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July 20, 2007

Re: Transtar, Inc.
--Continuance in Control
--Texas & Northern Railway Company
STB Finance Docket No. 35070
Our File 5158-2



ENTERED
Office of Proceedings

JUL 23 2007

Part of
Public Record

Honorable Vernon A. Williams
Surface Transportation Board
395 E. Street, S.W.
Suite 1260
Washington, DC 20423-0001

FEDERAL EXPRESS

FEE RECEIVED

JUL 23 2007

**SURFACE
TRANSPORTATION BOARD**

Dear Secretary Williams:

We enclose for filing in the above docketed proceeding, the signed original (unbound) and ten (10) bound copies of the Notice of Exemption in connection with the proposed continuance in control by Transtar, Inc. of Texas & Northern Railway Company pursuant to 49 U.S.C. §10502(a) and the regulations at 49 C.F.R. §1180.2(d).

In accordance with the telephone authority received from your office, we are enclosing separately five (5) copies of each of the seven maps referred to in Appendices 7 and 8 of the Notice, rather than the twenty copies required by 49 C.F.R. §1180.6(a)(6).

We enclose our 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).

FILED

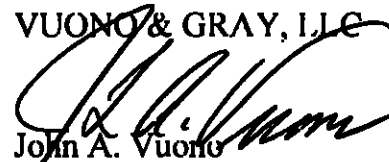
JUL 23 2007

**SURFACE
TRANSPORTATION BOARD**

Page Two
July 20, 2007

Please acknowledge receipt and filing of the enclosed on the duplicate copy of this letter of transmittal and return it to the undersigned in the self-addressed, stamped envelope provided.

Sincerely yours,

VUONO & GRAY, LLC

John A. Vuono

CW/55431

Enclosures

cc: Transtar, Inc.
Texas & Northern Railway Company
Richard J. Munsch, Esq.
A. Bradley Cramer, Esq.

ORIGINAL

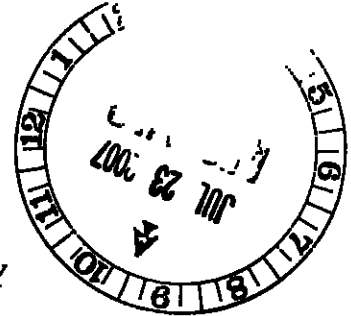
**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35070

TRANSTAR, INC.

--CONTINUANCE IN CONTROL--

TEXAS & NORTHERN RAILWAY 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)**

**ENTERED
Office of Proceedings**

JUL 23 2007

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JUL 23 2007

**SURFACE
TRANSPORTATION BOARD**

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Date: July 20, 2007

**FILED
JUL 23 2007
SURFACE
TRANSPORTATION BOARD**

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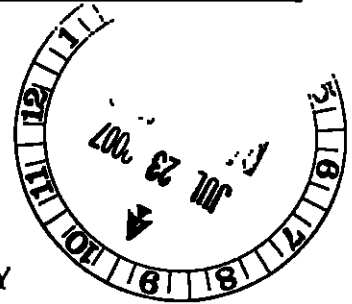
**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35070

TRANSTAR, INC.

--CONTINUANCE IN CONTROL --

TEXAS & NORTHERN RAILWAY 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, except certain Qualifying Shares¹, of Texas & Northern Railway Company ("T&NR"), 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

¹ Transtar is acquiring 99.9% of the issued and outstanding stock of T&NR, the balance of stock consisting of one (1) qualifying share held by each of two directors of T&NR as required by Texas law ("Qualifying Shares")

and outstanding stock of the following six 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
Delray Connecting Railroad Company	" " "
The Lake Terminal Railroad Company	" " "
McKeesport Connecting Railroad Company	" " "
Union Railroad Company	" " "

The common control of the Transtar Railroads by USS (formerly USX Corporation) through Transtar was the subject of the following STB exemption proceedings: *Transtar Holdings, L.P.--Corporate Family Exemption--Transtar, Inc., STB Finance Docket No. 32411*, served December 29, 1993; *USX Corporation--Control Exemption--Transtar, Inc., STB Finance Docket No. 33942*, served November 30, 2000; *United States Steel Corporation--Acquisition of Control Exemption--Delray Connecting Railroad Company, STB Finance Docket No. 34311*, served February 19, 2003; and *Transtar, Inc -Continuance in Control Exemption-Delray Connecting Railroad Company, STB Finance Docket No. 34767*, served November 1, 2005, copies of which are attached as Appendices 1 through 4, respectively.

On March 28, 2007, USS entered into an Agreement and Plan of Merger with Lone Star Technologies, Inc. ("LST") pursuant to which USS would acquire certain of the subsidiaries of LST, including Lone Star Steel Company, L.P. ("LSS").

The primary purpose of the transaction was for USS to acquire LSS which is a leading domestic manufacturer and marketer of high-quality welded “oil country tubular goods” or OCTG. The latter are steel tubular products used in the completion of and production from oil and natural gas wells. LSS is a major manufacturer and marketer of line pipe, which is used in the gathering and transmission of oil and natural gas; a leading manufacturer of specialty tubing products used in industrial, automotive, construction and agricultural applications; a marketer of OCTG and line pipe produced by other companies through exclusive marketing arrangements; and a manufacturer and supplier of hot rolled steel to the domestic market. USS anticipates that the acquisition of LST and its subsidiaries will strengthen its position as a premier producer of tubular products for the energy sector and will create North America’s largest tubular producer.

