

RailAmerica, Inc.

Audit Committee Charter

Statement of Policy

The Audit Committee (the “Committee”) shall:

1. provide assistance to the Company’s Board of Directors (the “Board”) in fulfilling its oversight of the corporate accounting and reporting practices of the Company, the Company’s compliance with legal and regulatory requirements, the performance of the Company’s internal audit function and independent auditors, and the integrity of the financial reports and related independent audits of the Company,
2. select the independent auditors,
3. evaluate the qualifications and independence of the independent auditors,
4. prepare the report the Securities and Exchange Commission (“SEC”) requires be included in the Company’s annual proxy statement, and
5. provide assistance to the Board and Management in preparing additional disclosures the SEC may require in the Company’s annual report on Form 10-K regarding audit and other accounting services and fees and the audit committee's pre-approval policies and procedures as well as any other disclosure the SEC may require regarding the Company’s relationship with its independent auditors and internal control structure and procedures for financial reporting.

In so doing, it is the responsibility of the Committee to maintain free and open means of communication among the Board, the independent auditors, the internal auditors, and the financial management of the Company.

Organization

The Committee shall be composed of at least three directors, each of whom is determined by the Board of Directors to meet the independence requirements of the New York Stock Exchange, and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Each Committee member shall also be financially literate as this qualification is interpreted by the Board, or become financially literate within a reasonable time after appointment to the Committee, and at least one member of the Committee shall be an “audit committee financial expert” as determined by the Board of Directors pursuant to the definition under the applicable rules and regulations of the SEC.

The members of the Committee shall be appointed by the Board of Directors based on nominations recommended by the Corporate Governance and Nominating Committee. A member shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

Audit Committee Charter

One member of the Audit Committee will be appointed by the Company's Board of Directors as Chair and will be responsible for scheduling of regular and special meetings and the function of the Committee.

Compensation

No member of the Committee shall receive compensation other than (1) director's fees for service as a director of the Company, including reasonable compensation for serving on the Committee and regular benefits that other directors receive and (2) fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company, provided that such compensation is not contingent in any way on continued service to the Company.

Responsibilities

In carrying out its responsibilities, the Committee's policies and procedures should remain flexible in order to best react to changing conditions and to provide oversight to the Board and shareholders to help ensure that the corporate accounting and reporting practices of the Company are in accordance with all applicable requirements. The function of the Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements. Management and the internal auditors are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The external auditors are responsible for planning and carrying out a proper audit and reviews, including audits of the Company's annual financial statements, and reviews of the quarterly financial statements prior to the filing of each quarterly report on Form 10-Q. It is not the duty or responsibility of the Committee to conduct "field work" or other types of auditing or accounting reviews or procedures, or to set audit or independence standards, and each member of the Committee shall be entitled to rely on

1. the integrity and skill of those persons and organizations within and outside the Company from which it receives information, and
2. the accuracy of the financial and other information provided by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board).

In carrying out these responsibilities, the Committee will:

Independent Auditors

1. Retain and have sole responsibility for the compensation, oversight and termination of independent accounting firm engaged to audit the financial statements of the Company and its subsidiaries. Such independent auditors shall be ultimately accountable to the Board and the Committee as representatives of the shareholders and shall report directly to the Committee. The Committee shall approve in advance any audit or non-audit engagements or relationships between the Company and the independent auditors, other than "prohibited non-audit services" as may be specified in the Sarbanes-Oxley Act of 2002 or applicable laws or regulations, including, without limitation Section 10A(g) of

Audit Committee Charter

the Exchange Act. The Committee may delegate to a subcommittee of one or more members of the Committee the authority to pre-approve audit and permitted non-audit services not to exceed one hundred thousand (\$100,000) dollars provided that any such pre-approvals shall be presented to the full Committee at the next meeting of the Committee. Any pre-approval policies and procedures adopted by the Audit Committee to approve audit or non-audit engagements or relationships must:

