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KANSAS CITY SOUTHERN

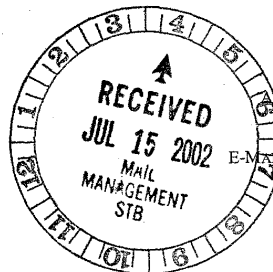
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July 15, 2002

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K. Street N.W., Room 700
Washington, DC 20006

Re: **Finance Docket No. 33877 (Sub-No.1)**
Illinois Central Railroad Company -- Petition for Crossing
Authority -- In East Baton Rouge Parish, Louisiana

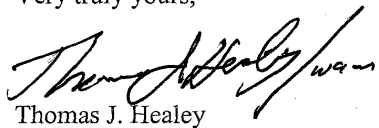
Dear Secretary Williams:

We are in receipt of Mr. Tobin's letter of July 3, 2002, regarding the status of discussions between Canadian National/Illinois Central and Kansas City Southern for terms of a new crossing agreement to govern the referenced crossing. We were somewhat surprised at the pessimistic tone of IC's correspondence, as we believe that considerable progress has been made towards coming to agreed terms. Indeed, earlier today, we sent to IC a revised draft of the crossing agreement that we believe will substantially address the concerns of both parties. We look forward to finalizing the agreement with IC in the near future that will appropriately address the safety and operational issues of the proposed crossing.

As was suggested in Mr. Tobin's correspondence, we will continue to keep the Board advised of the progress of negotiations.

Ten copies of this letter are enclosed for filing, along with this original. I certify that a copy of this letter has been served on all parties to this proceeding.

Very truly yours,


Thomas J. Healey

cc: Myles L. Tobin