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PURCHASE, N.Y. 10577

EDGAR WACHENHEIM III
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

August 29, 2007

Surface Transportation Board
Attn: STB Ex Part No. 664
395 E. Street, S.W.
Washington, DC 20423-0001

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Dear Surface Transportation Board,

I am Chairman and Chief Executive Officer of Greenhaven Associates Inc., an investment management company that has substantial holdings in railroad shares on behalf our clients, who include college endowments, charitable foundations, and ERISA plans. For years we shunned railroad shares because the railroads suffered from uncompetitive returns. Finally, just when their returns on invested capital have started to become more competitive with other industries, there are proposals to reduce their allowable returns. If these proposals constrain earnings, the railroads likely will constrain their capital expenditures – and therefore their opportunity to grow. Thus, their shares will become less attractive investments – and we will give serious consideration to selling them.

When calculating returns, I urge you to reduce reported earnings to the extent that reported depreciation is inadequate to adequately maintain and replace facilities as they age. Each of the railroads say that their maintenance capital expenditures materially exceed their depreciation. Thus reported earnings materially overstate true economic earnings.

When considering your proposal, I hope you will give considerable weight to the low returns earned by the industry in the 1980s and 1990s, to the current level of rates vs. the level that was in existence in 1980 at the time of deregulation, and to the advantages of giving the railroads sufficient economic incentives and capital to increase their capacity at a time when it is in the national interest to shift traffic from trucks to more fuel efficient and less polluting railroads. As a person who is keenly interested in the long-term economic and environmental health of our country (including global warming), I have looked at the railroads as an industry that can play a material role in reducing our consumption of hydrocarbons.

Thank you for your consideration, and,

Best regards,