- be detailed as to the particular services to be provided;
 - require that the Audit Committee be informed about each service; and
 - not result in the delegation of the Audit Committee's authority to management.
2. On an annual basis, the Committee shall review and discuss with the independent auditors all significant relationships the independent auditors have with the Company to determine their independence. The Committee shall be responsible for actively engaging in a dialogue with the independent auditors, and recommending action to the Board as appropriate, with respect to any disclosed relationships or services that may affect the objectivity and independence of the independent auditors.
3. Review, at least annually, the qualifications, performance, and independence of the independent auditors. In conducting its review and evaluation, the Committee should:
- (a) At least annually obtain and review a report by the Company's independent auditors describing (i) the auditing firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and (iii) to assess the auditor's independence, all relationships between the independent auditors and the Company;
 - (b) Confirm with the independent auditors that the lead (or coordinating) audit partner (having primary responsibility for the audit), the audit partner responsible for reviewing the audit, and each other active audit engagement team partner satisfies the rotation requirements of Rule 2-01(c)(6) of Regulation S-X, and consider whether there should be regular rotation of the audit firm itself;
 - (c) Confirm with any independent auditors retained to provide audit services for any fiscal year that, at no point during the audit and professional engagement period, any partner, principal or shareholder who is a member of the audit engagement team earned or received compensation based on the performance of, or procuring of, engagements with the Company to provide, any products or services other than audit, review or attest services; and
 - (d) Take into account the opinions of management and the Company's internal auditors (or other personnel responsible for the internal audit function).

Audit Committee Charter

4. Meet with the independent auditors and financial management of the Company to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion of such audit, review any comments or recommendations of the independent auditors.

Financial Reporting Process

5. In consultation with the independent auditors, management, and the internal auditors, review the integrity of the Company's financial reporting processes, both internal and external. In that connection, the Committee should obtain and discuss with management and the independent auditors reports from management and the independent auditors regarding (a) all critical accounting policies and practices to be used by the Company and the related disclosure of those critical accounting policies under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (c) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Company's management, the ramifications of the use of the alternative disclosures and treatments, and the treatment preferred by the independent auditor; (d) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; (e) major issues as to the adequacy of the Company's internal controls and any specific audit steps adopted in light of material control deficiencies; (f) issues with respect to the design and effectiveness of the Company's disclosure controls and procedures, management's evaluation of those controls and procedures, and any issues relating to such controls and procedures during the most recent reporting period; (g) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; (h) any significant matters arising from any audit, including any audit problems or difficulties, whether raised by management, the internal auditor, or the independent auditor, relating to the Company's financial statements; and (i) any other material written communications between the independent auditors and the Company's management, including any "management" letter or schedule of unadjusted differences.
6. Review separately, at least quarterly, with the independent auditors, the Company's internal auditors, and the Company's management and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Company, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures may be desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
7. Review the internal audit function of the Company including its independence, responsibilities, budget and staffing, the proposed audit plans for the coming year, the coordination of such plans with the independent auditors, and periodically receive a summary of findings from completed internal audits and a progress report on the proposed internal audit plan, with explanations for any deviations from the original plan.

Audit Committee Charter

The Chairman of the Committee shall have full access to the work papers of the independent auditors.

8. Discuss matters identified during the independent auditors' review of interim financial information with the independent auditors and management prior to the filing of the Company's Quarterly Report on Form 10-Q.
9. Review with the independent auditors any audit problems or difficulties encountered and management's response thereto. In this regard, the Committee must regularly review with the independent auditors (a) any audit problems or other difficulties encountered by the auditor in the course of the audit work, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management and (b) management's responses to such matters. Without excluding other possibilities, the Committee may wish to review with the independent auditors (i) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement, and (iii) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company.
10. Provide sufficient opportunity for the internal auditors and independent auditors to meet with the members of the Committee without members of management present. Among the items to be discussed in these meetings are the independent auditors' evaluation of the Company's financial, accounting, and auditing personnel, and the cooperation that the independent auditors received during the course of the audit.

