

0-
210780

BAKER & MILLER PLLC

ATTORNEYS and COUNSELLORS

2401 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20037

TELEPHONE: (202) 663-7820
FACSIMILE: (202) 663-7849

William A. Mullins

wmullins@bakerandmiller.com

Direct Dial: (202) 663-7823

ENTERED
Office of Proceedings

MAY 03 2004

May 3, 2004

Part of
Public Record

BY HAND DELIVERY

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



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*
Fourth Status Report

Dear Secretary Williams:

Kansas City Southern ("KCS") files this Fourth Status Report consistent with the Surface Transportation Board's ("STB") decision served October 8, 2003 ("Decision No. 10") to keep the Board and interested parties informed respecting KCS's efforts to acquire control of The Texas Mexican Railway Company ("Tex Mex").

As the Board is aware, on September 30, 2003, TFM, S.A. de C.V. ("TFM") repurchased from KCS the shares of Mexrail, the parent company of Tex Mex. Although TFM's repurchase of Mexrail precipitated the Board's decision to hold this proceeding in abeyance, KCS did not request the Board to dismiss this proceeding because there remained a possibility that KCS could acquire control of Tex Mex, either through separate negotiations or through its attempts to acquire control of TFM through enforcement of the TFM Acquisition Agreement, whereby Grupo TMM, S.A. and its subsidiaries, TMM Holdings, S.A. de C.V. ("Holdings") and TMM Multimodal, S.A. de C.V. ("Multimodal")(collectively "TMM") had agreed to sell their interests in Grupo TFM to KCS in exchange for cash and stock.

BAKER & MILLER PLLC

The Honorable Vernon A. Williams

May 3, 2004

Page 2

Discussions between TMM and KCS continue with respect to reselling the Mexrail shares to KCS in a transaction separate and apart from completion of the TFM acquisition. With respect to enforcement of the TFM Acquisition Agreement, on March 19, 2004, a panel of arbitrators issued a finding that the TFM Acquisition Agreement was in full force and was binding on KCS and TMM in accordance with its terms. On April 4, TMM and KCS entered into a Stipulation whereby the parties agreed to "discharge in good faith all of the obligations of the Acquisition Agreement." The parties are acting in accordance with that statement. Accordingly, it remains possible that KCS could acquire control of Tex Mex through consummation of the transaction contemplated in the TFM Acquisition Agreement or through a separate agreement regarding reselling Mexrail; however, it would be premature at this time to renew and revise the procedural schedule in this proceeding.

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