single salt mine in upstate New York. Since 1977, when Mortimer B. Fuller, III purchased a controlling interest in Genesee & Wyoming Railroad Company and became our Chief Executive Officer, we have completed 24 acquisitions and now operate over 8,100 miles of owned, jointly owned or leased track, with access to more than 3,000 additional miles under track access arrangements. Based on track miles, we believe that we are the second-largest operator of regional railroads in North America, and that ARG, our 50%-owned subsidiary in Australia, operates the second largest privately owned rail system in Australia.

Since our initial public offering in 1996 through December 31, 2003, we increased our net income at a compound annual growth rate of 25.4%, from $5.9 million to $28.7 million, and increased our diluted earnings per share at a compound annual growth rate of 13.5%, from $0.44 to $1.07. For the three months ended March 31, 2004, we increased our net income by 71.1% to $9.5 million compared to $5.5 million for the three months ended March 31, 2003, and we increased our diluted earnings per share by 66.7% to $0.35 compared to $0.21 for the same period in 2003. For the three months ended March 31, 2004, ARG contributed $3.7 million, or 39.5%, of our total net income. We have achieved these results through the execution of our acquisition and operating strategies.

Our Acquisition Strategy

We intend to increase our earnings and cash flow through the execution of our disciplined acquisition strategy for both domestic and international opportunities. When acquiring railroads in our existing regions, we target contiguous or nearby rail properties where our local management teams are best able to identify opportunities to reduce operating costs and increase equipment utilization. In new regions, we target rail properties that have adequate size to establish a presence in the region, provide a platform for growth in the region and attract qualified management. To help ensure accountability for the projected financial results of our potential acquisitions, we typically include the regional manager who would be operating the rail property as part of our due diligence team.

We derive our acquisition, investment and long-term lease opportunities from the following four sources:

- rail lines of industrial companies, such as Bethlehem Steel Corporation, Mueller Industries, Inc. and Georgia-Pacific Corp.;
- branch lines of Class I railroads, such as Burlington Northern Santa Fe Corporation, or BNSF, and CSX Corporation, or CSX;
- other regional railroads or short-line railroads, such as Emons Transportation Group, Inc., or Emons; and
- foreign government-owned railroads, such as Westrail in Western Australia, that have been privatized.

Table of Contents

From 1977 to 1997, we made and integrated twelve acquisitions in the United States. From 1997 to 2000, we acquired or made investments in seven railroads internationally, including in South Australia (1997), Canada (1997), Mexico (1999), Western Australia (2000) and Bolivia (2000). Since 2001, we have made five acquisitions in the United States and Canada, including South Buffalo Railway Company, or South Buffalo (2001), Emons (2002), Utah Railway Company (2002), a rail line leased from BNSF in Oregon (2002), and most recently, Arkansas Louisiana & Mississippi Railroad Company, Chattahoochee Industrial Railroad and Fordyce and Princeton R.R. Co., all acquired from Georgia-Pacific Corp. (December 2003).

We believe that acquisition opportunities in the United States exist among the 500 short-line and regional railroads operating approximately 50,000 miles of track, as well as additional lines expected to be sold or leased by Class I railroads. Internationally, we believe that there are additional acquisition or privatization candidates in Australia, Canada, South America and other markets. Furthermore, we believe that there is a relatively small number of well capitalized operators currently bidding for properties in the international and U.S. rail markets. As a result, we believe that we are well positioned to capitalize on additional acquisition opportunities. Each of our acquisitions requires strict adherence to our return on invested capital targets. A significant portion of our management performance bonuses, at both the corporate and regional levels, are tied by formula to achieving these financial targets.

Our strategy of building regional rail systems through acquisitions is best illustrated by our original U.S. region, the New York-Pennsylvania region, and our Australian operations, ARG.

New York-Pennsylvania Region. Starting with our original rail line, the Genesee & Wyoming, we have completed seven contiguous acquisitions since 1985, creating a regional railroad linking Western New York with Western Pennsylvania. Our most recent acquisition in this region was South Buffalo, which we acquired from Bethlehem Steel Corporation in 2001. From the year ended December 31, 1987 to the year ended December 31, 2003, we increased the annual revenues generated by our New York-Pennsylvania region from $8.0 million to $46.9 million. The region has a diverse commodity base including coal, petroleum, auto parts, chemicals, pulp and paper, salt and steel.

