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SERVICE DATE - APRIL 21, 2005

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34684]

Mississippi Southern Railroad, Inc.–Lease and Operation Exemption–The Kansas City Southern Railway Company

Mississippi Southern Railroad, Inc. (MSRR), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to lease, from The Kansas City Southern Railway Company (KCS), and operate approximately 26.5 miles of rail line extending between milepost 133.0, near Bay Springs, MS, and milepost 159.5, near Newton, MS.

This transaction is related to STB Finance Docket No. 34683, Watco Companies, Inc.–Continuance in Control Exemption–Mississippi Southern Railroad, Inc., wherein Watco Companies, Inc., has concurrently filed a verified notice of exemption to continue in control of MSRR, upon its becoming a Class III rail carrier.

MSRR certifies that its projected revenues as a result of this transaction will not exceed those that would qualify it as a Class III rail carrier and states that such revenues will not exceed \$5 million annually. The transaction was scheduled to be consummated on or shortly after April 5, 2005.

If the verified 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. 34684, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, Of Counsel, Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

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Decided: April 13, 2005.

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

Vernon A. Williams

Secretary