

214872

Law Offices

VUONO & GRAY, LLC

John A. Vuono
William A. Gray
Mark T. Vuono*
Dennis J. Kusturiss
Christine M. Dolfi
Louise R. Schrage
Susan C. Indrisano+

*Also Admitted in Florida
+Also Admitted in Maryland

2310 Grant Building

Pittsburgh, PA 15219-2383

October 10, 2005

Richard R. Wilson
of Counsel

Telephone
412-471-1800

Facsimile
412-471-4477

Re: Transtar, Inc.--Continuance in Control
--Delray Connecting Railroad Company
STB Finance Docket No. 34767
Our File 5158-1

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

FEDERAL EXPRESS

FEE RECEIVED

OCT 11 2005

**SURFACE
TRANSPORTATION BOARD**

Dear Secretary Williams:

We enclose for filing in the above docketed proceeding, the signed original and ten (10) copies of the Notice of Exemption in connection with the transfer of all of the issued and outstanding stock of Delray Connecting Railroad Company, a Class III rail carrier, from United States Steel Corporation to Transtar, Inc. which is a wholly-owned subsidiary of United States Steel Corporation.

In accordance with 49 C.F.R. §1180.6(6), we are also enclosing twenty copies of each of the six maps referred to in Appendices 5 and 6 of the Notice.

We enclose a check in the sum of \$1,100 made payable to the "Surface Transportation Board" to cover the filing fee for the Notice of Exemption pursuant to 49 C.F.R. §1002.2(f)(39)(iv).

Please acknowledge receipt hereof by date stamping the enclosed copy of this letter and the cover page of the Notice of Exemption and return them to us in the enclosed self-addressed stamped envelope.

FILED
OCT 11 2005
**SURFACE
TRANSPORTATION BOARD**

Sincerely yours,

VUONO & GRAY, LLC

John A. Vuono

ENTERED
Office of Proceedings
OCT 11 2005
Part of
Public Record

CW/41676

Enclosures

cc: United States Steel Corporation
Transtar, Inc.
Delray Connecting Railroad Company

ORIGINAL

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 34767

TRANSTAR, INC.

--CONTINUANCE IN CONTROL --

DELRAY CONNECTING RAILROAD COMPANY



**NOTICE OF EXEMPTION FROM THE APPLICATION
OF 49 U.S.C. §11323(a)(5) PURSUANT TO 49 U.S.C. §10502(a) AND
THE REGULATIONS AT 49 C.F.R. §1180.2(d)**

FEE RECEIVED
OCT 11 2005
SURFACE
TRANSPORTATION BOARD

OF COUNSEL:

**VUONO & GRAY, LLC
2310 Grant Building
Pittsburgh, PA 15219**

Date: October 10, 2005

**Richard J. Munsch, Esq.
Assistant General Counsel
412-433-2920
Joseph A. Napoli, Esq.
General Attorney
412-433-2891
United States Steel Corporation
600 Grant Street
Pittsburgh, PA 15219**

**John A. Vuono, Esq.
Vuono & Gray, LLC
2310 Grant Building
Pittsburgh, PA 15219
412-471-1800**

Counsel for the Parties

ENTERED
Office of Proceedings
OCT 11 2005
Part of
Public Record

FILED
OCT 11 2005
SURFACE
TRANSPORTATION BOARD

TABLE OF CONTENTS

	<u>Page</u>
I. BACKGROUND AND PRIOR STB PROCEEDINGS	1
II. PRESENT TRANSACTION	3
III. GOVERNING LAW AND REGULATIONS	4
IV. ESSENTIAL INFORMATION	5
1. Description of Proposed Transaction.....	6
2. Names of Parties and Contact Information.....	6
3. Description of Delray.....	7
4. Location of Delray's Property	8
5. Delray's Relationship to the Transtar Railroads.....	8
6. Objectives to be Accomplished by the Transaction.....	8
7. Time Schedule for Consummation	9
8. Carrier Operating Maps	9
9. Description of Appendices.....	9
V. LABOR PROTECTIVE CONDITIONS	10
VI. THE TRANSACTION MEETS THE REQUIREMENTS FOR EXEMPTION.....	10
VII. CONCLUSION.....	11

TABLE OF CONTENTS
(continued)

APPENDICES

- Appendix 1 STB Decision in *USX Corporation--Control Exemption--Transtar, Inc.*,
STB Finance Docket No. 33942, served November 30, 2000
- Appendix 2 STB Decision in *Transtar Holdings, L.P.--Corporate Family Exemption--*
Transtar, Inc., *STB Finance Docket No. 32411*, served December 29, 1993
- Appendix 3 STB Decision in *United States Steel Corporation--Acquisition of Control*
Exemption--Delray Connecting Railroad Company, *STB Finance*
Docket No. 34311, served February 19, 2003
- Appendix 4 Stock Purchase Agreement between USS and Transtar dated May 31, 2005
- Appendix 5 Delray's operating map
- Appendix 6 Transtar Railroads' five operating maps

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 34767

TRANSTAR, INC.

--CONTINUANCE IN CONTROL --

DELRAY CONNECTING RAILROAD COMPANY

**NOTICE OF EXEMPTION FROM THE APPLICATION
OF 49 U.S.C. §11323(a)(5) PURSUANT TO 49 U.S.C. §10502(a) AND
THE REGULATIONS AT 49 C.F.R. §1180.2(d)**

Transtar, Inc. (“Transtar”) files this Notice of Exemption in connection with its acquisition from United States Steel Corporation (“USS”) of all of the issued and outstanding stock of Delray Connecting Railroad Company (“Delray”), a Class III common carrier railroad subject to the jurisdiction of the Surface Transportation Board (“STB”).

I. BACKGROUND AND PRIOR STB PROCEEDINGS

USS, which is a non-carrier, owns all of the issued and outstanding stock of Transtar which is a non-carrier holding company. Transtar in turn owns all of the issued and outstanding stock of the following five common carrier railroads subject to the jurisdiction of the STB (collectively, “the Transtar Railroads”):

Elgin, Joliet and Eastern Railway Company	Class II Railroad
Birmingham Southern Railroad Company	Class III Railroad
The Lake Terminal Railroad Company	Class III Railroad
McKeesport Connecting Railroad Company	Class III Railroad
Union Railroad Company	Class III Railroad

The common control of the Transtar Railroads by USS (formerly USX Corporation) through Transtar was the subject of the following STB exemption proceedings: *USX Corporation--Control Exemption--Transtar, Inc., STB Finance Docket No. 33942*, served November 30, 2000 and *Transtar Holdings, L.P.--Corporate Family Exemption--Transtar, Inc., STB Finance Docket No. 32411*, served December 29, 1993, copies of which are attached as Appendices 1 and 2, respectively.

