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August 16, 2004

BY HAND DELIVERY

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

ENTERED
Office of Proceedings

AUG 16 2004

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*
Status Report

Dear Secretary Williams:

Kansas City Southern ("KCS") files this Status Report as called for by the Surface Transportation Board's ("STB") decision served in this proceeding on October 8, 2003 ("Decision No. 10"). Decision No. 10 directed KCS to file a status report no later than the first business day of every third month or "as events warrant." In accord with Decision No. 10, KCS filed its Fifth Status Report with the Board on Monday, August 2, 2004, stating that discussions regarding KCS's possible repurchase of a controlling interest in Mexrail, Inc. ("Mexrail") were ongoing. Mexrail owns 100% of the shares of The Texas Mexican Railway Company ("Tex Mex").

Since that report, discussions regarding KCS's repurchase of a controlling interest in Mexrail have resulted in an agreement for that repurchase. As demonstrated by the accompanying materials, there is now, in the Board's words, "a reasonable likelihood" that KCS will be able to acquire control of Tex Mex. Accordingly, KCS requests that the Board reinstate the procedural schedule as called for by Decision No. 10.

Background.

On May 14, 2003, KCS and its affiliates submitted a Minor Application to the Board seeking authority under 49 U.S.C. §11323, *et seq.*, to acquire common control of The Kansas City Southern Railway Company, Gateway Eastern Railway Company, and the Tex Mex.

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Specifically, KCS proposed to acquire control of Tex Mex through the purchase from TFM, S.A. de C.V. ("TFM"), a major Mexican railroad in which KCS owns a substantial minority interest, of 51% of the shares of Mexrail. TFM was the owner of 100% of the shares of Mexrail, which in turn owned 100% of the shares of Tex Mex. At the time it filed its Application, KCS had already acquired those Mexrail shares and had placed them in an independent voting trust, as per normal Board procedures.

The Board issued its Decision No. 2 in this proceeding on June 9, 2003, accepting the application as a minor transaction and setting a schedule for the proceeding. Thereafter, parties to the proceeding pursued discovery and completed all scheduled submissions called for in Decision No. 2. The Board also conducted a public hearing for expression of views on the Application. The testimony at the hearing overwhelmingly favored approval of the Application. At approximately the same time as the record became complete, and shortly after the public hearing, TFM announced that it was exercising its option to repurchase the Mexrail shares, a right that was accorded to it under the Mexrail Stock Purchase Agreement. TFM's repurchase of the Mexrail shares occurred on September 30, 2003 and until today, TFM remained the 100% owner of Mexrail.

Notwithstanding the fact that TFM had already given notice that it intended to reacquire the Mexrail shares, the Board solicited comments on whether or not the Board should move forward in deciding the merits of the Application. After considering the comments, the Board issued Decision No. 10 and suspended the procedural schedule adopted in Decision No. 2. In suspending the procedural schedule, the Board stated that it would "reinstate the procedural schedule at such time as KCS demonstrates that there is a reasonable likelihood that it will be able to acquire control of Tex Mex." (Decision No. 10 slip op. at 3). Likewise, Ordering Paragraph No. 1 stated that "the procedural schedule adopted in Decision No. 2 is suspended, pending a resolution of the uncertainties that now surround KCS's efforts to acquire control of Tex Mex." (Decision No. 10, slip op. at 3)(emphasis supplied).

KCS, TFM, and Grupo TMM, S.A. ("Grupo TMM")(the indirect controlling shareholder of TFM) have now resolved their "uncertainties" with respect to KCS's acquisition of control of Tex Mex and have signed a revised Stock Purchase Agreement by which KCS will once again acquire 51% of the shares of Mexrail.¹ As a result, KCS can now demonstrate that it is "reasonably likely" to acquire control of Tex Mex and therefore respectfully requests the Board to reinstate the procedural schedule in this proceeding.

KCS is 'Reasonably Likely' to Acquire Control of Tex Mex.

KCS, TFM and Grupo TMM announced today that they have executed a revised Stock Purchase Agreement governing KCS's efforts to acquire control of Tex Mex. (A copy of the press release is attached as Exhibit B.) Under the revised Stock Purchase Agreement, KCS is

¹ A copy of the revised Stock Purchase Agreement is attached hereto as Exhibit A.

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today acquiring 51% of the stock of Mexrail, which, as noted, owns 100% of the stock of Tex Mex. Pending the approval of the Application in this proceeding and to avoid any unauthorized control of Tex Mex, KCS will, immediately upon acquisition of the Mexrail shares, place those shares into an independent voting trust (which is Exhibit A to the attached Stock Purchase Agreement), which is substantially identical to the previous voting trust, including the appointment of the same trustee, Tom Power.

The revised Stock Purchase Agreement is substantially the same as the previous agreement except: (1) KCS is obligated to purchase the remaining 49% of Mexrail's shares no later than October 31, 2005; (2) unlike the previous Stock Purchase Agreement, TFM no longer has the right to repurchase the Mexrail shares; (3) KCS has agreed to repay certain debt owed by Mexrail and Tex Mex to TFM; and (4) in addition to obligating KCS and Mexrail for five years not to sell or lease their interest in the northern half of the International Rail Bridge at Laredo, the agreement embodies KCS's previous oral commitment to abide by known existing written contracts and protocols for operation of the Bridge. None of these minor changes impact the evidence or analysis previously submitted and analyzed by the Board or the substantive areas required by the Board to analyze pursuant to 49 U.S.C. § 11324(d).²

Reinstatement of the Procedural Schedule.

The attached revised Stock Purchase Agreement demonstrates a "reasonable likelihood" that KCS will acquire control of Tex Mex. KCS therefore submits that Decision No. 10 now calls for the Board to reinstate the procedural schedule issued in Decision No. 2. As noted, the differences between the previous transaction and the revised transaction are minor in nature and do not involve any changes in the substantive areas of concern that the Board considers in a minor transaction. As such, the changes in the revised Stock Purchase Agreement do not require additions or modifications to the existing evidentiary record or a different statutory analysis than that already provided for in the record. Accordingly, KCS respectfully requests the Board to reinstitute the procedural schedule and to expeditiously move toward issuance of a final decision on the merits of KCS's Minor Application without the need for further hearings or evidentiary submissions. If the Board determines that the existing record does not warrant issuance of a final decision at this time, KCS does not object to a short time period for parties to file comments and replies.

² The revised agreement to acquire control of Mexrail, and thereby Tex Mex, is separate and apart from KCS's efforts to acquire control of TFM itself and is not contingent on KCS acquiring control of TFM. Furthermore, the elimination of TFM's repurchase right with respect to the Mexrail shares guarantees that the Mexrail transaction can occur regardless of the outcome of any litigation or negotiation with respect to KCS's efforts to acquire control of TFM. As of this date, KCS and Grupo TMM have not reached agreement with respect to the proposed KCS/TFM transaction and that dispute remains in litigation and negotiation.

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By copy of this letter and its enclosures, I am notifying all parties of record on the Board's service list in this proceeding of these developments. If the Board has any questions concerning this matter, it may contact me at 202-663-7823 or by e-mail at wmullins@bakerandmiller.com.

Sincerely,



William A. Mullins

Enclosures

cc: The Honorable Roger Nober
The Honorable Francis P. Mulvey
The Honorable W. Douglas Buttrey
Parties of Record

STOCK PURCHASE AGREEMENT

BY AND AMONG

**KANSAS CITY SOUTHERN,
a Delaware corporation,**

**GRUPO TMM, S.A.,
a *sociedad anónima*
organized under the laws of the United Mexican States,**

AND

**TFM, S.A. de C.V.,
a *sociedad anónima de capital variable*
organized under the laws of the United Mexican States,**

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "*Agreement*"), dated as of August 16, 2004, is made and entered into by and among:

1. Grupo TMM, S.A. ("*GTMM*"), a *sociedad anónima*, organized under the laws of the United Mexican States ("*UMS*");
 2. TFM, S.A. de C.V. ("*TFM*"), a *sociedad anónima de capital variable*, organized under the laws of the UMS; and
 3. Kansas City Southern ("*KCS*"), a Delaware corporation,
- each of them a "*Party*" and collectively the "*Parties*."

RECITALS

- A. GTMM owns more than 96% of the capital stock of TMM Multimodal, S.A. de C.V. a *sociedad anónima de capital variable* ("*MM*").
- B. KCS owns all of the capital stock of The Kansas City Southern Railway Company ("*KCSR*").
- C. MM directly owns 51% and KCS indirectly owns 49% (through Nafta Rail, S.A. de C.V., a *sociedad anónima de capital variable* and wholly-owned Subsidiary of KCS) of the full voting shares of Grupo Transportación Ferrovaria Mexicana, S.A. de C.V., a *sociedad anónima de capital variable* ("*GTFM*").
- D. GTFM owns all of the full voting shares of the capital stock of TFM.
- E. Mexrail, Inc., a Delaware corporation, ("*MX*") is a wholly-owned Subsidiary of TFM. MX owns all of the capital stock of The Texas Mexican Railway Company, a Texas corporation ("*TMX*"). MX also owns other assets (including real estate) and the northern one-half of the railroad bridge between Laredo, Texas (USA) and Nuevo Laredo, Mexico.
- F. TFM wishes to sell, and KCS wishes to acquire, 51% of the outstanding shares of the capital stock of MX (the "*Initially Transferred Shares*") and in addition grant KCS the exclusive option and, under certain circumstances, the obligation, to purchase the remaining shares of the capital stock of MX (the "*Subsequently Transferred Shares*"). All of the issued and outstanding shares of the capital stock of MX acquired by KCS, including the Initially Transferred Shares and the Subsequently Transferred Shares are referred to hereinafter as the "*MX Shares*" or as the "*Transferred Shares*."

NOW, THEREFORE, in consideration of the above recitals and the representations, warranties and covenants contained in this Agreement, the parties, intending to be legally bound, agree as follows:

**ARTICLE I.
PURCHASE AND SALE OF TRANSFERRED SHARES**

1.1 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement and in reliance upon the representations, warranties and covenants herein set forth, TFM shall sell, assign, transfer, convey and deliver to KCS, free and clear of all Liens, and KCS shall purchase and accept from TFM, the Initially Transferred Shares.

1.2 The Initial Closing. Subject to Article VI of this Agreement, the closing of the purchase and sale of the Initially Transferred Shares (the "*Initial Closing*") shall take place on such date as the parties agree, (no later than August 16, 2004) at the offices of Sonnenschein Nath & Rosenthal, New York City, New York (the date on which the Closing occurs, the "*Initial Closing Date*"). The Initial Closing shall be effective as of the close of business on the Initial Closing Date.

1.3 Consideration. The aggregate purchase price to be paid by KCS for the Initially Transferred Shares shall be \$32,680,000 (the "*Initial Purchase Price*"). The Initial Purchase Price shall be paid to TFM in cash (U.S. dollars) less the applicable withholding described below, at the Initial Closing by wire transfer of same day funds. In addition, on the Initial Closing Date, all indebtedness of MX and TMX to GTMM (other than as provided in Section 1.7), TFM and any of their affiliates, excluding the Repair Debt, shall be contributed to the capital of MX. KCS shall withhold 10% of the Initial Purchase Price, as required under the U.S. Internal Revenue Code (Section 1445). Promptly following the Initial Closing, KCS will deposit the amount withheld with the U.S. Internal Revenue Service along with a filing of the appropriate tax returns and provide copies thereof to TFM.

1.4 Purchase Option and Obligation. TFM hereby grants to KCS an irrevocable and exclusive option until 5:00 PM (Eastern Standard Time) on October 31, 2005 to purchase the Subsequently Transferred Shares (the "*Purchase Option*"). Notwithstanding the foregoing, if KCS shall not have exercised the Purchase Option, or otherwise acquired direct or indirect ownership of the Subsequently Transferred Shares by October 31, 2005, then KCS shall purchase the Subsequently Transferred Shares on October 31, 2005. Any purchase made by KCS pursuant to the Purchase Option may be exercised by KCS upon three (3) days written notice to TFM (the "*Subsequent Closing*") and as with the Initial Closing, each a "*Closing*"). Any purchase by KCS pursuant to this Section 1.4 shall be upon the same terms and conditions set forth in this Agreement, except that the Purchase Price for the Subsequently Transferred Shares shall be \$31,398,000. TFM is expressly prohibited from taking, or refraining from, any action which would prevent consummation of the transactions contemplated in this Agreement or render any of its representations, warranties and covenants set forth in this Agreement untrue or ineffective between the Initial Closing Date and the Subsequent Closing.

