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SERVICE DATE - AUGUST 8, 2007

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35070]

Transtar, Inc.—Control Exemption—Texas & Northern Railway Company

Transtar, Inc. (Transtar), a noncarrier, has filed a verified notice of exemption to control Texas & Northern Railway Company (T&NR), a Class III rail carrier, as a result of Transtar's acquisition of all of T&NR's issued and outstanding stock (except certain qualifying shares)¹ from a subsidiary of Transtar's parent, United States Steel Corporation (USS).

The transaction will be consummated on or after August 22, 2007.

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 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 (collectively, the Transtar Railroads). USS acquired control of T&NR pursuant to a notice of exemption in United States Steel Corporation—Acquisition of Control Exemption—Texas & Northern

¹ Transtar will acquire 99.9% of the issued and outstanding stock of T&NR, with the balance of the stock, one qualifying share held by each of two directors of T&NR, as required by Texas law.

Railway Company, STB Finance Docket No. 35027 (STB served May 25, 2007).²

Transtar now seeks to acquire control of T&NR to consolidate all of the USS railroad subsidiaries under the mantle of Transtar. T&NR operates approximately 7.6 miles of main line track in Texas, extending from the former Lone Star Steel Company, LP facility at Lonestar, TX, and connecting with The Kansas City Southern Railway Company at the far north point of the Veals Yard. T&NR owns the Veals Yard and 32 miles of storage track. USS will cause its indirect subsidiary, LSS, to convey all of the issued and outstanding stock of T&NR, except the qualifying shares, to Transtar.

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

² 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, LP (LSS). T&NR is a wholly owned subsidiary of LSS. The USS and LST transaction was consummated on June 14, 2007.

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 interest 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. Petition 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. Any petition to revoke must be filed on or before August 15, 2007 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35070, 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 A. Bradley Cramer, Jr., United States Steel Corporation, 600 Grant Street, Room 1500, Pittsburgh, PA 15219-2800; and John A. Vuono, Vuono & Gray, LLC, 310 Grant Street, Suite 2310, Pittsburgh, PA 15219.

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

Decided: August 1, 2007.

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

Vernon A. Williams

Secretary