On March 6, 2002, National Steel Corporation ("National Steel") and certain of its subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois (Case No. 02-08699). Delray, which at that time was a wholly-owned subsidiary of National Steel, did not file a bankruptcy petition and was not a party to the National Steel bankruptcy proceeding. On January 9, 2003, USS announced that it had executed an Asset Purchase Agreement with National Steel pursuant to which it purchased substantially all of the steelmaking and finishing assets of National Steel and certain of its affiliated companies, including all of the stock of Delray.

On or about January 20, 2003, USS filed a Notice of Exemption with the STB in connection with its proposed acquisition of the stock of Delray. The STB approved the

exemption in *United States Steel Corporation--Acquisition of Control Exemption--Delray Connecting Railroad Company*, STB Finance Docket No. 34311, served February 19, 2003, a copy of which is attached as Appendix 3. The transaction was consummated by the parties on May 20, 2003 at which time USS assumed control of Delray by virtue of its ownership of all of its issued and outstanding stock.

II. PRESENT TRANSACTION

On May 31, 2005, USS entered into an agreement with Transtar pursuant to which all of the stock of Delray owned by USS was transferred to Transtar. A copy of the Agreement is attached as Appendix 4.

The primary purpose of the transaction was to consolidate all of the USS railroad subsidiaries under the mantle of Transtar. The business objective was to achieve the efficiencies and economies that would flow from the ownership and control of Delray by Transtar in the same manner as it has with the other USS affiliated railroads.

At the time the transaction was consummated, the management of USS was aware of the fact that the STB had previously exempted the control by USS and Transtar of the Transtar Railroads and the control by USS of Delray. Management reasonably believed that the transfer of Delray stock from USS to Transtar was an inter-corporate transaction that did not require additional exemption approval.

In the process of reviewing an unrelated Delray matter, outside transportation counsel brought the regulatory issue to the attention of USS management. As a result, USS has taken immediate action to have this Notice of Exemption filed and the parties respectfully request that it be processed on a *nunc pro tunc* basis.

III. GOVERNING LAW AND REGULATIONS

This transaction involves the acquisition of a Class III railroad (Delray) by a party that is not a rail carrier but that controls a number of rail carriers (Transtar). In the absence of an exemption, the transaction would require prior STB approval pursuant to 49 U.S.C. §11323(a)(5).

However, pursuant to 49 U.S.C. §10502(a) the STB must exempt a transaction whenever it finds that the application of its jurisdiction:

“(1) is not necessary to carry out the transportation policy of section 10101 of this title; and

“(2) either --

“(A) the transaction or service is of limited scope; or

“(B) the application in whole or in part of the provision is not needed to protect shippers from the abuse of market power.”

Pursuant to these statutory provisions, the Board has promulgated detailed regulations concerning railroad acquisitions and certain other transactions. Specifically, transactions proposed under 49 U.S.C. §11323 involving more than one common carrier railroad are classified into one of four categories, namely “*major, significant, minor and exempt*”. 49 C.F.R. §1180.2.

The regulations provide that a transaction is “exempt” if it falls within one of eight described categories. 49 C.F.R. §1180.2(d). It is the position of the parties that the facts relating to the involved transaction clearly meet the requirements for two of the eight categories of exemptions, viz.:

1. “Corporate Family Exemption”.

(3) Transactions within a corporate family that do not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family.

49 C.F.R. §1180.2(d)(3)

2. “Nonconnecting Carrier Exemption”.

(2) Acquisition or continuance in control of a nonconnecting carrier or one of its lines where (i) the railroads would not connect with each other or any railroads in their corporate family, (ii) the acquisition or continuance in control is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family, and (iii) the transaction does not involve a class I carrier.

49 C.F.R. 1180.2(d)(2).

With respect to transactions which fall within any one of the exempt categories, the regulations provide that the Board has found that those transactions meet the *per se* exemption requirements of 49 U.S.C. §10502(a), specifically that the STB’s prior review and approval of the transactions are not necessary to carry out the rail transportation policy of 49 U.S.C. §10101 and is of limited scope or unnecessary to protect shippers from market abuse. 49 C.F.R. §1180.2(d).

IV. ESSENTIAL INFORMATION

The following is the information required by 49 C.F.R. §1180.4(g) to qualify for an exemption under 49 C.F.R. §1180.2(d) and certain other relevant information:

1. Description of Proposed Transaction.

The specific terms of the transaction are set forth in the Agreement dated May 31, 2005 which is attached as Appendix 4. Specifically, the transaction involves the acquisition by Transtar from USS of all of the issued and outstanding stock of Delray. The stock was transferred by USS to Transtar as a contribution to the capital of Transtar.

The effect of the transaction is that USS will not control directly any of its affiliated railroads and Transtar will control Delray as well as the five other USS affiliated railroads. As will be discussed in more detail below, the benefits of the transaction will be to eliminate inefficiencies and to promote economies through the common control of all of the USS affiliated railroads.

2. Names of Parties and Contact Information.

2.1 Parties.

United States Steel Corporation
600 Grant Street
Pittsburgh, PA 15219
Telephone: (412) 433-1121

Transtar, Inc.
United States Steel Corporation
600 Grant Street, 18th Floor
Pittsburgh, PA 15219
Telephone: (412) 433-4046

Delray Connecting Railroad Company
7819 W. Jefferson
P. O. Box 32538
Detroit, MI 48209
Telephone: (313) 841-2851
Facsimile: (313) 841-2470

2.2 Legal Counsel.

Richard J. Munsch, Esq.
Assistant General Counsel
United States Steel Corporation
600 Grant Street, Room 1500
Pittsburgh, PA 15219-2800
Telephone: 412-433-2920
Facsimile: 412-433-2811
E-Mail: rjmunsch@uss.com

Joseph A. Napoli, Esq.
General Attorney
U. S. Steel Corporation
600 Grant Street
Pittsburgh, PA 15219
Telephone: (412) 433-2891
Facsimile: (412) 433-2811
E-Mail: janapoli@uss.com

John A. Vuono, Esq.
Vuono & Gray, LLC
2310 Grant Building
Pittsburgh, PA 15219
Telephone: (412) 471-1800
Facsimile: (412) 471-4477
E-Mail: jvuono@vuonogray.com

3. Description of Delray.

Delray is a Class III rail common carrier located in the Detroit, MI area. Delray was incorporated in 1904 and recently celebrated its 100th anniversary as an operating railroad. It is a switching and terminal railroad which operates 15.46 miles of track, all of which are located in the downriver district of Detroit. Delray connects with three Class I railroads, namely the Norfolk Southern, CSX Transportation and Canadian National. Delray's largest customer (which generates approximately 70% of its revenue) is the

Great Lakes Facility of USS, formerly owned by National Steel. A map showing Delray's railroad lines and other information is attached as Appendix 5.

