Kansas City Southern de México, S.A. de C.V. (KCSM)

ACCESSORIAL SERVICES APPLICATION RULES AND CATALOG.

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GENERAL RULES AND POLICIES

1. KCSM Website

This Accessorial services application rules is available on the internet to be reviewed and printed. The KCSM URL website is http://www.kcsouthern.com/es-mx

2. Changes in the rules

KCSM reserves the right to change at any time the terms and conditions for the regulation rules contained in each chapter into this document, prior to its corresponding registration with the Agency. It is worth mentioning that any change regarding any freight transportation service included within these chapters will only be valid after the in effect changes date.

KCSM makes these transport conditions in the current version available to its customers on its website.

Every Shipper / Customer must review these transport conditions before requesting transportation service from KCSM.

3. Rate modification or increase

The charges contained herein are subject to increases, previous registration with the Agency, which will be notified through their publication through the KCSM website.

4. Agency

In any controversy case in the services contracting, the Agency shall be responsible for deciding what is appropriate.

DEFINITIONS

The terms that are used for the technical aspects interpretation in these rules are established exclusively for the purposes hereof, having application while these rules are in force.

AGENCY: Regulatory Agency for Rail Transport (ARTF) - SCT.

CALENDAR YEAR: Defined as from 7:01 AM of January 1 of a year until 7:00 AM of January 1 of the following calendar year.

SWITCHING OF RAILROAD CARS IN GROUP: Loaded railroad cars movement (minimum 5 railroad cars per trip), from or to the junction point of a spur located within the switching zone of a station, which is done subject to agreement of the customer with railroads.

INTRATERMINAL SWITCHING: Loaded or empty railroad cars movement that is carried out before or after its actual placement, whether requested by the customer or to carry out the goods transport that are loaded and/or unloaded within the switching zone of a station where the railroad car is located.

ORDINARY SWITCHING: Movement that is carried out to place or pick up loaded railroad cars in or out of the spurs or a determined railroad tracks point, within the switching zone.

DIVERSION: The order that the shipper or consignee gives to deliver railroad car(s) to a destination other than the originally documented one.

LOADING AND UNLOADING CAPACITY: This is the railroad cars number that the owner of a spur can load and/or unload in a 24 (twenty-four) hours span.

OPERATING CAPACITY: Maximum railroad cars capacity that an assigned spur or zone can receive without becoming congested.

LOADER: Entity that physically loads the railroad car.

DEMURRAGE CHARGES: Those caused by surplus debits than credits that are granted for loading and unloading maneuvers.

RIGHT OF FLOOR CHARGES: Those caused by debits that are applied for the space occupied by private equipment which remains parked on KCSM tracks after consuming the assigned credits.

RAILROAD CAR-HIRE: The payment calculated based on the rent time factor (hours) plus the distance traveled, that a railroad emits to the railroad cars owner as compensation for its use within its territory.

ASSIGNED RAILROAD CAR: A railroad car that is assigned by KCSM Fleet Distribution to a specific customer for loading. Or a railroad car belonging to a pool for a specific customer or business.

RELOADING RAILROAD CAR: Railroad car that a customer receives loaded, and requests authorization from KCSM Fleet Distribution to load it again sending it loaded to its reverse or authorized route.

LOADED RAILROAD CAR: The loading of a railroad car according to the loading rules authorized in KCSM, including the notification that the railroad car is available and with instructions for its movement.

REJECTED LOADED RAILROAD CAR: A railroad car that has been rejected at the destination by the Consignee without being unloaded.

RAILROAD CAR CONTROLLED BY THE RAILROAD: Any railroad car that is not a private railroad car.

RAILROAD CAR: The equipment that is used for goods transportation on the country's railroad tracks.

FOREIGN RAILROAD CAR: One belonging to railroad companies other than KCSM or KCSR.

IDLER RAILROAD CAR: An empty railroad car used to protect oversized loads.

UNASSIGNED RAILROAD CAR: A railroad car that a customer wants to load but that was designated to a different customer or business.

PARTICULAR RAILROAD CAR: One that belongs to or is leased by KCSM.

PRIVATE RAILROAD CAR: One that is not owned or leased by any railroad, a railroad car for which a railroad is not the owner or lessee.

