KANSAS CITY SOUTHERN
Form 424B3
December 15, 2008

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Filed pursuant to Rule 424(b)(3)
Registration No. 333-155601

SUBJECT TO COMPLETION, DATED DECEMBER 15, 2008

PROSPECTUS SUPPLEMENT
(to Prospectus dated November 21, 2008)

$175,000,000

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

% SENIOR NOTES DUE 2013

Fully and unconditionally guaranteed by
KANSAS CITY SOUTHERN
and certain of its subsidiaries

Interest payable on December 15 and May 15

We are offering $175,000,000 aggregate principal amount of notes due December 15, 2013 bearing interest at % per year.

We may redeem some or all of the notes prior to December 15, 2011 by paying either 101% of the principal amount of the note or a make whole premium, whichever is greater, as set forth in this prospectus supplement. We may also redeem some or all of the notes on or after December 15, 2011 at the redemption prices set forth in this prospectus supplement. We may also redeem up to 35% of the aggregate principal amount of the notes using the proceeds of one or more equity offerings completed before December 15, 2010. If we undergo certain change of control transactions or sell certain of our assets, we may be required to offer to purchase the notes from holders. There is no sinking fund for the notes.

The notes will be unsecured and will rank equally with all of our other existing and future unsecured and unsubordinated indebtedness. The notes will be effectively subordinated to all of our existing and future secured debt to the extent of the value of the assets securing such debt. The notes will be fully and unconditionally guaranteed on a senior unsecured basis by our parent corporation, Kansas City Southern, and certain of our and its subsidiaries.

For a more detailed description of the notes, see Description of the Notes, beginning on page S-11.

Investing in the notes involves risk. See the Risk Factors section in Kansas City Southern s Annual Report on Form 10-K for the year ended December 31, 2007 and beginning on page S-6 of this prospectus supplement.

PRICE: % AND ACCRUED INTEREST, IF ANY

	Price to Public	***Underwriting Discounts and Commissions***	***Proceeds to Company***
Per Note	$	%	$
Total	$	%	$

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The notes offered by this prospectus supplement will not be listed on any securities exchange and there is no existing trading market for the notes.

The underwriters expect to deliver the notes on or about December , 2008, only in book-entry form through the facilities of The Depositary Trust Company.

Joint Book-Running Managers

MORGAN STANLEY *BANC OF AMERICA SECURITIES LLC*

Joint Lead Manager

SCOTIA CAPITAL

Co-Managers

BMO CAPITAL MARKETS *SUNTRUST ROBINSON HUMPHREY*

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Unless we have indicated otherwise or the context otherwise requires, references in this prospectus supplement to KCS mean Kansas City Southern, references to KCSR or the Issuer mean The Kansas City Southern Railway Company, the principal domestic subsidiary of KCS, and references to the Company, we, us, our and similar terms refer to KCS and its consolidated subsidiaries, including KCSR.

See Risk Factors beginning on page S-6 of this prospectus supplement and in KCS Annual Report on Form 10-K for the year ended December 31, 2007 for a description of certain factors relating to an investment in the notes, including information about our business. None of us, the underwriters, or any of our or their representatives, are making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes. You should not assume that the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date of such information.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering, as well as general information about the Company and the securities being offered hereunder. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read this entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under the headings Additional Information and Incorporation of Certain Documents By Reference in this prospectus supplement, and under the heading Where You Can Find More Information in the accompanying prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

MARKET DATA

We obtained the market and competitive position data used throughout this prospectus supplement from internal surveys, as well as market research, publicly available information and industry publications as indicated herein. We have also included data from reports prepared by the American Association of Railroads. Industry publications, including those referenced here, generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys and market research, while believed to be reliable, have not been independently verified, and neither we nor the underwriters make any representation as to the accuracy of such information.

