

28646

SERVICE DATE - DECEMBER 10, 1997

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33510]

Kansas City Southern Lines, Inc.--Corporate Family Transaction Exemption--KCS
Transportation Company and The Kansas City Southern Railway Company

Kansas City Southern Industries, Inc. (KCSI), Kansas City Southern Lines, Inc. (KCSL), The Kansas City Southern Railway Company (KCSR), and KCS Transportation Company (KCST) have jointly filed a verified notice of exemption for KCSL's common control of KCSR and KCST's rail subsidiaries, Gateway Western Railway Company (GWWR), and Gateway Eastern Railway Company (GWER).¹

The transaction was expected to be consummated on or about November 21, 1997, at which time KCST was to merge into KCSL with KCSL as the surviving corporation. As a result, KCSR and GWWR will be direct subsidiaries of KCSL and GWER will be its indirect subsidiary. After the transaction, KCSL will commonly control KCSR, GWWR, and GWER. KCSL will also own 49% of the outstanding stock of Mex Rail Corporation, the parent company of the Texas Mexican Railroad Company and 37% of the outstanding

¹ In addition to invoking the class exemption for this transaction, KCSI is asking the Board to grant retroactive authority for a previous transaction--the transfer of the stock of KCSR and KCST to KCSL--which the parties undertook but for which they sought no approval from the Board. If KCSI wants to seek Board approval of that transaction, it should file a separate petition for exemption (no class exemption provides for retroactive application). Such a request may not be "piggybacked" on this notice.

stock of Grupo TFM, which in turn owns 80% of the outstanding stock of Transportacion Ferroviaria Mexicana, a Mexican railroad company.

The parties state that the transaction will take place within the KCSI corporate family and will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside of the corporate family. Thus, it is the type of transaction specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Accordingly, the exemption is subject to the labor protective conditions set forth in New York Dock Ry.-- Control--Brooklyn Eastern Dist. 360 I.C.C. 60 (1979).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to reopen the proceeding to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to reopen will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33510, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-001. In addition, a copy of each pleading must be served on Robert K. Dreiling, Kansas City Southern Industries, 114 West 11th Street, Kansas City, MO 64105 and William A. Mullins, Troutman Sanders LLP, 1300 I Street, N.W., Suite 500 East, Washington, DC 20005-3314.

STB Finance Docket No. 33510

Decided: December 3, 1997.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary

28646

SERVICE DATE - DECEMBER 10, 1997

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33510]

Kansas City Southern Lines, Inc.--Corporate Family Transaction Exemption--KCS
Transportation Company and The Kansas City Southern Railway Company

Kansas City Southern Industries, Inc. (KCSI), Kansas City Southern Lines, Inc. (KCSL), The Kansas City Southern Railway Company (KCSR), and KCS Transportation Company (KCST) have jointly filed a verified notice of exemption for KCSL's common control of KCSR and KCST's rail subsidiaries, Gateway Western Railway Company (GWWR), and Gateway Eastern Railway Company (GWER).¹

The transaction was expected to be consummated on or about November 21, 1997, at which time KCST was to merge into KCSL with KCSL as the surviving corporation. As a result, KCSR and GWWR will be direct subsidiaries of KCSL and GWER will be its indirect subsidiary. After the transaction, KCSL will commonly control KCSR, GWWR, and GWER. KCSL will also own 49% of the outstanding stock of Mex Rail Corporation, the parent company of the Texas Mexican Railroad Company and 37% of the outstanding

¹ In addition to invoking the class exemption for this transaction, KCSI is asking the Board to grant retroactive authority for a previous transaction--the transfer of the stock of KCSR and KCST to KCSL--which the parties undertook but for which they sought no approval from the Board. If KCSI wants to seek Board approval of that transaction, it should file a separate petition for exemption (no class exemption provides for retroactive application). Such a request may not be "piggybacked" on this notice.

stock of Grupo TFM, which in turn owns 80% of the outstanding stock of Transportacion Ferroviaria Mexicana, a Mexican railroad company.

The parties state that the transaction will take place within the KCSI corporate family and will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside of the corporate family. Thus, it is the type of transaction specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Accordingly, the exemption is subject to the labor protective conditions set forth in New York Dock Ry.-- Control--Brooklyn Eastern Dist. 360 I.C.C. 60 (1979).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to reopen the proceeding to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to reopen will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33510, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-001. In addition, a copy of each pleading must be served on Robert K. Dreiling, Kansas City Southern Industries, 114 West 11th Street, Kansas City, MO 64105 and William A. Mullins, Troutman Sanders LLP, 1300 I Street, N.W., Suite 500 East, Washington, DC 20005-3314.

STB Finance Docket No. 33510

Decided: December 3, 1997.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary