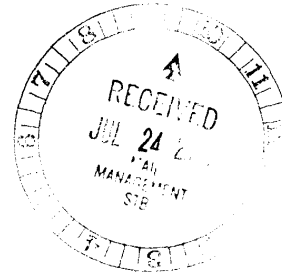




Unimin Corporation
258 Elm Street, New Canaan, CT 06840
Phone: 203-966-8880 Telex: 99-6355
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July 23, 2003

Via Federal Express
Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

ENTERED
Office of Proceedings
JUL 24 2003
Part of
Public Record

Re: Finance Docket No. 34342

Dear Secretary Williams:

Enclosed please find the comments of Unimin Corporation concerning the proposed acquisition by Kansas City Southern of Transportaci3n Ferroviaria Mexicana. Specifically, I enclose:

1. One signed original of my three-page comment letter.
2. Ten photocopies of that three-page comment letter.
3. A disk containing that three-page comment letter in Microsoft Word 2000 format.

Very truly yours,

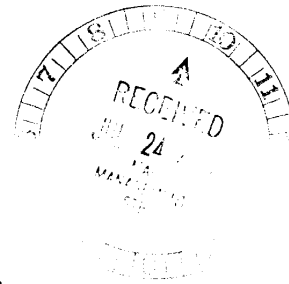
UNIMIN CORPORATION

Louis R. Mastandrea
Vice President/Distribution

Enclosures



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Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

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Re: Finance Docket No. 34342

Dear Secretary Williams:

I am Vice President/Distribution of Unimin Corporation. Unimin is one of the nation's largest suppliers of industrial minerals. We mine industrial minerals from over forty locations in the United States. Our products include, among other things, a wide variety of industrial sand, ball clay, feldspar, kaolin, high purity quartz, olivine, bentonite and dolomite. I am writing because we are concerned that Kansas City Southern's (KCS") proposed acquisition of Transportaci3n Ferroviaria Mexicana ("TFM") could raise the cost of shipping industrial minerals to Mexico, which in turn would adversely affect Unimin's business.

Ball Clay

Ball clay is used to make ceramic tile and sanitaryware (toilets, sinks, tubs, etc.). Much of North America's production of ceramic tile and sanitaryware used to be in the Midwestern United States. Over the last 10 years or so, many manufacturers have moved these operations to Mexico, especially the Monterrey area.

Unimin produces ball clay at Gleason, Tennessee, as do three competitors, K-T Clay Corporation, Old Hickory Clay Company, and H.C. Spinks Clay Company. All four Gleason, Tennessee producers are on the CSX line. That line connects to various other carriers, including KCS. In addition, Unimin produces ball clay at Troup, Texas; our plant there is on the Union Pacific ("UP") line.

Our Troup, Texas plant has a transportation advantage over the Tennessee producers for shipments into Mexico by reason of its relative proximity. Accordingly, in 2002, approximately 59 percent of the Troup plant's revenues were from sales to customers in Mexico. About 47 percent of the Troup plant's revenues are from sales to a single customer –

Glass Sands • Frac Sands • Foundry Sands • Foundry Customix • Ground Silica • Feldspar • Nepheline Syenite
High Purity Quartz • Microcrystalline Silica • Dolomite • Olivine • Southern Bentonite • Specialty Sands

Dal-Tile in Monterrey. Our customers in Mexico purchase f.o.b. our plant and arrange their own freight. Freight costs for customers in the Monterrey area are almost as much as the cost of the ball clay itself. Truck transportation is not a viable option for these customers, because it is approximately twice as expensive as rail.

Ball clay from the Gleason, Tennessee area is still an excellent substitute for ball clay from our Troup, Texas plant, however. The Tennessee deposits are of a higher quality, and the Tennessee producers enjoy certain efficiencies that allow them to sell at a lower price. Accordingly, a very small change in delivered prices (about half of which are freight) would induce Dal-Tile and other Mexican customers to switch their purchases from our Troup plant to one of the Tennessee plants.