Australian Railroad Group. Over the past six years, we have been sequentially building a rail business that operates across the Australian continent. In Australia, we: (1) entered the market through the acquisition of the previously government-owned rail system of South Australia in 1997; (2) secured a contract to operate iron ore supply rail-lines and in-plant rail operations for a steel mill in Whyalla, South Australia in 1999; (3) combined our South Australian railroad business with previously government-owned rail assets of Western Australia, which we acquired with Wesfarmers Limited, or Wesfarmers, for $334 million in December 2000; (4) acquired an equity interest (2.1% at December 31, 2003) in a consortium to build, own and operate an 885-mile rail line from Alice Springs to Darwin in the Northern Territory of Australia in April 2001; and (5) added a significant new customer contract in New South Wales on the east coast of Australia in November 2003. For the year ended December 31, 2003, ARG generated $249.6 million in revenues. ARG s principal commodities are grain and various ores and minerals that are destined for export markets, particularly Asia.

Our Operating Strategy

We also intend to increase our earnings and cash flow through the execution of our operating strategy for both our domestic and international operations. Our railroads operate under strong local management, with centralized administrative support and oversight. Our operations are conducted in nine regions. These regions are, in the United States: Illinois; New York-Pennsylvania; Oregon; Rail Link (which includes our industrial switching and port operations in various geographic locations); and Utah, and outside the United States: Australia (50% owned); Bolivia (22.9% owned); Canada; and Mexico. In all of our regions, we seek to encourage the entrepreneurial drive, local knowledge and customer service that are prerequisites for us to

Table of Contents

achieve our financial goals. At the regional level, our operating strategy consists of the following four principal elements:

Focused Regional Marketing. We build each regional rail system on a base of large industrial customers, grow that business through marketing efforts and pursue additional revenues by attracting new customers and providing ancillary rail services. These ancillary rail services include railcar switching, repair, storage, cleaning, weighing and blocking, and bulk transfer, which enable shippers and Class I carriers to move freight more easily and cost-effectively.

Lower Operating Costs. We constantly focus on lowering operating costs and have historically been able to operate acquired rail lines more efficiently than the companies and governments from whom we acquired these properties. We typically achieve efficiencies through lowering administrative overhead, consolidating equipment and track maintenance contracts, reducing transportation costs and selling certain assets.

Efficient Use of Capital. We invest in track and rolling stock to ensure that we operate safe regional railroads that meet the demands of our customers. At the same time, we seek to maximize our return on invested capital by focusing on cost effective capital programs. For example, we often rebuild older locomotives rather than purchase new locomotives, and our track investment on light density lines is at levels that are appropriate for infrequent traffic. In addition, in some instances, we are able to obtain state and/or federal grants to rehabilitate track to support investments that would not be financially viable for us to make on a stand alone basis.

Continuous Safety Improvement. We believe that a safe work environment is essential for our employees, our customers and the long-term success of our business. Each year we establish stringent safety targets. Through the execution of our safety program, we have reduced our injury frequency rate from 5.89 injuries per 200,000 man-hours worked in 1998 to 1.64 in 2003.

As a result of our operating strategy, we and ARG have significantly increased our respective cash flow from operations and free cash flow. For a discussion of these items, see Summary Consolidated Financial Information of Genesee & Wyoming and Summary Consolidated Financial Information of ARG.

Company Information

Genesee & Wyoming Inc. is a Delaware corporation incorporated in 1977. Our executive offices are located at 66 Field Point Road, Greenwich, CT 06830. Our telephone number is (203) 629-3722. Our website address is http://www.gwrr.com. The information contained on our website is not part of this prospectus.

Table of Contents

The Offering

Class A Common Stock offered by the selling stockholder	3,358,303 shares
Class A Common Stock to be outstanding immediately after this offering	23,712,200 shares
Use of Proceeds	We will not receive any proceeds from the sale of shares of our Class A Common Stock offered by the selling stockholder. The selling stockholder will receive all net proceeds from the sale of shares of our Class A Common Stock in this offering. See Use of Proceeds.
New York Stock Exchange Symbol	GWR

The shares of Class A Common Stock offered by The 1818 Fund III, L.P., or The 1818 Fund, the selling stockholder in this offering, will be issued to the selling stockholder immediately prior to this offering upon the conversion by The 1818 Fund of 22,886 shares of our Series A Preferred Stock.

