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SERVICE DATE - FEBRUARY 19, 2003

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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).¹

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.²

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

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.

served Dec. 29, 1993).

Board decisions and notices are available on our website at

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Decided: February 12, 2003.

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

Vernon A. Williams

Secretary