1.5 Deliveries at Closing. At each Closing, (i) GTMM and TFM will deliver to KCS the various certificates and documents referred to in §7.2 below, (ii) KCS will deliver to GTMM and

TFM the certificate referred to in §7.3 below, (iii) TFM will deliver to KCS stock certificates representing the applicable Transferred Shares for such Closing, endorsed in blank or accompanied by duly executed assignment documents, and (iv) KCS will deliver to TFM the applicable Purchase Price for such Closing.

1.6 Voting Trust. Simultaneously with the purchase by KCS from TFM of the Initially Transferred Shares, KCS shall deposit the Initially Transferred Shares into an irrevocable voting trust (the "*Voting Trust*") in accordance with the terms and conditions of a voting trust agreement (the "*Voting Trust Agreement*") substantially in the form attached hereto as Exhibit A.

1.7 Payment of Accounts Receivable. Simultaneously with the purchase by KCS from TFM of the Initially Transferred Shares, TMX shall make a payment to GTMM in the amount of \$402,000 in settlement of existing accounts payable in favor of GTMM.

ARTICLE II. REPRESENTATIONS AND WARRANTIES CONCERNING THE TRANSACTION

2.1 Representations and Warranties of GTMM and TFM. GTMM and TFM represent and warrant to KCS that the statements contained in this §2.1 are correct and complete as of the date of this Agreement and will be correct and complete as of each Closing (as though made then and as though such Closing date were substituted for the date of this Agreement throughout this §2.1), except as set forth in the disclosure schedule delivered by GTMM and TFM to KCS on the date hereof and initialed by the Parties (the "*Disclosure Schedule*").

(a) **Organization of GTMM and TFM.** GTMM is a *sociedad anónima* and TFM is a *sociedad anónima de capital variable*, each duly organized, validly existing, and in good standing under the laws of the UMS.

(b) **Authorization of Transaction.** The execution, delivery and performance of this Agreement by each of GTMM and TFM, and the consummation by TFM of the transaction contemplated hereby, are within the respective corporate powers of each of them, and have been duly authorized, as to each of them, by all necessary corporate action. This Agreement constitutes the valid and legally binding obligation of each of GTMM and TFM, enforceable in accordance with its terms and conditions. Neither GTMM nor TFM need give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the transaction contemplated by this Agreement.

(c) **Non-Contravention.** The execution, delivery and performance of this Agreement by each of GTMM and TFM, and the consummation by TFM of the transaction contemplated hereby, do not and will not (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which GTMM or TFM is subject, or violate any provision of the charter or bylaws of GTMM or TFM, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which GTMM or TFM is a party or by which any of them is bound or to

which any of their assets is subject, including, without limitation, upon satisfaction of the covenant in Section 4.4, the Indentures and Credit Agreement identified in Schedule 2.1.

(d) Brokers' Fees. Neither GTMM nor TFM has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transaction contemplated by this Agreement for which KCS, MX or TMX could become liable or obligated.

(e) MX Shares. TFM holds of record and owns beneficially the MX Shares, free and clear of any restrictions on transfer (other than those set forth in the Stock Purchase Agreement, dated as of February 27, 2002, among GTMM, MM, KCS and TFM (the "2002 Stock Purchase Agreement"), the GTFM bylaws, and the Shareholders Agreement) Taxes, Liens, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. TFM is not a party to any option, warrant, purchase right, or other contract or commitment that could require TFM to sell, transfer, or otherwise dispose of any of the MX Shares (other than this Agreement). TFM is not a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of the MX Shares (other than the 2002 Stock Purchase Agreement, the GTFM bylaws, and the Shareholders Agreement). Prior to the Subsequent Closing, TFM shall not, directly or indirectly, transfer, sell, give, encumber, assign, pledge or otherwise deal with or dispose of all or any part of the MX Shares (other than pursuant to this Agreement).

(f) Real Property. Since May 9, 2003, neither MX or TMX has sold or otherwise disposed of, or entered into any agreement for a sale or other disposition of, any real property.

2.2 Representations and Warranties of KCS. KCS represents and warrants to GTMM and TFM that the statements contained in this §2.2 are correct and complete as of the date of this Agreement and will be correct and complete as of each Closing (as though made then and as though such Closing date were substituted for the date of this Agreement throughout this §2.2).

(a) Organization of KCS. KCS is a corporation duly organized, validly existing, and in good standing under the laws of Delaware.

(b) Authorization of Transaction. The execution, delivery and performance by KCS of this Agreement and the consummation by KCS of the transaction contemplated hereby are within KCS's corporate powers and have been duly authorized by all necessary corporate action. This Agreement constitutes the valid and legally binding obligation of KCS, enforceable in accordance with its terms and conditions. KCS need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the transaction contemplated by this Agreement.

(c) Non-Contravention. The execution, delivery and performance of this Agreement by KCS, and the consummation by KCS of the transaction contemplated hereby, do not and will not (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which KCS is subject, or violate any provision of its charter or bylaws, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement,

contract, lease, license, instrument, or other arrangement to which KCS is a party or by which it is bound or to which any of its assets is subject, except the consents required under the KCS Credit Agreement.

(d) Brokers' Fees. KCS has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transaction contemplated by this Agreement for which GTMM or TFM could become liable or obligated.

ARTICLE III. REPRESENTATIONS AND WARRANTIES CONCERNING MX AND TMX

GTMM and TFM represent and warrant to KCS that the statements contained in this Article III are correct and complete as of the date of this Agreement and will be correct and complete as of the Initial Closing Date (as though made then and as though the Initial Closing Date were substituted for the date of this Agreement throughout this Article III), except as set forth in the Disclosure Schedule.

3.1 Organization, Qualification, and Corporate Power. MX is a corporation duly organized, validly existing, and in good standing under the laws of Delaware. TMX is a corporation duly organized, validly existing, and in good standing under the laws of Texas. Each of MX and TMX is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where such qualification is required, except where the lack of such qualification would not reasonably be expected to have a Material Adverse Effect. Each of MX and TMX has full corporate power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. Section 3.1 of the Disclosure Schedule lists the directors and officers of each of MX and TMX as of the date hereof, and the directors and officers of each of MX and TMX as of the Initial Closing Date.

3.2 Capitalization of MX and TMX.

(a) The entire authorized capital stock of MX consists of 10,000 shares of common stock, no par value, of which 10,000 shares are issued and outstanding. MX holds no shares of MX's capital stock in its treasury. All of the issued and outstanding shares have been duly authorized, and are validly issued, fully paid, and nonassessable. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, preemptive rights or other contracts or commitments that could require MX to issue, sell, or otherwise cause to become outstanding any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock, profit participation, or similar rights with respect to MX. TFM is the record and beneficial owner of 100% of the MX Shares, and TFM owns the MX Shares free and clear of all Liens, and there are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the capital stock of MX, other than the 2002 Stock Purchase Agreement, the GTFM bylaws, and the Shareholders Agreement.

(b) The entire authorized capital stock of TMX consists of 25,000 shares of common stock, no par value, of which 25,000 shares are issued and outstanding, including

equitable interests in directors' qualifying shares. TMX holds no shares of TMX's capital stock in its treasury. All of the issued and outstanding shares have been duly authorized, and are validly issued, fully paid, and nonassessable. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, preemptive rights or other contracts or commitments that could require TMX to issue, sell, or otherwise cause to become outstanding any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock, profit participation, or similar rights with respect to TMX. MX is the record and beneficial owner of 100% of the TMX capital stock (except for one qualifying share of the capital stock of TMX owned by each of its directors, the equitable interest of each such share being held by MX). MX owns the TMX capital stock free and clear of all Liens, and there are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the capital stock of TMX, other than the 2002 Stock Purchase Agreement, the GTFM bylaws, and the Shareholders Agreement.

3.3 Brokers' Fees. Neither MX nor TMX has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transaction contemplated by this Agreement.

3.4 Title to Assets. MX and TMX each own or have a right to possess and use all of the properties and assets necessary to operate the business of MX and TMX as each has been conducted immediately prior to the date of this Agreement, subject to the exceptions identified in Section 3.10 of the Disclosure Schedule, which singly or in the aggregate do not have any material effect upon the ownership or operation of such properties or assets.

3.5 Financial Statements. The financial statements (collectively the "*Financial Statements*") heretofore provided to KCS by GTMM and TFM, consisting of (i) the audited consolidated balance sheets and statements of income, changes in stockholders' equity, and cash flow as of and for the fiscal years ended 2002 and 2003, for MX and TMX have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby and present fairly, in all material respects, the financial condition of MX and TMX as of such dates and the results of operations of MX and TMX for such periods (subject in the case of any interim financial statements to normal year-end adjustments and lack footnotes and other presentation items).

3.6 Events Subsequent to Most Recent Fiscal Year End. Since December 31, 2003, MX and TMX have carried out their respective businesses in the ordinary course, consistent with past practices and there has not been any event or occurrence that has had or would reasonably be expected to have a Material Adverse Effect.

3.7 Undisclosed Liabilities. Except as disclosed in the Financial Statements, neither MX nor TMX has any liabilities or obligations of any nature that would be required under GAAP to be included on a consolidated balance sheet of MX or the notes to the consolidated balance sheet, except as would not reasonably be expected to have a Material Adverse Effect.

3.8 Legal Compliance. Each of MX and TMX has complied with all applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof),

and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against either of them alleging any failure so to comply, except where the failure to comply would not have a Material Adverse Effect.

3.9 Tax Matters.

(a) Except as stated in Section 3.9 of the Disclosure Schedule or as would not reasonably be expected to have a Material Adverse Effect, all MX and TMX Tax returns required to be filed on or before the Closing Date have been duly and timely filed (taking into account all proper extensions) with the appropriate Taxing authorities and all such Tax returns were complete and accurate, and all Taxes shown on the described returns have been paid.

(b) Except as stated in Section 3.9 of the Disclosure Schedule or as would not reasonably be expected to have a Material Adverse Effect: (i) neither GTMM, TFM, MX or TMX has received any written notice of deficiency or assessment for Taxes of MX or TMX, which have not been paid or finally settled; (ii) no claim has been made in writing by any Taxing authority in a jurisdiction where MX and TMX do not file Tax returns that either company is or may be subject to Taxation by that jurisdiction; (iii) no audit of any Tax return filed by MX or TMX is pending, ongoing, or to the Knowledge of GTMM or TFM, threatened; (iv) neither MX nor TMX has asked for or received a waiver of any statute of limitation concerning Taxes or the payment of Taxes that are due or would be due prior to the Closing Date; and (v) neither MX nor TMX has any liability for the Taxes of any other person.

(c) There are no liens for Taxes on any assets of MX or TMX other than Liens for current Taxes (i) not yet due and payable or (ii) that would not have a Material Adverse Effect.

(d) There are no Tax sharing or Tax indemnity agreements or similar arrangements involving MX and TMX and any other person.

(e) MX and TMX have each complied in all material respects with all applicable governmental rules relating to the payment, collection and withholding of Taxes.

(f) Except as stated on Section 3.9 of the Disclosure Schedule, there is no Tax litigation pending or to the Knowledge of GTMM and TFM (or the directors of TFM appointed by GTMM) threatened against MX or TMX.

(g) From December 31, 2003 until the date of this Agreement, MX and TMX (i) have made no change in any accounting method used for Tax purposes or in depreciation or amortization policies, and have made no election for Tax purposes which is not consistent with the method, policies and elections made prior to the date of the Financial Statements; and (ii) have not settled any pending Tax audits or settled any Tax liability.

3.10 Real Property.

(a) Section 3.10 of the Disclosure Schedule lists and describes briefly all real property that either MX or TMX owns. With respect to each such parcel of owned real property,

except as set forth in Section 3.10 of the Disclosure Schedule, the identified owner has good and marketable title to the parcel of real property, free and clear of any Lien, easement, covenant, or other restriction, except for installments of special assessments not yet delinquent, recorded easements, covenants, and other restrictions, and utility easements, building restrictions, zoning restrictions, and other easements and restrictions existing generally with respect to properties of a similar character which do not affect materially and adversely the current use, occupancy, or value, or the marketability of title, of the property subject thereto.

(b) Section 3.10 of the Disclosure Schedule (and all Annexes thereto) lists and describes briefly all real property leased or subleased to either MX or TMX or from either MX or TMX. With respect to each material lease and sublease listed in Section 3.10 of the Disclosure Schedule (or any Annex thereto), (i) the lease or sublease is legal, valid, binding, enforceable, and in full force and effect in all material respects, (ii) no party to the lease or sublease is in material breach or default, and (iii) no event has occurred which, with notice or lapse of time, would constitute a material breach or default or permit termination, modification, or acceleration thereunder.

