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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET No. 34342

KANSAS CITY SOUTHERN — CONTROL — THE KANSAS CITY SOUTHERN RY. CO. ET AL



ENTERED **REPLY TO PETITION TO ESTABLISH PROCEDURAL SCHEDULE**
Office of Proceedings

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BY

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Public Record

E. I. DUPONT DE NEMOURS AND COMPANY

E.I. du Pont de Nemours and Company ("DuPont"), pursuant to 49 C.F.R. § 1104.13(a), submits this reply to the Petition to Establish Procedural Schedule filed on May 14, 2003. On that date, Kansas City Southern ("KCS") filed an application with the Board for approval under 49 U.S.C.A. §§ 11323 – 11325 of its proposed acquisition of control of The Texas Mexican Ry. Co. ("Tex Mex"). Simultaneously with the application, the Applicants submitted a petition to establish a procedural schedule for consideration of the application. In essence, the Applicants proposed that the Board accept the application within 30 days, and that comments on the application be submitted about 30 days later, or by July 14, 2003.

On May 27, Union Pacific Railroad Company ("UP") filed a reply to the Applicants' petition to establish procedural schedule. UP raised in its p leading concerns about the impact of a transaction concurrent with the transaction involved in this proceeding whereby KCS will acquire control of TFM, S.A. de C.V. ("TFM"). TFM is a major rail carrier operating entirely within Mexico that operates important lines to and from the international border crossing between Laredo, TX and Nuevo Laredo, Mexico.

Both UP and Tex Mex operate rail lines that reach the Laredo border crossing within the United States.¹

UP requested the Board to modify the procedural schedule proposed by Applicants in two respects: (1) by requiring the Applicants to supplement their application to address the implications of the proposed inclusion of the TFM system in the KCS system, which will be renamed "NAFTA Rail"; and (2) by adjusting the procedural schedule (whether or not the Applicants are required to supplement the application) to allow about three more weeks for comments to be submitted.²

DuPont is a \$26 billion diversified chemical and life sciences corporation with over 200 manufacturing sites and almost 80,000 employees worldwide. Rail transportation is critical to DuPont's domestic and export business, and is for many of our chemical products the only safe and practical mode of transportation. Each year, DuPont and its affiliates ship in excess of 70,000 rail shipments, representing over \$185 million in railroad freight revenue, in a private fleet of over 6,000 rail cars. More importantly, these shipments are the fundamental basis of DuPont's diverse global supply chains, and directly produce \$5.5 billion of North American sales and exports. 75% of this has no other transportation alternative, either because of safety considerations or sheer volume. DuPont has a significant interest in the growing trade between the U.S. and Mexico that has developed since the adoption of the North American Free Trade Agreement.

DuPont has six major manufacturing sites in Mexico. In addition, DuPont's cross-border rail traffic includes vendor shipments both to DuPont Mexico and to plants

¹ Burlington Northern and Santa Fe Ry. Co. ("BNSF") also serves the Laredo crossing by interchanging with Tex Mex at Robstown, Texas, near Corpus Christi, Texas.

in the U.S., as well as DuPont direct sales shipments to Mexican and U.S. customers. Laredo is the primary border crossing for DuPont rail shipments. Rail shipments include hazardous and non-hazardous commodities moving both southbound and northbound. At Laredo, both UP and Tex Mex handle cross-border DuPont shipments from and to TFM. Laredo cross-border rail volumes are expected to see double-digit annual percentage increases for the next five years.

DuPont believes that the reply by UP to the applicants' petition raises important issues regarding the vital Laredo gateway and the effect the proposed transaction before the Board, and the related transaction awaiting approval by Mexican authorities, will have on the flow of traffic through that gateway. For this reason, DuPont supports the request by UP for the Board to require Applicants to provide supplemental information regarding the effect on the Laredo gateway of the related transaction whereby KCS will acquire control of the Mexican carrier TFM, and to adjust the procedural schedule proposed by Applicants to allow the necessary consideration of this issue.

Respectfully submitted,

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² There would be an additional extension to take into account any time allowed for KCS to provide any supplemental information required by the Board.

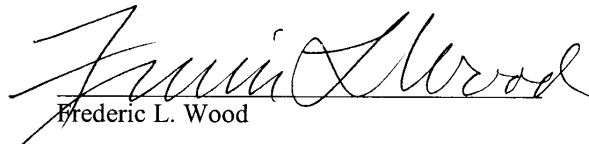
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Dated: June 2, 2003

CERTIFICATE OF SERVICE

I hereby certify that I have this 2nd day of June, 2003, served a copy of the foregoing Reply upon all parties of record, via first-class mail, in accordance with the Rules of Practice.


Frederic L. Wood