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November 3, 2003



BY HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

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Office of Proceedings

NOV - 3 2003

Part of
Public Record

Re: *Kansas City Southern - Control - The Kansas City Southern Railway Company, Gateway Eastern Railway Company, And The Texas Mexican Railway Company; Finance Docket No. 34342*

Dear Secretary Williams:

By decision served October 8, 2003, the Surface Transportation Board ("STB" or "Board") suspended the procedural schedule that the Board had adopted in Decision No. 2 (served June 9, 2003, and published at 68 FR 35474 on June 13, 2003), pending a resolution of the uncertainties that surround the efforts of Kansas City Southern ("KCS") to acquire control of The Texas Mexican Railway Company ("Tex Mex"). To keep the Board and interested parties informed respecting KCS's efforts to resolve the uncertainties, the Board directed KCS to "file a status report detailing new developments (if any) on the first business day of November 2003, and then as events warrant, but in no event later than the first business day of every third month thereafter." KCS hereby writes to inform the Board and interested parties of the status of KCS's efforts to acquire control of Tex Mex.

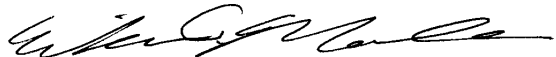
On September 30, 2003, TFM, S.A. de C.V. ("TFM") repurchased the shares of Mexrail¹ that KCS had previously purchased and had placed in an independent voting trust pending regulatory approval of KCS's plan to acquire control of Tex Mex. At the time of the repurchase, it appeared that TFM's repurchase would merely be restoring the pre-transaction status quo, as TFM was the 100% owner of Mexrail prior to KCS's purchase of 51% of the Mexrail shares and placement of those shares into the trust. KCS understands that as of September 30, 2003, TFM

¹ Mexrail is the parent company of Tex Mex and it was through the purchase of the Mexrail shares that KCS planned to acquire control over Tex Mex.

was in violation of its debt covenants and has received waivers of those covenants from certain financial institutions. It can not be determined at this time whether or not the repurchase of the Mexrail shares by TFM was the catalyst that put TFM in violation of its debt covenants. KCS has very serious concerns about these developments and what this may mean with respect to TFM's management of the Tex Mex financial situation.

Due to concerns with respect to the Tex Mex financial situation, Grupo TFM S.A. de C.V. (TFM's direct parent) has approached KCS to discuss the sale of Tex Mex to KCS, which if consummated would place KCS in control of the Tex Mex. KCS is considering this option. However, KCS cannot yet suggest that the Board should lift its suspension of the procedural schedule and proceed to a decision on the merits.

Sincerely,

A handwritten signature in black ink, appearing to read 'William A. Mullins', with a stylized flourish at the end.

William A. Mullins

cc: Parties of Record