Document/Report Review

11. Review, prior to dissemination, the financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", to be included in the Annual Report on Form 10-K and Quarterly Report on Form 10-Q with management and the independent auditors to determine that the independent auditors are satisfied with the disclosure and content of the financial statements to be presented to the shareholders. Any changes in accounting principles should be reviewed.
12. Discuss generally earnings press releases and financial information and earnings guidance including discussion of the types of information to be disclosed and the type of presentations to be made.
13. Discuss with the independent auditors and the Company's financial management the independent auditors' judgments about the quality of the Company's accounting principles as applied in its financial reporting, and significant judgments affecting the financial statements. The discussion should include such matters as the consistency of application of accounting policies and the clarity and completeness of the Company's accounting information contained in the financial statements and related disclosures.

Legal Compliance

Audit Committee Charter

14. Establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding the accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
15. Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel, independent auditors or other advisors for this purpose if, in its judgment, that is appropriate.
16. Discuss Company guidelines and policies to govern the process by which risk assessment and risk management is undertaken.
17. Set clear policies for the Company hiring employees or former employees of the independent auditors. At a minimum, these policies should provide that any public accounting firm may not provide audit services to the Company if the CEO, controller, CFO, chief accounting officer, or any person serving in an equivalent position for the Company was employed by the public accounting firm and participated in any capacity in the audit of the Company within one year of the initiation of the current audit.

Reports

18. Prepare all reports required to be included in the Company's proxy statement, pursuant to and in accordance with applicable rules and regulations of the SEC as well as provide assistance to the Board and management in preparing additional disclosures the SEC may require in the Company's annual report on Form 10-K or proxy statement regarding audit and other accounting services and fees and the audit committee's pre-approval policies and procedures as well as any other disclosure the SEC may require regarding the Company's relationship with its independent auditors and internal control structure and procedures for financial reporting.

Annual Performance Evaluation

Members of the Company's Board of Directors who are not members of the Committee shall prepare an Annual Performance Evaluation of the Committee, including reviewing the compliance of the Committee with this Charter, for review and discussion with the Committee. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Annual Performance Evaluation shall be conducted in such manner as those conducting the Annual Performance Evaluation deem appropriate.

Meetings

The Committee will hold meetings as and when the Committee deems appropriate; provided that the Committee will hold meetings at least quarterly. All non-management directors who are not members of the Committee may attend meetings of the Committee, but may not vote. In addition, the Committee may invite to its meetings any director, member of management of the

Audit Committee Charter

Company, and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate.

As part of its goal to foster open communication, the Committee shall periodically meet separately with each of management, the director of the internal auditing department, and the independent auditors to discuss any matters that the Committee or any of these groups believe would be appropriate to discuss privately. In addition, the Committee should meet with the independent auditors and management quarterly to review the Company's financial statements in a manner consistent with that outlined in this Charter.

Minutes and Reports

Minutes of each meeting will be kept and distributed to each member of the Committee, members of the Board who are not members of the Committee and the Secretary of the Company. The Committee will report to the Board from time to time or whenever so requested by the Board. The Committee should review with the full Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function.

Resources and Authority

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage outside auditors for special audits, reviews, and other procedures and to retain special counsel and other experts or consultants.

Limitation of Audit Committee's Role

With respect to the foregoing responsibilities and processes, the Committee recognizes that the Company's financial management, including its internal audit staff, as well as the independent auditors have more time, knowledge, and detailed information regarding the Company than do Committee members. Consequently, in discharging its oversight responsibilities, the Committee will not provide or be deemed to provide any expertise or special assurance as to the Company's financial statements or any professional certification as to the independent auditors' work.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditors. It also is not the duty of the Committee to conduct investigations or to assure compliance with laws and regulations and the Company's internal policies and procedures.