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SERVICE DATE - OCTOBER 19, 2001

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34099]

The Kansas City Southern Railway Company—Acquisition and Merger

Exemption—Gateway Western Railway Company and Kansas City Southern

Transportation Company

The Kansas City Southern Railway Company (KCSR), Gateway Western Railway Company (GWWR), and Kansas City Southern Transportation Company (KCSTC) jointly filed a verified notice of exemption.¹ As part of a proposed corporate restructuring: (1) KCSTC will convey to KCSR all of the stock it owns in GWWR, which is all of GWWR's issued and outstanding stock, of all classes; and (2) KCSTC and GWWR will be merged into KCSR, with KCSR as the surviving entity. After the transaction is consummated, GWWR will remain a wholly owned subsidiary of KCSR. Under the agreement and plan of merger, KCSR will assume all rights, obligations and business functions of its subsidiaries.

¹ KCSR, a Class I carrier, operating in the States of Nebraska, Iowa, Kansas, Missouri, Oklahoma, Arkansas, Texas, Louisiana, Mississippi, Tennessee, and Alabama, owns all of the issued and outstanding stock of KCSTC. KCSTC, a noncarrier holding company, owns all of the issued and outstanding stock of GWWR. GWWR a Class II carrier operating in the States of Kansas, Missouri, and Illinois, owns all of the issued and outstanding stock of Gateway Eastern Railway (GWER), a Class III carrier operating in the State of Illinois.

The transaction was scheduled to be consummated on or shortly after September 28, 2001, the effective date of the exemption.

The purpose of the transaction is to eliminate multiple filings, reporting and record keeping to and for various entities.

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

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. Although applicants do not expect any employees to be adversely affected by this merger and control transaction, they have agreed to apply employee protective conditions pursuant to 49 U.S.C. 11326(a). Therefore, any employees adversely affected by the merger and control transaction will be protected by the conditions set forth in New York Dock Ry.–Control–Brooklyn Eastern Dist., 360 I.C.C. 60 (1979).

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

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34099 must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of

each pleading must be served on William A. Mullins, 401 Ninth Street, N.W., Suite 1000, Washington, DC 20004.

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Decided: October 12, 2001.

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

Vernon A. Williams.

Secretary