

Kirkpatrick & Lockhart LLP

DID# 0102171002

April 22, 2003

VIA HAND DELIVERY

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

Re: **Finance Docket No. 34343, International Steel Group Inc. – Continuance In Control Exemption – ISG Railways, Inc., ISG South Chicago & Indiana Harbor Railway Company and ISG Cleveland Works Railway Company**

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of International Steel Group Inc.** A check in the amount of \$1,000.00, representing the appropriate fee for the Notice of Exemption, is enclosed.

Should any questions arise regarding these filings, please feel free to contact me. Thank you for your assistance in this matter.

Respectfully submitted,

FEE RECEIVED

APR 22 2003

**SURFACE
TRANSPORTATION BOARD**

Enclosures

Tracie D. Spear
Attorney for International Steel Group Inc.

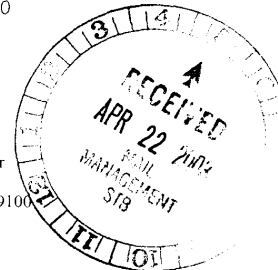
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APR 22 2003

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207680
1800 Massachusetts Avenue, NW
Suite 200
Washington, DC 20036-1221
202.778.9000
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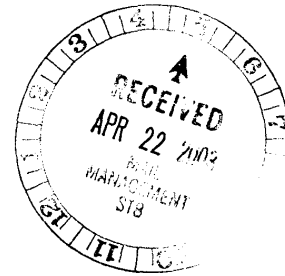
Tracie D. Spear
202.778.9390
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FILED
APR 22 2003
**SURFACE
TRANSPORTATION BOARD**

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BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 34343

INTERNATIONAL STEEL GROUP INC.
--CONTINUANCE IN CONTROL EXEMPTION --
ISG RAILWAYS, INC., ISG SOUTH CHICAGO & INDIANA HARBOR RAILWAY
COMPANY AND ISG CLEVELAND WORKS RAILWAY COMPANY

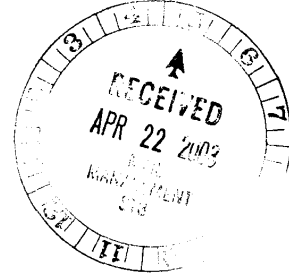
**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Kevin M. Sheys
Edward J. Fishman
Tracie D. Spear
Kirkpatrick & Lockhart LLP
1800 Massachusetts Avenue -2nd Floor
Washington, DC 20036
(202) 778-9000

**ATTORNEYS FOR INTERNATIONAL
STEEL GROUP INC.**

Dated: April 22, 2003

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 34343

INTERNATIONAL STEEL GROUP INC.
--CONTINUANCE IN CONTROL EXEMPTION --
ISG RAILWAYS, INC., ISG SOUTH CHICAGO & INDIANA HARBOR RAILWAY
COMPANY AND ISG CLEVELAND WORKS RAILWAY COMPANY

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

International Steel Group Inc. ("ISG") hereby files this Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(2) for ISG to continue in control of two existing Class III rail carriers and one new Class II rail carrier, upon consummation of a transaction with Bethlehem Steel Corporation ("Bethlehem") and several of its affiliates.

ISG indirectly controls two Class III rail carriers, ISG South Chicago & Indiana Harbor Railway Company ("SCIH") and ISG Cleveland Works Railway Company ("CWRO"). See Finance Docket No. 34201, International Steel Group Inc. -- Continuance In Control Exemption -- ISG South Chicago & Indiana Harbor Railway Company and ISG Cleveland Works Railway Company (STB served May 29, 2002). ISG Railways, Inc. ("ISG Railways"), a direct wholly-owned subsidiary of ISG Acquisition, Inc.,¹ was formed to acquire the railroad lines and substantially all other assets of Keystone Railroad LLC d/b/a Philadelphia, Bethlehem and New England Railroad Company ("Keystone"), Conemaugh & Black Lick Railroad Company LLC

¹ ISG Acquisition, Inc., a wholly-owned subsidiary of ISG, does not need control authority because it controls only one rail carrier, ISG Railways, Inc..

("CBLR"), Steelton & Highspire Railroad Company LLC ("SHP"), Lake Michigan & Indiana Railroad Company LLC ("LMIC"), Brandywine Valley Railroad Company LLC ("BVRV"), Upper Merion & Plymouth Railroad Company LLC ("UMP"), Patapsco & Back Rivers Railroad Company LLC ("PBR") and Cambria and Indiana Railroad, Inc. ("C&I"), all Class III rail carrier subsidiaries of Bethlehem. ISG Railways is concurrently filing a Verified Notice of Exemption pursuant to 49 C.F.R. § 1180.2(d)(2) to acquire control through the acquisition of the railroad lines and substantially all other assets of Keystone, CBLR, SHP, LMIC, BVRV, UMP, PBR and C&I in Finance Docket No. 34344, ISG Railways, Inc. – Acquisition and Control Exemption – Assets of Keystone Railroad LLC d/b/a Philadelphia, Bethlehem and New England Railroad Company, Conemaugh & Black Lick Railroad Company LLC, Steelton & Highspire Railroad Company LLC, Lake Michigan & Indiana Railroad Company LLC, Brandywine Valley Railroad Company LLC, Upper Merion & Plymouth Railroad Company LLC, Patapsco & Back Rivers Railroad Company LLC and Cambria and Indiana Railroad, Inc.