T&NR is a wholly-owned subsidiary of LSS and, as described in more detail below, provides rail services for LSS and other subsidiaries of LSS, as well as certain other shippers and receivers.

In view of the control by USS of Transtar and the resulting indirect control of the six Transtar railroads by USS, the proposed control by USS of T&NR required the filing of a Notice of Exemption.

On May 10, 2007, USS filed a Notice of Exemption with the STB in connection with its proposed acquisition of the stock of T&NR. The STB approved the exemption in *United States Steel Corporation--Acquisition of Control Exemption--Texas & Northern Railway Company*, STB Finance Docket No 35027, served May 25, 2007, a copy of which is attached as Appendix 5.

The USS and LST transaction was consummated by the parties on June 14, 2007 at which time USS assumed control of T&NR by virtue of its indirect ownership (through LST and its subsidiary LSS) of all of T&NR's issued and outstanding stock, except the Qualifying Shares.

II. PRESENT TRANSACTION

On July 13, 2007, USS entered into an agreement with Transtar pursuant to which USS will cause LSS to sell, assign, transfer and convey all of the issued and outstanding stock, except the Qualifying Shares of T&NR, to Transtar. A copy of the Agreement is attached as Appendix 6.

The Agreement specifically provides that the consummation of the transaction is conditioned upon the filing and effectiveness of this Notice of Exemption with the STB pursuant to 49 U.S.C. §10502(a) and the regulations at 49 C.F.R. §1180.2(d).

The primary purpose of the transaction is to consolidate all of the USS railroad subsidiaries under the mantle of Transtar. The business objective is to achieve the efficiencies and economies that will flow from the ownership and control of T&NR by Transtar in the same manner as with the other USS affiliated railroads.

III. GOVERNING LAW AND REGULATIONS

This transaction involves the acquisition of a Class III railroad (T&NR) by a party that is not a rail carrier but 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. “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).

2. “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)

With respect to transactions which fall within any one of the exempt categories, the regulations provide that the STB 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. REQUIRED 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) (designated by reference to appropriate Code of Federal Regulations citations) and certain other essential information:

1. Description of Proposed Transaction (49 C.F.R. §1180.6(a)(1)).

The specific terms of the transaction are set forth in the Agreement which is attached as Appendix 6. Specifically, the transaction involves the acquisition by Transtar of all of the issued and outstanding stock of T&NR, except the Qualifying Shares. On the closing date, the stock being acquired will be transferred to Transtar pursuant to

entries on the intracompany books to reflect the transfer of the net book value of T&NR from LSS to Transtar.

The effect of the transaction is that LSS (an indirect subsidiary of USS) will no longer directly own and control T&NR and Transtar (a direct subsidiary of USS) will own and control T&NR, as well as the six 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 by Transtar.

2. Names of Parties, Legal Counsel and Contact Information
(49 C.F.R. §1180.6(a)(1)(i)).

2.1 Parties.

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

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

Texas & Northern Railway Company
15660 N. Dallas Parkway, Suite 500
Dallas, TX 75248
Telephone: (972) 770-6419

2.2 Legal Counsel.

A. Bradley Cramer, Jr., Esq.
United States Steel Corporation
600 Grant Street, Room 1500
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Facsimile: 412-433-2811
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310 Grant Street
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Pittsburgh, PA 15219
Telephone: (412) 471-1800
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3. Description of T&NR.

T&NR is a Class III common carrier railroad comprising approximately 7.6 miles of main line track and 32 miles of storage track. T&NR serves the former LSS facilities at Lonestar, TX and connects with the Kansas City Southern Railway at the far north point at Veals Yard (owned by T&NR), 3 miles west of Hughes Springs, TX. Veals Yard is an interchange yard with 9 tracks of approximate length of 2,000 ft. each. From this point, the rail line extends south approximately 7.6 miles. A copy of T&NR's operating map is attached as Appendix 7.

4. List of States in which T&NR's Property is Located
(49 C.F.R. §1180.6(a)(5)).

All of T&NR's railroad tracks, operating equipment and other property are located in the State of Texas.

5. T&NR's Relationship to the Transtar Railroads

T&NR's operations are concentrated exclusively in the State of Texas. It does not connect or interchange with any of the Transtar Railroads.

The parties represent and warrant that:

- (i) T&NR does not connect with any of the Transtar railroads;
- (ii) the acquisition and continuance in control is not part of a series of anticipated transactions that would connect the T&NR with any of the railroads in the Transtar corporate family; and
- (iii) the transaction does not involve a Class I carrier.

Based on the foregoing facts and representations, 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
(49 C.F.R. §1180.6(a)(1)(iii)).

USS has made a substantial capital investment in the acquisition of LST and its subsidiaries. It is essential that the rail service presently being provided by T&NR to the facilities operated by LSS and its subsidiaries be continued at the same level and without interruption.

For a number of years, Transtar has owned and controlled the six Transtar Railroads. It has the experience and expertise to efficiently and successfully exercise ownership and control of T&NR. Upon the approval of this Notice of Exemption, USS will not directly control any other railroads.

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

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.

Based on the foregoing facts and representations, the transaction clearly meets the “Corporate Family Exemption” requirements of 49 C.F.R. §1180.2(d)(3).