4. Location of Delray's Property.

All of Delray's railroad tracks, operating equipment and other facilities are located in the State of Michigan.

5. Delray's Relationship to the Transtar Railroads.

Delray's operations are concentrated exclusively in the Detroit, MI area. It does not connect or interchange with any of the Transtar Railroads and the parties represent and warrant that (i) the Transtar Railroads and Delray do not connect with each other or any railroads in their corporate family; (ii) the acquisition and continuance in control is not part of a series of anticipated transactions that would connect the railroads with each other or any other railroad in their corporate family; and (iii) the transaction does not involve a Class I carrier.

It is submitted that based on the foregoing facts, the transaction clearly meets the "Nonconnecting Carrier Exemption" requirements of 49 C.F.R. §1180.2(d)(2).

6. Objectives to be Accomplished by the Transaction.

For a number of years, Transtar has owned and controlled the five Transtar Railroads. It has the experience and expertise to efficiently and successfully exercise ownership and control over Delray. USS does not directly control any other railroads.

It is anticipated that the direct control by Transtar of Delray will foster efficiencies and economies, improve service to the customers of Delray and enhance the continued financial viability of Delray.

The parties represent and warrant that the transaction will not result in (i) any adverse changes in service levels to the public; (ii) significant operational changes; or (iii) changes in the competitive balance with carriers outside the corporate family. Accordingly, based on the foregoing facts, the transaction clearly meets the “Corporate Family Exemption” requirements of 49 C.F.R. §1180.2(d)(3).

7. Time Schedule for Consummation.

As noted above, the parties consummated the Agreement simultaneously with its execution on May 31, 2005 under the mistaken belief that it was an inter-corporate transaction involving parties for which exemption authority had previously been secured and that a Notice of Exemption was not required. For this reason, the parties are respectfully requesting that this Notice be processed on a *nunc pro tunc* basis.

8. Carrier Operating Maps.

There are attached maps showing the railroad lines and certain other information for Delray (Appendix 5) and for each of the five Transtar Railroads (Appendix 6).

9. Description of Appendices.

- 9.1 Appendix 1: STB Decision in *USX Corporation--Control Exemption--Transtar, Inc., STB Finance Docket No. 33942*, served November 30, 2000.
- 9.2 Appendix 2: STB Decision in *Transtar Holdings, L.P.--Corporate Family Exemption--Transtar, Inc., STB Finance Docket No. 32411*, served December 29, 1993.
- 9.3 Appendix 3: STB Decision in *United States Steel Corporation--Acquisition of Control Exemption--Delray Connecting Railroad Company, STB Finance Docket No. 34311*, served February 19, 2003.

9.4 Appendix 4: Stock Purchase Agreement between USS and Transtar dated May 31, 2005.

9.5 Appendix 5: Delray's operating map.

9.6 Appendix 6: Transtar Railroads' five operating maps.

V. LABOR PROTECTIVE CONDITIONS

Since the Transtar Railroads include the Elgin, Joliet and Eastern Railway Company, a Class II railroad, the applicable statutory provisions and regulations mandate that the STB consider the impact of the transaction on affected rail carrier employees. 49 U.S.C. §11326(b) and 49 C.F.R. §1180.1(e).

The parties do not anticipate the proposed transaction will have any impact on Delray's employees. Delray will continue to be bound by existing collective bargaining agreements with its labor unions.

VI. THE TRANSACTION MEETS THE REQUIREMENTS FOR EXEMPTION

The facts set forth herein clearly establish that the transaction meets the requirements of two of the eight exemption categories, viz:

1. The Corporate Family Exemption - 49 C.F.R. §1180.2(d)(3); and
2. The Nonconnecting Carrier Exemption - 49 C.F.R. §1180.2(d)(2).

The STB regulations are unequivocal that any transaction which meets any **one** of the exempt categories is subject to the Board's blanket finding that its prior review and approval of the transaction is not necessary to carry out the national railroad

transportation policy or is of limited scope or is unnecessary to protect shippers from market abuse. 49 C.F.R. §1180.2(d).

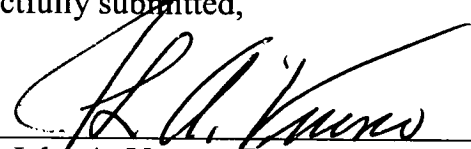
Accordingly, it is respectfully submitted that this transaction clearly meets the definition of an exempt transaction contained in the STB's regulations and, as such, meets the statutory requirements for exemption.

VII. CONCLUSION

For the foregoing reasons, the parties respectfully request that the STB publish this Notice of Exemption.

Respectfully submitted,

By: _____


John A. Vuono, Esq.
Vuono & Gray, LLC
2310 Grant Building
Pittsburgh, PA 15219
412-471-1800

Richard J. Munsch, Esq.
Assistant General Counsel
412-433-2920
Joseph A. Napoli, Esq.
General Attorney
412-433-2891
United State Steel Corporation
600 Grant Street
Pittsburgh, PA 15219

OF COUNSEL:

VUONO & GRAY, LLC
2310 Grant Building
Pittsburgh, PA 15219

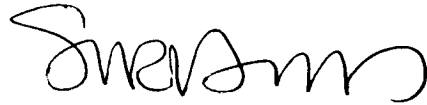
Date: October 10, 2005

/41678

VERIFICATION

I, Stephan K. Todd, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am authorized to file this Verification for this Notice of Exemption on behalf of United States Steel Corporation, Transtar, Inc. and Delray Connecting Railroad Company.

Signed this 7th day of October, 2005

A handwritten signature in black ink, appearing to read 'Stephan K. Todd', written over a horizontal line.

Vice President—Law and Environmental Affairs

1

31424
EB

SERVICE DATE - NOVEMBER 30, 2000

SURFACE TRANSPORTATION BOARD

DECISION

STB Finance Docket No. 33942

USX CORPORATION-CONTROL EXEMPTION-TRANSTAR, INC.

Decided: November 22, 2000

On October 5, 2000, Transtar Holdings, L.P. (Holdings), Transtar, Inc. (Transtar), and USX Corporation (USX) (jointly, petitioners) filed a petition under 49 U.S.C. 10502 to exempt from the prior approval requirements of 49 U.S.C. 11323-25 the acquisition by USX of control of Transtar and five rail carriers currently owned by Transtar. We will grant the exemption.