The number of shares to be outstanding after this offering is based on 20,353,897 shares of our Class A Common Stock issued and outstanding as of April 26, 2004 and excludes:

- 5,141,250 shares of our Class A Common Stock that may be issued under our Amended and Restated 1996 Stock Option Plan, Deferred Stock Plan for Non-Employee Directors and Stock Option Plan for Outside Directors, including 1,606,602 shares issuable upon exercise of outstanding stock options as of April 26, 2004, with a weighted average exercise price of approximately $11.22 per share;

- 2,707,935 shares of our Class A Common Stock issuable upon conversion of our outstanding Class B Common Stock; and

- 310,175 shares of our Class A Common Stock issuable upon conversion of the remaining 2,114 shares of our Series A Preferred Stock held by The 1818 Fund.

Unless we indicate otherwise, the share information in this prospectus supplement assumes that the underwriters option to cover over-allotments is not exercised. The selling stockholder and certain of our other stockholders have granted the underwriters a 30-day option to purchase up to an additional 503,745 shares of our Class A Common Stock to cover any over-allotments. See Underwriting and Principal and Selling Stockholders. In addition, all share, per share and par value amounts presented or incorporated by reference in this prospectus have been restated to reflect the retroactive effect of the 3-for-2 stock splits of our Class A Common Stock and Class B Common Stock on June 15, 2001, February 28, 2002 and March 15, 2004.

Table of Contents

Summary Consolidated Financial Information of Genesee & Wyoming

The following table sets forth summary consolidated financial information for each of the three years ended December 31, 2001, 2002 and 2003 derived from our audited consolidated financial statements and as of March 31, 2004 and for the three months ended March 31, 2003 and 2004 derived from our unaudited consolidated financial statements.

In the opinion of our management, the unaudited information reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for those periods. Interim results are not necessarily indicative of full year results. In addition, we have grown significantly through acquisitions and investments over the periods covered by this summary consolidated financial information. Because of variations in the structure, timing and size of these acquisitions and investments, our statements of income data in any reporting period may not be directly comparable to our statements of income data in other periods presented.

You should read the information in this table together with our consolidated financial statements and the related notes and the information contained in the documents incorporated by reference in this prospectus, including the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2003.

	Year Ended December 31,			Three Months Ended March 31,	
	2001(1)(2)	2002(3)	2003	2003	2004(4)
	(in thousands, except per share amounts)				
Statements of Income Data:					
Operating revenues	$173,576	$209,540	$244,827	$58,862	$72,403
Operating expenses	150,622	177,533	208,522	50,875	60,843
Income from operations	22,954	32,007	36,305	7,987	11,560
Interest expense	(10,049)	(8,139)	(8,646)	(2,342)	(2,435)
Gain on sale of 50% equity in Australian operations	2,985				
Other income, net	497	726	986	326	192
Income before income taxes and equity earnings	16,387	24,594	28,645	5,971	9,317
Income taxes	(6,166)	(8,761)	(10,567)	(2,174)	(3,633)
Equity in net income of international affiliates:					
Australia	8,451	8,487	10,371	2,014	3,742
South America	412	1,287	270	(277)	40
Net Income	19,084	25,607	28,719	5,534	9,466
Preferred stock dividends and cost accretion	957	1,172	1,270	293	301
Net income available to common stockholders	$ 18,127	$ 24,435	$ 27,449	$ 5,241	$ 9,165
Basic Earnings Per Common Share:					
Net income available to common stockholders	$ 1.15	$ 1.11	$ 1.21	$ 0.23	$ 0.40
Weighted average number of shares of common stock	15,764	22,056	22,700	22,529	22,928
Diluted Earnings Per Common Share:					
Net income	$ 0.98	$ 0.97	$ 1.07	$ 0.21	$ 0.35
Weighted average number of shares of common stock and equivalents	19,375	26,378	26,768	26,594	27,325

Table of Contents

	Year Ended December 31,			Three Months Ended March 31,	
	2001(1)(2)	2002(3)	2003	2003	2004(4)
			(in thousands)		
Other Financial Data:					
Net cash provided by operating activities	$ 28,560	$ 27,568	$ 46,917	$ 14,028	18,002
Net cash used in investing activities	(37,438)	(103,040)	(75,889)	(1,875)	(5,164)
Net cash provided by (used in) financing activities	32,257	59,118	28,438	(14,396)	(11,046)
Free cash flow(5)	24,239	9,657	25,980	12,153	12,838

	As of March 31, 2004
	(in thousands)
Balance Sheet Data:	
Cash and cash equivalents	$ 12,817
Working capital	(1,845)
Total assets	632,107
Total debt	146,013
Series A Preferred Stock	24,045
Stockholders equity	278,210

(1) Our consolidated financial statements for the year ended December 31, 2001 have been audited by Arthur Andersen LLP, except as they related to ARG and, insofar as they related to ARG, by Ernst & Young. These financial statements have been modified to reflect the transitional disclosures required by Statement of Financial Accounting Standards, or SFAS, No. 142, Goodwill and Other Intangible Assets, the adjustments to segment information and the adjustments for the three-for-two stock split effected as of March 15, 2004. See Experts.