7. Proposed Time Schedule for Consummation (49 C.F.R. §1180.6(a)(1)(ii)).

The parties anticipate that the transaction will be consummated promptly after this Notice of Exemption becomes effective in accordance with 49 C.F.R. §1180.4(g)(1). Accordingly, the Agreement provides that the proposed transaction will be consummated at any time after the expiration of thirty (30) days from the date of filing of this Notice of Exemption.

8. Carrier Operating Maps (49 C.F.R. §1180.6(a)(6)).

There are attached maps showing the railroad lines and certain other information for T&NR (Appendix 7) and for each of the six Transtar Railroads (Appendix 8).

9. Description of Appendices.

9.1 Appendix 1: STB Decision in *Transtar Holdings, L.P.--Corporate Family Exemption--Transtar, Inc.*, STB Finance Docket No. 32411, served December 29, 1993.

9.2 Appendix 2: STB Decision in *USX Corporation--Control Exemption--Transtar, Inc.*, STB Finance Docket No 33942, served November 30, 2000.

- 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: STB Decision in *Transtar, Inc -Continuance in Control Exemption-Delray Connecting Railroad Company*, STB Finance Docket No. 34767, served November 1, 2005.
- 9.5 Appendix 5: STB Decision in *United States Steel Corporation--Acquisition of Control Exemption--Texas & Northern Railway Company*, STB Finance Docket No. 35027, served May 25, 2007.
- 9.6 Appendix 6: Agreement dated July 13, 2007.
- 9.7 Appendix 7: T&NR's operating map.
- 9.8 Appendix 8: Transtar Railroads' six operating maps.

V. LABOR PROTECTIVE CONDITIONS

Since the Transtar Railroads include the Elgin, Joliet and Eastern Railway Company, a Class II common carrier 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 that the proposed transaction will have any impact on T&NR's employees.

VI. THE TRANSACTION MEETS THE REQUIREMENTS FOR EXEMPTION

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

1. The Nonconnecting Carrier Exemption - 49 C.F.R. §1180.2(d)(2).

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

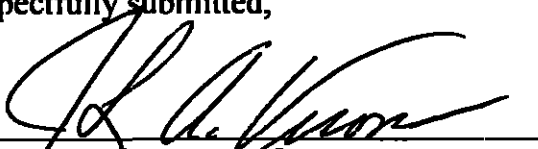
The STB's regulations are unequivocal that any transaction which meets any **one** of the exempt categories is subject to the STB's blanket finding that its prior review and approval of the transaction is not necessary to carry out the national railroad transportation policy or is of limited scope or 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.
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412-471-1800

OF COUNSEL:

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Pittsburgh, PA 15219

A. Bradley Cramer, Jr., Esq.
United States Steel Corporation
600 Grant Street
Pittsburgh, PA 15219
412-433-2952

Date: July 20, 2007

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VERIFICATION

I, John C. Pranaitis, the President of Transtar, Inc., declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am authorized to file this Verification to the Notice of Exemption on behalf of United States Steel Corporation, Transtar, Inc. and Texas & Northern Railway Company.

Signed this 17th day of JULY, 2007.



John C. Pranaitis

*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. Birlle, 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.

JD 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

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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**

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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**

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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

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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).

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36327

SERVICE DATE – NOVEMBER 1, 2005

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34767]

Transtar, Inc.—Continuance in Control Exemption—Delray Connecting Railroad Company

Transtar, Inc. (Transtar), a noncarrier, has filed a verified notice of exemption to continue in control of Delray Connecting Railroad Company (Delray), a Class III rail carrier, upon Transtar's acquiring all of Delray's issued and outstanding stock from Transtar's parent, United States Steel Corporation (USS).

The exemption became effective on October 18, 2005 (7 days after the date of filing.)¹

USS, a noncarrier, owns all of the issued and outstanding stock of Transtar, which is a noncarrier holding company. Transtar in turn owns all of the issued and outstanding stock of five common carrier railroads: Elgin, Joliet and Eastern Railway Company (Class II); Birmingham Southern Railroad Company (Class III), The Lake Terminal Railroad Company (Class III); McKeesport Connecting Railroad Company (Class III); and Union Railroad Company (Class III) (collectively, the Transtar Railroads). The common control of the Transtar Railroads by USS (formerly USX Corporation) through

¹ Transtar explains that this transaction was consummated 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 additional approval or exemption was not required.

Transtar was the subject of exemption proceedings before the agency in USX Corporation—Control Exemption—Transtar, Inc., STB Finance Docket No. 33942 (STB served Nov. 30, 2000) and Transtar Holdings, L.P.—Corporate Family Exemption—Transtar, Inc., Finance Docket No. 32411 (ICC served Dec. 29, 1993). USS acquired through stock acquisition, and assumed control of, Delray pursuant to a notice of exemption in United States Steel Corporation—Acquisition of Control Exemption—Delray Connecting Railroad Company, STB Finance Docket No. 34311 (STB served Feb. 19, 2003). Transtar now seeks to acquire all of the stock of Delray from USS to consolidate all of the USS railroad subsidiaries under the mantle of Transtar. Delray is a switching and terminal railroad that operates 15.46 miles of track, all of which are located in the downriver district of Detroit, MI.

Transtar states that: (i) the Transtar Railroads and Delray do not connect with each other or any railroads in their corporate family; (ii) the 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 railroad. Transtar also states 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. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2) and (3).