3.11 [intentionally left blank]

3.12 Tangible Assets. The buildings, machinery, equipment, and other tangible assets that MX and TMX own and lease, other than tangible assets having a book value of less than \$1 million, are in good condition and repair, normal wear and tear excepted.

3.13 Contracts. As of the date of this Agreement, the Scheduled Contracts (as defined below) of MX and TMX are legal, valid and binding obligations of MX or TMX, respectively, and are in full force and effect, enforceable in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization and similar laws relating generally to the enforceability of contracts and the availability of equitable remedies. As of the date of this Agreement, neither GTMM, TFM, MX or TMX has received notice of cancellation of or default under any Scheduled Contract, where such default would reasonably be expected to have a Material Adverse Effect. Section 3.13 of the Disclosure Schedule lists the following contracts and other agreements to which either MX or TMX is a party (the "Scheduled Contracts"):

- (a) any agreements to which either GTMM or TFM or any of their Affiliates (other than MX or TMX) are a party;
- (b) any agreements which constitute nondisclosure agreements or confidentiality agreements which could reasonably be expected to have a significant effect on the conduct of the business of MX, TMX, or KCS;
- (c) any agreements pursuant to which MX or TMX is either obligated to pay or entitled to receive in excess of \$2 million during any twelve month period;
- (d) any agreements that are employment, management, consulting or severance agreements with any officer or director of MX or TMX;

(e) any agreements that include any noncompetition or nonsolicitation covenant or any exclusive dealing or similar arrangement that limits the ability of MX or TMX to compete (geographically or otherwise) in any line of business or which would so limit KCS following the Closing; or

(f) any trackage rights agreements, interline or interchange agreements with other railroads.

3.14 Employee Benefit Plans.

(a) Section 3.14 of the Disclosure Schedule identifies each Employee Plan. TFM has made available to KCS copies of each such Employee Plan (and, if applicable, related trust agreements) and all amendments thereto and written interpretations thereof together with the most recent annual report (Form 5500 including, if applicable, Schedule B thereto) and the most recent actuarial valuation report prepared in connection with any Employee Plan and, if applicable, the Internal Revenue Service determination letters. No Employee Plan is a Title IV Plan.

(b) As of the Most Recent Fiscal Month End, MX and TMX did not have an aggregate unfunded liability of MX and TMX in respect of all Employee Plans or Benefit Arrangements described under Sections 4(b)(5) or 401(a)(1) of ERISA, computed using reasonable actuarial assumptions that would reasonably be expected to have a Material Adverse Effect.

(c) No transaction prohibited by §406 of ERISA or §4975 of the Code has occurred with respect to any Employee Plan or arrangement which is covered by Part 4, Title I of ERISA, which transaction has or will cause MX and TMX to incur any liability under ERISA, the Code or otherwise which would reasonably be expected to result in a Material Adverse Effect, excluding transactions effected pursuant to and in compliance with a statutory or administrative exemption. Neither MX, TMX nor any ERISA Affiliate of them has (i) except where the failure thereof would not reasonably be expected to result in a Material Adverse Effect, engaged in, or is a successor or parent corporation to an entity that has engaged in, a transaction described in Sections 4069 or 4212(c) of ERISA or (ii) incurred, or reasonably expects to incur prior to the Initial Closing Date, (A) any liability under Title IV of ERISA arising in connection with the termination of, or a complete or partial withdrawal from, any plan covered or previously covered by Title IV of ERISA or (B) any liability under §4971 of the Code that in either case could become a liability of MX and TMX or KCS or any of its ERISA Affiliates after the Initial Closing Date which would reasonably be expected to have a Material Adverse Effect.

(d) Each Employee Plan that is intended to be qualified under §401(a) of the Code has received a favorable determination, and, to the Knowledge of any of GTMM, TFM and the directors (appointed by TFM) and officers of MX and TMX, nothing has occurred since that determination that would adversely affect such determination in a manner which would reasonably be expected to have a Material Adverse Effect. Each Employee Benefit Plan has been maintained in compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations, including but not limited to ERISA and the

Code, except to the extent that failure to so comply would not reasonably be expected to have a Material Adverse Effect.

(e) Section 3.14 of the Disclosure Schedule identifies each material Benefit Arrangement. TFM has made available to KCS copies or descriptions of each material Benefit Arrangement (and, if applicable, related trust agreements) and all amendments thereto and written interpretations thereof. Each Benefit Arrangement has been maintained in compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations and has been maintained in good standing with applicable regulatory authorities, except to the extent that failure to so comply would not reasonably be expected to have a Material Adverse Effect.

(f) Except as set forth on Section 3.14 of the Disclosure Schedule and except as provided in this Agreement, there is no contract, plan or arrangement (written or otherwise) to which MX or TMX are parties covering any employee or former employee of MX or TMX that, individually or collectively, could give rise to the payment of any amount that would not be deductible pursuant to the terms of §280G of the Code, to the extent that such payments would reasonably be expected to have a Material Adverse Effect.

(g) Except as set forth on Section 3.14 of the Disclosure Schedule and except as provided in this Agreement, no employee or former employee of MX or TMX will become entitled to any bonus, retirement, severance, job security or similar benefit (including acceleration of vesting or exercise of an incentive award) as a result of the transaction contemplated hereby, to the extent that such benefits would reasonably be expected to have a Material Adverse Effect.

3.15 Labor Matters. MX and TMX are in compliance with all currently applicable legislation in the various jurisdictions where they operate, with respect to terms and conditions of employment of their workforce, including legislation governing unionized labor, and are not engaged in any unfair labor practice, failure to comply with which or engagement in which, as the case may be, would reasonably be expected to have a Material Adverse Effect. Except as disclosed in Section 3.15 of the Disclosure Schedule, (i) neither MX nor any of its Subsidiaries is a party, or is otherwise subject, to any collective bargaining agreement or other labor union contract applicable to its employees, (ii) there are no material activities or proceedings by a labor union or representative thereof to organize any employees of MX or TMX outside of the Ordinary Course of Business, (iii) there are no pending negotiations between MX or TMX and any labor union or representative thereof regarding any proposed material changes to any existing collective bargaining agreement, (iv) there are no pending, and MX and TMX have not experienced since January 1, 2001, any labor disputes, lockouts, strikes, slowdowns, work stoppages, or threats thereof which would reasonably be expected to have a Material Adverse Effect, (v) MX and TMX are not in default and have not breached in any material respect the terms of any applicable collective bargaining or other labor union contract, and there are no material grievances outstanding against MX, TMX or any of its Subsidiaries or their employees under any such agreement or contract which would reasonably be expected to have a Material Adverse Effect, (vi) there is no unfair labor practice complaint pending, or to the Knowledge of any of GTMM, TFM and the directors (appointed by TFM) and officers of MX and TMX threatened, against MX or TMX before the National Labor Relations Board or any other

investigation, charge, prosecution, suit or other proceeding before any court or arbitrator or any governmental body, agency or official relating to the employees of MX or TMX or the representation thereof which would reasonably be expected to have a Material Adverse Effect, (vii) there are no claims or actions pending, or to the Knowledge of any of GTMM, TFM and the directors (appointed by TFM) and officers of MX and TMX threatened, between MX or TMX and any of their employees or labor organizations representing or seeking to represent such employees which would reasonably be expected to have a Material Adverse Effect and (viii) to the Knowledge of any of GTMM, TFM and the directors (appointed by TFM) and officers of MX and TMX, there are no facts or circumstances involving any employee that would form the basis of, or give rise to, any cause of action, including, without limitation, unlawful termination based on discrimination of any kind that would reasonably be expected to result in a Material Adverse Effect. Section 3.15 of the Disclosure Schedule identifies all employees of MX and of TMX who provide services on a full-time basis to TFM or any affiliates of TFM.

3.16 Powers of Attorney. Other than those powers of attorney approved by the Boards of Directors of either MX or TMX, to the Knowledge of any of GTMM, TFM and the directors (appointed by TFM) and officers of MX and TMX, there are no material outstanding powers of attorney executed on behalf of MX or TMX.

3.17 Insurance. Section 3.17 of the Disclosure Schedule includes a list of all policies of fire, liability, product liability, workers' compensation, health and other forms of insurance presently in effect with respect to MX's and TMX's business (the "Insurance Policies"), including the named insured(s) and all beneficiaries thereunder, and true and complete copies of the Insurance Policies have been made available to KCS. Neither MX nor TMX has been refused any insurance with respect to any aspect of the operations of its business, nor has its coverage been rescinded by any insurance carrier to which it has applied for insurance or with which it has carried insurance. No notice of cancellation or termination has, as of the date of this Agreement, been received with respect to any such policy. The activities, business, and operations of MX and TMX have been conducted in such a manner so as to conform in all material respects to all material provisions of the Insurance Policies.

3.18 Litigation. Except as set forth in Section 3.18 of the Disclosure Schedule, there are no legal, administrative, arbitral or other proceedings (including disciplinary proceedings), claims, suits, actions or governmental or regulatory investigations of any nature that are pending or, to the knowledge of GTMM, TFM, MX or TMX threatened against MX or TMX or any of their officers, directors or properties which would reasonably be expected to have a Material Adverse Effect or that challenge the validity or propriety of the transactions contemplated by this Agreement. There is no injunction, order, judgment or decree imposed upon MX or TMX, or any material portion of the assets or business of MX or TMX.

3.19 Environmental Matters. Except as set forth in Section 3.19 of the Disclosure Schedule, MX and TMX (i) are in compliance with, and are not subject to any liability under applicable Environmental Laws; (ii) hold all Environmental Permits necessary to conduct their current operations and (iii) are in compliance with their respective Environmental Permits, except where the failure to hold or be in compliance with such Environmental Permits would not be expected to have a Material Adverse Effect. Except as set forth in Section 3.19 of the Disclosure Schedule or as would not reasonably be expected to have a Material Adverse Effect

on MX or TMX, neither GTMM, TFM, MX nor TMX has received any written notice, demand, letter, claim or request for information alleging that MX or TMX may be in violation of, or have liability under, any Environmental Law. Except as set forth in Section 3.19 of the Disclosure Schedule, neither MX nor TMX (x) has entered into or agreed to any consent decree or order or is subject to any judgment, decree or judicial order relating to compliance with Environmental Laws, Environmental Permits or the investigation, sampling, monitoring, treatment, remediation, removal or cleanup of Hazardous Materials and no investigation, litigation or other proceeding is pending or, to the Knowledge of GTMM and TFM, threatened, with respect thereto or (y) is an indemnitor or has assumed liability in connection with any pending demand, notice, claim, or other allegation, or to the Knowledge of GTMM and TFM, any claim threatened, by or against any third-party relating to any liability under any Environmental Law or relating to any Hazardous Materials. None of the real property owned or leased from/to or operated by MX or TFM is listed or, to the Knowledge of GTMM and TFM, proposed for listing, on any list of sites maintained by any competent governmental authority requiring investigation or cleanup.

3.20 Exception for Operation by KCS. Notwithstanding any provision of this Article III to the contrary, the representations and warranties of GTMM and TFM in this Article III are qualified to the extent of any effect on such representations and warranties of the operations and dispatching activities of TMX undertaken by KCS pursuant to Section 6.3.4 of the Stock Purchase Agreement dated as of February 27, 2002 to which KCS, TMM and TFM are parties, along with TMM Multimodal, S.A. de C.V. and The Kansas City Southern Railway Company.

ARTICLE IV. COVENANTS OF GTMM AND TFM

4.1 Conduct of MX and TMX Through Initial Closing Date. Except as otherwise expressly set forth in this Agreement, during the period from the date of this Agreement through the Initial Closing Date, TFM and, to the extent that GTMM controls MX or TMX, GTMM, will not cause or permit MX or TMX to engage in any practice, take any action, or enter into any transaction outside the Ordinary Course of Business. Without limiting the generality of the foregoing, neither MX nor TMX will declare, set aside, or pay any dividend or make any distribution with respect to its capital stock or redeem, purchase, or otherwise acquire any of its capital stock. TFM and, to the extent that GTMM controls MX or TMX, GTMM, will use their commercially reasonable efforts to cause each of MX and TMX to keep its business and properties substantially intact, including its present operations, physical facilities, working conditions, and relationships with lessors, licensors, suppliers, customers, and employees, including, without limitation, not selling or leasing any real estate, or agreeing to make any such sale or lease, without the written consent of KCS.