ADDITIONAL INFORMATION

KCS is required to file periodic reports and other information (File No. 001-04717) with the Securities and Exchange Commission (the SEC) under the Securities Exchange Act of 1934, as amended (the Exchange Act). Such reports, documents and other information may be inspected and copied at the public reference facilities of the SEC, at 100 F. Street, N.E., Washington, D.C. 20459. Copies of this material may also be obtained by mail, upon payment of the SEC s prescribed rates, by writing to the Public Reference Section of the SEC at 100 F. Street, N.E., Washington, D.C. 20459. Copies of such material may also be obtained from the SEC s website at http://www.sec.gov and through the New York Stock Exchange, 20 Broad Street, New York, New York, 10005, on which KCS common stock is listed.

This prospectus supplement is part of a registration statement on Form S-3 that we filed with the SEC. This prospectus supplement does not contain all the information in the registration statement. Whenever a reference is made in this prospectus supplement to a contract or other document of the Company, the reference is only a summary, and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC s public reference room in Washington, D.C., as well as through the SEC s Internet site.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We incorporate by reference into this prospectus supplement and the accompanying prospectus the documents listed below and any future filings KCS makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, including any filings after the date of this prospectus supplement, until we have sold all of the notes to which this prospectus supplement relates or the offering is otherwise terminated. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus. Any statement in

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any document incorporated by reference into this prospectus supplement or the accompanying prospectus will be deemed to be modified or superseded to the extent a statement contained in this prospectus supplement or any other subsequently filed document that is incorporated by reference into this prospectus supplement or the accompanying prospectus modifies or supersedes such statement.

The following documents filed by KCS with the SEC are incorporated herein by reference:

KCS Annual Report on Form 10-K for the fiscal year ended December 31, 2007;

KCS Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008, June 30, 2008 and September 30, 2008;

KCS Current Reports on Form 8-K filed March 5, 2008; April 1, 2008; April 18, 2008; May 23, 2008; June 2, 2008; June 12, 2008; July 2, 2008; July 8, 2008; July 16, 2008; September 15, 2008; September 19, 2008; October 7, 2008; October 22, 2008; November 17, 2008; and December 12, 2008;

KCS Definitive Proxy Statement filed on March 26, 2008; and

KCS Notice of Special Meeting and Definitive Proxy Statement filed on September 5, 2008 in connection with Company s Special Meeting of Stockholders held on October 7, 2008.

Upon request, copies of documents incorporated into this document by reference, except for exhibits, unless such exhibits are specifically incorporated into such documents by reference, are available without charge by contacting:

The Kansas City Southern Railway Company
c/o Kansas City Southern
PO Box 219335
Kansas City, MO 64121-9335
(816) 983-1501

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement contains certain forward-looking statements. Many of the forward-looking statements may be identified by the use of forward-looking words such as believe, expect, could, anticipate, should, plan, estimate and potential, among others. These statements appear in a number of places in this prospectus supplement and include, but are not limited to, statements regarding our intent, belief or current expectations with respect to:

the effects of adverse general economic conditions affecting customer demand and the industries and geographic areas that produce and consume the commodities we transport;

the effects of general adverse conditions on the capital markets upon which we rely to provide some of our capital requirements;

our ability to generate sufficient cash to pay principal and interest on our debt, meet our obligations and fund our other liquidity needs;

material adverse changes in economic and industry conditions, both within the United States and Mexico and globally;

changes in fuel prices and our ability to assess fuel surcharges;

our high degree of leverage;

our potential need for and ability to obtain additional financing;

fluctuations in the market price for KCS common stock;

KCS dividend policy and restrictions on KCS ability to pay dividends on its common stock;

our ability to successfully implement our business strategy, including the strategy to convert customers from using trucking services to rail transportation services;

the impact of competition, including competition from other rail carriers and trucking companies in the United States and Mexico;