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 the transaction involves at least one Class II and one or more Class III rail carriers, the exemption is subject to 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. 34767, 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: John A. Vuono, Vuono & Gray, LLC, 2310 Grant Building, Pittsburgh, PA 15219.

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Decided: October 25, 2005.

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

Vernon A. Williams

Secretary

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38022

SERVICE DATE – MAY 25, 2007

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No 35027]

United States Steel Corporation—Acquisition of Control Exemption—Texas & Northern
Railway Company

United States Steel Corporation (USS), a noncarrier,¹ has filed a verified notice of exemption to acquire from Lone Star Technologies, Inc (LST), control of Texas & Northern Railway Company (T&NR), a Class III rail carrier, operating in Texas.

According to USS, USS and LST have entered into an agreement and plan of merger, submitted to the Board, for USS to control certain subsidiaries of LST, including Lone Star Steel Company, LP (LSS)² USS states that by this agreement with LST, USS will indirectly control T&NR and through Transtar, continue to control six common carriers

The transaction will be consummated on or about June 14, 2007

The parties represent and warrant that (1) T&NR does not connect with any of the Transtar railroads, (2) the acquisition and continuance in control is not part of a series of anticipated transactions that would connect the T&NR with any of the railroads in the

¹ USS controls Transtar Inc (Transtar), a noncarrier holding company, which owns one Class II carrier, the Elgin, Joliet, and Eastern Railway Company, and the following five Class III carriers. Birmingham Southern Railroad Company, Delray Connecting Railroad Company, The Lake Terminal Railroad Company, McKeesport Connecting Railroad Company, and Union Railroad Company

² T&NR is a wholly owned subsidiary of LSS that provides rail services for LSS and others

Transtar corporate family, and (3) 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 the transaction involves the control of one Class II and one or more Class III
carriers, the exemption is 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 35027, must be filed with the Surface Transportation Board, 395 E Street, S W ,
Washington, DC 20423-0001 In addition, a copy of all pleadings must be served on
Brian M. McShea, United States Steel Corporation, 600 Grant Street, Room 1500,
Pittsburgh, PA 15219-2800, John A Vuono. Vuono & Gray, LLC. 2310 Grant Building,
Pittsburgh, PA 15219, and Robert F Spears, Texas & Northern Railway Company, Lone
Star Technologies, Inc , 15660 N Dallas Parkway, Suite 500. Dallas, TX 75248

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"WWW STB DOT GOV "

Decided May 18, 2007

By the Board, Joseph H Dettmar, Acting Director, Office of Proceedings

Vernon A Williams

Secretary

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AGREEMENT

THIS AGREEMENT is made this 13th day of July, 2007, 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 sole owner of all of the issued and outstanding stock of Lone Star Technologies, Inc., which is the sole owner of Lone Star Steel Company Limited LLC and Lone Star Steel Company General LLC, which together own Lone Star Steel Company, LP ("LSS"), which owns 99.9% of the issued and outstanding stock (the "LSS TNR Shares") of Texas & Northern Railway Company, a Texas corporation ("TNR"), and

WHEREAS, the current TNR directors each own one share of TNR stock per applicable Texas law, and

WHEREAS, USS wishes to cause the transfer of the LSS TNR Shares to its wholly-owned subsidiary, 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 LSS TNR Shares from LSS 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** At the consummation of the transaction contemplated by this Agreement ("Closing"), USS will cause LSS to sell, assign, transfer and convey the LSS TNR Shares to Transtar. On the date the Closing occurs, there will be entries on the intracompany books to reflect the transfer of the net book value of TNR to Transtar from LSS.

(2) **Delivery of Certificate** At the Closing, USS shall cause the LSS TNR Shares to be delivered by LSS to Transtar, by a certificate duly endorsed in blank, accompanied by stock powers duly endorsed in blank or accompanied by other duly executed instruments of transfer. USS intends that the current and future Directors of the TNR will continue to own qualifying shares of TNR stock to the extent required by law.

(3) **Surface Transportation Board** A condition precedent to the Closing is the filing by Transtar with the Surface Transportation Board of the U.S. Department of Transportation a Notice of Exemption pursuant to 49 U.S.C. § 10502(a) and the regulations at 49 C.F.R. § 1180.2(d) exempting this transaction from the approval requirements of 49 U.S.C. § 11323(a)(5).

(4) **Closing** The Closing shall occur at any time after the expiration of thirty (30) days following the filing of the Notice of Exemption with the STB, provided that no party has taken any action to stay the action by the STB.

