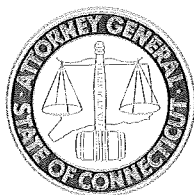


State of Connecticut

RICHARD BLUMENTHAL
ATTORNEY GENERAL



Hartford

August 19, 2009

F. Colin Pease
Vice-President, Special Projects
Housatonic Railroad Company
8 Davis Rd. West
P.O. Box 687
Old Lyme, CT 06371

RE: 30 Hawleyville Rd., Newtown, CT

Dear Mr. Pease:

I write concerning the Housatonic Railroad Company Solid Waste facility at Hawleyville Rd. in Newton. You must immediately stop all illegal activity at this site.

The Town of Newtown issued a cease and desist order under the State's Inland Wetlands & Watercourses Act ("Wetlands Act") on August 13, 2009, legally effective immediately. The Town reports that the illegal wetlands activities have continued in violation of the order and the Wetlands Act. As you know, pursuant to the Clean Railroads Act of 2008, you are required to comply with state environmental requirements. Such state requirements include laws, regulations, ordinances, orders and other requirements of a municipality expressly delegated by the state to the municipality. Not only is the Housatonic Railroad Company required to comply with the State's Wetlands Act, but also to abide by orders issued by a municipality pursuant to that law. See Conn. Gen. Stat. Sec. 22a-42.

Your non-compliance is a flagrant violation of state law and properly exercised municipal authority -- a violation I will not tolerate. You must immediately comply with the law, or I will work with Newtown and the Department of Environmental Protection in taking prompt action in court to enforce the law.

I am also concerned by reports that the Housatonic Railroad Company is expanding its solid waste transfer station operation without a permit from DEP. Nothing in the Clean Railroads Act of 2008 permits an expansion of operations beyond what existed at the time of enactment without appropriate state environmental permits. To the extent you are accepting or processing more or different waste than you accepted or processed at the time of the enactment

of the Clean Railroads Act of 2008, you must stop immediately, or face potential court enforcement on this violation as well.

Connecticut environmental laws deserve consistent, complete compliance and enforcement. I look forward to your immediate compliance. If you have any questions, you may contact me or Assistant Attorney General Kimberly Massicotte, the head of my Environment Department, at 860 808-5250.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Richard Blumenthal', written in a cursive style.

RICHARD BLUMENTHAL

RB/pas