United States, Mexican and global economic, political and social conditions;

the effects of the North American Free Trade Agreement, or NAFTA, or any amendments thereto, on the level of trade among the United States, Mexico and Canada;

uncertainties regarding litigation and any future claims and litigation;

the effects of employee training, technological improvements and capital expenditures on labor productivity, operating efficiencies and service reliability;

the adverse impact of any termination or revocation of Kansas City Southern de México s Concession by the Mexican government;

legal or regulatory developments in the United States, Mexico or Canada;

natural events such as severe weather, fire, floods, hurricanes, earthquakes or other disruptions of our operating systems, structures and equipment or the ability of customers to produce or deliver their products;

our ability to attract and retain qualified management personnel;

changes in labor costs and labor difficulties, including work stoppages affecting either our operations or our customers abilities to deliver goods for shipment;

the outcome of claims and litigation, including those related to environmental contamination, antitrust claims, personal injuries, and occupational illnesses arising from hearing loss, repetitive motion and exposure to asbestos and diesel fumes;

acts of terrorism or war or risk of terrorist activities or war;

legislative, regulatory, or legal developments in the United States, Mexico or Canada involving taxation, including enactment of new foreign, federal or state income or other tax rates, revisions of controlling authority, and the outcome of tax claims and litigation; and

other factors described in this prospectus supplement and the accompanying prospectus.

Forward-looking statements are only our current expectations and are based on our management s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements as a result of various factors, including, but not limited to, those identified under the section entitled Risk Factors in KCS Annual Report on Form 10-K for the year ended December 31, 2007 and in this prospectus supplement. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

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SUMMARY

This summary highlights selected information from this prospectus supplement and the accompanying prospectus and may not contain all of the information that may be important to you. To understand the terms of the securities being offered by this prospectus supplement, you should read this entire prospectus supplement, the accompanying prospectus and the documents identified under the headings Additional Information and Incorporation of Certain Documents By Reference in this prospectus supplement, and under the heading Where You Can Find More Information in the accompanying prospectus.

OVERVIEW

Kansas City Southern, a Delaware corporation, or KCS, was organized in 1962 as Kansas City Southern Industries, Inc. and in 2002 formally changed its name to Kansas City Southern. KCS is a holding company with domestic and international rail operations in North America that are strategically focused on the growing north/south freight corridor connecting key commercial and industrial markets in the central United States with major industrial cities in Mexico. We had approximately 6,485 employees on December 31, 2007. The Kansas City Southern Railway Company, or KCSR, which was founded in 1887, is a U.S. Class I railroad. KCSR serves a ten-state region in the midwest and southeast regions of the United States and has the shortest north/south rail route between Kansas City, Missouri and several key ports along the Gulf of Mexico in Alabama, Louisiana, Mississippi, and Texas.

We control and own all of the stock of Kansas City Southern de México, S.A de C.V., or KCSM. Through its 50-year Concession from the Mexican government, or the Concession, which will expire in 2047 unless extended, KCSM operates a key commercial corridor of the Mexican railroad system and has as its core route the most strategic portion of the shortest, most direct rail passageway between Mexico City and Laredo, Texas. KCSM serves most of Mexico s principal industrial cities and three of its major seaports. KCSM s rail lines provide exclusive rail access to the United States and Mexico border crossing at Nuevo Laredo, Mexico, the largest rail freight interchange point between the United States and Mexico. Under the Concession, KCSM has the right to control and operate the southern half of the rail bridge at Laredo, Texas, which spans the Rio Grande River between the United States and Mexico.

We control and own all of the stock of Mexrail, Inc., or Mexrail, which, in turn, wholly owns The Texas Mexican Railway Company, or Tex-Mex. Tex-Mex operates a 157-mile rail line extending from Laredo, Texas to the port city of Corpus Christi, Texas, which connects the operations of KCSR with KCSM. Tex-Mex connects with KCSM at the United States/Mexico border at Laredo, Texas, and connects to KCSR through trackage rights at Beaumont, Texas. Through our ownership of Mexrail, we own the northern half of the rail bridge at Laredo, Texas. Laredo is a principal international gateway through which more than half of all rail and truck traffic between the United States and Mexico crosses the border. We also control the southern half of this bridge through our ownership of KCSM.

Our rail network (consisting of KCSR, KCSM and Tex-Mex) comprises approximately 6,000 miles of main and branch lines extending from the midwest and southeast portions of the United States south into Mexico and connects with other Class I railroads, providing shippers with an effective alternative to other railroad routes and giving direct access to Mexico and the southeast and southwest United States through less congested interchange hubs.

