



John C. Hellmann  
President and Chief Executive Officer

August 26, 2008

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SURFACE TRANSPORTATION  
BOARD  
WASHINGTON  
2008 AUG 27 P 1:14

Mr. Charles D. Nottingham  
Chairman  
Surface Transportation Board  
Washington, D.C. 20423-0001

Dear Chairman Nottingham:

Thank you for seeking input from Genesee & Wyoming Inc. (GWI) regarding the potential for peak shipping season rail congestion on our short line railroads in the United States. Consistent with past years, we do not expect service problems related to peak season traffic at any of our 47 U.S. short line railroads. As a general rule, the low density of traffic on our rail lines is such that capacity constraints are rarely, if ever, an issue. Moreover, with our same railroad carloads down approximately 7% year-to-date in 2008, any congestion from a traffic spike would be surprising.

With respect to the Surface Transportation Board inquiry regarding specific commodity groups and our service preparation related thereto, I would offer the following observations:

1. **Agricultural Products:** GWI's shipments of agricultural products in the U.S. are primarily related to: i) outbound ethanol in Illinois, ii) inbound corn and outbound ethanol in Oregon, and iii) export grain from Gulf Ports such as Galveston, Texas and Corpus Christi, Texas. In Illinois, we are currently investing in a yard expansion to stage additional ethanol trains. In Oregon, we are currently investing in our Astoria line, in conjunction with the State of Oregon, to upgrade the railroad for inbound unit trains of corn. In the Gulf Ports, the growth in our export grain business in 2008 has been significant, but without any congestion issues.
2. **Coal:** GWI's shipments of coal in the U.S. are primarily related to: i) inbound shipments of coal to several major power plants in Illinois, ii) outbound shipments of coal from load outs adjacent to mines in Carbon County, Utah, and iii) inbound shipments of coal to power plants in Western Pennsylvania and outbound shipments of coal from mines in Western Pennsylvania. In Illinois, we have the manpower, equipment and track capacity to match the unloading capabilities of our demanding power plant customers. Please note, although none of our railroads suffered infrastructure damage as a result of the severe flooding in the

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Midwest in the second quarter of 2008, the flooding resulted in the delay of approximately 25 unit trains of coal to Illinois from the Powder River Basin, traffic which we expect to recover over the remainder of the year. In Utah, we do not have congestion problems and, to the contrary, are suffering from the permanent closure of a coal mine earlier this year. In Western Pennsylvania, our outbound coal shipments destined for the export market (often through the Port of Baltimore) have been growing, but we have not experienced service issues.

3. Chemicals: Year-to-date in 2008, GWI chemical shipments (which include plastics) were less than 5% of our total U.S. revenues. Moreover, as our chemical shipments are typically linked to our pulp and paper customers who have been experiencing declining volumes, we do not expect any service issues.
4. Intermodal: GWI shipments of intermodal have historically been limited. Starting in May 2008, however, we began receiving shipments of export containers to a new terminal in Portsmouth, Virginia on our Commonwealth Railway, which interchanges with both Norfolk Southern and CSX. Given that the new port is in its early stages of ramp-up and we have already invested significant capital in our track and yard infrastructure, we do not anticipate any service issues.

GWI is also focused on enhancing capacity by implementing a variety of operating initiatives designed to improve our efficiency including:

- Training: Additional field training on operational rules compliance, simulator training and safety seminars, with a particular focus on new hire training.
- Locomotive and Car Management: Enhancements to our car and locomotive management system, including repositioning surplus equipment to maximize the use of our fleet. We are also currently evaluating car acquisitions in conjunction with customer-specific initiatives and we have a low horsepower locomotive rebuilding program as part of each year's operating budget.
- Technology: Implementation of a web-based, hosted dispatching service allowing for greater reliability in train control and comprehensive electronic reporting.
- Coal Coordination: Establishment and staffing of a coordination desk for the benefit of Class I partners to maximize loading and the efficient movement of coal from mines in the Powder River Basin.

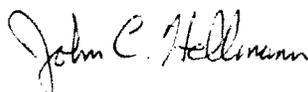
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With respect to the STB inquiry regarding our capacity-related infrastructure needs, I would offer the following observations:

- Overall, our track capital spending has increased significantly over the past three years. To the extent that our capital spending is capacity-related, it is typically not for new track capacity but rather to upgrade existing rail, ties and bridges to handle higher tonnages of traffic for specific customers on specific rail lines. The now-expired short line tax credit legislation helped facilitate investment across GWI and the passage of new legislation would be a tremendous support in advancing our infrastructure investment.
- GWI owns three rail assets that could be of long-term importance to capacity on the U.S. rail network. First, our Portland & Western Railroad parallels the highly congested I-5 rail corridor between Portland and Salem, Oregon. Second, the Meridian & Bigbee Railroad is a natural extension to the Kansas City Southern's Meridian Speedway and could be upgraded to a high-speed, direct route to the East Coast. Third, the relaying of a dormant section of the Columbus & Greenville Railway in Mississippi would offer new access to the Mississippi River in a region where industrial development is flourishing. In all three cases, public-private partnerships would likely be necessary to fund the upgrade or replacement of the rail lines on an economic basis.

It is our past experience that any congestion-related service problems in the peak traffic season are related to the longer, high density networks of the Class I railroads. Consequently, GWI is supportive of any public policy initiatives that stimulate investment in long-term Class I rail capacity. At GWI, we have the capacity to safely handle substantially more traffic over our rail lines and would welcome the new business, whether from a traffic surge in the fall season or on a sustained basis from an improving U.S. economy. Please do not hesitate to contact me if you have any questions.

Sincerely,



John C. Hellmann

cc: Mr. Richard F. Timmons