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March 30, 2004

By Hand Delivery

The Honorable Roger Nober
Chairman
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

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RE: STB Finance Docket No. 34424, *Canadian National Ry. Co. and Grand Trunk Corp - Control - Duluth, Missabe and Iron Range Ry. Co, Bessemer and Lake Erie R.R. Co., and The Pittsburgh & Conneaut Dock Co.*

Dear Chairman Nober:

On behalf of Ispat Inland, Inc. ("Ispat"), the purpose of this letter is to update you on discussions between Ispat and the Canadian National Railway ("CN") with Mr. Melvin F. Clemens, Director, STB Office of Compliance and Enforcement, and the impact of those discussions on Ispat's Request for Conditions in the above-referenced merger proceeding. As you will recall from the March 3rd hearing in this proceeding, Ispat's Request for Conditions is based upon concerns that CN will refuse to compete for Ispat's traffic from the Minorca Mine, after it acquires the Duluth, Messabe & Iron Range Railway ("DMIR"). This concern is predicated upon Ispat's experience with CN's inadequate Winter season transportation of taconite pellets over the former Wisconsin Central ("WC") "Ore Division," since the time CN acquired the WC.

At your invitation, Ispat and CN met with Mr. Clemens on Tuesday, March 23, 2004 for approximately two hours. The meeting was productive with regard to CN's current service on the Winter season taconite pellet hauls over the former WC line. Ispat and CN are working towards an agreement that Ispat hopes will improve CN's Winter season performance in future years.

At the meeting, however, CN declined to discuss its service to the Minorca Mine after it acquires DMIR. CN expressed its belief that even to discuss such service could be viewed as an unauthorized exercise of control over DMIR by CN. Ispat does not understand why all discussion of CN's post-merger service levels at the Mine would constitute an unauthorized exercise of control over DMIR, since almost every rail merger has involved a settlement agreement between the applicants and either shippers or other railroads that has addressed the same type of service issues that Ispat has attempted to discuss with CN. Nevertheless, as a consequence of CN's position, Ispat's concerns over CN's proposed acquisition of DMIR remain unresolved, since CN will not discuss its post-merger service.

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Ispat thanks you for your efforts to bring the parties together in order to reach a negotiated resolution to Ispat's concerns. An agreement on the Winter season movement, otherwise, likely would not be possible. However, since CN has refused to discuss Ispat's concerns about CN's service levels over DMIR after the merger, Ispat regretfully must ask the Board to give full consideration to Ispat's Request for Condition as a necessary measure to protect Ispat from a failure by CN to compete for Ispat's Minorca Mine traffic after it acquires DMIR.

Sincerely,



Nicholas J. DiMichael

Jeffrey O. Moreno

cc: Melvin F. Clemens, *Director, STB Office of Compliance and Enforcement*
Theodore K. Kalick, Esq., *Counsel for Canadian National Ry. Co. et al.*
Paul A. Cunningham, Esq., *Counsel for Canadian National Ry. Co. et al.*
All Parties of Record