Panama Canal Railway Company, or PCRC, a joint venture company owned equally by us and Mi-Jack Products, Inc., or Mi-Jack, was awarded a concession from the Republic of Panama to reconstruct and operate the Panama Canal Railway, a 47-mile railroad located adjacent to the Panama Canal that provides international container shipping companies with a railway transportation option in lieu of the Panama Canal. The concession was awarded in 1998 for an initial term of 25 years with an automatic renewal for an additional 25 year term. The Panama Canal Railway is a north-south railroad traversing the Isthmus of Panama between the Atlantic and Pacific Oceans. PCRC s subsidiary, Panarail Tourism Company, or Panarail, operates and promotes commuter and tourist passenger service over the Panama Canal Railway.

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RECENT DEVELOPMENTS

As announced on December 12, 2008, our business has been negatively impacted by general economic and industry conditions. As a result of the weakness in the U.S. and global economy, carload and unit volumes have declined across most of our commodity groups in the current quarter. The declining volume trend is expected to continue through the end of 2008 and will have an adverse effect on our fourth quarter results. As a result, we will not generate double-digit revenue growth for the fiscal year ended December 31, 2008. We currently expect that revenues for the quarter ending December 31, 2008 will be approximately 5% below our revenues of $460.3 million for the same quarterly period in 2007 and that our operating ratio will be approximately 79%.

As previously disclosed in our Form 10-Q for the quarterly period ended September 30, 2008, fluctuations in the exchange rate of the Mexican peso against the U.S. dollar can have a significant non-cash impact on our earnings per share. During the fourth quarter of 2008, the value of the Mexican peso against the U.S. dollar has continued to decline and will most likely result in a negative charge to our diluted earnings per share as of December 31, 2008 greater than the negative charge to our third quarter diluted earnings per share.

In light of the current economic conditions, we have taken measures to reduce planned capital spending and other expenditures for the first six months of 2009. These changes are intended to achieve positive free cash flow during that six month period (free cash flow is defined as cash flow from operations less cash used for capital expenditures and other investment activities). The 2009 capital plan includes a resumption of capital spending for growth opportunities in the second half of 2009. In the event that general economic and industry conditions during the second half of 2009 do not improve, we intend to make further reductions to our 2009 capital spending plan to achieve positive free cash flow.

Our principal executive office is located at 427 West 12th Street, Kansas City, Missouri, 64105, and our telephone number is (816) 983-1802.

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THE OFFERING

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus supplement. For a more detailed description of the notes, see Description of the Notes.

Issuer	The Kansas City Southern Railway Company (KCSR).
Securities Offered	$175,000,000 principal amount of % Senior Notes due 2013.
Maturity	The notes will mature on December 15, 2013.
Interest Rate and Payment Dates	The notes will have an interest rate of % per annum payable in cash on June 15 and December 15 of each year, beginning June 15, 2009.
Optional Redemption	We may redeem some or all of the notes prior to December 15, 2011 by paying either 101% of the principal amount of the notes or a make whole premium, whichever is greater, plus, in each case, accrued and unpaid interest, if any as set forth in this prospectus supplement. We may also redeem some or all of the notes on or after December 15, 2011, at redemption prices, plus accrued and unpaid interest, if any, as set forth under Description of the Notes Optional Redemption. In addition, before December 15, 2010, we may redeem up to 35% of the notes with net cash proceeds from specified equity offerings at the redemption price listed in Description of the Notes Optional Redemption, plus accrued and unpaid interest, if any. However, we may only make such a redemption if at least 65% of the original aggregate principal amount of notes issued under the indenture remains outstanding after the redemption.
Sinking Fund	There is no sinking fund for the notes.
Trading and Listing	The notes will not be listed on any exchange. There is no existing trading market for the notes.
Change of Control	Upon a Change of Control (as defined under Description of the Notes Change of Control), we will be required to make an offer to purchase the notes. The purchase price will be equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.
Note Guarantees	The notes will be fully and unconditionally guaranteed (each, a Note Guarantee) on an unsecured senior basis by KCS and each of its subsidiaries that guarantees KCSR s credit facilities (other than KCS Holdings I, Inc., KCS Ventures I, Inc., The Kansas City Northern Railway Company, and Veals, Inc.) under the amended and restated credit agreement dated April 28, 2006, or any refinancing thereof (collectively,