BACKGROUND

Prior to 1988, USX controlled 8 rail carriers: (1) the Bessemer and Lake Erie Railroad Company (BLE), a Class II carrier operating in western Pennsylvania and northeastern Ohio; (2) the Birmingham Southern Railroad Company (BSRC), a Class III terminal and switching carrier serving industries in Ensley, Fairfield and Bessemer, AL; (3) the Duluth, Missabe and Iron Range Railway Company (DMIR), a Class II carrier operating in northeastern Minnesota and northwestern Wisconsin; (4) the Elgin, Joliet and Eastern Railway Company (EJE), a Class II carrier operating in and around Chicago from Waukegan, IL to Gary, IN; (5) the Lake Terminal Railroad Company (LT), a Class III switching carrier operating in Lorain, OH; (6) the McKeesport Connecting Railroad Company (MKC), a Class III switching carrier operating in McKeesport, PA.; (7) the Pittsburgh & Conneaut Dock Company (P&C), a Class III carrier conducting stevedoring operations at B&LE's bulk material handling facility at Conneaut, OH; and (8) the Union Railroad Company (URR), a Class III carrier operating from North Bessemer, PA, to Clairton Junction, PA, where it divides, with the main line running to Clairton, and a branch line running to Mifflin Junction, PA. In 1988, USX formed Transtar as a corporate subsidiary to hold the stock of the 8 rail carriers.

Blackstone Capital Partners, L.P. (BCP) and Blackstone Transportation Partners, L.P. (BTP) subsequently acquired control of Transtar and USX's carrier subsidiaries, although USX retained a minority interest in Transtar. See Blackstone Capital Partners L.P., Blackstone Transportation Partners L.P., and USX Corporation-Exemption from 49 U.S.C. 10746, 11321, and 11343, Finance Docket No. 31363 (ICC served Dec. 23, 1988), and Blackstone Capital Partners L.P., Blackstone Transportation Partners L.P.-Control Exemption-The Pittsburgh and Conneaut Dock Company, Finance Docket No. 32028 (ICC served Aug. 14, 1992). In 1993, BTP and BCP reorganized their holdings of Transtar voting stock and changed BTP's corporate name to Holdings. See Transtar Holdings, L.P.-Corporate Family Exemption-Transtar, Inc., Finance

Docket No. 32411 (ICC served Dec. 29, 1993). At present, Holdings controls Transtar by owning 51% of Transtar's voting stock, while USX holds 49% of Transtar's voting stock.

Petitioners indicate that they have entered into a Reorganization and Exchange Agreement,¹ under which Holdings will transfer its Transtar stock to Transtar. In exchange, Transtar will transfer to Holdings its stock in BLE, DMIR, and P&C.² After the stock is exchanged, Holdings will have divested its interests in Transtar, BSRC, EJE, LT, MKC, and URR and become direct owner of 100% of the stock of BLE, DMIR, and P&C. USX would own 100% of the stock of Transtar and re-acquire sole control of BSRC, EJE, LT, MKC, and URR.³ USX's re-acquisition of control is subject to our jurisdiction.

Petitioners indicate that they intend to maintain the same level of transportation services currently provided by the Transtar subsidiaries. Petitioners state further that they intend to reorganize certain administrative and support functions, but that these changes are not expected to affect transportation services.

DISCUSSION AND CONCLUSIONS

The acquisition of control of at least 2 rail carriers by an entity that is not a rail carrier requires prior approval by the Board under 49 U.S.C. 11323(a)(4). Under 49 U.S.C. 10502(a), however, we must exempt a transaction or service from regulation if we find that: (1) regulation is not necessary to carry out the rail transportation policy of 49 U.S.C. 10101; and (2) either (a) the transaction or service is limited in scope; or (b) regulation is not needed to protect shippers from the abuse of market power.

Detailed scrutiny of the proposed transaction is not necessary to carry out the rail transportation policy. Rather, an exemption will promote that policy by minimizing the need for Federal regulatory control over the transaction and reducing regulatory barriers to entry [49 U.S.C. 10101(2) and (7)] and ensuring that a sound rail transportation system will continue to meet the needs of the shipping public [49 U.S.C. 10101(4)]. Petitioners will unify the ownership

¹ A copy of the Reorganization and Exchange Agreement was submitted as Exhibit H to the petition.

² Additional authorization is not required for Holdings to increase its controlling interests in BLE, DMIR and P&C.

³ USX would also acquire control of the Warrior and Gulf Navigation Company (WGN), a water contract carrier that operates primarily on the Black Warrior and Tombigbee Rivers between Birmingham and Mobile, AL. Board approval is not required for USX to acquire control of WGN, and the statute no longer restricts a rail carrier from controlling or having an interest in a competing water carrier.

interests in the Transtar subsidiaries while maintaining the same level of transportation services currently provided by those carriers, thus fostering sound economic conditions in transportation, ensuring effective coordination among carriers, and encouraging efficient management [49 U.S.C. 10101(5) and (9)]. Other aspects of the rail transportation policy will not be adversely affected.

Regulation of the transaction is not needed to protect shippers from an abuse of market power. There would be no adverse impact on rail operations or any lessening of rail competition as a result of the proposed transaction. The proposed transaction, if anything, would diminish market power because the carriers presently controlled by Transtar would be divided between USX and Holdings. Given our finding regarding the probable effect of the transaction on market power, we need not determine whether the transaction is limited in scope.

Under 49 U.S.C. 10502(g), we may not use our exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Petitioners assert that the proposed transaction would have no significant impact on employees but would require only a limited rearrangement of employees. They claim that they do not intend to change overall employment levels or to relocate employees. Petitioners state further that they will remain bound by the collective bargaining agreements in effect at the time the proposed transaction is consummated. Finally, petitioners indicate they would agree that the labor protection conditions in New York Dock Ry.—Control—Brooklyn Eastern Dist., 360 I.C.C. 60 (1979), are appropriate. Those conditions will be imposed here.

This control transaction is exempt from environmental reporting requirements under 49 CFR 1105.6(c)(2)(i) because it will not result in any significant change in carrier operations. Similarly, the transaction is exempt from the historic reporting requirements under 49 CFR 1105.8(b)(3) because it will not substantially change the level of maintenance of railroad properties.

Petitioners request expedited action on the petition for exemption so that they can close the transaction by December 15, 2000. The request is reasonable. We will grant the request by shortening the effective date of the exemption from the normal 30-day period to 15 days.