(2) The results for 2001 reflect our acquisition of South Buffalo and the related borrowings under our primary bank credit facilities of $33.1 million and the related issuance of 5,000 shares of our Series A Preferred Stock to The 1818 Fund, the selling stockholder in this offering.

(3) The results for 2002 reflect our acquisitions of:

Utah Railway Company and the related borrowings under our primary bank credit facilities of $55.7 million; and

Emons and the related borrowings under our primary bank credit facilities of $29.4 million.

(4) The results for the three months ended March 31, 2004 reflect our acquisition of Arkansas Louisiana & Mississippi Railroad Company, Chattahoochee Industrial Railroad and Fordyce and Princeton R.R. Co. from Georgia-Pacific Corp. completed on December 31, 2003 and the related borrowings under our primary bank credit facilities of $54.9 million.

(5) We view free cash flow as an important financial measure of how well we are managing our assets. Subject to the limitations discussed below, free cash flow is a useful indicator of cash flow that may be available for discretionary use by us. Free cash flow is defined as net cash provided by operating activities, less net cash used in investing activities, excluding the cost of acquisitions. Key limitations of the free cash flow measure include the assumptions that we will be able to refinance our existing debt when it matures with new debt and meet other cash flow obligations from financing activities, such as required dividend payments, if any, and principal payments on debt. Free cash flow is not intended to represent, and should not be considered more meaningful than, or as an alternative to, measures of cash flow determined in accordance with generally accepted accounting principles.

Table of Contents

The following table sets forth a reconciliation of our net cash provided by operating activities to our free cash flow.

	Year Ended December 31,			Three Months Ended March 31,	
	2001	2002	2003	2003	2004
			(in thousands)		
Net cash provided by operating activities	$ 28,560	$ 27,568	$ 46,917	$ 14,028	$ 18,002
Net cash used in investing activities	(37,438)	(103,040)	(75,889)	(1,875)	(5,164)
Cash used for acquisitions	33,117	85,129	54,952		
Free cash flow	$ 24,239	$ 9,657	$ 25,980	$ 12,153	$ 12,838

Summary Consolidated Financial Information of ARG

The following table sets forth summary consolidated financial information of ARG, our 50%-owned subsidiary in Australia, for each of the three years ended December 31, 2001, 2002 and 2003 derived from ARG s audited consolidated financial statements and as of March 31, 2004 and for the three months ended March 31, 2003 and 2004 derived from ARG s unaudited consolidated financial statements.

In the opinion of our management, the unaudited information reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for those periods. Interim results are not necessarily indicative of full year results.

The summary financial information presented below is denominated in U.S. dollars although ARG records financial information in Australian dollars. Exchange rates between the U.S. dollar and Australian dollar have fluctuated significantly in recent years. As a result, fluctuations in exchange rates from one period to the next may affect ARG s results of operations and financial position and may affect the comparability of ARG s results between financial periods. See Risk Factors Additional Risks Associated with Our Foreign Operations Because some of our significant subsidiaries transact business in foreign currencies, and because a significant portion of our net income comes from the operations of our foreign subsidiaries, future exchange rate fluctuations may adversely affect our results of operations, financial condition and liquidity and may affect the comparability of our results between financial periods. in the accompanying prospectus.

You should read the information in this table together with ARG s consolidated financial statements and the related notes and the information contained in the documents incorporated by reference in this prospectus, including the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2003.

	Year Ended December 31,			Three Months Ended March 31,	
	2001	2002	2003	2003	2004
			(in thousands)		
Statements of Income Data:					
Operating revenues	$188,490	$211,067	$249,571	$53,360	$82,353
Operating expenses	141,095	164,596	194,356	41,299	64,713
Income from operations	47,395	46,471	55,215	12,061	17,640
Interest expense	(22,505)	(24,859)	(33,877)	(7,064)	(7,348)
Other income, net	596	886	3,271	759	403
Income before income taxes	25,486				