(5) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania without regard to its conflicts of law provisions

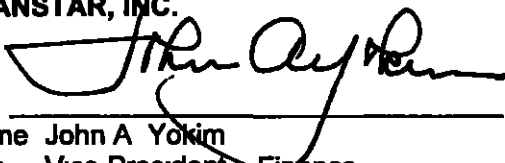
(6) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and can not be amended or modified, except in writing

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties have executed this Agreement as of the date first above written

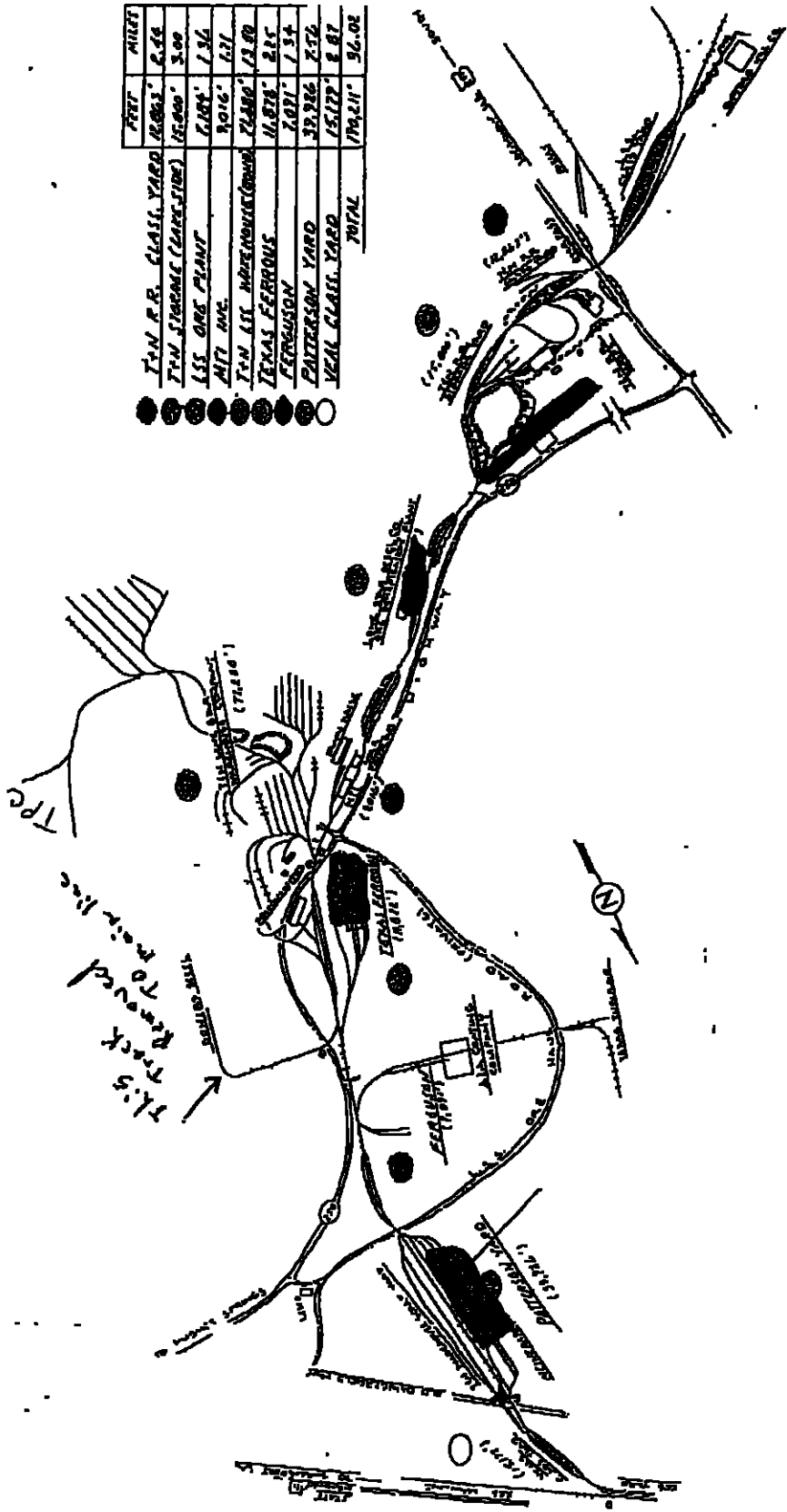
UNITED STATES STEEL CORPORATION

By 
Name Christopher J. Navetta
Title Senior Vice President – Procurement,
Logistics & Diversified Businesses

TRANSTAR, INC.