The railroad lines to be acquired by ISG Railways will not connect with the railroad lines owned by SCIH or CWRO. This control transaction is not part of a series of anticipated transactions that would result in such a connection and does not involve a Class I carrier. Therefore, the continuance in control by ISG is exempt under 49 C.F.R. § 1180.2(d)(2).

Pursuant to 49 C.F.R. § 1180.4(g), ISG submits the following information:

SECTION 1180.6(a)(1)(i)
DESCRIPTION OF THE PROPOSED TRANSACTION

ISG is a non-carrier that indirectly controls SCIH and CWRO, both Class III rail carriers that do not connect with each other. SCIH is a wholly-owned subsidiary of ISG

Indiana Harbor Inc., which is a wholly-owned subsidiary of ISG. SCIH owns railroad lines generally located between Pullman Junction and Rock Island Junction in South Chicago, Cook County, IL and has overhead trackage rights on various railroad lines between South Chicago and Indiana Harbor, IN. See Finance Docket No. 34188, ISG South Chicago & Indiana Harbor Railway Company – Acquisition and Operation Exemption – Rail Lines of the Chicago Short Line Railway Company (STB served May 2, 2002). CWRO is a wholly-owned subsidiary of ISG Cleveland Inc., which is a wholly-owned subsidiary of ISG. CWRO has trackage rights and owns railroad lines located within and in the vicinity of the ISG steel facility south of Cleveland in Cuyahoga County, OH. See Finance Docket No. 34182, ISG Cleveland Works Railway Company – Acquisition and Operation Exemption – Rail Lines of The Cuyahoga Valley Railway Company and River Terminal Railway Company (STB served May 29, 2002). The assets to be acquired by ISG Railways do not include railroad lines that connect with the railroad lines owned by SCIH and CWRO. As noted above, ISG Railways will become a rail carrier when it acquires the rail lines and substantially all other assets of Keystone, CBLR, SHP, LMIC, BVRV, UMP, PBR and C&I.

Once this transaction is consummated, ISG will continue to indirectly control ISG Railways, SCIH and CWRO.

The full name and address of the applicant is:

International Steel Group Inc.
3250 Interstate Drive
Richfield, OH 44286

Any questions concerning this Notice should be sent to ISG's representative at the following address:

Kevin M. Sheys
Kirkpatrick & Lockhart LLP
1800 Massachusetts Avenue
Second Floor
Washington, D.C. 20036
(202) 778-9000

SECTION 1180.6(a)(1)(ii)
PROPOSED TIME SCHEDULE FOR CONSUMMATION

ISG Railways will become a rail carrier on or soon after the date that the Verified Notice of Exemption in Finance Docket No. 34344 becomes effective, which will be no sooner than seven days after the filing of such Notice.

SECTION 1180.6(a)(1)(iii)
PURPOSE SOUGHT TO BE ACCOMPLISHED

The exemption sought herein will allow ISG to continue in control of ISG Railways, SCIH and CWRO once ISG Railways becomes a rail carrier.

SECTION 1180.6(a)(5)
STATES IN WHICH PROPERTY OF APPLICANT IS LOCATED

ISG does not directly own any rail property. ISG Railways will own rail property located within the States of Maryland, Delaware and Indiana as well as the Commonwealth of Pennsylvania. SCIH owns rail property located within the Commonwealth of Illinois. CWRO owns rail property located within the State of Ohio.

SECTION 1180.6(a)(6)
MAPS

A map of the railroad lines that will be acquired by ISG Railways is attached hereto as Exhibit A. A map of the railroad lines owned by SCIH and CWRO is attached hereto as Exhibit B.

SECTION 1180.6(a)(7)(ii)
AGREEMENT

ISG already indirectly controls SCIH, CWRO and ISG Railways. No additional agreement is contemplated or necessary for ISG to continue in control of SCIH and CWRO once ISG Railways becomes a rail carrier.

SECTION 1180.4(g)(1)(ii)
LABOR PROTECTIVE CONDITIONS

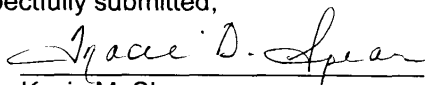
Pursuant to 49 U.S.C. § 11326(b), the Surface Transportation Board will impose employee protective conditions with respect to any employees adversely affected by this control transaction.

SECTION 1180.4(g)(1)(i)
ENVIRONMENTAL AND HISTORIC PRESERVATION MATTERS

Under 49 C.F.R. § 1105.6(c)(2)(i) and (ii), no environmental report is required for this control transaction. The proposed transaction will not result in significant changes in carrier operations, i.e. changes which exceed the threshold established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(3), no historic preservation report is required.