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. Under 49 U.S.C. 10502, we exempt, from the prior approval requirements of 49 U.S.C. 11323-25, USX's control of Transtar and BSRC, EJE, LT, MKC, and URR, subject to the labor protection conditions in New York Dock Ry.—Control—Brooklyn Eastern Dist., 360 I.C.C. 60 (1979).
2. Notice will be published in the Federal Register on November 30, 2000.

STB Finance Docket No. 33942

3. This exemption will be effective on December 15, 2000. Petitions for stay must be filed by December 5, 2000. Petitions for reconsideration must be filed by December 20, 2000.

By the Board, Chairman Morgan, Vice Chairman Burkes, and Commissioner Clyburn.

Vernon A. Williams
Secretary

2

*1 TRANSTAR HOLDINGS, L.P.--CORPORATE FAMILY EXEMPTION--TRANSTAR, INC.

Decided: December 21, 1993

Service Date: December 29, 1993

INTERSTATE COMMERCE COMMISSION NOTICE
[Finance Docket No. 32411]

By the Commission, David M. Konschnik, Director, Office of Proceedings.

Transtar Holdings, L.P. (Transtar Holdings), formerly known as Blackstone Transportation Partners L.P. (BTP), and Blackstone Capital Partners L.P. (BCP) have filed a notice of exemption for a transaction within their corporate family. The transaction was expected to be consummated on or after December 6, 1993.

The Commission previously exempted the control of Transtar, Inc. (Transtar), by BTP and BCP (collectively referred to as Blackstone) through ownership of 51% of its voting stock. [FN1] Transtar in turn controls eight carriers regulated by the Commission. [FN2] Blackstone plans to reorganize its holdings of Transtar's voting stock. BCP will transfer its voting shares of Transtar (24.9%) to Transtar Holdings, BTP will be renamed Transtar Holdings and then Transtar Holdings will hold the 51% of Transtar's voting stock.

A new corporation will be formed, Blackstone Transportation Company, Inc. (Blackstone Transportation), which will become the general partner of BTP, replacing Blackstone Management Associates L.P. (BMA). Blackstone Transportation's sole shareholders are Peter G. Peterson, Stephen A. Schwarzman, David A. Stockman, James R. Birtle, Lawrence D. Fink, and James Mossman, who were the same general partners of BMA.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). The transaction will not result in adverse changes in service levels, significant operational changes, or change in the competitive balance with carriers outside applicants' corporate family. The purpose of the transaction is to consolidate Blackstone's holdings in Transtar into one partnership, Transtar Holdings. This restructuring will facilitate a series of transactions that will effect: (i) a substantial reduction of the interest rate payable with respect to Transtar's long term debt; (ii) the repayment of Transtar's 13 3/4% Junior Subordinated Payment-In-Kind notes held by USX; and (iii) the issuance by Transtar Holdings of senior discount notes, which senior discount notes will not be an obligation of, or guaranteed by, Transtar.

To ensure that all employees who may be affected by the transaction are given the protection afforded under 49 U.S.C. 10505(g)(2) and 49 U.S.C. 11347, the labor conditions set forth in New York Dock Ry.--Control--Brooklyn Eastern Dist., 360 I.C.C. 60 (1979), are imposed.

Petitions to revoke the exemption under 49 U.S.C. 10505(d) may be filed at any time. The filing of a petition to revoke will not stay the transaction. Pleadings must be filed with the Commission and served on: Anne D. Smith, 1747 Pennsylvania Avenue, N.W., Washington, DC 20006.

Slip Copy
(Cite as: 1993 WL 538826 (I.C.C.))

*2 Sidney L. Strickland, Jr.
Secretary
(SEAL)

FN1 See Finance Docket No. 31363, Blackstone Capital Partners L.P., Blackstone Transportation Partners L.P. and USX Corporation--Exemption From 49 U.S.C. 10746, 11321, and 11343, (not printed) served December 23, 1988.

FN2 The Commission granted an exemption for the acquisition of control of the following carriers: Bessemer & Lake Erie Railroad Company; Birmingham Southern Railroad Company; Duluth, Missabe & Iron Range Railway Company; Elgin, Joliet & Eastern Railway Company; Lake Terminal Railroad Company; and Warrior & Gulf Navigation Union Railroad Company.

I.C.C.

1993 WL 538826 (I.C.C.)

END OF DOCUMENT

3

Case**Docket No.**

FD 34311 0

Title

UNITED STATES STEEL CORPORATION--ACQUISITION OF CONTROL EXEMPTION--DELRAY CONNECTING RAILROAD COMPANY

Decision Summary

NOTICE THAT UNITED STATES STEEL CORPORATION FILED A NOTICE OF EXEMPTION TO ACQUIRE CONTROL, THROUGH STOCK PURCHASE, OF DELRAY CONNECTING RAILROAD COMPANY, A CLASS III RAILROAD AND A WHOLLY OWNED SUBSIDIARY OF NATIONAL STEEL CORPORATION.

Docket No.**Title****Download Files**

The WordPerfect (WPD) version of this decision is provided as a courtesy and should not be used for citation purposes. The PDF file represents the official Board decision.

WordPerfect

- 33354.wpd

Graphics/Maps/Figures:

- 33354.pdf

Size of PDF File: 0.02 MB

Approximate download time at 28.8 : 0.1 Minute(s)

Note:

Some installations of Adobe Acrobat 3 browser plug-ins cannot open large PDF files. If you experience problems viewing our files, we recommend upgrading to an Acrobat 4 reader available free at www.adobe.com.

Full Text of Decision

33354

SERVICE DATE - FEBRUARY 19, 2003

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34311]

United States Steel Corporation--Acquisition of Control Exemption--Delray Connecting Railroad Company

United States Steel Corporation (U.S. Steel), a noncarrier, has filed a notice of exemption to acquire control, through stock purchase, of Delray Connecting Railroad Company (Delray), a Class

III railroad and a wholly owned subsidiary of National Steel Corporation (National Steel). ☞

U.S. Steel owns 100% of Transtar, Inc. (Transtar), a noncarrier holding company and, through that ownership, indirectly owns and controls one Class II and four Class III railroads. ☞

The transaction is expected to be consummated early in the second quarter of 2003.

U.S. Steel states that: (i) the railroads (Delray and the Transtar Railroads) do not connect; (ii) the transaction is not part of a series of anticipated transactions that would connect these railroads with each other or any railroad in their corporate family; and (iii) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Because U.S. Steel already controls one Class II and four Class III railroads by virtue of its control of Transtar, this grant will be made subject to the labor protection requirements of 49 U.S.C. 11326(b).

If the notice contains false or misleading information, the exemption is void ab initio.

Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34311, **must** be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001.

