



September 14, 2007

Jennie Lam-Nagata
Executive Assistant to the President – ASI.RA
50 F Street, NW Suite 7020
Washington, DC 20001

Re: Railroad Service Demands

Dear Ms. Lam-Nagata,

The purpose this letter is to respond to the S'IB request dated August 16, 2007 with respect to railroad service demands in the last quarter of 2007. While the questions appear to be directed at Class 1s and larger regional railroads, we have done our best to comply with the request. However, to frame our responses, it is important to understand that the New York & Atlantic and several other short lines, are experiencing a dramatic decrease in business levels in 2007 as compared to our record year of 2006.

The service plan for the New York & Atlantic Railway is undergoing revision in response to much lower overall traffic levels. Specific responses to the requested information are as follows:

1. NYA does not move coal, chemicals or intermodal. There are no grain elevators located on our line.
2. The monthly projection for rail shipments in the period September through December is 15% less than the original budget.
3. Plans to achieve the goals listed above are in the process of implementation.
4. Contact with customers has been ongoing, but no special efforts have been undertaken.
5. NYA may restore a yard that was eliminated several years ago. However, track projects currently underway will put yard tracks in a state of good repair and improve the overall fluidity of the railroad.
6. Capacity issues remain critical, but are driven more by real estate considerations than our desire/ability to make capital investment – given the extreme urban nature of the area we serve.

7. The NYA will continue to utilize grants from the State of New York to return yard tracks to good repair, and may increase capacity thru the restoration of a yard that was eliminated some years ago.

Regards,

A handwritten signature in black ink, appearing to read 'Mark H. Westerfield', written in a cursive style.

Mark H. Westerfield
Acting President