EMPTY RAILROAD CARS ORDERED AND NOT USED: Empty railroad cars owned by KCSM or any other railroad that were ordered by a request for equipment and that in response to that request, KCSM moved from somewhere in its rail network, or were hold at some point in its rail network in constructive placement, in order to be spotted at a certain point at any spot into team, auxiliary, spur tracks or assigned zone. However, the railroad cars could not be used in the transportation service because the customer canceled its order.

CONSIGNEE: The party appointed in a railroad car's bill of lading, with right to receive from the railroad the merchandise loaded in a railroad car.

ADVANCED EMAIL: Email that is received in advance from the American Railroads, which contains the inbound railroad cars list that will be received in interchange. It is sent to those responsible for carrying out customs clearance or the release from any non-tariff restriction or regulation.

CREDIT: “Positive point” or “day without charge” equivalent to 24 hours or fraction, granted to each railroad car once it closes its demurrage cycle and that is used to accrue Debits (“Negative Points,” or “days with charge”), in the same railroad car or in the final railroad cars monthly balance that closed the cycle in the same month and that belong to the same rate or special agreement. Compensation equivalent to one day with charge. Credits can be earned only from railroad cars released from their full cycle.

DEBIT: “Negative point” or “day with charge” equivalent to each Period of twenty-four (24) hours or fraction, starting at 07:01 AM after being constructive placement notified on the KCSM yard tracks or actual placement in industry, used to calculate the days with charge from each railroad car that closes its cycle or in the final monthly balance from all railroad cars that had closed cycle in the same month and that belong to the same rate or special agreement as defined in this rule.

UNLOADING: The railroad car unloading and the consignee's notification that the railroad car is available for movement and the subsequent movement instructions generation when necessary.

UNLOADER: Refers to who physically unloads the railroad car.

HOLD: When the railroad cars are hold due to any condition attributable to the consignee, consignor or owner.

HOLD IN TRANSIT: When the railroad cars are hold in transit due to any condition attributable to the consignee, consignor or owner.

CALENDAR DAY: Defined from 7:01 AM of one day to 7:00 AM of the next day.

DISPOSITION: Information that includes movement and/or release instructions, which allows the railroad to either notify or release the railroad car from the consignor, consignee, loader, or unloader account.

SHIPPER: The party appointed in a railroad car's bill of lading, as the entity that generates the railroad car load shipment for its transportation.

GATEWAY OR SIDETRACK: Auxiliary railroad track connected at both ends to avoid the direct meeting and allow the trains passing, or to store railway equipment.

SPUR: These are privately owned tracks and those granted by KCSM under lease or assignment, which connect with KCSM or another railroad's tracks.

STATION: Facilities designated with a name where the departure and trains arrival takes place, in which reception, storage, classification, consolidation and goods clearance is carried out.

RAILROAD CAR CYCLE EVENT: It refers to the time and date recorded by KCSM for any of the railroad car events included here: Constructive placement (CP), Order In, Actual Placement (AP) and Release (REL).

CONSTRUCTIVE PLACEMENT (CP): When a railroad car has notification and entry boarding, and cannot be spotted or delivered for any condition attributable to the consignee, consignor, shipper or unloader and is hold on KCSM's tracks, the designated party to receive it will be notified that the railroad car is hold waiting for instructions for its disposal; in the event that the railroad car has been left by KCSM on private tracks or other team delivery tracks, including sidings at the service to the consignee, consignor, loader or unloader, it will be considered in constructive placement without prior notice.

EMPTY RAILROAD CAR ORDER DATE: The date on which the customer ordered the railroad car to be loaded.

RELEASE CUTOFF TIME: This is the deadline for when the customer can release a railroad car as empty or document as loaded a railroad car so that it can be pulled from the team, auxiliary, spur or assigned zone in the next available service.

ACTUAL PLACEMENT CUTOFF TIME: This is the deadline for when the “Order In” customer can order railroad cars to be spotted in the next available service, or it is the deadline for when a “Spot at the arrival” customer can reach the KCSM operational yard to be spotted in the next available service.

ORDERED TIME: In order for a railroad car in constructive placement will be spotted in the customer's facility, the party assigned to receive the railroad car is the one who must order it for the placement. This order must be made according to the instructions established by KCSM in the constructive placement notification. THE DATE AND TIME WHEN KCSM RECEIVES THE PLACEMENT ORDER WILL BE CONSIDERED AS THE "ORDERED TIME" AND THIS TIME WILL BE PART OF THE DEMURRAGE RECORDS. If a customer orders railroad car(s) and KCSM cannot carry out the placement because the track is not available in the location requested by the customer, the time and date of Constructive Placement for railroad cars not located will be the one recorded initially.