In addition, a copy of each pleading must be served on Richard J. Munsch, 600 Grant Street, Room 1500, Pittsburgh, PA 15219-2800 and Vincent P. Szeligo, 1450 Two Chatham Center, Pittsburgh, PA 15219-3427.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

Decided: February 12, 2003.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary

Footnotes

1. On March 6, 2002, National Steel and several of its subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court in the Northern District of Illinois (Case 02-08699). Delray did not file a bankruptcy petition and is not a party to the National Steel bankruptcy proceeding. On January 9, 2003, U.S. Steel announced execution of an Asset Purchase Agreement with National Steel and 12 subsidiaries involving U.S. Steel's acquisition of substantially all of their steelmaking and finishing assets.

2. The "Transtar Railroads" are: Birmingham Southern Railroad Company, Elgin, Joliet and Eastern Railway Company (the Class II railroad), The Lake Terminal Railroad Company, McKeesport Connecting Railroad Company, and Union Railroad Company. Common control of these railroads by U.S. Steel (formerly USX Corporation) was authorized by the Board in USX Corporation-Control Exemption-Transtar, Inc., STB Finance Docket No. 33942 (STB served Nov. 30, 2000), and in Transtar Holdings, L.P.-Corporate Family Exemption-Transtar, Inc., STB Finance Docket No. 32411 (STB served Dec. 29, 1993).

4

AGREEMENT

Agreement made this 31st day of May, 2005, by and between United States Steel Corporation, a Delaware corporation with offices at 600 Grant Street, Pittsburgh, Pennsylvania 15219 ("USS") and Transtar, Inc., a Delaware corporation with offices at 600 Grant Street, Pittsburgh, Pennsylvania 15219 ("Transtar").

Statement of Purpose

WHEREAS, USS is the owner of 6,500 shares of the common stock, \$100.00 par value (the "Shares") of Delray Connecting Railroad Company, a Michigan corporation ("Delray"), represented by Certificate No. 1 (the "Certificate"); and

WHEREAS, USS wishes to transfer the Shares to its wholly-owned subsidiary, Transtar, as a contribution to the capital of Transtar; and

WHEREAS, USS and Transtar wish to enter into this Agreement in order to document the terms and conditions applicable to the transfer of the Shares from USS to Transtar.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

(1) **Transfer of Shares.** USS hereby sells, assigns, transfers and conveys the Shares to Transtar, as a contribution to the capital of Transtar.

(2) **Delivery of Certificate.** The Certificate shall be delivered by USS to Transtar, duly endorsed in blank, accompanied by stock powers duly endorsed in blank or accompanied by other duly executed instruments of transfer.

(3) **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Michigan without regard to its conflicts of law provisions.

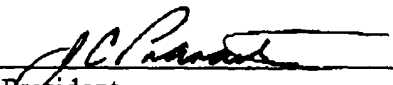
(4) **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and can not be amended or modified, except in writing.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

UNITED STATES STEEL CORPORATION

By: 
Title: Vice Chairman and Chief Legal and
Administrative Officer, General Counsel &
Secretary

TRANSTAR, INC.

By: 
Title: President

5

ALLIED SIGNAL

1-1.