By 
Name John A. Yokim
Title Vice President – Finance,
Comptroller and Treasurer

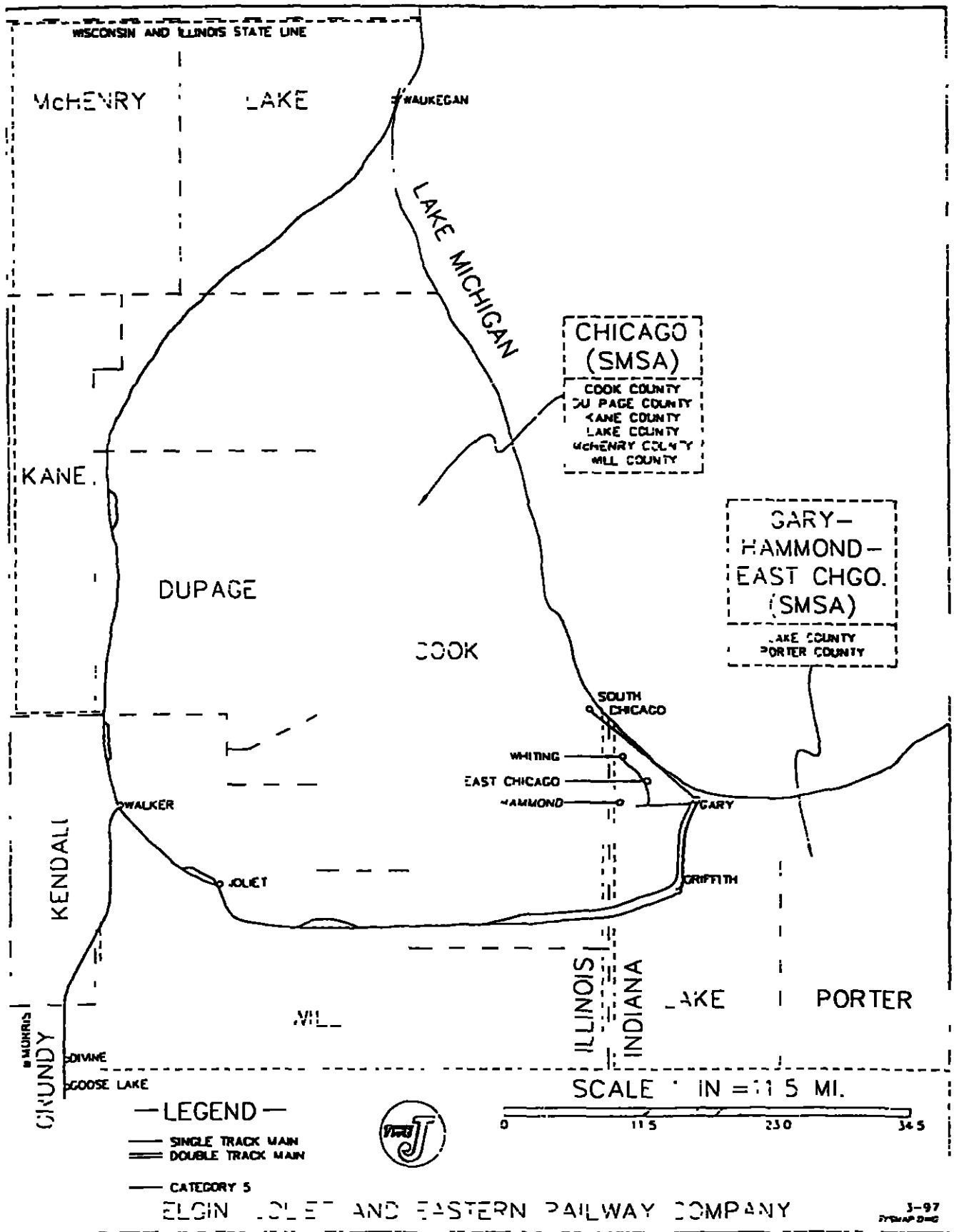
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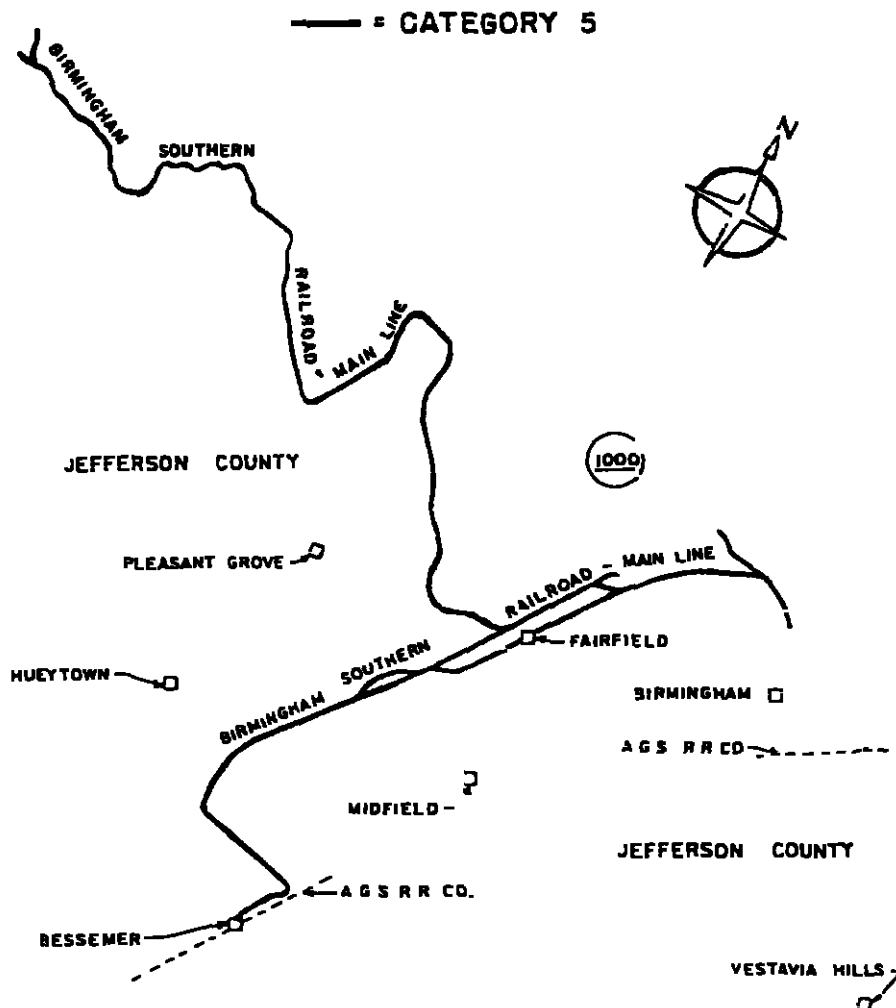