4.2 Access to Information. From the date of this Agreement through the Initial Closing Date, TFM and, to the extent that GTMM controls MX or TMX, GTMM, will give (and will cause each of MX and TMX to give) KCS, its counsel, financial advisors, auditors and other authorized representatives full access to the offices, properties, books and records of MX and TMX, will furnish to KCS, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information as such Persons may reasonably request, and GTMM and TFM will cooperate (and will instruct the employees,

counsel and financial advisors of MX and TMX to cooperate) with KCS in its investigation of the business of MX and TMX, as the case may be. KCS will treat and hold as such any Confidential Information it receives from any of GTMM, TFM, MX and TMX in the course of the reviews contemplated by this §4.2, and will not use any of the Confidential Information except in connection with this Agreement.

4.3 Affiliate Agreements Terminated. Except as set forth in Section 4.3 of the Disclosure Schedule and except for agreements between MX or TMX and GTFM and GTFM's Subsidiaries, all agreements between MX or TMX and any other affiliate of TMM shall be terminated, with no further obligation on the part of the parties thereto, from and after the Initial Closing Date, except for any payment obligations incurred and due prior to the Initial Closing Date pursuant to the terms of such agreements.

4.4 Credit Agreements. TMM and TFM shall take all action required by the Indentures and Credit Agreements identified in Schedule 2.1 (including, without limitation, the application required thereunder of the proceeds to be received hereunder from the purchase and sale contemplated in this Agreement).to prevent any breach or violation of any provision of such documents or any default thereunder from occurring as a result of such purchase and sale transaction.

ARTICLE V. COVENANTS OF KCS

5.1 Compliance with Bridge Rules. KCS shall comply with all existing rulings of the Surface Transportation Board, and its predecessor, the Interstate Commerce Commission, applicable to the use and operation of the International Bridge at Laredo as well as the existing written contracts and protocols known to KCS which govern such use and operation, in each case in accordance with their present terms, or such modifications as shall be acceptable to KCS, and for so long as they remain effective and applicable.

5.2 Right of First Refusal. For the 5 year period immediately following the Initial Closing Date, none of KCS, MX or TMX shall transfer, sell, assign, lease or in any manner whatever dispose of any interest in or portion of the northern half of the railroad bridge between Laredo and Nuevo Laredo (the "Laredo Bridge") to any third party without first offering to transfer, sell, assign, lease or otherwise dispose of such interest in the Laredo Bridge to TFM on the same terms and with the same conditions as were offered to any such third party (the "Bridge Purchase Option"). Notwithstanding the foregoing sentence, the Bridge Purchase Option shall not arise upon or in connection with any merger, consolidation or sale of assets or stock of KCS in which control of KCS or KCSR is transferred. In the event that TFM fails to exercise the Bridge Purchase Option within thirty (30) days of the date on which TFM is provided notice of a proposed transaction giving rise to the Bridge Purchase Option, then KCS shall have the right for a period of 180 days following such thirty (30) day period to enter into an agreement to transfer, sell, assign, lease or otherwise dispose of such interest in the Laredo Bridge to a third party on, but only on, the same terms and with the same conditions as were offered to TFM pursuant to the Bridge Purchase Option. In the event such agreement is not entered into within such 180 day period, or, if entered into, is subsequently terminated or abandoned, then any subsequent transfer, sale, assignment, lease or other disposition shall be subject to the Bridge Purchase Option.

5.3 Repair Debt. KCS shall pay or cause to be paid to TFM the Repair Debt on or before January 1, 2005.

ARTICLE VI. COVENANTS OF ALL PARTIES

6.1 General. Subject to the terms and conditions of this Agreement, each of the Parties will use its commercially reasonable efforts to take all action and to do all things necessary, proper, or advisable under applicable laws and regulations in order to consummate and make effective the transaction contemplated by this Agreement (including satisfaction, but not waiver, of the closing conditions set forth in Article VII below).

6.2 Cooperation to Obtain STB Approval. From the date of this Agreement until such time as the Surface Transportation Board ("STB") either approves or denies KCS's request to acquire control of TMX and such an order becomes final after judicial review or failure to appeal, GTMM and TFM will cooperate with KCS, and KCS will cooperate with GTMM and TFM, to obtain approval from the STB for KCS to acquire control of TMX.

6.3 Notice of Developments. From the date of this Agreement through the Subsequent Closing Date, each Party will give prompt written notice to all other Parties of any material adverse development causing a breach by the notifying Party of any of the representations and warranties in Article II above. No disclosure by any Party pursuant to this § 6.3, however, shall be deemed to amend or supplement Annex I or Annex II, or to prevent or cure any misrepresentation, breach of warranty, or breach of covenant.

6.4 MX and TMX Employees Assigned to TFM. Those employees identified in Section 3.15 of the Disclosure Schedule shall continue to provide services to TFM and its affiliates following the Initial Closing Date provided (i) TFM shall reimburse MX or TMX, as the case may be, for all compensation of such employees and all other costs associated with their employment on a monthly basis and remain current at all times in such reimbursement obligations, (ii) TFM shall be responsible for all employment severance or termination benefits and all other employment benefits due or which may become due to such employees, and (iii) if TFM shall fail to comply with subparagraphs (i) or (ii) of this Section 6.4, MX or TMX may terminate the employment of any or all such employees without incurring any cost or obligation.

ARTICLE VII. CONDITIONS TO OBLIGATION TO CLOSE

7.1 Mutual Conditions to Obligations to Close. The obligations of both KCS and TFM to consummate the transaction contemplated by this Agreement are subject to satisfaction of the following conditions:

(a) No Governmental Action. As of each Closing, no action shall have been taken, and no statute, rule, regulation or order shall have been enacted, adopted or issued by any

state or federal government or governmental agency in the United States or Mexico that would prevent the consummation of the transaction contemplated by this Agreement.

(b) No Injunction or Order. As of each Closing, there shall be no injunction, restraining order or order of any nature by any court of competent jurisdiction that prevents the consummation of the transaction contemplated by this Agreement.

(c) Governmental Approvals. As of each Closing, all governmental approvals (if any) required to consummate the transaction contemplated by this Agreement shall have been obtained.

7.2 Conditions to Obligations of KCS to Close. The obligations of KCS to consummate the transaction contemplated by this Agreement are subject to satisfaction, at or before the Initial Closing or each Closing, as set forth below, of all of the following conditions. KCS may waive in writing any or all of these conditions, in whole or in part, at or at any time prior to the applicable Closing, with or without prior notice, but no such waiver by KCS shall constitute a waiver by KCS of any condition not so waived or of any other right or remedy of KCS, at law or in equity.

(a) Performance. Each of GTMM and TFM shall have performed and complied in all material respects, through each Closing (it being understood that in the event of a Closing that occurs at any time when KCS controls, directly or indirectly, TFM this representation shall be instead only through the date such control was acquired), with each of its respective agreements, obligations and covenants under this Agreement.

(b) Representations and Warranties. The representations and warranties made by each of GTMM and TFM in Article II of this Agreement shall be true and correct in all material respects (i) at the date when made and (ii) at the Initial Closing Date. The representations and warranties made by each of GTMM and TFM concerning MX and TMX in Article III of this Agreement shall be true and correct in all material respects (i) at the date when made and (ii) at the Initial Closing Date.

(c) Certificates. KCS shall have received certificates at each Closing, reasonably satisfactory in form and substance to KCS, of officers of GTMM and TFM certifying that, to the best of each such officer's Knowledge, the conditions set forth in Sections 7.2(a) and 7.2(b) have been satisfied in all respects and that the Board of Directors of each of GTMM and TFM has approved the execution of this Agreement and has authorized the consummation of the transactions contemplated by this Agreement (it being understood that in the event of a Closing that occurs at any time when KCS controls, directly or indirectly, TFM such certificates shall be effective only through the date such control was acquired).

(d) Resignations. KCS shall have received the resignations, in all capacities with MX and TX, effective as of or prior to the Initial Closing, and reasonably satisfactory in form and substance to KCS, of each director and the president of each of MX and TMX. Following the Initial Closing, the Trustee shall vote the Trust Stock in the Trustee's sole discretion, having due regard for the interests of the holders of the Trust Certificates and the minority shareholders in MX and TMX, to nominate and elect directors to fill those vacant

director positions. The Trustee shall not, without the prior approval of the STB, vote the Trust Stock to elect any current officer or director of GTMM, GTFM, TFM, KCS, or any of their majority owned affiliates.

7.3 Conditions to Obligations of TFM to Close. The obligations of TFM to consummate the transactions contemplated by this Agreement are subject to satisfaction, at or before each Closing, of all of the following conditions. TFM may waive in writing any or all of these conditions, in whole or in part, at or at any time prior to each Closing, with or without prior notice, but no such waiver by TFM shall constitute a waiver by TFM of any condition not so waived or of any other right or remedy of TFM, at law or in equity.

(a) **Performance.** KCS shall have performed and complied in all material respects, through each Closing, with each of its respective agreements, obligations and covenants under this Agreement.

(b) **Representations and Warranties.** The representations and warranties made by KCS in this Agreement shall be true and correct in all material respects (i) at the date when made and (ii) at each Closing.

(c) **Certificate.** TFM shall have received a certificate, reasonably satisfactory in form and substance to TFM, of an officer of KCS certifying that, to the best of such officer's Knowledge, the conditions set forth in Sections 7.3(a) and 7.3(b) have been satisfied in all respects and that the Board of Directors of KCS has approved the execution of this Agreement and has authorized the consummation of the transactions contemplated by this Agreement.

(d) **Fairness Opinion.** TFM shall have received a fairness opinion complying with the requirements of the agreements listed in Section 7.3 of the Disclosure Schedule.

ARTICLE VIII. REMEDIES FOR BREACHES OF THIS AGREEMENT

8.1 Survival of Representations and Warranties. All of the representations and warranties of GTMM and TFM contained in Article III above (other than §3.19 above) shall survive the Initial Closing hereunder and continue in full force and effect for a period of two years thereafter; provided, however, that the representations and warranties contained in §3.19 above shall survive the Initial Closing hereunder and continue in full force and effect for a period of five years thereafter. All of the other representations and warranties of the Parties contained in this Agreement (including the representations and warranties of the Parties contained in Article II above and the representations and warranties of GTMM and TFM contained in §3.9 above) shall survive for the applicable statutes of limitations.

8.2 Indemnification Provisions for Benefit of KCS.

(a) In the event either GTMM or TFM breaches any of its representations, warranties, and covenants contained herein, and, if there is an applicable survival period pursuant to §8.1 above, provided that KCS makes a written claim for indemnification within such survival period, then GTMM agrees to indemnify KCS from and against any Adverse Consequences KCS

may suffer through and after the date of the claim for indemnification (including any Adverse Consequences KCS may suffer after the end of any applicable survival period) resulting from, arising out of, or caused by the breach of any such representation or warranty or covenant.

(b) GTMM (i) acknowledges and agrees that the releases of the Released Persons pursuant to Section 10.14(a) shall not affect in any way GTMM's obligation to indemnify KCS pursuant to Section 8.2(a) from and against Adverse Consequences as a result of the breach of any representation, warranty or covenant in this Agreement and (ii) agrees to indemnify KCS from and against any Adverse Consequences arising out of or resulting from any intentional actions taken by the Released Persons in their capacity as an officer or director of MX or TMX (other than any actions that (i) constituted negligence or gross negligence on the part of any of the Released Persons or (ii) were approved by KCS or its affiliates or representatives, or (iii) resulted in a benefit to GTMM and/or its subsidiaries) that resulted in (a) a Material Adverse Effect on MX or TMX or (b) the receipt by the Released Person or its affiliates or associates of any improper personal benefit.

(c) The obligation of GTMM to indemnify KCS pursuant to §8.2(a) and (b) above for any breach of representation or warranty shall be limited to 51% of the Adverse Consequences and then only to the extent that such 51% of the Adverse Consequences amount to, in the aggregate, \$5 million or more; provided, that for purposes of calculating this limitation on indemnification, (i) Adverse Consequences shall be calculated without regard to any Material Adverse Effect and (ii) shall not apply to any Adverse Consequences arising out of or resulting from any action or omission on the part of GTMM or TFM or any of their respective affiliates that involve a felony under United States law, actual fraud, willful misconduct or gross negligence.

8.3 Indemnification Provisions for Benefit of GTMM and TFM.

(a) In the event KCS breaches any of its representations, warranties, and covenants contained herein, and, if there is an applicable survival period pursuant to §8.1 above, provided that GTMM or TFM makes a written claim for indemnification against KCS within such survival period, then KCS agrees to indemnify the claiming Party from and against the entirety of any Adverse Consequences such Party may suffer through and after the date of the claim for indemnification (including any Adverse Consequences GTMM or TFM may suffer after the end of any applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by the breach.