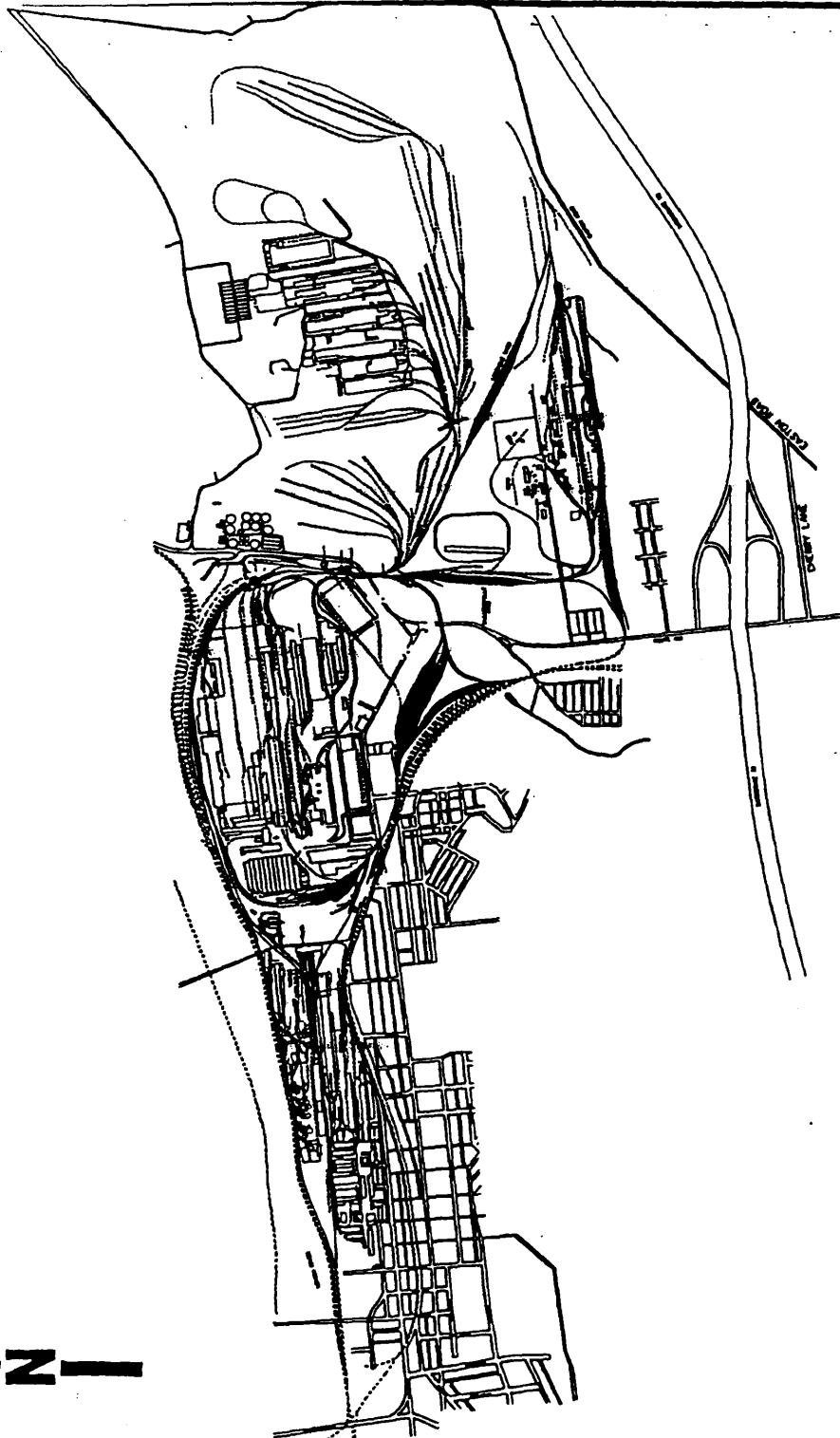
Respectfully submitted,

By: 
Kevin M. Sheys
Edward J. Fishman
Tracie D. Spear
Kirkpatrick & Lockhart LLP
1800 Massachusetts Avenue –
2nd Floor
Washington, D.C. 20036
(202) 778-9000