	the Note Guarantors). See Description of the Notes Overview of the Notes and the Note Guarantees.
Ranking	The notes will rank equally in right of payment with all existing and future senior indebtedness of KCSR, and will be senior in right of payment to all future subordinated obligations of KCSR. The notes will be effectively subordinated to all secured indebtedness of KCS and its subsidiaries (including KCSR) to the extent of the value of the assets securing such secured indebtedness.

The Note Guarantees will be unsecured senior indebtedness of the applicable Note Guarantor, will rank equally in right of payment with all existing and future senior indebtedness of such Note Guarantor and will be senior in right of payment to all future subordinated obligations of such Note Guarantor. The Note Guarantees also will be effectively subordinated to all secured indebtedness of KCS and its subsidiaries to the extent of the value of the assets securing such secured indebtedness. See Description of the Notes Ranking.

As of September 30, 2008, on an adjusted basis to reflect the issuance of the notes and the application of the proceeds therefrom, we would have had total indebtedness of $1,913.7 million, consisting of (i) $877.4 million of senior indebtedness of KCSR, of which $427.4 million would have been secured indebtedness, (ii) $0.2 million of senior indebtedness of KCS, (iii) $0.5 million of senior secured indebtedness of the Note Guarantors, other than KCS, (iv) $1,006.6 million of senior indebtedness of subsidiaries of KCS (other than KCSR) that are not Note Guarantors, and (v) $29.0 million of KCSR unsecured debt subordinate or junior in right of payment to the notes or the Note Guarantees. Our adjusted indebtedness reflects the consummation of this offering, assuming that as of September 30, 2008:

- we had issued $175.0 million aggregate principal amount of notes in this offering;

- we had applied the net proceeds from the sale of the notes, along with other borrowings, to repurchase our 71/2% Senior Notes due 2009.

Certain Covenants

The indenture under which the notes will be issued contains covenants that, among other things, restrict our ability to:

- incur indebtedness;
- make restricted payments;
- pay dividends or make other distributions in respect of our stock;
- sell certain assets;
- engage in transactions with affiliates;
- create liens;
- engage in sale-leaseback transactions; and
- engage in mergers, divestitures and consolidations.

	However, these limitations will be subject to a number of important qualifications and exceptions. See Description of the Notes Certain Covenants and Merger and Consolidation.
Termination of Covenants	If, on any date following the date of the indenture, the notes have an investment grade rating from both Standard & Poor s Rating Group, Inc. and Moody s Investor Services, Inc., and no default or event of default has occurred and is continuing, most of the covenants under the indenture will be terminated. See Description of the Notes Certain Covenants.

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Denominations	The notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000.
Taxation	For a summary of the U.S. federal income tax considerations relating to an investment in the notes, see Certain United States Federal Income Tax Considerations.
Use of Proceeds	We intend to use the net proceeds from the sale of the notes, along with other borrowings, to repurchase our 71/2% Senior Notes due 2009. See Use of Proceeds.
DTC Eligibility	The notes will be issued in book-entry-only form and will be represented by one or more global certificates, without interest coupons, deposited with the trustee on behalf of, DTC and registered in the name of a nominee of DTC. Beneficial interests in the notes will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants. See Description of the Notes Book-Entry; Delivery and Form.