(b) KCS agrees to also indemnify GTMM from and against any matter released pursuant to Section 10.14(b) to the extent that the acts, omissions or conduct of the released party (i) resulted in a breach of a representation, warranty or covenant made in this Agreement by KCS, (ii) otherwise resulted in a material adverse effect upon the assets or business of MX or TMX, or (iii) involved the receipt of an improper benefit by any Person.

(c) The obligation of KCS to indemnify GTMM pursuant to §8.3(a) and (b) above for any breach of representation or warranty shall be limited to 49% of the Adverse Consequences and then only to the extent that such 49% of the Adverse Consequences amount to, in the aggregate, \$5 million or more; provided, that for purposes of calculating this limitation

on indemnification, (i) Adverse Consequences shall be calculated without regard to any Material Adverse Effect and (ii) shall not apply to any Adverse Consequences arising out of or resulting from any action or omission on the part of KCS or any of their respective affiliates that involve a felony under United States law, actual fraud, willful misconduct or gross negligence.

8.4 Determination of Adverse Consequences. The Parties shall make appropriate adjustments for Tax consequences and insurance coverage and take into account the time cost of money in determining Adverse Consequences for purposes of this Article VIII. All indemnification payments under this Article VIII shall be deemed adjustments to the Purchase Price.

8.5 Specific Performance. Notwithstanding the indemnification provisions of this Article VIII, the Parties acknowledge that monetary damages would not provide an adequate remedy in the event that one or more Parties were to fail to comply with the terms and conditions of the Agreement. Accordingly, the Parties agree that, in addition to any right to monetary damages that any Party may have at law and under the terms of this Agreement, each Party shall be entitled to the equitable remedy of specific performance in order to force any other Party to strictly comply with the terms and conditions of this Agreement.

ARTICLE IX. TERMINATION

9.1 Termination of Agreement. Certain of the Parties may terminate this Agreement as provided below:

(a) this Agreement may be terminated by mutual written consent of all of the Parties at any time prior to the Initial Closing;

(b) KCS may terminate this Agreement by giving written notice to GTMM and TFM at any time prior to the Initial Closing in the event GTMM or TFM has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, KCS has notified GTMM and TFM of the breach, and the breach has continued without cure for a period of 30 days after the notice of breach; and

(c) GTMM and TFM may terminate this Agreement by giving written notice to KCS at any time prior to the Initial Closing in the event KCS has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, GTMM or TFM has notified KCS of the breach, and the breach has continued without cure for a period of 30 days after the notice of breach.

9.2 Effect of Termination. If any Party terminates this Agreement pursuant to §9.1 above, all rights and obligations of the Parties hereunder shall terminate without any liability of any Party to any other Party (except for any liability of any Party then in breach).

ARTICLE X. MISCELLANEOUS

10.1 **Amendments and Waivers.** No amendment or waiver of any provision of this Agreement, and no consent to any departure from any of such terms by any of the Parties, shall be valid unless the same shall be in writing and signed by all of the Parties (except that a permitted waiver of a Closing condition under §7.2 or §7.3 hereof need not be signed by all Parties). No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

10.2 **Entire Agreement.** This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties concerning the sale of the Transferred Shares by TFM to KCS, and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they related in any way to the subject matter hereof; provided, that in the event of termination of this Agreement, then the parties intend for the terms and conditions of the 2002 Stock Purchase Agreement, the GTFM bylaws, and the Shareholders Agreement to become again valid and fully enforceable against the parties thereto.

10.3 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

10.4 **No Third-Party Beneficiaries.** This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

10.5 **Succession and Assignment.** This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of all of the Parties; provided, however, that KCS may (i) assign any or all of its rights and interests hereunder to one or more of its Affiliates and (ii) designate one or more of its Affiliates to perform its obligations hereunder (in any or all of which cases KCS nonetheless shall remain responsible for the performance of all of its obligations hereunder).

10.6 **Headings.** The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

10.7 **Notices.** All notices, requests, demands, claims, and other communications hereunder shall be made in writing (including fax communications, with delivery confirmation as provided hereunder) and delivered at the domicile or fax number of the addressee thereof, or at such other domicile as any of the Parties shall notify the other Parties in writing as provided in this Section. Any notice, request, demand, claim, or other communication hereunder shall be effective when received by the Party to whom it is addressed. All communication by fax shall be

affirmatively confirmed by confirmation page from the sending fax machine and by telephonic confirmation of receipt by an officer of the receiving Party. For purposes of this Section and until changed by written notice to each of the other Parties, each of the Parties designates the domicile for receipt of notices and communications as is written below such Party's corporate name in the signature pages hereof.

10.8 Expenses. Whether or not the transaction contemplated by this Agreement is consummated, all costs and expenses, including (without limitation) legal fees, consulting fees, finder's fees, investment banking fees and trustee's fees, incurred in connection with this Agreement and the transaction contemplated thereby shall be paid by the Party incurring such costs or expenses except as otherwise provided in this Agreement.

10.9 Announcements. The Parties shall consult with one another with regard to all media releases and other announcements issued at or prior to a Closing concerning the transaction contemplated by this Agreement; and, except as may be required by applicable laws or the applicable rules and regulations of any governmental agency or stock exchange, no Party hereto shall issue any such press release or other publicity concerning the transaction contemplated by this Agreement without the prior written consent of the other Parties.

10.10 Governing Law; Dispute Resolution.

(a) Resolution of any and all disputes between KCS, on the one hand, and one or more of GTMM or TFM, on the other hand (each of KCS, on the one hand, and one or more of GTMM or TFM, on the other hand, a "Dispute Party" and together, the "Dispute Parties") arising from or in connection with this Agreement or any transactions contemplated by this Agreement, whether based on contract, tort, common law, equity, statute, regulation, order or otherwise, ("Disputes") including Disputes arising in connection with claims by third persons, shall be exclusively governed by and settled in accordance with the provisions of this §10.10; provided, that the foregoing shall not preclude equitable or other judicial relief to enforce the provisions hereof or to preserve the status quo pending resolution of Disputes hereunder.

(b) THIS AGREEMENT, THE LEGAL RELATIONS BETWEEN THE PARTIES HERETO AND THE ADJUDICATION AND ENFORCEMENT THEREOF, SHALL BE GOVERNED BY AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF DELAWARE AND THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA, WITHOUT REGARD TO APPLICABLE CHOICE OF LAW PROVISIONS THEREOF.

(c) As to any Dispute which is not resolved in the ordinary course of business, the Dispute Parties shall first attempt in good faith to promptly resolve any Dispute by negotiations between executives. Either of the Dispute Parties may initiate this procedure by delivery of written notice of the Dispute (the "Dispute Notice") to the other. Not later than 20 days after delivery of the Dispute Notice, one executive of one of the Dispute Parties with authority to settle the Dispute shall meet with the one executive of the other Dispute Party with authority to settle the Dispute at a reasonably acceptable time and place, and thereafter as such executives shall deem reasonably necessary. The executives shall exchange relevant information and endeavor to resolve the Dispute. Prior to any such meeting, each Dispute Party's executive

shall advise the other as to any individuals who will attend such meeting with the executive. All negotiations pursuant to this §10.10(c) shall be confidential and shall be treated as compromise negotiations for purposes of Rule 408 of the Federal Rules of Evidence and similarly under other local or foreign rules of evidence.

(d) Each Dispute Party hereby agrees to submit all Disputes not resolved pursuant to §10.10(c) hereof to final and binding arbitration in New York, New York. Either Dispute Party may initiate such arbitration by delivery of a request therefor (the "Arbitration Request") to the other Dispute Party not sooner than 60 days after the date of delivery of the Dispute Notice but promptly thereafter; provided, that if a Dispute Party rejects participation in the procedures provided under §10.10(c), the other Dispute Party may initiate arbitration at such earlier time as such rejection shall become reasonably apparent, and, whenever arbitration is initiated, may seek recovery of any damages or expenses arising from such rejection, including attorney's fees and expenses, Arbitration Costs (as defined below) in connection with arbitration hereunder. An Answer shall be filed within 30 days of the receipt of the Arbitration Request.

(i) Three Arbitrators shall be appointed (the "Arbitrators"), one of whom shall be nominated by KCS, one by GTMM, and the third of whom, who shall act as the chairman of the arbitral tribunal, shall be appointed by the first two Arbitrators within 30 days of the first two Arbitrators confirmation by the International Chamber of Commerce. If either Dispute Party fails to appoint an Arbitrator within 15 days of a request in writing by the other Dispute Party to do so or if the first two Arbitrators cannot agree on the appointment of the third Arbitrator within 30 days of their confirmation by the International Chamber of Commerce, then such Arbitrator shall be appointed by the International Chamber of Commerce in accordance with its Rules of Arbitration.

(ii) The arbitration shall be conducted in the English language pursuant to the Arbitration Rules of the International Chamber of Commerce. Notwithstanding the foregoing, (A) each Dispute Party shall have the right to audit the books and records of the other Dispute Party that are reasonably related to the Dispute; (B) each Dispute Party shall provide to the other, reasonably in advance of any hearing, copies of all documents which a Dispute Party intends to present in such hearing; (C) all hearings shall be conducted on an expedited schedule; and (D) all proceedings shall be confidential, except that either Dispute Party may at its expense make a stenographic record thereof.

(iii) The Arbitrators shall endeavor to complete all hearings not later than 180 days after their tribunal has been convened, and shall make a final award as promptly as practicable thereafter. Such award shall be communicated, in writing, by the Arbitrators to the Dispute Parties, and shall contain specific findings of fact and conclusions of law in accordance with the governing law set forth in §10.10(b) of this Agreement. Any award of such Arbitrators shall be final and binding upon the Parties to this Agreement and shall not be attacked by any of the Parties to this Agreement in any court of law and may be enforced in any court having jurisdiction, including expressly the courts of the State of Delaware, United States of America, and the courts of the Federal District of Mexico. The

Arbitrators shall apportion all costs and expenses of the arbitration, including the Arbitrators' fees and expenses, fees and expenses of experts and fees and expenses of translators ("Arbitration Costs") between the prevailing and non-prevailing Dispute Party as the Arbitrators shall deem fair and reasonable. In circumstances where (A) a Dispute has been asserted or defended against on grounds that the Arbitrators deem manifestly unreasonable, or (B) the non-prevailing Dispute Party has rejected participation in procedures under §10.10(c), the Arbitrators may assess all Arbitration Costs against the non-prevailing Dispute Party and may include in the award the prevailing Dispute Party's attorney's fees and expenses in connection with any and all proceedings under this §10.10. Notwithstanding the foregoing, in no event may the arbitrator award multiple or punitive damages.

(iv) The parties agree to produce documents, which may include contracts, books, records, internal documents, notes, and memoranda of any and all kinds or types. It shall not be objectionable that documents are requested by general category. The parties also agree to provide oral depositions of their employees and representatives, and to fully, accurately and timely answer written interrogatories submitted to them. The arbitral tribunal shall have the power, upon application of any party, to make all appropriate orders for the discovery described above, to which power the parties specifically consent. If a party fails to provide discovery pursuant to an order of the tribunal, the arbitrators may take that failure into account in deciding the issues. Applicable legal privileges against the disclosure of information shall be recognized.

(e) Pursuant to an agreement of the Parties or a judicial determination that a Dispute is not subject to final and binding arbitration as set forth in §10.10, KCS and each of GTMM and TFM irrevocably agrees that any legal action or proceeding against it with respect to this Agreement and any transaction contemplated by this Agreement shall be brought only in the courts of the State of Delaware, or of Federal courts of the United States of America sitting in Delaware, and by execution and delivery of this Agreement, KCS and each of GTMM and TFM irrevocably submits to the venue and jurisdiction of each such court and irrevocably waives any objection or defense such party may have to venue or personal jurisdiction in any such court for the purpose of resolving any claim, dispute, cause of action arising out of or related to this Agreement (including any claim that the suit or action has been brought in an inconvenient forum and any right to which it may become entitled on account of place of residence or domicile), the alleged breach of this Agreement, the enforcement of the terms of this Agreement and the other terms contemplated hereby. A final judgment in any suit, action or proceeding shall be conclusive and may be enforced in any court where jurisdiction over the Parties may be had or in which the Parties are subject to service of process.

(f) Each of the Parties irrevocably appoints CT Corporation (the "Process Agent"), at 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801 (302) 658-7581, as its agent and true and lawful attorney-in-fact in its name, place and stead to accept on behalf of each of the Parties and their respective properties and revenues, service of copies of the summons and complaint and any other process which may be served in any such suit, action or

proceeding brought in the State of Delaware, and each of the Parties agrees that failure of the Process Agent to give any notice of any such service of process to any of the Parties shall not impair or affect the validity of such service or the enforcement of any judgment based thereon.

