

RailAmerica, Inc.

Compensation Committee Charter

Purpose

The purpose of the Compensation Committee (the “Committee”) shall be as follows:

1. To review and approve corporate goals and objectives relevant to the compensation of the Company’s Chief Executive Officer (“CEO”), evaluate the CEO’s performance in light of those goals and objectives, and, together with the other independent directors, determine and approve the CEO’s compensation level based on this evaluation.
2. To discharge the responsibilities of the Board of Directors relating to the Company’s compensation programs and compensation of the Company’s non-CEO executives; and
3. To produce an annual report on executive compensation for inclusion in the Company’s annual proxy statement in accordance with applicable rules and regulations of the New York Stock Exchange (“NYSE”), Securities and Exchange Commission (the “SEC”), and other regulatory bodies.

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. In addition, each member of the Committee shall be (1) an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), or any successor provision of the Code, unless administration of the Company’s incentive plans by “outside directors” is not then required in order to qualify for tax deductibility under Section 162(m) of the Code, and (2) a “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

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.

One member of the Compensation 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. In fulfilling its responsibilities, the

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Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee.

Duties and Responsibilities:

The Committee shall carry out the duties and responsibilities set forth below. These functions should serve as a guide with the understanding that the Committee may determine to carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal, or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in this Charter. No provision of this charter shall be deemed to preclude discussion of CEO or other executive compensation with the Board of Directors generally.

Executive Officer Compensation

1. Establish and review the overall compensation philosophy of the Company.
2. .Based upon the Company's goals and objectives as established by the Board, to review and approve annual performance objectives for the CEO and other executive officers by applying the rules and guidelines of the Board approved Annual Incentive Plan and taking into account such others factors as the Committee considers relevant and appropriate.
3. Evaluate the performance of the CEO and other executive officers in light of those goals and objectives and, based on such evaluation: (i) review and approve the annual bonus for the CEO and, together with the other independent directors, determine and approve the annual salary, any stock options or grants of stock and any other benefits, direct and indirect, for the CEO and, (ii) following consultation with the CEO, review and approve the annual salary, bonus, stock options or grants of stock, and any other benefits, direct and indirect, of the other executive officers.
4. In determining the long-term incentive component of compensation for the CEO and other executive officers, the Committee should consider the performance criteria provided by any plan pursuant to which such compensation is granted, and for compensation not pursuant to a plan, the Committee should consider the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs and other executive officers at comparable companies (based on characteristics such as Company size, industry and location), and the awards given to the CEO and other executive officers in past years. The Committee is not precluded from approving awards as may be required to comply with applicable tax laws, such as Rule 162(m).
5. In connection with executive compensation programs, the Committee should do the following:

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- (a) Review and recommend to the full Board of Directors, any new executive compensation programs and any material change to any such existing program or plan.
 - (b) Review on a periodic basis the operations of the Company's executive compensation programs to determine whether they are properly coordinated and achieving their intended purposes.
 - (c) Establish and periodically review policies for the administration of executive compensation programs.
 - (d) Take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance.
6. Review and approve goals and targets and administer the Company's Management Incentive Plan, if and as in effect.
7. Review and recommend to the full Board of Directors compensation for non-employee directors, including, without limitation, annual retainer, meeting fees, committee fees, committee chair fees, equity compensation, benefits and perquisites.
8. Review and make recommendations to the full Board of Directors, or approve, any contracts or other transactions with current or former executive officers or Board members of the Company, including consulting arrangements, employment contracts, change-in-control agreements, severance agreements, or termination arrangements, and loans to employees made or guaranteed by the Company.

Monitoring Incentive-and Equity-Based Compensation Plans

9. Make and approve stock option grants and other discretionary awards under the Company's incentive-compensation plans and equity-based plans to all persons who are directors or executive officers within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended.
10. Grant stock options and other discretionary awards under the Company's incentive-compensation plans and equity-based plans to all other eligible individuals in the Company's service. The Committee may delegate to one or more officers designated by the Committee the authority to make grants to eligible individuals (other than any such officer) who are not executive officers or directors, provided that the Committee shall have fixed the price (or a formula for determining the price) and the vesting schedule for such grants, approved the form of documentation evidencing such grants, and determined the appropriate number of shares or the basis for determining such number of shares by position, compensation level or category of personnel. Any officer to whom such authority is delegated shall regularly report to the Committee the grants so made. Any such delegation may be revoked at any time by the Committee.

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11. Amend the provisions of the Company's stock option or other equity incentive plans, to the extent authorized by the Board of Directors, and make recommendations to the Board of Directors with respect to incentive compensation and equity-based plans.
12. Review and make recommendations to the full Board of Directors or approve for submission to the shareholders stock option or other equity incentive plans or amendments thereto.
13. Oversee and periodically review the operation of all of the Company's employee pension and benefit plans. Responsibility for day-to-day administration, including the preparation and filing of all government reports and the preparation and delivery of all required employee materials and communications, will be performed by Company personnel.

Reports

14. Prepare a Committee report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations of the NYSE, SEC, and other applicable regulatory bodies.
15. Report regularly to the Board of Directors with respect to matters that are relevant to the Committee's discharge of its responsibilities and with respect to such recommendations as the Committee may deem appropriate.

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 at least semi-annually, or more frequently as circumstances dictate. 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 Company, and such other persons as it deems appropriate in order to carry out its responsibilities. The CEO should not attend the portion of any meeting during which the CEO's performance or compensation are discussed, unless specifically invited by the Committee. The Committee may also exclude from its meetings any persons it deems appropriate. The Committee will meet in executive session at least annually.

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As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee should meet separately at least on an annual basis with the CEO and any other corporate officers as it deems appropriate. However, the Committee should also meet from time to time without such officers present, and in all cases, such officers shall not be present at meetings while their performance and compensation are being discussed and determined.

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.

Resources

The Committee has the sole authority to retain and terminate compensation consultants to assist in the evaluation of director, CEO or senior executive compensation, which authority shall include sole authority to approve the compensation consultant's fees and other retention terms.