RISK FACTORS

An investment in our securities, including the debt securities offered hereunder, involves certain risks. Before investing in our securities, you should carefully consider the risk factors described below, in our periodic reports filed with the SEC, including but not limited to our Annual Report on Form 10-K for the year ended December 31, 2007, together with all of the other information included in this prospectus supplement and accompanying prospectus and the other information that we have incorporated by reference. The risks described below and in our Annual Report are not the only ones we are facing. Additional risks not currently known to us or that we currently deem immaterial may also impair our business. See Cautionary Statement Regarding Forward-Looking Statements. Any of the risks described below, in our Annual Report and in any subsequent periodic reports, as well as other risks and uncertainties, could harm our business and financial results and cause the value of our securities to decline, which in turn could cause you to lose all or a part of your investment.

Risks Related to an Investment in the Notes

We will be able to incur additional indebtedness in the future.

Despite our level of indebtedness, we may be permitted to incur additional debt in the future. This could further exacerbate the risks described in this prospectus supplement and in KCS Annual Report on Form 10-K for the year ended December 31, 2007.

There is no public market for the notes, a market may not develop, and you may have to hold your notes to maturity.

The notes are a new issue of securities and there is no existing trading market for the notes. We have been advised by the underwriters that the underwriters intend to make a secondary market for the notes. However, they are not obligated to do so and may discontinue making a secondary market for the notes at any time without notice. If a trading market develops, no assurance can be given as to how liquid that trading market for the notes will be. If any of the notes are traded after their initial issuance, they may trade at a discount from their initial offering price, depending upon:

- prevailing interest rates;
- the market for similar securities; and
- other factors, including general economic conditions and our financial condition, performance and prospects.

The market price for the notes may be volatile.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices and liquidity of these securities. We cannot assure you that the market, if any, for the notes will be free from similar disruptions. Any such disruptions could have an adverse effect on holders of the notes.

Your ability to require the repurchase of notes upon a change of control may be limited.

Upon a change of control, we will be required to offer to repurchase all of the notes then outstanding at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest. If a change of control were to occur, we may not have sufficient funds to pay the purchase price for the outstanding notes tendered, and we expect that we would require third-party financing; however, we may not be able to obtain such financing on favorable terms, if at all. In particular, a change of control constitutes an event of default under KCSR s credit facilities, as described below. In addition, the terms of future senior indebtedness of KCS and its subsidiaries may prohibit certain events which would constitute such a change of control or require such senior indebtedness to be repurchased or repaid upon a change of control. Moreover, the exercise by the holders of their right to require us to purchase the notes could cause a default under such senior indebtedness, even if the change of control itself does not, due to the financial effect of such repurchase on KCS and its subsidiaries. Our failure to repurchase tendered

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notes at a time when the repurchase is required by the indenture would constitute an event of default under the indenture, which, in turn, would constitute an event of default under KCSR s credit facilities and may constitute an event of default under future debt. The change of control provision in the indenture will not necessarily afford you protection in the event of a highly leveraged transaction, including a reorganization, restructuring, merger or other similar transaction involving us, that may adversely affect you. These transactions may not involve a change in voting power or beneficial ownership, or even if they do, may not involve a change of the magnitude required under the definition of change of control in the indenture to trigger these provisions. Except as described under Description of the Notes Change of Control, the indenture does not contain provisions that permit the holders of the notes to require us to repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction. Finally, the provisions under the indenture relative to our obligation to make an offer to purchase the notes as a result of a change of control may be waived or modified with the written consent of the holders of a majority in principal amount of the notes; accordingly you may not be able to require the repurchase of your notes upon a change of control even if you do not consent to the waiver of such obligation.

Your ability to require us to repurchase your notes upon a sale of substantially all of the assets of KCS or KCSR may be uncertain.

The definition of change of control under the indenture includes a phrase relating to the sale, lease or transfer of all or substantially all of the assets of KCS or KCSR. Although there is a developing body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase. Accordingly, the ability of a holder of notes to require us to repurchase such notes as a result of a sale, lease or transfer of less than all of the assets of KCS or KCSR to another person or group may be uncertain.

The notes and Note Guarantees are unsecured obligations, and accordingly our assets may be insufficient to pay amounts due on your notes.