(g) These dispute resolution provisions, including the agreement to arbitrate, are independent of the remaining provisions of this Agreement and the Parties intend that they shall continue in effect even though one or more provisions of this Agreement shall be determined to be null or void. The dispute resolution provisions and agreement to arbitrate shall also survive the termination or expiration of this Agreement.

10.11 Severability. If any one or more of the provisions contained in this Agreement or in any document executed in connection herewith shall be held invalid, illegal or unenforceable under applicable law, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not be affected or impaired and shall remain in full force and effect.

10.12 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

10.13 Incorporation of Exhibits, Annexes, and Schedules. The Exhibits, Annexes, and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

10.14 Releases. To the extent permitted by law:

(a) KCS, on behalf of itself and its controlled affiliates, hereby releases, acquits and discharges, effective at the Initial Closing, each officer and director of MX and TMX and each person identified in Section 10.14 of the Disclosure Schedule from and against any and all claims, liabilities, demands and causes of action, whether known or unknown, arising out of the transactions contemplated by this Agreement occurring at any time prior to and including the Initial Closing Date or any such person's acts, omissions or conduct in his or her capacity as an officer or director of MX or TMX occurring at any time prior to and including the Initial Closing Date.

(b) TMM, on behalf of itself and its controlled affiliates, hereby releases, acquits and discharges, effective at the Initial Closing, each officer and director of KCS and of each Subsidiary of KCS from and against any and all claims, liabilities, demands and causes of action, whether known or unknown, arising out of the transactions contemplated by this Agreement or any such person's acts, omissions or conduct in his or her capacity as an officer or director of MX or TMX occurring at any time prior to and including the Initial Closing Date.

ARTICLE XI. DEFINITIONS

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, Taxes, Liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act of 1934, as amended.

"Arbitration Costs" has the meaning set forth in §10.10(d) above.

"Arbitration Request" has the meaning set forth in §10.10(d) above.

"Arbitrators" has the meaning set forth in §10.10(d) above.

"Benefit Arrangement" means any employment, severance or similar contract or arrangement (whether or not written) or any plan, policy, fund, program or contract or arrangement (whether or not written) providing for compensation, bonus, profit-sharing, stock option, or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance coverage (including any self-assured arrangements), health or medical benefits, disability benefits, workers' compensation, supplemental unemployment benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance or other benefits) that (i) is not an Employee Plan, (ii) is entered into, maintained, administered or contributed to, by MX or TMX or any of their ERISA Affiliates, and (iii) covers any employee or former employee of MX or TMX.

"Closing" has the meaning set forth in §1.2 above.

"Closing Date" has the meaning set forth in §1.2 above.

"Code" means the Internal Revenue Code of 1986, as amended.

"Confidential Information" means, with respect to MX or TMX, all proprietary and confidential business information and data of MX or TMX that is not generally known by or readily ascertainable by or available to, on a legal or authorized basis, the general public; provided, however, that "Confidential Information" shall not include any information: (a) which is already known by the receiving Party; or (b) which before being divulged by the disclosing Party (i) has become generally known to the public through no wrongful act of the receiving Party or its representatives or agents, (ii) has been received by the receiving Party from a third party without (to the receiving Party's knowledge) restriction on disclosure and without (to the receiving Party's knowledge) a breach by the third party of an obligation of confidentiality, or

(iii) is independently developed by the receiving Party without use of the Confidential Information received from a disclosing Party.

"Disclosure Schedule" has the meaning set forth in Article II above.

"Dispute Notice" has the meaning set forth in §10.10(c) above.

"Dispute Parties" has the meaning set forth in §10.10(a) above.

"Dispute Party" has the meaning set forth in §10.10(a) above.

"Disputes" has the meaning set forth in §10.10(a) above.

"Employee Benefit Plan" means any "employee benefit plan" (as such term is defined in ERISA §3(3)) and any other employee benefit plan, program or arrangement of any kind maintained by MX and TMX.

"Employee Plan" means any "employee benefit plan", as defined in §3(3) of ERISA, that (i) is subject to any provision of ERISA, (ii) is maintained, administered or contributed to by MX or TMX or any of their ERISA Affiliates, and (iii) covers any employee or former employee of MX or TMX.

"Environmental Laws" means any applicable federal, state, local, provincial or foreign law (including, without limitation, common law), treaty, judicial decision, regulation, rule, judgment, order, decree, injunction, permit, or legally binding governmental restriction or requirement, or any legally binding agreement with any governmental authority or other third party, relating to human health and safety (as relating to the environment), the environment or, as impacting human health or the environment, to pollutants, contaminants, wastes or chemicals or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substances, wastes or materials.

"Environmental Permits" means, as to any entity, all permits, licenses, franchises, certificates, approvals and other similar authorizations of governmental authorities required by Environmental Laws regarding the business of such entity as currently conducted.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means each entity which is treated as a single employer with MX for purposes of Code §414.

"Financial Statement" has the meaning set forth in §3.5 above.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"GTFM" has the meaning set forth in the Recitals above.

"GTMM" has the meaning set forth in the preface above.

"Hazardous Substances" means, in each case as regulated under any Environmental Law, any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substance, waste or material, or any substance, waste or material having any constituent elements displaying any of the foregoing characteristics, including, without limitation, petroleum, its derivatives, by-products and other hydrocarbons, and any substance, waste or material regulated under any Environmental Law.

"Income Tax" means any federal, state, local, or foreign income tax, including any interest, penalty, or addition thereto, whether disputed or not.

"Initial Closing" has the meaning set forth in §1.2 above.

"Initial Closing Date" has the meaning set forth in §1.2 above.

"Initial Purchase Price" has the meaning set forth in §1.3 above.

"Initially Transferred Shares" has the meaning set forth in the Recitals above.

"KCS Credit Agreement" means the Credit Agreement dated as of March 30, 2004 among Kansas City Southern, The Kansas City Southern Railway Company, the Guarantors, Lenders and Banks named therein and the Bank of Nova Scotia, Morgan Stanley Senior Funding Inc. and Harris Trust and Savings Bank.

"KCSR" has the meaning set forth in the Recitals above.

"Knowledge" means actual knowledge after reasonable investigation.

"Lien" means, with respect to any asset, any mortgage, pledge, encumbrance, charge, or other security interest of any kind in respect of such asset, other than (a) mechanic's, materialmen's, and similar liens, (b) liens for Taxes not yet due and payable, (c) purchase money liens and liens securing rental payments under capital lease arrangements, and (d) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

"Material Adverse Effect" means, with respect to MX, a change, event or occurrence that has had, or is reasonably likely to have, a material adverse effect on the business, assets, properties, liabilities, financial condition or results of operations of MX and its Subsidiaries, taken as a whole, other than any change, event or occurrence resulting from (i) changes in the railroad industry in the United States or Mexico generally, (ii) changes in general economic conditions in the United States or the securities markets in general, (iii) terrorist activities or the commencement or escalation of any war or armed hostilities, which do not disproportionately affect MX or its Subsidiaries, or (iv) the entry into or performance of this Agreement in accordance with its terms.

"MM" has the meaning set forth in the Recitals above.

"Most Recent Balance Sheet" means the balance sheet contained within the Most Recent Financial Statements.

"Most Recent Financial Statements" has the meaning set forth in §3.5 above.

"Most Recent Fiscal Month End" has the meaning set forth in §3.5 above.

"Most Recent Fiscal Year End" has the meaning set forth in §3.5 above.

"Multiemployer Plan" means a multiemployer plan, as defined in §3(37) of ERISA, which is subject to §4022A of ERISA.

"MX" has the meaning set forth in the Recitals above.

"MX Shares" has the meaning set forth in the Recitals above.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

"Party" has the meaning set forth in the preface above.

"Person" means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

"Process Agent" has the meaning set forth in §10.10(f) above.

"Purchase Option" has the meaning set forth in §1.4 above.

"Purchase Price" has the meaning set forth in §1.3 above.

"Repair Debt" means the advances in an aggregate amount equal to \$8,968,352.65 made prior to the date of this Agreement by TFM to TMX.

"Shareholders Agreement" means the Agreement dated May 1997 by and among KCS, Caymex Transportation, Grupo Servia, S.A. de C.V., Transportación Marítima Mexicana, S.A. de C.V. and TMM Multimodal, S.A. de C.V.

"Subsequent Closing" has the meaning set forth in §1.2 above.

"Subsequently Transferred Shares" has the meaning set forth in the Recitals above.

“Subsidiary” means any corporation with respect to which a specified Person (or a Subsidiary thereof) owns a majority of the common stock or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors.

“Surface Transportation Board” or “STB” shall mean that government agency that administers the ICC Termination Act of 1995 Pub. L. No. 104-88, 109 Stat. 803, enacted December 29, 1995.

“Tax” means any federal, state, local, or foreign tax, including any interest, penalty, or addition thereto, whether disputed or not.

“TFM” has the meaning set forth in the preface above.

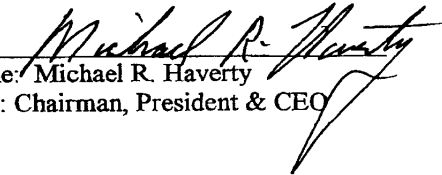
“Title IV Plan” means an Employee Plan subject to Title IV of ERISA other than any Multiemployer Plan.

“TMX” has the meaning set forth in the Recitals above.

“Transferred Shares” has the meaning set forth in the Recitals above.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

KANSAS CITY SOUTHERN

By: 
Name: Michael R. Haverty
Title: Chairman, President & CEO

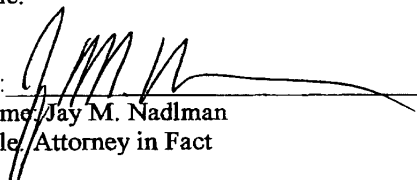
GRUPO TMM, S.A.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

TFM, S.A. de C.V.

By: _____
Name: _____
Title: _____

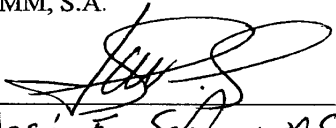
By: 
Name: Jay M. Nadlman
Title: Attorney in Fact

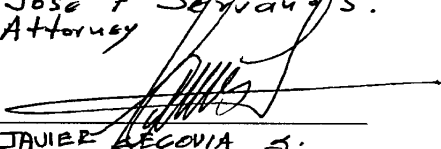
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

KANSAS CITY SOUTHERN

By: _____
Name: _____
Title: _____

GRUPO TMM, S.A.

By: 
Name: José F. Serván S.
Title: Attorney

By: 
Name: JAVIER SEGOVIA S.
Title: ATTORNEY IN FACT

TFM, S.A. de C.V.

By: 
Name: JAVIER SEGOVIA S.
Title: ATTORNEY IN FACT

By: _____
Name: _____
Title: _____

EXHIBIT "A"
VOTING TRUST AGREEMENT

THIS VOTING TRUST AGREEMENT, dated as of August 16, 2004, by and between Kansas City Southern ("KCS"), a Delaware corporation and non-carrier holding company, and Thomas F. Power, Jr. (the "Trustee").

