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KANSAS CITY SOUTHERN
Form 8-K
August 29, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
AUGUST 27, 2003

KANSAS CITY SOUTHERN
(Exact name of company as specified in its charter)

DELAWARE	1-4717	44-0663509
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(State or other jurisdiction of incorporation)	(Commission file number)	(IRS Employer Identification Number)

427 WEST 12TH STREET, KANSAS CITY, MISSOURI 64105

(Address of principal executive offices) (Zip Code)

COMPANY'S TELEPHONE NUMBER, INCLUDING AREA CODE:
(816) 983 - 1303

NOT APPLICABLE
(Former name or former address if changed since last report)

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

EXHIBIT NO.
(99)

99.1

DOCUMENT
Additional Exhibits

Press Release issued
by Kansas City
Southern dated August
27, 2003 entitled,

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"Kansas City Southern
Receives Notice of
Mexican Foreign
Investment Commission
Decision on KCS
Control of TFM," is
attached hereto as
Exhibit 99.1

ITEM 9. REGULATION FD DISCLOSURE

Kansas City Southern ("KCS" or "Company") is furnishing under Item 9 of this Current Report on Form 8-K the information included as Exhibit 99.1 to this report. Exhibit 99.1 is the KCS news release, dated August 27, 2003, announcing the Mexican Foreign Investment Commission's decision to defer KCS' application to acquire control of Grupo Transportacion Ferroviaria Mexicana, S.A. de C.V. ("GTFM") and, thus, Transportacion Ferroviaria Mexicana, S.A. de C.V. ("TFM"), until after the dispute is resolved between KCS and Grupo TMM, S.A. ("TMM") over whether the Acquisition Agreement remains in effect. The information included in this Current Report on Form 8-K, including Exhibit 99.1, is furnished pursuant to Item 9 and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Kansas City Southern

Date: August 28, 2003

By: /S/ RONALD G. RUSS

Ronald G. Russ
Executive Vice President and Chief Financial Officer

EXHIBIT 99.1

KANSAS CITY SOUTHERN
Cathedral Square - 427 West 12th Street - P.O. Box 219335
Kansas City, Missouri 64121-9335

PRESS RELEASE
NYSE SYMBOL: KSU

DATE: AUGUST 27, 2003

MEDIA CONTACTS:

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Mexico	Gabriel Guerra gguerra@gcya.net	Phone: 011-5255-5273-5359
U.S.	Warren K. Erdman warren.k.erdman@kcsr.com	Phone: 816/983-1454

INVESTORS CONTACT:

William H. Galligan william.h.galligan@kcsr.com	Phone: 816/983-1551
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KANSAS CITY SOUTHERN RECEIVES NOTICE OF MEXICAN FOREIGN INVESTMENT COMMISSION DECISION ON KCS CONTROL OF TFM

Kansas City Southern (KCS) (NYSE:KSU) announced today that it received notice from the Mexican Foreign Investment Commission (FIC) of the FIC's decision to defer KCS' application to acquire control of Grupo TFM (GTFM) and, thus, TFM, until after the dispute is resolved between KCS and Grupo TMM, S.A. (TMM) over whether the Acquisition Agreement remains in effect.

Michael R. Haverty, Chairman, President, and Chief Executive Officer of KCS commented, "We believe the FIC decision would allow the transaction to move forward once the dispute between the parties is resolved. The FIC decision reaffirms the Mexican government's commitment to the rule of law. We believe that once the transaction is completed, NAFTA Rail should provide a major boost to the Mexican railroad sector."

As previously announced, KCS believes the Acquisition Agreement between KCS and TMM is still valid and effective, and that both parties are still bound by that agreement. KCS is continuing its efforts to make NAFTA Rail a reality and, in furtherance of that goal, KCS will deliver a notice of dispute to TMM in accordance with the dispute resolution provisions of the Acquisition Agreement. This written notice of dispute will initiate a 60-day negotiation period between KCS and TMM. If the parties are unable to resolve the disputes within that period of time, KCS intends to initiate a binding arbitration in accordance with the terms of the Agreement. KCS is committed to pursuing good faith negotiations with TMM to resolve the outstanding disputes between the parties.

Vicente Corta, a partner at White & Case and legal advisor for KCS in Mexico, added, "After consulting with U.S. counsel, we have concluded that the contract between KCS and TMM to acquire the Grupo TFM shares remains valid. We will pursue all legal means to protect KCS' rights under that contract. The FIC decision leaves the door open for us to complete this transaction."

KCS believes that TMM's recent actions, first defaulting on its obligation to its bondholders and other creditors, then trying to block its bondholders from exercising their legal rights in Mexico, and now trying to disregard an agreement negotiated in good faith over a 14-month period, has caused concern among foreign lenders and investors in Mexico, both current and prospective.

In addition to the Acquisition Agreement, which remains valid through December 31, 2004, KCS has, under the GTFM bylaws, a right of first refusal regarding the sale of TMM's interest in GTFM. As KCS has noted previously, it will enforce its rights and will pursue all appropriate legal or administrative actions against any person or entities involved in interfering with KCS and its agreements with TMM.

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KCS also reaffirms its commitment to continue working in good faith with the appropriate Mexican authorities and other relevant parties to resolve all outstanding issues. KCS remains committed to the creation of NAFTA Rail and is convinced that NAFTA Rail will be a strong competitor in the rail sector by providing a seamless, efficient and competitive rail service to shippers in North America.

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