The notes and the Note Guarantees will be unsecured obligations of KCSR and the Note Guarantors. In contrast, debt outstanding under KCSR s credit facilities is secured by substantially all of the assets of KCS, KCSR and by those of each existing or subsequently acquired or formed subsidiary guaranteeing KCSR s credit facilities, including a pledge of certain of the capital stock held by us or our subsidiaries in certain of our or their existing or subsequently acquired or organized subsidiaries. After giving effect to this offering, we would have had approximately $604.5 million of secured debt (excluding unused commitments) as of September 30, 2008. In addition, we and our subsidiaries may incur other debt, which may be substantial in amount, and which may in certain circumstances be secured. Because the notes and the Note Guarantees will be unsecured obligations, your right of repayment may be compromised in the following situations:

- we enter into bankruptcy, liquidation, reorganization, or other winding-up;
- there is a default in payment under KCSR s credit facilities or other secured debt; or
- there is an acceleration of any debt under KCSR s credit facilities or other secured debt.

If any of these events occurs, the secured lenders could foreclose on the pledged stock of KCSR and our other subsidiaries and on our assets and those of the Note Guarantors in which they have been granted a security interest, in each case to your exclusion, even if an event of default exists under the indenture at such time. As a result, upon the occurrence of any of these events, there may not be sufficient funds to pay amounts due on the notes. Furthermore, under the Note Guarantees, if all shares of any Note Guarantor are sold to persons pursuant to an enforcement of the pledge of shares in the Note Guarantor for the benefit of the lenders under KCSR s credit facilities, then the applicable Note Guarantor will be released from its Note Guarantee automatically and immediately upon the sale.

Declines in the market price of KCS common stock may depress the trading price of the notes.

The price of KCS common stock on the New York Stock Exchange, or the NYSE, listed under the ticker symbol KSU, continually changes. We expect that the market price of KCS common stock will continue to

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fluctuate. KCS stock price may fluctuate as a result of a variety of factors, many of which are beyond our control. These factors include, but are not limited to:

- quarterly variations in operating results;
- operating results that vary from the expectations of management, securities analysts, ratings agencies and investors;
- changes in expectations as to future financial performance, including financial estimates by securities analysts, ratings agencies and investors;
- developments generally affecting the railroad industry;
- announcements by us or our competitors of significant contracts, acquisitions, joint marketing relationships, joint ventures or capital commitments;
- the assertion or resolution of significant claims or proceedings against us;
- our dividend policy and restrictions on the payment of dividends;
- the issuance of common stock in payment of dividends on preferred stock or upon conversion of preferred stock; and
- general domestic and international economic conditions.

In addition, from time to time the stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of KCS common stock. These factors could in turn significantly depress the trading price of the notes.

Servicing our indebtedness will require a significant amount of cash. Our ability to generate cash depends on a variety of factors, many of which are beyond our control.

Our ability to make payments on our indebtedness, including the notes, will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive and other factors that are beyond our control. Our business may not be able to generate sufficient cash flow from operations and future borrowings may not be available to us in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. However, we may not be able to complete such refinancing on commercially reasonable terms or at all.

Only some of our subsidiaries will guarantee the notes. Your right to receive payments on the notes could be adversely affected if any of our subsidiaries that are not Note Guarantors declare bankruptcy, liquidate or reorganize.

Not all of our subsidiaries will guarantee the notes. Accordingly, the notes will be effectively subordinated to the prior payment of debts and other liabilities (including trade payables) of our subsidiaries that are not Note Guarantors. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries that are not Note Guarantors, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. As of and for the nine months ended September 30, 2008, after giving effect to this offering and the application of the proceeds thereof, the subsidiaries of KCS, other than KCSR and those subsidiaries that are Note Guarantors, would have had approximately $1,565.5 million of total liabilities (including trade payables), and would have had approximately 73.5% of the consolidated assets and would have generated approximately 51.6% and 59.7%, respectively, of our consolidated revenues and operating income. For the year ended December 31, 2007, after giving such effect, such subsidiaries would have generated approximately 53.3% and 66.6%, respectively, of our consolidated revenues and operating income.