WITNESSETH:

WHEREAS, TFM, S.A. de C.V., a Mexican corporation ("TFM") owns or controls 100 percent of the common stock of Mexrail, Inc., a Delaware corporation (the "Company"); and

WHEREAS, KCS intends to purchase 51 percent of the Company's shares of common stock and has an option to purchase the remaining 49 percent of the Company's common stock from TFM, as set forth in a Stock Purchase Agreement by and among Grupo TMM, S.A., a Mexican corporation ("TMM"), TFM, and KCS dated August 16, 2004 ("Stock Purchase Agreement") (the common stock of the Company will be known as the "Shares"); and

WHEREAS, the Texas Mexican Railway Company, a Texas corporation ("Tex Mex") is a Class II rail carrier as defined by the rules of the Surface Transportation Board (the "STB") and is a wholly owned subsidiary of the Company; and

WHEREAS, acquisition of 51 percent of the Shares by KCS would enable KCS to control three rail carriers subject to the jurisdiction of the STB (Tex Mex, and KCS' wholly owned subsidiaries The Kansas City Southern Railway Company ("KCSR") and Gateway Eastern Railway Company ("GWER")) and KCS therefore intends to renew its application with the STB (the "Application") seeking approval of the STB for the acquisition of control of Tex Mex by KCS while KCS continues in control of KCSR and GWER; and

WHEREAS, KCS wishes to deposit any acquired Shares in an independent, irrevocable voting trust, pursuant to the rules of the STB in order to avoid any allegation or assertion that KCS is controlling or has the power to control Tex Mex prior to the receipt of any required STB approval; and

WHEREAS, the Trustee is not an officer or board member of KCS or any of its affiliates, and does not have any direct or indirect business arrangements or dealings (as described in Paragraph 9 hereof) with KCS or any of its affiliates; and

WHEREAS, the Trustee is willing to act as voting trustee pursuant to the terms of this Voting Trust Agreement and the rules of the STB;

NOW THEREFORE, the parties hereto agree as follows:

1. **Creation of Trust.** KCS hereby appoints Thomas F. Power, Jr. as Trustee hereunder, and Thomas F. Power, Jr. hereby accepts said appointment and agrees to act as Trustee under this Voting Trust Agreement as provided herein.
2. **Trust is Irrevocable.** This Voting Trust Agreement and the nomination of the Trustee during the term of the Trust shall be irrevocable by KCS and its affiliates and shall terminate only in accordance with the provisions of Paragraphs 8 and 14 hereof.
3. **Deposit of Trust Stock.** KCS agrees that immediately upon acquiring any Shares, KCS will transfer all its right, title and interest in those Shares to the Trustee along with all certificates representing such Shares. All such certificates shall be duly endorsed or accompanied by proper instruments duly executed for transfer thereof to the Trustee or otherwise validly and properly transferred, and shall be exchanged for one or more Voting Trust Certificates substantially in the form attached hereto as Exhibit A (the "Trust Certificates"), with the blanks therein appropriately filled in. All Shares delivered to the Trustee hereunder are called the "Trust Stock."

4. **Powers of Trustee.** The Trustee shall be present, in person or represented by proxy, at all annual and special meetings of shareholders of the Company so that all Trust Stock may be counted for the purposes of determining the presence of a quorum at such meetings. The Trustee shall be entitled and it shall be the Trustee's duty to exercise any and all voting rights in respect to the Trust Stock either in person or by proxy or consent, as hereinafter provided, unless otherwise directed by an order of the STB or a court of competent jurisdiction. The Trustee acknowledges that the Trustee shall not participate in or interfere with the management of the Company except in accordance with the terms hereof, the terms of the Stock Purchase Agreement, or any precedents or orders of the STB. The Trustee shall exercise all voting rights in respect of the Trust Stock in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of, KCS's acquisition of control of the Company, including its wholly owned subsidiary, Tex Mex. In addition, the Trustee shall exercise all voting rights in respect of the Trust Stock in favor of any proposal or action necessary or desirable to dispose of Trust Stock in accordance with Paragraph 8 hereof. In exercising the Trustee's voting rights in respect to the Trust Stock, the Trustee shall vote in accordance with, and to maintain in effect, the terms of the Stock Purchase Agreement, including, but not limited to, the following: The Trustee shall not sell, lease, assign, transfer, alienate, pledge, encumber or hypothecate the stock or major assets of either or both of the Company and Tex Mex or any right or interest therein, whether voluntarily or by operation of law or by gift or otherwise, nor cause the Company or Tex Mex to merge or consolidate with or into any other entity, without the prior written authorization of KCS. The Trustee shall vote the Trust Stock in the Trustee's sole discretion, having due regard for the Stock Purchase Agreement, the interests of the holder(s) of the Trust Certificates, and the interests of the minority shareholders in the Company as investors in the Company, determined without reference to such holders' interests in businesses other than the Company or

its subsidiaries. The Trustee shall not, without the prior approval of the STB, vote the Trust Stock to elect any current officer or director of TMM, TFM, KCS, or any of their affiliates as a director of the Company or Tex Mex.

5. **Further Provisions Concerning Voting of Trust Stock.** The Trustee shall be entitled and it shall be the Trustee's duty to exercise any and all voting rights in respect of the Trust Stock either in person or by proxy or consent, as hereinafter provided, unless otherwise directed by an order of the STB or a court of competent jurisdiction. The Trustee shall not be liable for any mistakes of fact or law or any error of judgment, or for any act or omission, except as a result of the Trustee's willful misconduct or gross negligence.

6. **Transfer of Trust Certificates.** All Trust Certificates shall be transferable on the books of the Trustee by the registered holder upon the surrender thereof properly assigned, in accordance with rules from time to time established for the purpose by the Trustee. Until so transferred, the Trustee may treat the registered holder as owner for all purposes. Each transferee of a Trust Certificate issued hereunder shall, by his acceptance thereof, assent to and become a party to this Voting Trust Agreement, and shall assume all attendant rights and obligations.

7. **Dividends and Distributions.** Pending the termination of this Trust as hereinafter provided, the Trustee shall, immediately following the receipt of each cash dividend or cash distribution as may be declared and paid upon the Trust Stock, pay the same over to or as otherwise directed by the registered holders of the Trust Certificates in proportion to their respective interests. The Trustee shall receive and hold dividends and distributions other than cash upon the same terms and conditions as the Trust Stock and shall issue Trust Certificates representing any new or additional securities that may be paid as dividends or otherwise

distributed upon the Trust Stock to the registered holders of Trust Certificates in proportion to their respective interests.

8. **Disposition of Trust Stock; Termination of Trust.** (a) This Trust is accepted by the Trustee subject to the right hereby reserved in KCS at any time to sell or make any other disposition of the whole or any part of the Trust Stock, whether or not an event described in subparagraph (b) below has occurred. The Trustee shall take all actions reasonably requested by KCS, including, without limitation, exercising all voting rights in respect of Trust Stock in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of, or with respect to, any proposed sale or other disposition of the whole or any part of the Trust Stock by KCS that is otherwise permitted pursuant to this Paragraph 8 or the Stock Purchase Agreement. This Voting Trust Agreement is not intended to alter the terms of any other agreement that may restrict or condition the right of KCS to sell its interests in the Company or Tex Mex. In the event of a permitted sale of Trust Stock by KCS, the Trustee shall, to the extent the consideration therefor is payable to or controllable by the Trustee, promptly pay, or cause to be paid, upon the order of KCS the net proceeds of such sale to the registered holders of the Trust Certificates in proportion to their respective interests. It is the intention of this Paragraph that no violation of 49 U.S.C. Section 11323 will result from a termination of this Trust.

(b) In the event the STB by final order shall (i) approve or exempt the acquisition of control of Tex Mex by KCS or any of its affiliates; or (ii) approve or exempt a merger or similar business combination between Tex Mex and KCS or any of its affiliates, then immediately upon the direction of KCS and the delivery to the Trustee of a certified copy of such order of the STB or other governmental authority with respect thereof (or, in the event that Subtitle IV of Title 49 of the United States Code or other controlling law is amended to allow KCS or any of its affiliates to acquire control of Tex Mex without obtaining STB or other governmental approval,

upon delivery of an opinion of independent counsel selected by the Trustee that no order of the STB or other governmental authority is required), the Trustee shall either (x) transfer upon the order of KCS to the registered holders of the Trust Certificates in proportion to their respective interests, the Trustee's right, title and interest in and to all of the Trust Stock then held by the Trustee in accordance with the terms, conditions and agreements of this Voting Trust Agreement and not theretofore transferred by the Trustee as provided in subparagraph (a) hereof, or (y) if shareholder approval has not previously been obtained, vote the Trust Stock with respect to any such merger or similar business combination between Tex Mex and KCS or any of its affiliates as directed by the holder or holders of a majority in interest of the Trust Certificates, and upon any such transfer, merger or similar business combination this Trust shall cease and come to an end.

(c) In the event that the STB issues an order denying or approving subject to conditions unacceptable to KCS, any application or petition by KCS or its affiliates to acquire, merge with or otherwise exercise control over Tex Mex or the surviving corporation in a merger, and such order becomes final after judicial review or failure to appeal, KCS shall use its best efforts to sell, distribute or otherwise dispose of the Trust Stock's interest in Tex Mex to one or more eligible purchasers, during a period of two years after such order becomes final after judicial review or failure to appeal, and subject to any jurisdiction of the STB to oversee KCS's divestiture of the Trust Stock's interest in Tex Mex, and then the Trustee shall transfer the Trust Stock to KCS for subsequent disposition to one or more eligible purchasers. At all times, the Trustee shall continue to perform the Trustee's duties under this Voting Trust Agreement and, should KCS be unsuccessful in its efforts to sell or distribute the Trust Stock's interest in Tex Mex during the period referred to, the Trustee shall then as soon as practicable sell the Trust Stock's interest in Tex Mex for cash or other consideration to eligible purchasers in such manner

and for such price as the Trustee in the Trustee's discretion shall deem reasonable after consultation with KCS or its affiliates. (An "eligible purchaser" hereunder shall be a person or entity that is not affiliated with KCS or its affiliates and which has all necessary regulatory authority, if any, to purchase the Trust Stock's interest in Tex Mex.) After disposition of the Trust Stock's interest in Tex Mex, the Trustee shall then transfer the Trust Stock to KCS. KCS agrees to cooperate with the Trustee in effecting such disposition and the Trustee agrees to act in accordance with any direction made by KCS or its affiliates as to any specific terms or method of disposition, to the extent not inconsistent with any of the terms of this Voting Trust Agreement or of any STB or court order. The proceeds of the sale shall be distributed upon the order of KCS to the registered holders of the Trust Certificates in proportion to their respective interest. The Trustee may, in the Trustee's reasonable discretion, require the surrender to the Trustee of the Trust Certificates hereunder before paying to the holder his share of the proceeds. Upon disposition of all the Trust Stock pursuant to this paragraph 8(c), this Trust shall cease and come to an end.

(d) If not terminated pursuant to any other provision of this Voting Trust Agreement or by order or direction of the STB, this Voting Trust Agreement shall terminate on December 31, 2007, but may be extended by the parties hereto, so long as no violation of 49 U.S.C. Section 11323 will result from such termination or extension. All Trust Stock and any other property held by the Trustee hereunder upon such termination shall be distributed upon the order of KCS to the registered holders of the Trust Certificates in proportion to their respective interests. The Trustee may, in the Trustee's reasonable discretion, require the surrender to the Trustee of the Trust Certificates hereunder before the release or transfer of the stock interests evidenced thereby.

(e) The Trustee shall promptly inform the STB of any transfer or disposition of Trust Stock pursuant to this Paragraph 8.

(f) Except as expressly provided in this Paragraph 8, the Trustee shall not dispose of, or in any way encumber, the Trust Stock, and any transfer, sale or encumbrance in violation of the foregoing shall be null and void.

9. **Independence of the Trustee.** The Trustee shall not (i) serve as an officer or member of the board of directors of KCS or any affiliate of KCS, or (ii) have any direct or indirect business arrangements or dealings, financial or otherwise with KCS or any affiliate of KCS, other than dealings pertaining to the establishment and carrying out of this Trust. Mere investment in the stock or securities of KCS or any affiliate of KCS by the Trustee, short of obtaining a controlling interest, will not be considered a proscribed business arrangement or dealing, but in no event shall any such investment by the Trustee in voting securities of KCS or its affiliates exceed five percent of their outstanding voting securities and in no event shall the Trustee hold a proportion of such voting securities so substantial as to permit the Trustee in any way to control or direct the affairs of KCS or its affiliates.

10. **Compensation of the Trustee.** The Trustee shall be entitled to receive reasonable and customary compensation for all services rendered hereunder as Trustee and said compensation to the Trustee, together with all counsel fees, taxes, or other expenses reasonably incurred hereunder, shall be promptly paid by KCS.

11. **Trustee May Act Through Agents.** The Trustee may at any time or from time to time appoint an agent or agents and may delegate to such agent or agents the performance of any administrative duty of the Trustee.

12. **Concerning the Responsibilities and Indemnification of the Trustee.** The Trustee shall not be answerable for the default or misconduct of any agent or attorney appointed by it in pursuance hereof if such agent or attorney has been selected with reasonable care. The duties and responsibilities of the Trustee shall be limited to those expressly set forth in this Voting Trust Agreement. The Trustee shall not be responsible for the sufficiency or the accuracy of the form, execution, validity or genuineness of the Trust Stock, or of any documents relating thereto, or for any endorsement thereon or lack of any endorsement thereof, or for any description therein, nor shall the Trustee be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such Trust Stock or document or endorsement or this Voting Trust Agreement, except for the execution and delivery of this Voting Trust Agreement by this Trustee. KCS agrees that it will at all times protect, indemnify and save harmless the Trustee from any loss, cost or expense of any kind or character whatsoever incurred by the Trustee in connection with this Trust except those, if any, growing out of the gross negligence or willful misconduct of the Trustee, and will at all times itself undertake, assume full responsibility for, and pay all costs and expense of, any suit or litigation of any character, including any proceedings before the STB, with respect to the Trust Stock or this Voting Trust Agreement, and if the Trustee shall be made a party thereto, KCS will pay all costs and expenses, including reasonable counsel fees, to which the Trustee may be subject by reason thereof; provided, however, that KCS shall not be responsible for the cost and expense of any suit that the Trustee shall settle without first obtaining KCS' written consent. The indemnification obligations of KCS shall survive any termination of this Voting Trust Agreement or the removal, resignation, or other replacement of the Trustee. The Trustee may consult with counsel and the opinion of such counsel shall be full

and complete authorization and protection in respect of any action taken or omitted or suffered by the Trustee hereunder in good faith and in accordance with such opinion.