FEET	ACRES
T&N R.R. CLASS. YARD	12,000'
T&N STAGE (LATER LINE)	12,000'
ISS ONE PLANT	1,000'
MTI ONE	1,000'
T&N L&N HOTHOUSE (NEW)	1,000'
T&N L&N HOTHOUSE	1,000'
FERGUSON	1,000'
PATTERSON YARD	1,000'
Y&N CLASS. YARD	1,000'
TOTAL	12,000'

TEXAS & NORTHERN RAILWAY COMPANY

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BIRMINGHAM SOUTHERN RAILROAD COMPANY

SCALE 1" = 3 MILES

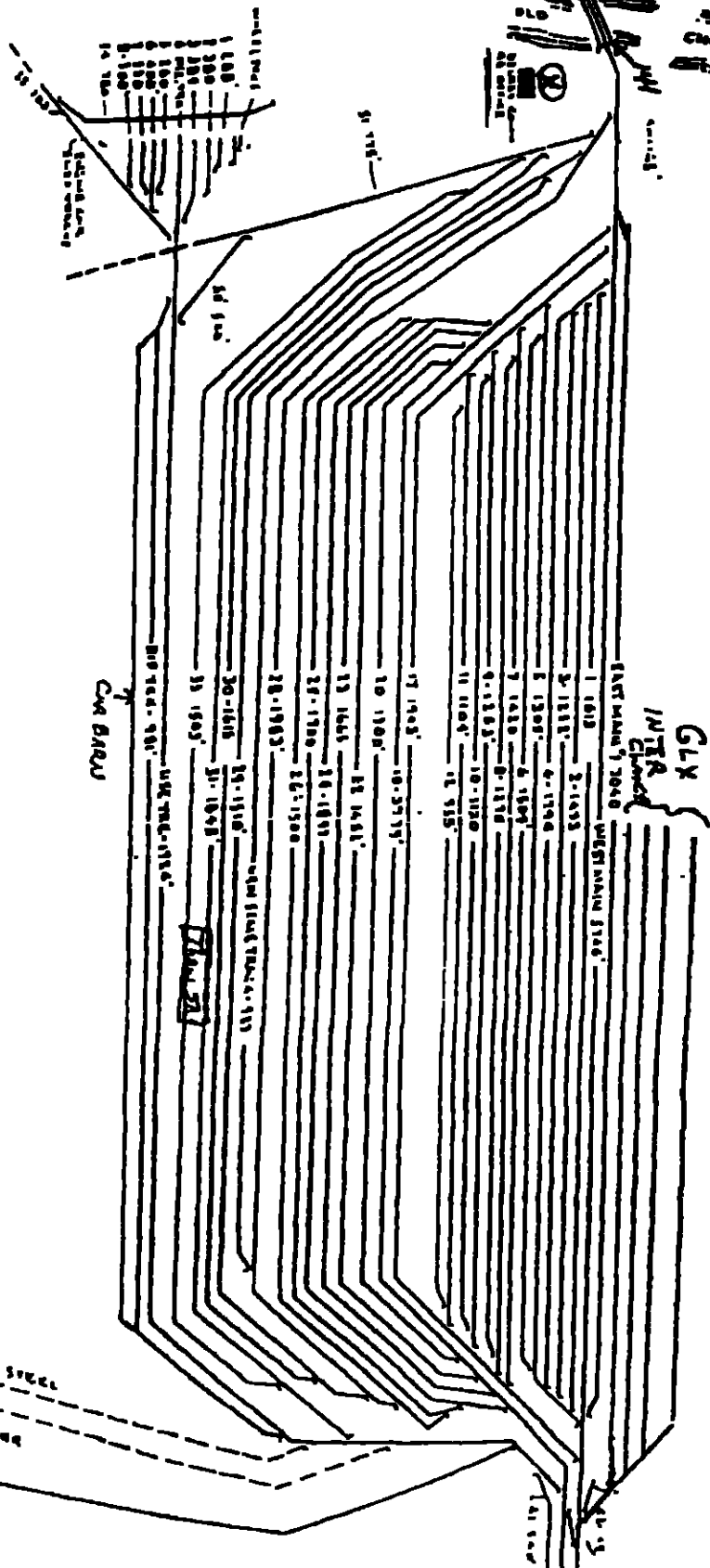
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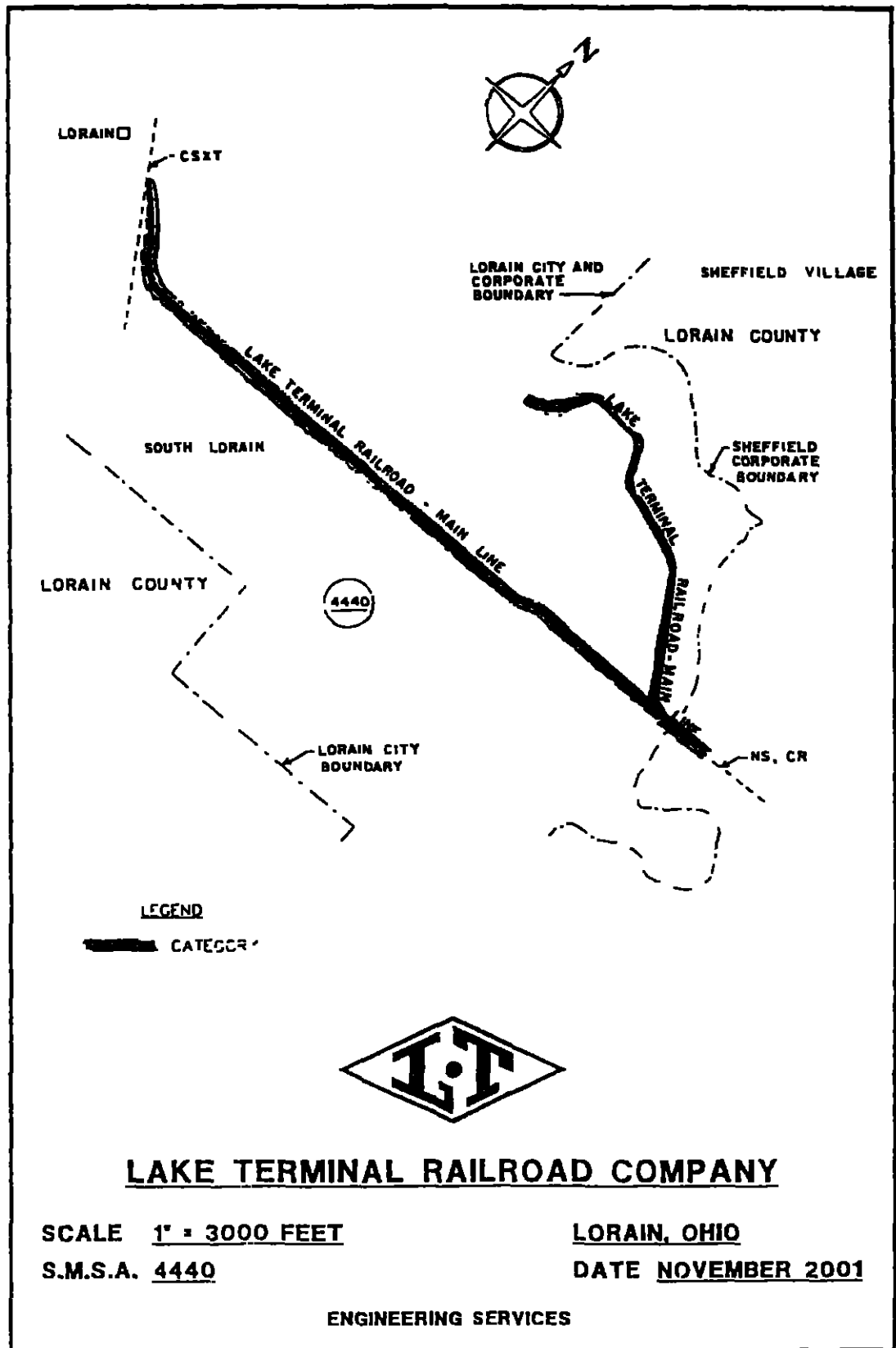
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MONROEVILLE, PA