**ATTORNEYS FOR INTERNATIONAL
STEEL GROUP INC.**

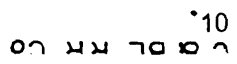
Dated: April 22, 2003

EXHIBIT A

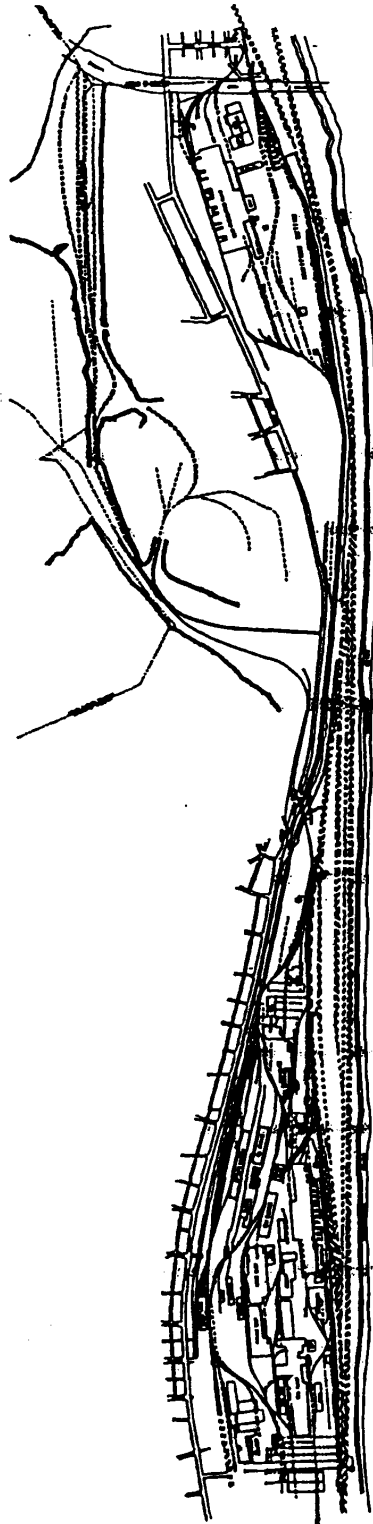


KEYSTONE RAILROAD d/b/a
Philadelphia, Bethlehem and New England Railroad Co.
Bethlehem, PA

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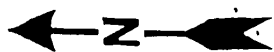
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Steelton & Highspire Railroad Co.
Steelton, PA