2

CAN BRICK

PLAN 571

GLX
INTER
CLIMB

EAST MAIN 1040

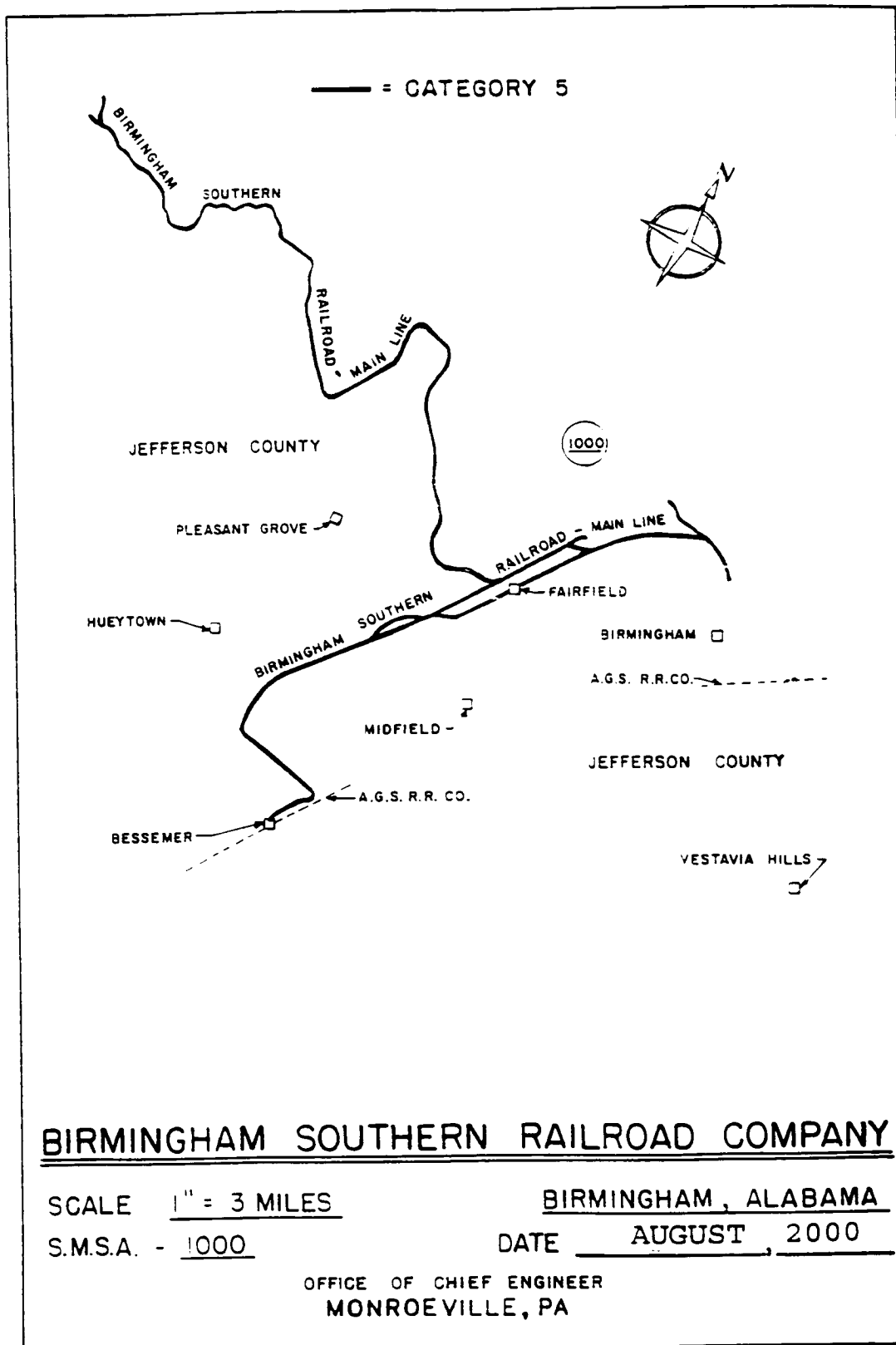
WEST MAIN 5140

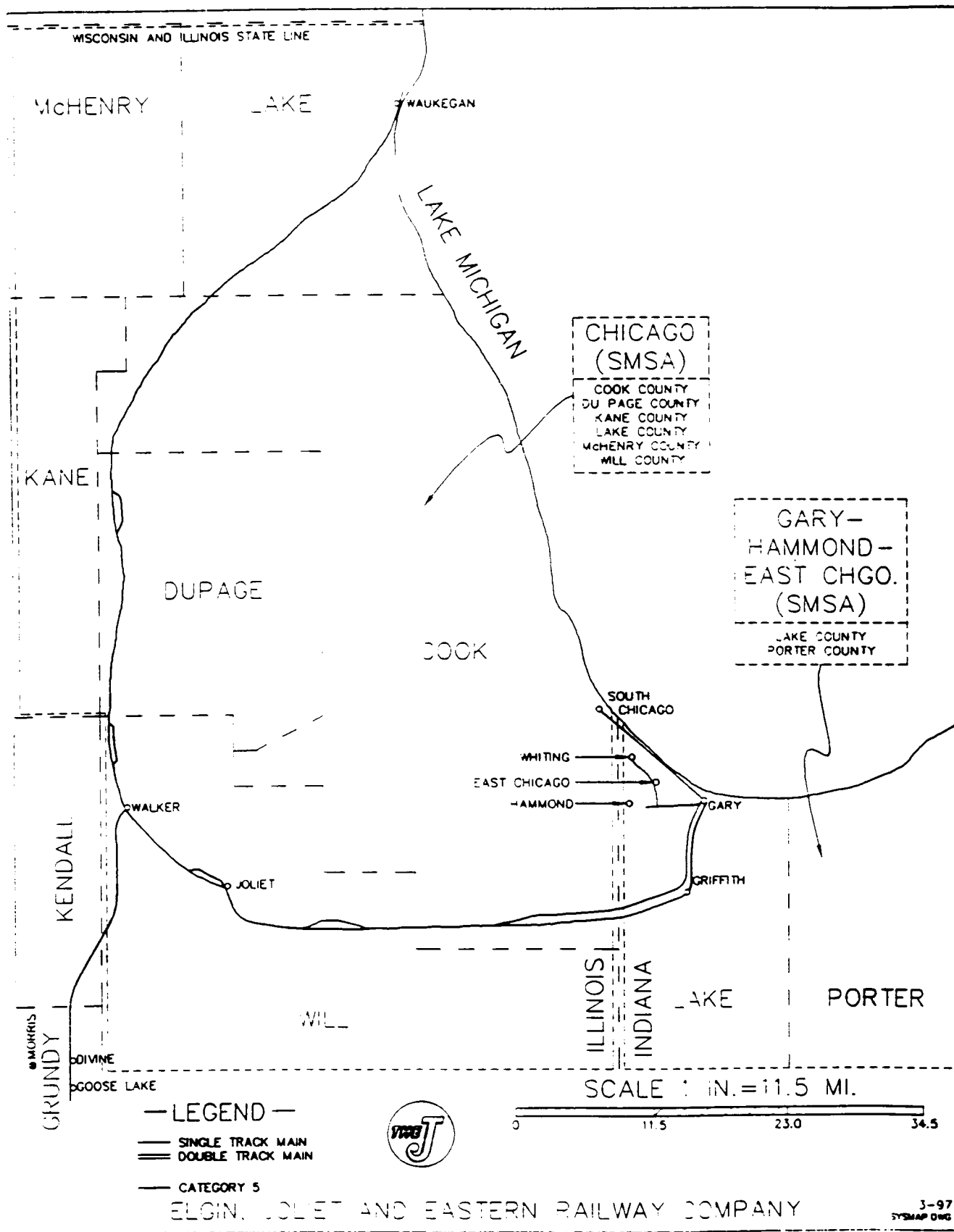
1-1015	2-1035
2-1035	3-1100
3-1100	4-1130
4-1130	5-1160
5-1160	6-1190
6-1190	7-1220
7-1220	8-1250
8-1250	9-1280
9-1280	10-1310
10-1310	11-1340
11-1340	12-1370
12-1370	13-1400
13-1400	14-1430
14-1430	15-1460
15-1460	16-1490
16-1490	17-1520
17-1520	18-1550
18-1550	19-1580
19-1580	20-1610
20-1610	21-1640
21-1640	22-1670
22-1670	23-1700
23-1700	24-1730
24-1730	25-1760
25-1760	26-1790
26-1790	27-1820
27-1820	28-1850
28-1850	29-1880
29-1880	30-1910
30-1910	31-1940
31-1940	32-1970
32-1970	33-2000
33-2000	34-2030
34-2030	35-2060
35-2060	36-2090
36-2090	37-2120
37-2120	38-2150
38-2150	39-2180
39-2180	40-2210
40-2210	41-2240
41-2240	42-2270
42-2270	43-2300
43-2300	44-2330
44-2330	45-2360
45-2360	46-2390
46-2390	47-2420
47-2420	48-2450
48-2450	49-2480
49-2480	50-2510
50-2510	51-2540
51-2540	52-2570
52-2570	53-2600
53-2600	54-2630
54-2630	55-2660
55-2660	56-2690
56-2690	57-2720
57-2720	58-2750
58-2750	59-2780
59-2780	60-2810
60-2810	61-2840
61-2840	62-2870
62-2870	63-2900
63-2900	64-2930
64-2930	65-2960
65-2960	66-2990
66-2990	67-3020
67-3020	68-3050
68-3050	69-3080
69-3080	70-3110
70-3110	71-3140
71-3140	72-3170
72-3170	73-3200
73-3200	74-3230
74-3230	75-3260
75-3260	76-3290
76-3290	77-3320
77-3320	78-3350
78-3350	79-3380
79-3380	80-3410
80-3410	81-3440
81-3440	82-3470
82-3470	83-3500
83-3500	84-3530
84-3530	85-3560
85-3560	86-3590
86-3590	87-3620
87-3620	88-3650
88-3650	89-3680
89-3680	90-3710
90-3710	91-3740
91-3740	92-3770
92-3770	93-3800
93-3800	94-3830
94-3830	95-3860
95-3860	96-3890
96-3890	97-3920
97-3920	98-3950
98-3950	99-3980
99-3980	100-4010