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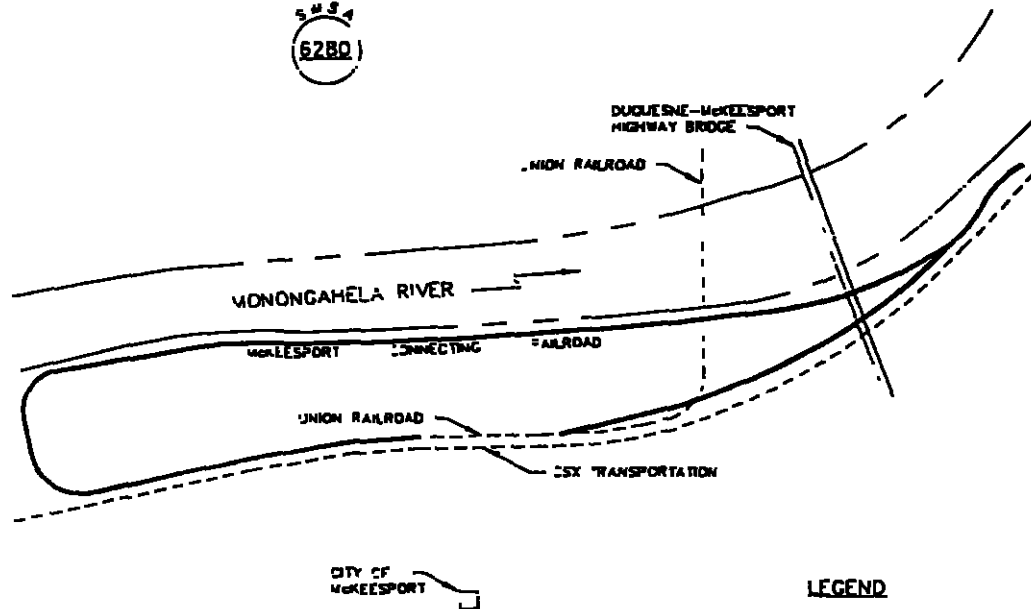
DELPAY CONNECTING PAIRROAD COMPANY





ALLEGHENY COUNTY PA

CITY OF
DUQUESNE



McKEESPORT CONNECTING RAILROAD COMPANY

SCALE 1" = 1600 FEET

S.M.S.A. 6280

MONROEVILLE, PA.

DATE MARCH 1997

ENGINEERING SERVICES