LAKE MICHIGAN & INDIANA RAILROAD COMPANY LLC

LAKE MICHIGAN



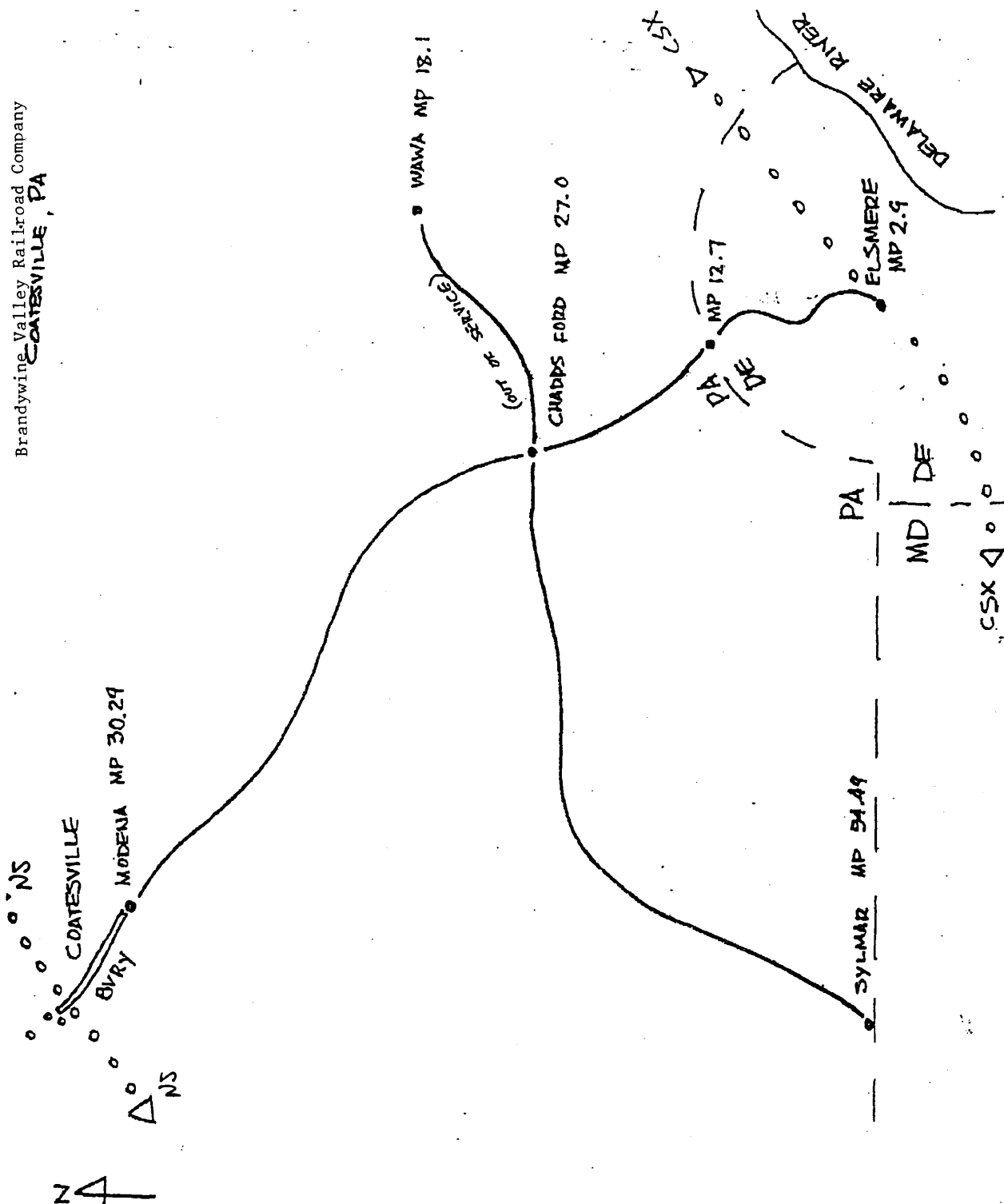
BURNS HARBOR
WATER WAY

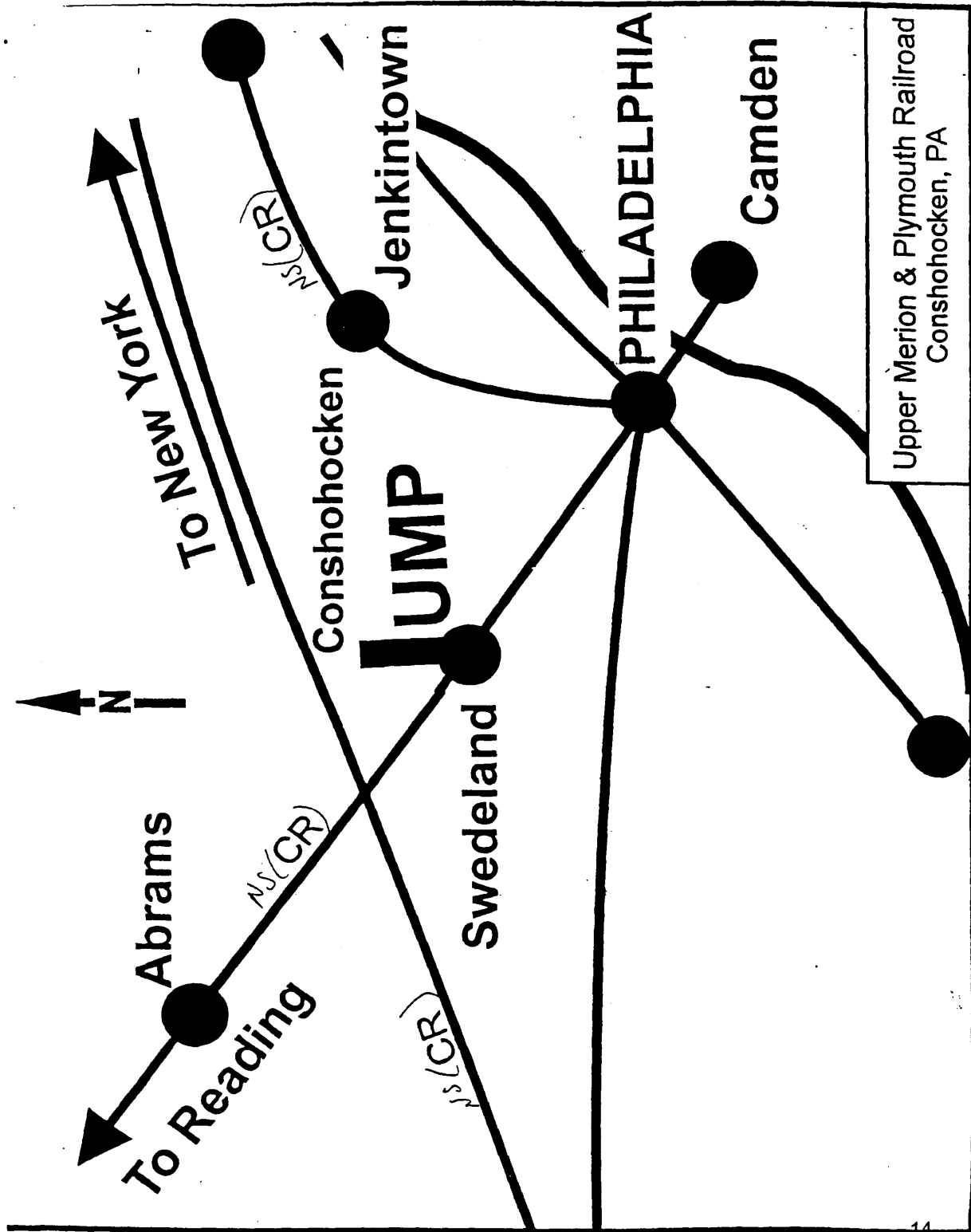
BETHLEHEM
STEEL
CORPORATION
BURNS HARBOR
DIVISION

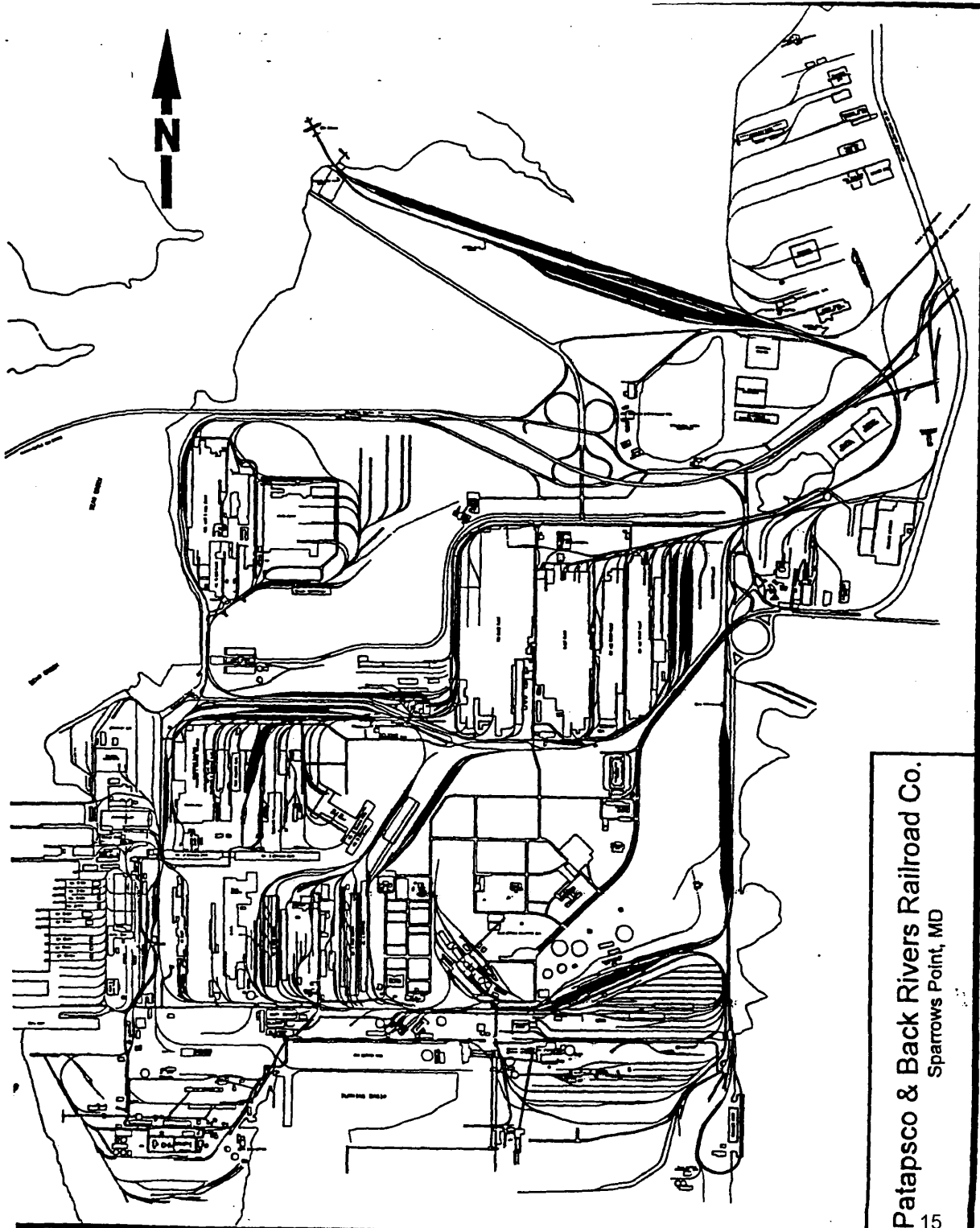