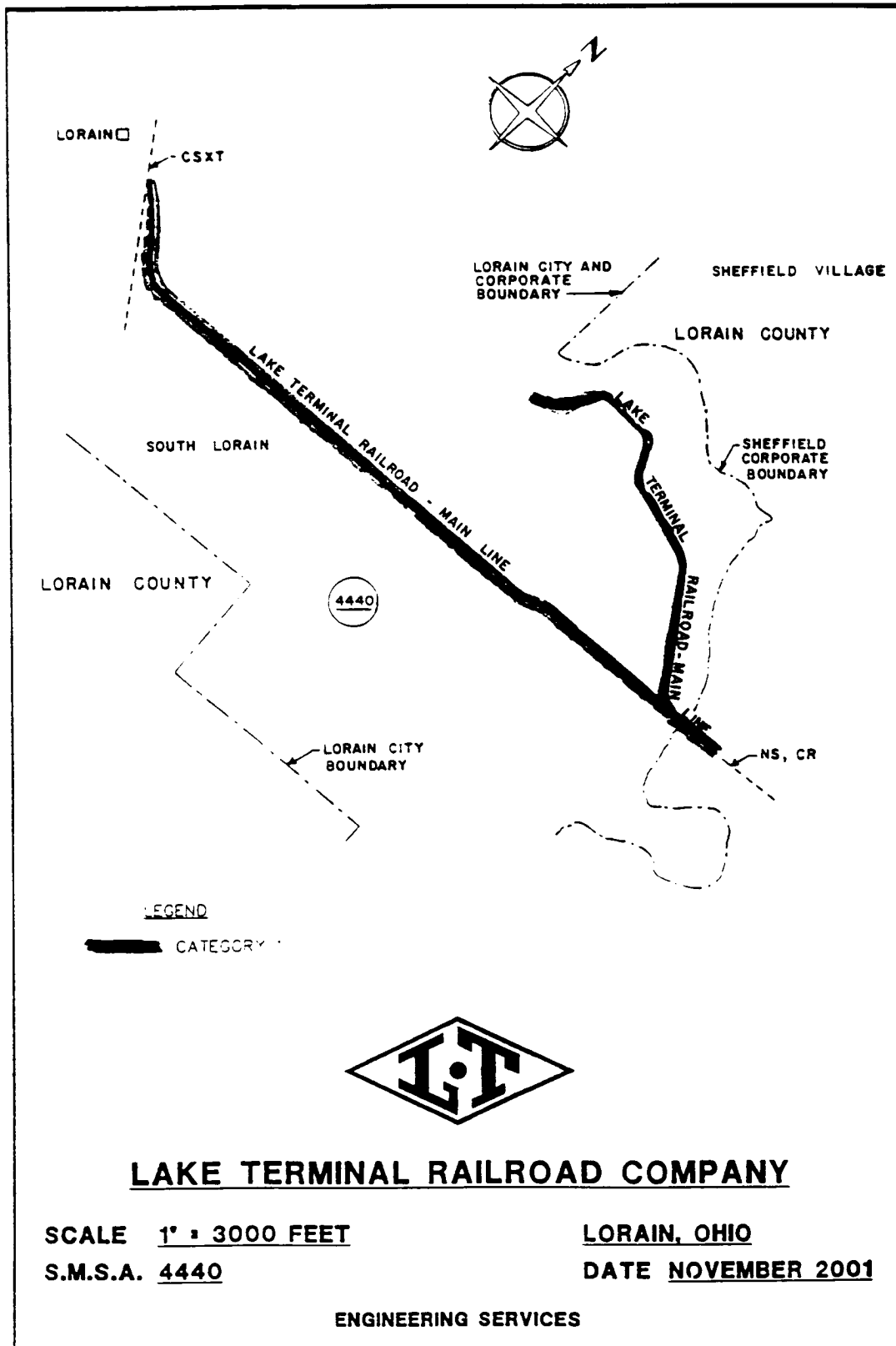
NATIONAL STEEL
COAL DUMPER

(NOT METAL ESCAPE TRACK)

6





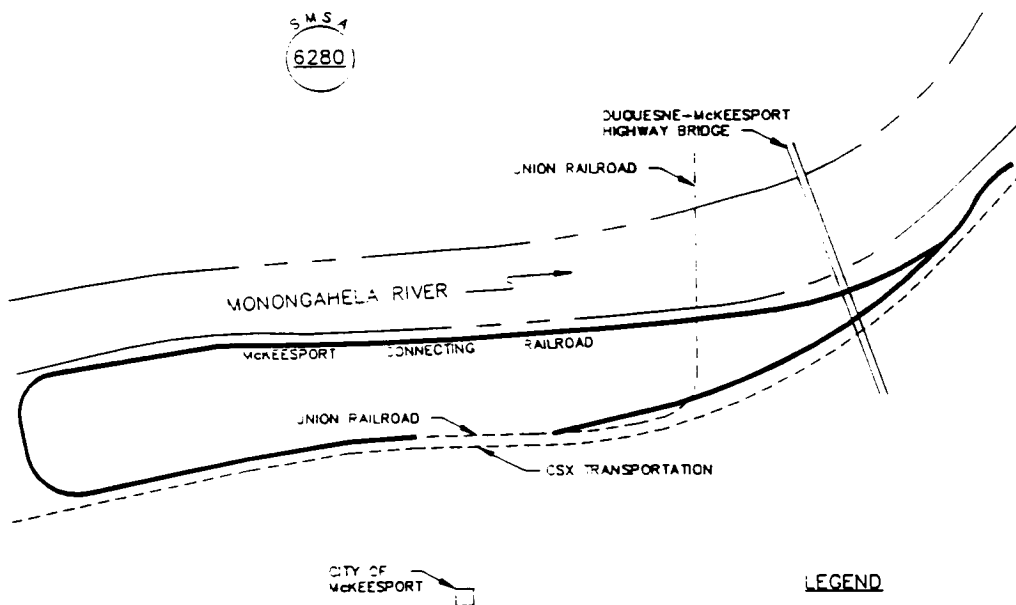




ALLEGHENY COUNTY, PA.

CITY OF
DUQUESNE

S.M.S.A.
6280



LEGEND

— CATEGORY 5



McKEESPORT CONNECTING RAILROAD COMPANY

SCALE 1" = 1600 FEET

S.M.S.A. 6280

MONROEVILLE, PA.

DATE MARCH 1997

ENGINEERING SERVICES

