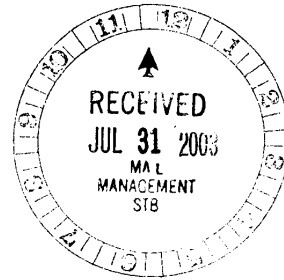


MeadWestvaco Corporation
1011 Boulder Springs Drive
Richmond, VA 23225
tel 804 327 7900

208565

MeadWestvaco

July 22, 2003



The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

ENTERED
Office of Proceedings
JUL 31 2003
Part of
Public Record

Dear Mr. Secretary;

MeadWestvaco respectfully requests the opportunity to address the Surface Transportation Board at the public hearing scheduled for Thursday, July 31, 2003, concerning the Kansas City Southern acquisition of the Tex Mex and TFM railroads. Representing the MeadWestvaco Corporation will be:

Mr. Chris Osen
Vice President of Logistics
MeadWestvaco Corporation
1011 Boulder Springs Drive
Richmond, VA 23225

Mr. Osen will need approximately 10 minutes to deliver comments.

We greatly appreciate your consideration and will follow up on receipt and confirmation of this request.

Sincerely,

William C. Wiggins
Director, Transportation
MeadWestvaco Corporation

cc: clo
sdf

MeadWestvaco Corporation
1011 Boulder Springs Drive
Richmond, VA 23225
tel 804 327 7900

MeadWestvaco

July 31, 2003

The Honorable Roger Nober
Chairman
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Subject: Comments on the Kansas City Southern proposed acquisition of controlling stock ownership in the Texas Mexican Railway Company and the TFM in Mexico, creating the NAFTA Rail

Dear Mr. Chairman;

Thank you for the opportunity to address the Surface Transportation Board and share comments on the Kansas City Southern Railroad (KCSR) proposed acquisition of controlling stock ownership in the Texas Mexican Railway Company (Tex-Mex) and the TFM in Mexico, creating the NAFTA Rail. Before I comment on MeadWestvaco's position on the proposed acquisition, I would like to introduce myself and share some information about the company I represent, the MeadWestvaco Corporation.

My name is Chris Osen and I hold the position of Vice President of Corporate Logistics for the MeadWestvaco Corporation. The MeadWestvaco Corporation is a leading global producer of packaging, coated and specialty papers, consumer and office products, and specialty chemicals. MeadWestvaco has offices and facilities in 29 countries servicing a customer base that spans 100 countries. MeadWestvaco also is the fourth largest private land owner in the United States and employs nearly 30,000 worldwide. MeadWestvaco has annual sales of over \$7.5 billion and an annual transportation spend of nearly \$750 million with rail making up a significant portion of the transportation spend. I hope this information gives you a better understanding of the company I represent and will help put the following comments in perspective.

To better organize these comments, I have grouped them under the following three topics:

- I. Competition
- II. Service
- III. Confidentiality

I. Competition

The rail carriers currently servicing boarder moves between the U.S. and Mexico are Burlington Northern Santa Fe Railroad (BNSF), Union Pacific Railroad (UP), and Texas Mexican Railway (Tex-Mex). Both the BNSF and KCSR use the Tex-Mex as access through Laredo into Mexico with the UP having direct access through Laredo into Mexico. From a MeadWestvaco perspective, we do not see this acquisition reducing the competition but rather strengthening the competition by turning the current Tex-Mex from a 157 mile small customer base railroad to a larger more strategic railroad with direct access through Laredo into Mexico. Overall, competition into Mexico would increase allowing three Class I railroads to access points directly into Mexico where currently it is predominately two.

The KCSR currently services MeadWestvaco facilities in Evadale, TX and DeRidder, LA. Past experience with the KCSR has resulted in competitive rates on both direct and joint line moves for MeadWestvaco. Without the presence of the KCSR, MeadWestvaco would experience higher rail transportation costs in these lanes. Based on our positive working relationship and the competitive pricing of the KCSR, we feel that the KCSR will continue to create an environment that ensures competitive options for all shippers going forward under the NAFTA Rail

Allowing the KCSR to expand under the NAFTA Rail will also help ensure the stability of another Class I railroad, currently the KCSR, in North America and sustain competitiveness. Without this sustainability, we could see fewer class I railroads in North America in the future hence jeopardizing competitive rates and service we currently experience from all railroads.

II. Service

Currently for KCSR to move shipments into Mexico, three independent railroad companies must interact. In this environment, inefficiencies are experienced through the multiple operating systems, customer service interfaces and redundant overhead. Under the proposed NAFTA Rail, many of these inefficiencies will turn into efficiencies through a common operating platform that integrates operating systems and customer service, allowing for a common customer access while maintaining the unique cultures of each legacy company. Under NAFTA Rail, we expect increase investments in Tex-Mex and TFM positively impacting the infrastructure and reliability. This will also allow for a more seamless service from the U.S. heartland to Southern Mexico as well as the joint line service provided to other Class I rail carriers.

For shippers like MeadWestvaco, the enhanced services and efficiencies create through the proposed NAFTA Rail will potentially open new markets in Mexico and provide

value added alternatives in transportation service to these markets. We also think this will be a positive step for the whole transportation infrastructure in this region.

III. Confidentiality

Under the current structure of the railroads, confidentiality in rates and service are not compromised and railroads that use the Tex-Mex and/or the TFM competing for the same traffic on joint line moves are kept confidential from other Class I railroads. There are concerns that under NAFTA Rail, if traffic servicing the same location is quoted over multiple Class I railroads, the NAFTA, formerly KCSR, will have potential access to confidential commercial information about a shipper's move through other Class I joint moves on the Tex-Mex and/or TFM.

We believe there are mechanisms in place to ensure confidentiality for those Class I railroads that would use the NAFTA Rail. These mechanisms may be through contracts, transportation association recommendations, or regulatory agencies, such as the Surface Transportation Board.

Given these alternatives, combined with the historical relationship MeadWestvaco has had with the KCSR, we believe the NAFTA Rail will continue to conduct business in a respectable and responsible way to ensure integrity with respect to confidentiality.

Summary

In summary, we feel this transaction will strengthen and preserve competition and provide efficient service under an umbrella of confidentiality. Given the positive opportunities for both the rail industry and the shippers serviced by the rail industry, MeadWestvaco endorses the KCSR acquisition of the Tex-Mex and TFM creating NAFTA Rail.

Respectfully submitted

Chris Osen

VP Logistics
MeadWestvaco Corporation

cc: sdf
wcw