CHICAGO SOUTHSIDE
AND SOUTH BEND RR
US ROUTE 12

NORFOLK SOUTHERN YARD
— TO CHICAGO

Brandywine Valley Railroad Company
COATESVILLE, PA







Patapsco & Back Rivers Railroad Co.
Sparrows Point, MD

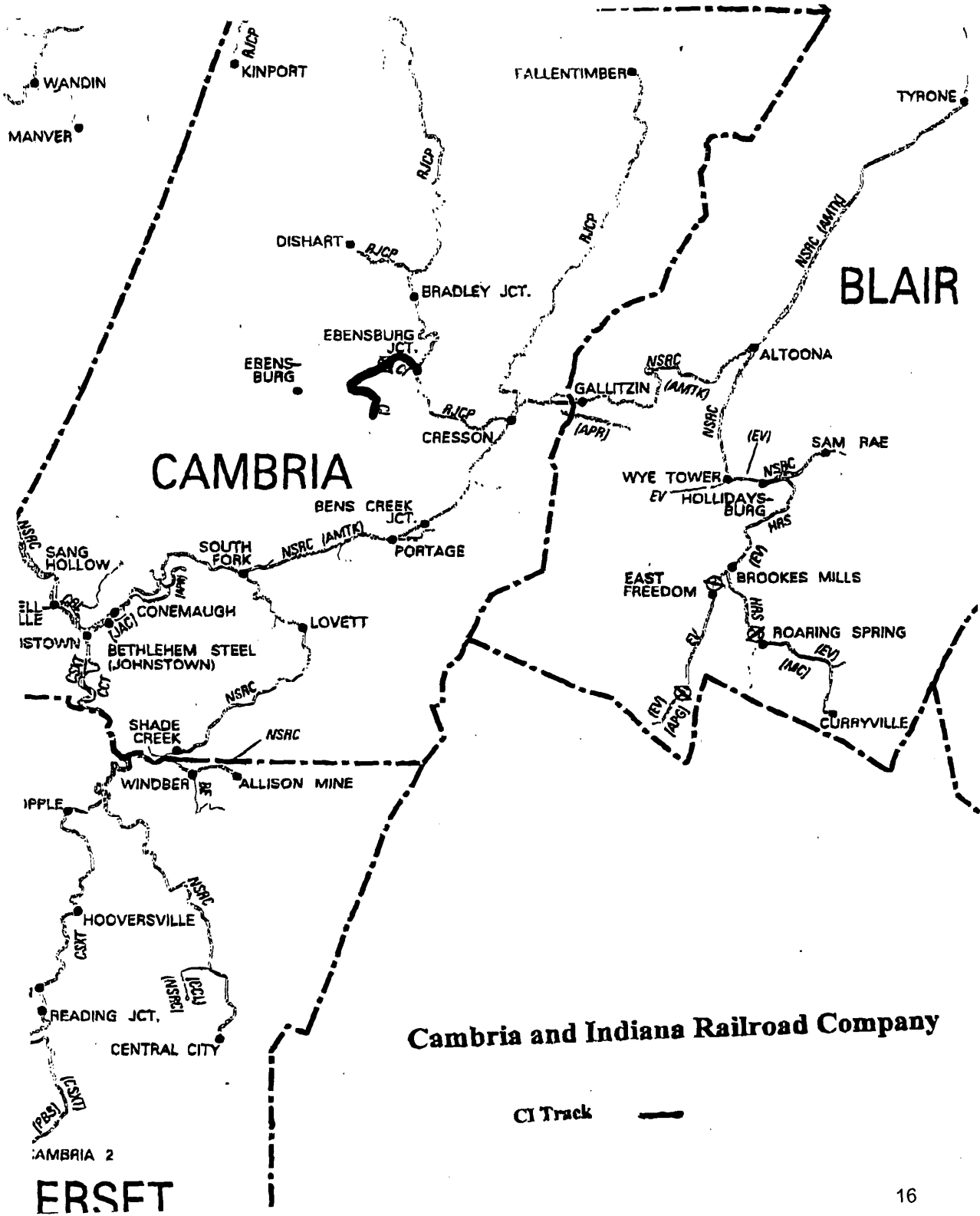
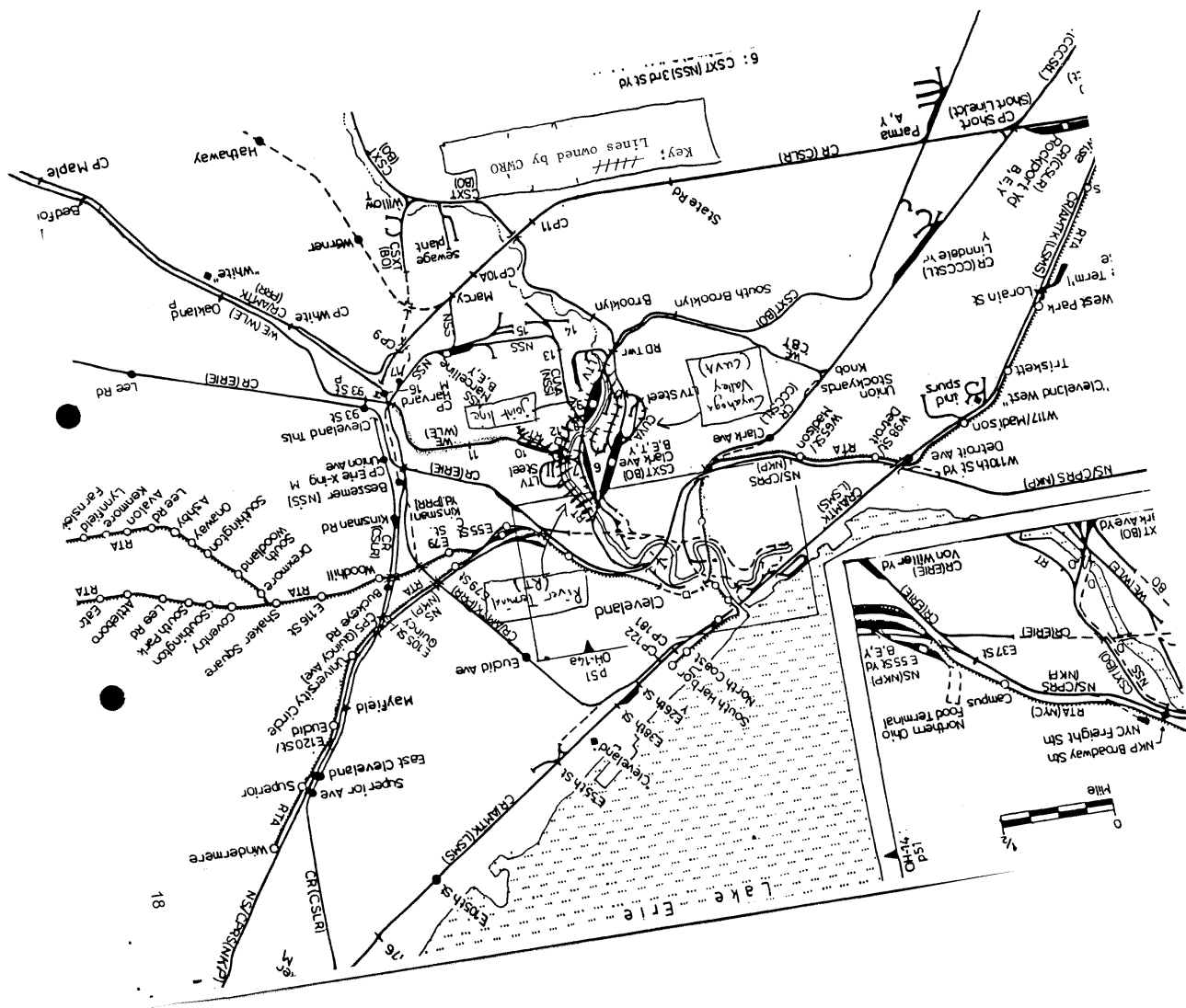