13. **Trustee to Give Account to Holders.** To the extent requested to do so by KCS or any registered holder of a Trust Certificate, the Trustee shall furnish to the party making such request full information with respect to (i) all property theretofore delivered to the Trustee, (ii) all property then held by the Trustee, and (iii) all actions theretofore taken by the Trustee.

14. **Resignation, Succession, Disqualification of Trustee.** The Trustee, or any trustee hereafter appointed, may at any time resign by giving sixty days' written notice of resignation to KCS and the STB. KCS shall, at least fifteen days prior to the effective date of such notice, appoint a successor trustee which shall (i) satisfy the requirements of Paragraph 9 hereof and (ii) be an individual, or a corporation organized and doing business under the laws of the United States or of any State thereof and authorized under such laws to exercise corporate trust powers having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authority. If no successor trustee shall have been appointed and shall have accepted appointment at least fifteen days prior to the effective date of such notice of resignation, the resigning Trustee may petition any competent authority or court of competent jurisdiction for the appointment of a successor trustee. Upon written assumption by the successor trustee of the Trustee's powers and duties hereunder, a copy of the instrument of assumption shall be delivered by the Trustee to KCS, the STB, and all registered holders of Trust Certificates, whereupon the Trustee shall be discharged of the powers and duties of the Trustee hereunder and the successor trustee shall become vested with such powers and duties. In the event of any material violation by the Trustee of the terms and conditions of this Voting Trust Agreement, the Trustee shall become disqualified from acting as trustee hereunder as soon as a successor trustee shall have been selected in the manner provided by this paragraph. If, during

the term of this Voting Trust Agreement, the Trustee dies, or becomes disabled or otherwise incapacitated to perform his duties set forth in this Voting Trust Agreement, KCS shall within seven days thereafter, upon notice to the STB, appoint a successor trustee who shall meet the qualifications stated in the sixth preamble paragraph of this Voting Trust Agreement and in Paragraph 9 hereof.

15. **Amendment.** Subject to the requirements of the Stock Purchase Agreement, this Voting Trust Agreement may from time to time be modified or amended by agreement executed by the Trustee, KCS and all registered holders of the Trust Certificates (i) pursuant to an order of the STB, (ii) with the prior approval of the STB, (iii) in order to comply with any order of the STB or (iv) upon receipt of an opinion of counsel satisfactory to the Trustee and the registered holders of Trust Certificates that an order of the STB approving such modification or amendment is not required and that the amendment is consistent with the STB's regulations regarding voting trusts.

16. **Governing Law; Powers of the STB.** The provisions of this Voting Trust Agreement and of the rights and obligations of the parties hereunder shall be governed by the laws of the State of Missouri, except that to the extent any provision hereof may be found inconsistent with Subtitle IV, Title 49, United States Code or regulations promulgated thereunder, such statute and regulations shall control and such provision hereof shall be given effect only to the extent permitted by such statute and regulations. In the event that the STB shall, at any time hereafter by final order, find that compliance with law requires any other or different action by the Trustee than is provided herein, the Trustee shall act in accordance with such final order instead of the provisions of this Voting Trust Agreement.

17. **Counterparts.** This Voting Trust Agreement may be executed in counterparts, each of which shall constitute an original, and one of which shall be held by KCS and two shall

be held by the Trustee, one of which shall be subject to inspection by holders of Trust Certificates on reasonable notice during business hours.

18. **Filing With the STB.** A copy of this Voting Trust Agreement and any amendments or modifications thereto shall be filed with the STB by KCS or its affiliates.

19. **Successors and Assigns.** This Voting Trust Agreement shall be binding upon the successors and assigns to the parties hereto, including without limitation successors to KCS by merger, consolidation or otherwise.

20. **Succession of Functions.** The term "STB" includes any successor agency or governmental department that is authorized to carry out the responsibilities now carried out by the STB with respect to the consideration of the consistency with the public interest of rail mergers and combinations, the regulation of voting trusts in respect of the acquisition of securities of rail carriers or companies controlling them, and the exemption of approved rail mergers and combinations from the antitrust laws.

21. **Notices.** Any notice which any party hereto may give to the other hereunder shall be in writing and shall be given by hand delivery, or by first class registered mail, or by overnight courier service, or by facsimile transmission confirmed by one of the aforesaid methods, sent,

If to KCS, to

Ronald G. Russ
Chief Financial Officer
Kansas City Southern
427 West 12th Street
Kansas City, MO 64105
Mail: P.O. Box 219335
Kansas City, MO 64121-9335
(816) 983-1702 (Phone)
(816) 983-1297 (Fax)

If to the Trustee, to

Thomas F. Power, Jr.
1340 Greenbrier Road
Green Oaks, IL 60048
847-549-9175 (Phone)
847-549-9178 (Fax)

and

Thomas F. Power, Jr.
P.O. Box 211
3190 Kentuck Lake Road
Phelps, WI 54554
715-545-3807 (Phone)
715-545-3355 (Fax)

and, if to the holders of Trust Certificates, to them at their addresses as shown on the records maintained by the Trustee. The date on which such notice is mailed shall be the date such notice is deemed given for all purposes.

22. **Remedies.** Each of the parties hereto acknowledges and agrees that in the event of any breach of this Voting Trust Agreement, each non-breaching party would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that the parties hereto (a) will waive, in any action for specific performance, the defense of adequacy of a remedy at law and (b) shall be entitled, in addition to any other remedy to which they may be entitled at law or in equity, to an order compelling specific performance of this Voting Trust Agreement in any action instituted in any state or federal court sitting in Kansas City, Missouri. Each party hereto consents to personal jurisdiction in any such action brought in any state or federal court sitting in Kansas City, Missouri.

IN WITNESS WHEREOF, KCS has caused this Voting Trust Agreement to be executed by its authorized officer, and the Trustee has executed this Voting Trust Agreement, all as of the day and year first above written.

KANSAS CITY SOUTHERN

By: Michael R. Haverty
Michael R. Haverty
Chairman, President & CEO

TRUSTEE

By: Thomas F. Power, Jr.
Name: Thomas F. Power, Jr.

EXHIBIT A

No. 1

5100 Shares

VOTING TRUST CERTIFICATE

FOR

COMMON STOCK OF

MEXRAIL, INC.

THIS IS TO CERTIFY that Kansas City Southern ("KCS") will be entitled, on the surrender of this Certificate, to receive on the termination of the Voting Trust Agreement ("Voting Trust") hereinafter referred to, or otherwise as provided in Paragraph 8 of the Voting Trust, all right, title and interest in a certificate or certificates for 5100 shares of the Common Stock, no par value, of Mexrail, Inc., a Delaware corporation (the "Company"). This certificate is issued pursuant to a Voting Trust dated as of August 16, 2004 by and between KCS, a Delaware corporation, and Thomas F. Power, Jr. (the "Trustee"). A copy of the Voting Trust is on file in the office of the Trustee at 1340 Greenbrier Road, Green Oaks, Illinois 60048, and open to inspection by the holder hereof on reasonable notice during normal business hours. The Voting Trust, unless earlier terminated pursuant to the terms hereof, will terminate on December 31, 2007, so long as no violation of 49 U.S.C. § 11323 will result from such termination.

The holder of this Certificate shall be entitled to the benefits of the Voting Trust, including the right to receive payment equal to the cash dividends, if any, paid by the Company with respect to the number of shares represented by this Certificate.

This Certificate shall be transferable only on the books of the undersigned Trustee or any successor, to be kept by such Trustee or successor, upon surrender hereof by the registered holder in person or by an attorney duly authorized in accordance with the provisions

of the Voting Trust, and until so transferred, the Trustee may treat the registered holder as the owner of this Voting Trust Certificate for all purposes whatsoever, unaffected by any notice to the contrary.

By accepting this Certificate, the holder hereof assents to all the provisions of, and becomes a party to, the Voting Trust.

IN WITNESS WHEREOF, the Trustee has executed this Certificate as of the day and year written below.

Signature: _____

Printed Name: Thomas F. Power, Jr.

Dated: August _____, 2004



For Immediate release:
August 16, 2004

For additional information contact:

Grupo TMM and Kansas City Southern Announce Agreement To Sell Controlling Interest in Mexrail to Kansas City Southern

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Kansas City, MO. August 16, 2004 Grupo TMM, S.A. (TMM) (NYSE: TMM) and Kansas City Southern (KCS) (NYSE: KSU) today announced an agreement for TFM, S.A. de C.V. (TFM) to sell to KCS, Mexrail, Inc. (Mexrail) shares representing a 51 percent ownership of Mexrail for approximately \$32.7 million (U.S.). The sale will close today. KCS will repay to TFM on or before January 1, 2005, certain advances from TFM in an amount of approximately \$9 million and will pay to Grupo TMM at the closing outstanding payables of approximately \$400,000.

The sale will be made on terms substantially similar to those previously agreed to by the parties in April of 2003. Mexrail wholly owns The Texas-Mexican Railway Company (Tex-Mex), a U.S. based shortline railroad that connects The Kansas City Southern Railway Company (KCSR) with TFM, Mexico's largest railroad by volume. The Mexrail shares will be placed in a voting trust pending regulatory approval by the Surface Transportation Board (STB) of KCS's common control of Tex-Mex, KCSR, and the Gateway Eastern Railway Company.

"KCS is very pleased to have completed the Mexrail transaction and to have it before the STB again for approval," said Michael R. Haverty, Chairman, President and CEO of Kansas City Southern. "Obtaining control of Mexrail and its U.S.-based assets under KCS strengthens KCS as

a viable rail competitor in the cross-border market.

"Approval of the Mexrail transaction will make KCS, our TFM partner, a stronger second U.S. rail carrier to the border at Laredo, and will be highly beneficial for TMM," said Jose Serrano, Chairman and CEO of TMM. "We are pleased to have completed this transaction."

Under the agreement, KCS has an exclusive option to purchase the remaining 49 percent of Mexrail through October 31, 2005, and an absolute obligation to purchase those shares on or before October 31, 2005. KCS agrees to comply with all prior STB rulings concerning the international bridge between Laredo and Nuevo Laredo (the Bridge), and to operate the Bridge under the terms of the applicable bridge agreements and protocols.

KCS's acquisition of control of Tex Mex is subject to the approval of the STB. KCS had previously submitted an application to control Tex Mex, but that proceeding was suspended by the STB on October 8, 2003, following TFM's repurchase of the Mexrail shares from KCS under the terms of the April 2003 agreement. KCS has notified the STB of the new agreement and has requested the STB to reinstate the procedural schedule and to move forward with its consideration of KCS's application to control Tex Mex.

Headquartered in Mexico City, TMM is a Latin American multimodal transportation company. Through its branch offices and network of subsidiary companies, TMM provides a dynamic combination of ocean and land transportation services. TMM also has a significant interest in TFM, S.A. de C.V., which operates Mexico's Northeast railway and carries over 40 percent of the country's rail cargo. Visit TMM's web site at <http://www.grupotmm.com> and TFM's web site at <http://www.tfm.com.mx>. Both sites offer Spanish/English language options. Grupo TMM is listed on the New York Stock Exchange under the symbol "TMM" and Mexico's Bolsa Mexicana de Valores under the symbol "TMM A."

KCS is a transportation holding company that has railroad investments in the United States, Mexico and Panama. Its primary holding in the United States is The Kansas City Southern Railway Company. Headquartered in Kansas City, Missouri, KCS serves customers in the central and south central regions of the United States. KCS's rail holdings and investments are primary components of a NAFTA Railway system that links the commercial and industrial centers of the United States, Canada, and Mexico.

Included in this press release are certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are based on the beliefs of TMM's and KCS's management as well as on assumptions made. Actual results could differ materially from those included in such forward-looking statements. Readers are cautioned that all forward-looking statements involve risks and uncertainty. For additional information relating to such risks and uncertainties, readers are urged to review TMM's and KCS's respective filings and submissions with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

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