Shipments from our Troup plant to the Monterrey area travel on the UP to Laredo, Texas, and then to Monterrey on the TFM. This is a well-traveled route with consistent service, particularly because UP has invested heavily in the infrastructure at Laredo.

Until now, TFM has had no reason to favor ball clay shipments that originate in Tennessee over shipments that originate in Texas, or vice versa. Following the proposed transaction, TFM will have reason to favor KCS, because they will be under common ownership. If the combined entity raises the price of transporting Unimin's Troup, Texas ball clay from Laredo to Monterrey or uses its control over the Laredo Bridge to make UP's service slower or less predictable, Mexican tile and sanitaryware producers may shift to the Tennessee producers. This will benefit KCS because KCS can carry Gleason, Tennessee ball clay from New Orleans, Louisiana (where CSX connects to KCS) to Laredo. Similarly, TFM and KCS could offer preferential traffic packages to Tennessee customers to enable KCS to carry Gleason, Tennessee ball clay from New Orleans to Laredo.

If Dal-Tile, which is by far the Troup plant's largest customer, were to shift to another supplier, the Troup plant likely would not be viable, and twenty-six Unimin jobs in Troup, Texas would be lost. If this were to happen, TFM would still be shipping the same volume of ball clay into Mexico, but KCS would be shipping more than it currently ships.

We note that UP could carry ball clay from Troup to Eagle Pass, and connect to Ferrocarril Mexicano ("FXE"), which could then haul it to the Monterrey area. However, this FXE routing has several significant disadvantages. First, it is more circuitous, which means that shipments will take longer and cost more. Second, shipments from the United States move much more quickly through Laredo than through Eagle Pass (or Brownsville, for that matter) because there has been much more investment at Laredo. In this business, time is money, and slower service is a significant disadvantage. Similarly, because ball clay moves in carloads instead of unit trains, the less frequent service on the Eagle Pass-FXE route is also a disadvantage. Since the Eagle Pass-FXE route is used much less intensively than the

Laredo Bridge, it takes longer on the FXE routing to assemble a trainload of empty cars to return from Mexico to the United States, thus further slowing the cycle time and increasing costs.

Fracturing Sand

Fracturing sand, sometimes known as frac sand, is a type of industrial sand. Fracturing sand is used in secondary recovery for oil and gas wells. Unimin is the largest supplier of fracturing sand in the United States. About 10 percent of the fracturing sand revenues at Unimin's principal fracturing sand plants, located in Kasota and Ottawa, Minnesota, is for shipments to Mexico. Those plants are on the UP. Unimin's main competitor in this area, Badger Mining Corporation in Taylor, Wisconsin, is served by the Canadian National ("CN"), which now owns the former Illinois Central, from which it connects to KCS. The CN and KCS are parties to a marketing agreement.

Again, the entity created by the proposed transaction could discriminate against shipments of Unimin products on the UP, which could shift purchases to Unimin's major competitor that utilizes KCS.

Protecting Competition

We respectfully request that the Board impose detailed conditions of neutrality and non-discrimination in order to preserve competition among rail carriers and to enable Unimin to compete fairly for sales to Mexican customers. The Laredo Bridge cannot be duplicated by competitors, and the other rail crossings from Texas into Mexico are far inferior to it. This Board should not allow control of the Laredo Bridge to confer a competitive advantage on the combined KCS-TFM.

Unimin does not oppose the proposed transaction as long as the Board imposes conditions that will protect competition among KCS, UP, and other carriers. Specifically, the Board should insure that (i) the Laredo Bridge will not be used to discriminate against UP traffic, and (ii) TFM will not discriminate against connecting traffic from carriers other than KCS. This non-discrimination obligation must apply to both price and service to be effective. Indeed, unless the Board makes sure that all aspects of service are covered – including transit times, switching service, and car supply – its remedy will be ineffective.

I, Louis R. Mastandrea, declare under penalty of perjury that the foregoing is true and correct. I further certify that I am qualified and authorized to file this verified statement.

Executed on July 23rd, 2003.



Louis R. Mastandrea
Vice President/Distribution