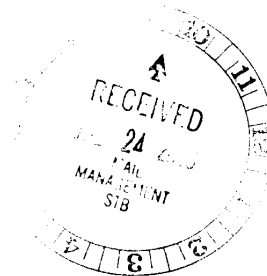


208503

COASTAL



**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB Finance Docket No. 34342

**Kansas City Southern-- Control--The Kansas City Southern Railway Company,
Gateway Eastern Railway Company, and The Texas MExican railway Company,
Stb Finance Docket No. 34342 ("KCS-Tex Mex")**

Statement of Support

**William Loocke
Coastal Warehouse, Ltd.
Wharton, Texas**

ENTERED
Office of Proceedings

JUL 24 2003

Part of
Public Record

Coastal Warehouse, Ltd. ("Coastal") strongly supports of the merger of the Kansas City and the Texas Mexican Railway ("Tex Mex"). Coastal therefore requests that the Surface Transportation Board approve the merger.

Coastal owns and operates a large grain elevator in Wharton, Texas, in the middle of Wharton County located on the Victoria-Rosenberg Line right-a-way currently owned by the Tex Mex. Wharton County is one of the most productive counties in Texas in rice, milo, corn, soybeans and cotton. Transportation of these products by rail is by far the most efficient, economical and preferable method of transporting them. Coastal was one of the principal users of rail service via the SP Victoria-Rosenberg Line and the BNSF Cane Belt Branch Line, and in fact was the last user of rail service in Wharton County before service was discontinued by SP and the operator of the Cane Belt Branch line. Coastal has shipped agricultural products by rail since 1956, shipping as many as 1600 hoppers cars in single year.

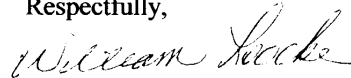
Coastal's use of the Victoria-Rosenberg Line was discontinued after the Southern Pacific imposed a \$500 per car surcharge on shipments, but we continued shipping by rail via the Cane Belt Branch until the operator of that line discontinued operations in 1999. Continued rail service was so important to us, however, that we were willing to guarantee substantial annual

movements, and in fact shipped and received over 650 hopper cars in 1996 over the Cane Belt Branch.

Not only Coastal but all agricultural producers in our area have a tremendous need for rail service. Particularly during peak harvest time, trucks are in short supply. Also, the number of major export elevators in Houston has declined in recent years, increasing the need of agricultural shippers to move their products by rail to more distant markets. Furthermore, area elevators cannot store most of the production in a normal year, much less the production in an above normal year. Rail service is particularly essential to give agricultural shippers in our area effective access to the rapidly growing Mexican market, which we believe has enormous growth potential for the U.S. producers under NAFTA.

We are convinced that KSC-Tex Mex is committed to timely rebuilding of the Victoria-Rosenberg Line right-a-way not only as a more efficient NAFTA through route but also to provide and promote local service to shippers on the line. Coastal therefore fully supports KCS to acquire the Tex Mex.

Respectfully,



William Looke
Controller and Partner
Coastal Warehouse, Ltd.

cc: Glen Ebling, KCS Asst. Vice President Industrial Development
Cecil Davis, Gulf Coast Rural Rail District
Fedex