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September 23, 2003

BY HAND

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

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SEP 2 2003

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Re: *Kansas City Southern—The Kansas City Southern Ry. Co., Gateway Eastern Ry. Co., and The Texas Mexican Ry. Co., Finance Docket No. 34342*

Dear Secretary Williams:

I am writing on behalf of TFM, S.A. de C.V. ("TFM") to respond to the letter submitted on September 22, 2003 by William A. Mullins, counsel for Kansas City Southern ("KCS") regarding concerns expressed by KCS to TFM that its repurchase of shares of Mexrail, Inc. may violate covenants in TFM's loan agreements. Mr. Jacinto Marina, Chief Financial Officer of TFM, responded to those concerns in a letter dated September 22, 2003, stating that TFM is in compliance with its debt covenants and believes that "the repurchase of the Mexrail Shares will not cause any default of event of default under the TFM Indentures or the TFM Facilities." A copy of that letter is attached.

Sincerely,



Richard A. Allen

cc: (w/encl.)
Chairman Roger Nober
William C. Sippel, Esq.
William A. Mullins, Esq.
All parties of record in Finance Docket 34342





**TRANSPORTACION
FERROVIARIA
MEXICANA**

Ronald G. Russ
Executive Vice President and Chief Financial Officer
Kansas City Southern
Cathedral Square
427 West 12th Street
Kansas City, Missouri 64105

September 22, 2003

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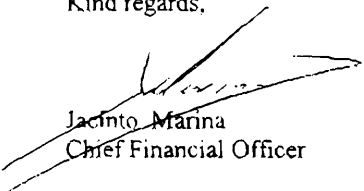
Dear Ron,

In your letters of September 4, 8, 9 and 18, 2003, you have raised the question as to whether the repurchase by TFM of the shares of Mexrail, Inc. ("Mexrail") is in compliance with certain debt instruments entered into by TFM.

TFM, S.A. de C.V. ("TFM") is in compliance with all the covenants, including financial ratios, in the indentures (the "TFM Indentures") pursuant to which TFM issued its 10.25% Senior Notes due 2007, its 11.75% Senior Discount Debentures due 2009 and its 12.5% Senior Notes due 2012, as well as all of the covenants in TFM's existing term loan and revolving credit facilities and its commercial paper program (collectively, the "TFM Facilities").

We believe that the repurchase of the Mexrail Shares will not cause any default or event of default under the TFM Indentures or the TFM Facilities.

Kind regards,


Jacinto Marina
Chief Financial Officer

cc. Lic. Mario Mohar Ponce

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