



September 12, 2014

The Honorable Daniel R. Elliott, III
Chairman, Surface Transportation Board
395 E Street, SW, Suite 1220
Washington, DC 20423-0001

Dear Chairman Elliott:

This letter is in response to the Board's August 19th request for input from Genesee & Wyoming Inc. (GWI) on our outlook and service plans for our railroads for the remainder of 2014, as well as our expectations for grain traffic in South Dakota through the fall peak and the upcoming winter. With the possible exception of traffic moving on the Rapid City, Pierre & Eastern Railroad (RCP&E), we do not anticipate any prolonged service problems related to peak season traffic volumes at any of our 102 U.S. short line railroads. As you know, GWI's short line railroads are generally lower density lines, and our existing operating plans have excess capacity to support seasonal and unexpected volume increases. However, we remain dependent on the fluidity of the national rail network and consequently could experience intermittent delays in connection with the movement of the record harvest this fall.

In our Central and Midwest regions, capital investments and operating plans have been modified in anticipation of the upcoming record harvest. In our Central region, we have accelerated planned infrastructure improvements to increase the velocity across grain routes and have invested in covered hoppers to provide dedicated unit shuttle trains. In our Midwest region, we are prepared to add six extra crew starts to support customer demand.

In our Mountain West region, the RCP&E continues to liaise with our connecting Class I carriers on a daily basis to address the significant customer demand. We have added extra train service to improve the fluidity of the rail line, resulting in more than 1,000 additional outbound cars during the most recent month of operations. Based on customer demand, we will continue to provide extra train service and we anticipate operating three extra trains weekly through the grain harvest. Our ability to continue to improve service and provide extra trains on the RCP&E is based upon a consistent supply of locomotives and rail cars. To date, 2,089 grain cars have been secured by RCP&E for delivery by the end of 2014, and more than 1,175 are already in service. We are intently focused on customer service and are actively engaged with our interchange partners to supplement our rail car fleet and to provide locomotives that are critical to the efficient operation of the RCP&E.

With respect to the Board's general inquiry regarding freight car, locomotive and train crew availability to meet any increases in volume, I offer the following observations:

- GWI's railroads expect to have sufficient rail cars to accommodate unexpected increases in rail volumes. However, we are experiencing increased demand for covered hoppers used for agricultural products, fracking sand, cement and other materials, as well as a limited supply of standard mill gondolas and center beam partition cars. With additional paper shipments to domestic destinations in recent weeks, the supply of boxcars is also tightening across all of

our regions. In addition to rail car investments for the RCP&E and Central region, we have also leased additional gondolas to facilitate metals shipments in our Southern region.

- Approximately 35 units of our North American locomotive fleet remain in storage, largely consisting of four axle locomotives not suitable for unit train operations. Across GWI's railroads we have thus far invested in excess of \$10 million in 2014 to optimize and upgrade our locomotive fleet.
- GWI's railroads expect to hire additional transportation employees throughout the remainder of 2014, with the most pronounced needs in the Midwest, Mountain West, Ohio Valley and Pacific regions, largely as a result of increased grain shipments, an increase in finished auto traffic and additional petroleum products shipments.

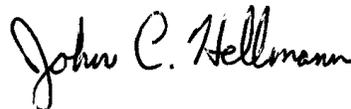
Our Ohio Valley and Pacific regions continue to experience growth in demand for movement of petroleum products and drilling related products. To support the Utica Shale oil/gas and related drilling traffic, the Ohio Valley region is investing in additional sidings and evaluating yard expansions throughout Ohio to enhance capacity, including capacity to support the Midwest Terminal condensate load out near Cadiz, Ohio. The Pacific region is also investing in infrastructure upgrades to facilitate more efficient movement of crude oil.

We are also developing business process and information technology software enhancements, in conjunction with RMI, which will provide more technical data for operating plan development, implementation and performance analysis. Using this new tool, operating plan adjustments will be more effectively implemented and more responsive to market changes, traffic flow changes, weather impacts and other factors. We have also increased our investment in snow removal equipment to prepare for the winter season.

Finally, in 2014 overall, GWI expects to spend approximately \$180 million, inclusive of approximately \$50 million in government grants, on track, roadbed and bridge improvements, as well as approximately \$35 million on rail car and locomotive purchases to enhance overall freight service and increase capacity in the United States. These upgrades allow us to handle higher tonnages and increase velocity and ultimately allow us to more efficiently move freight over our rail lines. Please note that a long term extension of the short line tax credit is a critical priority for GWI and the short line railroad industry as we remain focused on continued investment in our U.S. rail network.

Please do not hesitate to contact me if you have any questions. Thank you for the opportunity to comment on GWI's U.S. operations and for the Board's interest in the role that short lines play in the U.S. rail network.

Sincerely,



John C. Hellmann
President and Chief Executive Officer

Cc: Mr. Richard F. Timmons