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The indebtedness represented by the notes and the guarantees may be unenforceable due to fraudulent conveyance statutes.

We believe that the indebtedness represented by the notes and the Note Guarantees is being incurred for proper purposes and in good faith and that, based on present forecasts, asset valuations and other financial information, KCS, KCSR and the Note Guarantors are, and after the consummation of this offering, will be, solvent and will have sufficient capital for carrying on our business and will be able to pay our debts as they come due. Notwithstanding this belief, however, under federal or state fraudulent transfer laws, if a court of competent jurisdiction in a suit by an unpaid creditor or representative of creditors (such as a trustee in bankruptcy or a debtor-in-possession) were to find that KCS, KCSR or the Note Guarantors did not receive fair consideration (or reasonably equivalent value) for issuing the notes or the guarantees and for any indebtedness refinanced by the notes and at the time of the issuance of that indebtedness or those Note Guarantees, KCS, KCSR or the Note Guarantors were insolvent, were rendered insolvent by reason of that incurrence, were engaged in a business or transaction for which our remaining assets constituted unreasonably small capital, intended to incur, or believed that we would incur, debts beyond our ability to pay such debts as they became due, or that we intended to hinder, delay or defraud our creditors, then that court could, among other things, (i) void all or a portion of our obligations to the holders of the notes or the Note Guarantors obligations under the Note Guarantees, (ii) subordinate all or a portion of the payments made to holders of the notes to our other existing and future indebtedness to a greater extent than would otherwise be the case, the effect of which would be to entitle those other creditors to be paid in full before any payment could be made on the notes. The measure of insolvency for purposes of the foregoing will vary depending upon the law of the relevant jurisdiction. Generally, however, a company would be considered insolvent for purposes of the foregoing if the sum of that company s debts was greater than all of that company s assets at a fair valuation, or if the present fair saleable value of that company s assets was less than the amount that would be required to pay the probable liability on its existing debts as they become absolute and due. There can be no assurance as to what standards a court would apply to determine whether we or our Note Guarantors were solvent at the relevant time, or whether, whatever standard was applied, the notes would not be voided on another the grounds set forth above.

USE OF PROCEEDS

We expect to receive net proceeds from the sale of the notes, after deducting the underwriters discount and other fees and expenses associated with the sale of the notes, of approximately $171.0 million. We intend to use the net proceeds from the sale of the notes, along with other borrowings, to repurchase our 71/2% Senior Notes due 2009.

RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended December 31,					Nine Months Ended September 30,	
	2007	2006	2005	2004	2003	2008	2007
Ratio of earnings to fixed charges(1)	2.1x	1.7x	1.5x	2.0x	0.8x	2.5x	1.9x

(1) For the purpose of computing the ratio of earnings to fixed charges, earnings include pre-tax income before minority interest and equity in earnings of unconsolidated affiliates, fixed charges and distributed income of equity investments. Fixed charges include interest expense on indebtedness and the portion of rent that represents a reasonable approximation of the interest factor. For the year ended December 31, 2003, the ratio of earnings to fixed charges was less than 1:1. This ratio would have been 1:1 if a deficiency of $10.5 million was eliminated.

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CAPITALIZATION

The table below sets forth our consolidated debt and capitalization as of September 30, 2008, derived from our unaudited consolidated financial statements:

- on an actual basis; and

- as adjusted to give effect to the issuance of the notes offered hereby and the use of net proceeds from the sale of the notes, along with other borrowings, to repurchase our 71/2% Senior Notes due 2009.

You should read this table in conjunction with our financial statements incorporated by reference in this prospectus supplement.

	As of September 30, 2008	
	Actual	As Adjusted
	(unaudited) (in millions of U.S. dollars)	
KCS (1)		
Other debt obligations	$ 0.2	$ 0.2
KCSR (2)		
Revolving credit facility	100.0	100.0
Term Loan facility	314.7	314.7
71/2% senior notes due 2009(3)	200.0	
8.0% senior notes due 2015	275.0	275.0
New senior notes offered hereby		175.0