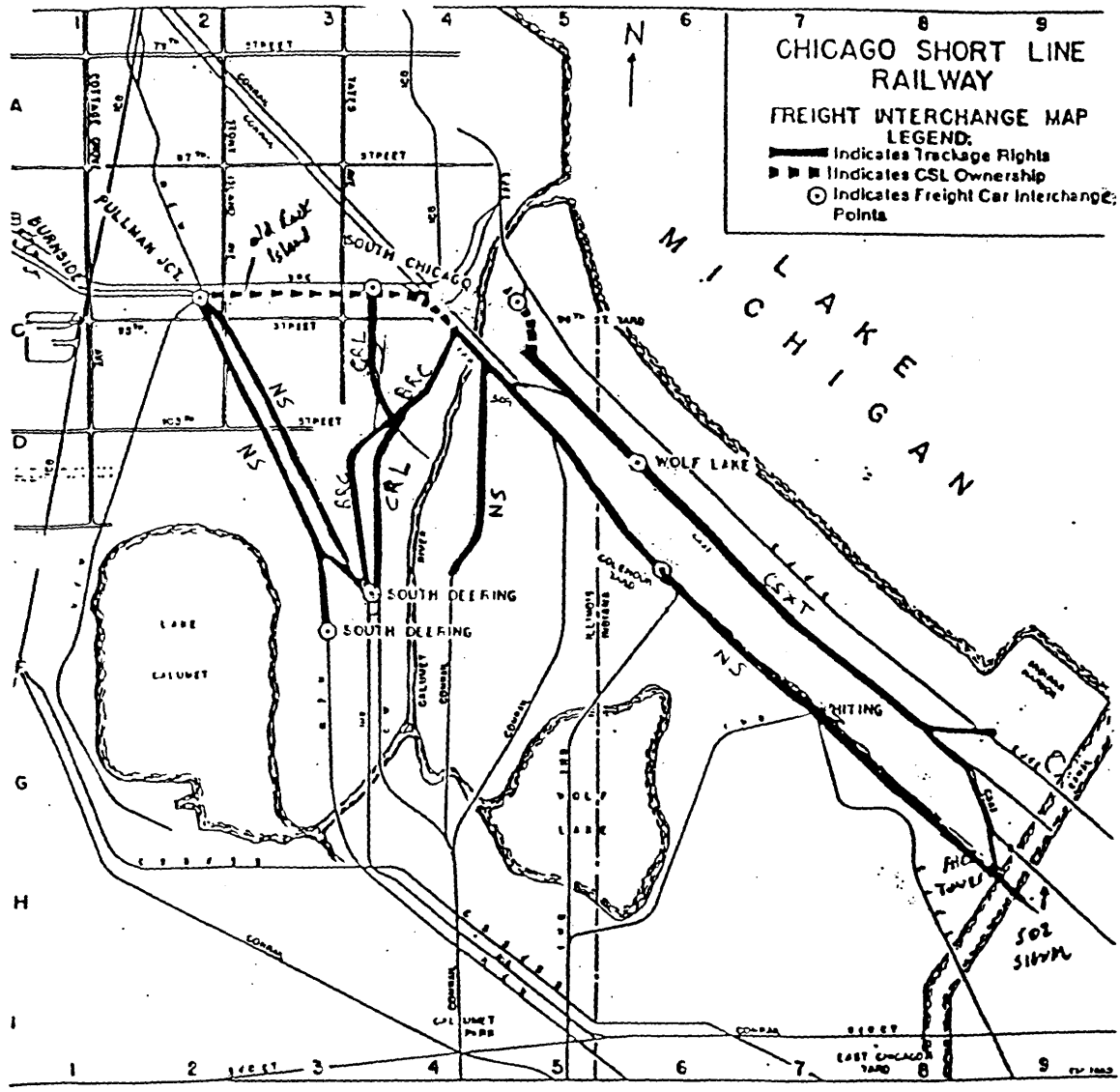


EXHIBIT B





VERIFICATION

State of Ohio)
) ss:
County of Cuyahoga)

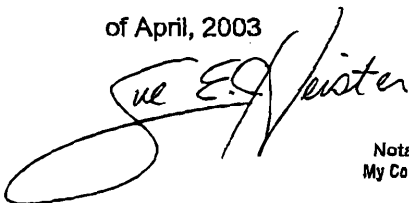
Gordon Spelich, being duly sworn, deposes and says that he is duly authorized to file this verification on behalf of International Steel Group Inc., that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.


Gordon Spelich

SUBSCRIBED AND SWORN TO

before me this 22nd day

of April, 2003



SUE E. HEISTER
Notary Public, State of Ohio
My Commission Expires 10/27/2007