EMPTY RELEASE INFORMATION: Consignee and/or unloader Notification, sent to KCSM, electronically or in writing to Customer Service, informing that the railroad car is unloaded and available to KCSM, the given information must include the consignee and/or unloader identification, who prepares it, railroad car initial, number, date and time.

MOVEMENT INSTRUCTIONS: A loading waybill or any other appropriate instruction provided to authorized KCSM personnel in writing including the electronic means, which contains the necessary information that allows immediate movement under a freight fee, will not be considered as "movement instructions" until authorization is received from all railroads included in the route.
When the "Movement Instructions" have been generated and cover the freight shipment movement, complete instructions must be generated that include the shipper, consignor, consignee, destination, route, product description, as well as whether it is payment at origin or payment at destination.
If it is necessary for the railroad car to be hold in the yard in case of constructive placement, the railroad car will not be able to be spotted for loading or unloading until KCSM has received the order from the customer.
The notification received by KCSM to move a railroad car from the loading or storage shipper track to KCSM yard or auxiliary track to be hold waiting for "movement instructions," whether they were generated by the railroad car's loader or another party authorized to do so or a freight waybill or an order consigning the railroad car to a KCSM agent having no beneficial interest in the railroad cargo, does not establish "movement instructions" or release from demurrage.

KCSM: Kansas City Southern de México

KCSR: Kansas City Southern Railway

RELEASE (REL): The notification received from the shipper or unloader that a railroad car has been loaded or unloaded and is available and with movement instructions.
The release will be done on the date and time that KCSM receives the instructions for movement and the notice that the railroad car is available and for cash customers once the pending charges have been paid.
The railroad cars detected in industry that are not loaded according to the established rules and practices, will not be considered as released until the load is correctly accommodated and the respective authorization is obtained.
When a railroad car is unloaded and reloaded, the empty release must be notified. If not notified, the delay will continue until instructions are received in this regard.
Private loaded or empty railroad cars released and pulled from private tracks, which must first be hold on railroad tracks awaiting movement instructions, are subject to the rules and charges provided in this rate.

HAZARDOUS MATERIAL: A Hazardous Material is defined as those hazardous substances, their remnants, their containers, packaging and other components that make up the load that will be transported by the units that, regardless of their physical condition, represent a potential risk to health, the environment, facilities and/or the Community, during its public freight rail service, and which is classified as such according to the criteria established by the Ministry of Communications and Transportation (SCT) and/or the United Nations (UN). Unless otherwise indicated, the term hazardous material includes hazardous substances, hazardous waste, high temperature materials (HOT or MOLTEN), and marine contaminants.

MCS: Management Control System, the system used by KCSM to support and update the railroad cars and locomotives inventory in a virtual way, which is made up fro stations and tracks in which the railroad cars, locomotives and trains that are within the KCSM territory are updated.

CALENDAR MONTH: Defined as from 07:01 AM on the first day of a calendar month until 07:00 AM on the first day of the following calendar month.

ORDER IN: The railroad cars action requesting that are hold for constructive placement on KCSM tracks, which the customer makes through the KCSM website. It is also the status or type that the customer takes to decide not to receive the railroad cars in its facilities at the speed in which they arrive at the KCSM distribution yard.

RAILROAD CAR POOL: National and/or foreign railroad cars group, assigned to companies or individuals for their exclusive use.

JUNCTION POINTS: Those where the spurs connect with KCSM tracks and that by clearing the main track customers are authorized.

REMNANT: Hazardous substances, materials or waste that persist in containers or packaging after emptying or unpacking.

HAZARDOUS WASTE: Hazardous Waste is defined as "waste, in any physical state, which, because of its corrosive, toxic, poisonous, reactive, explosive, flammable, biological, infectious or irritating characteristics, represents a danger to the ecological balance or the environment", and which is classified as such according to the criteria established by the Ministry of Environment and Natural Resources (SEMARNAT).

ACTUAL PLACEMENT (AP): When the railroad car is located in an accessible place for loading or unloading, or in the place designated by the Consignee or any third party that carries out loading, unloading or trans loading maneuvers including, but not limited to in trans loading terminals or operator on team tracks, to load it or unload it.

CONFRONT SUBSIDIARY: Company contracted by KCSM to make confronts on its behalf.

HAZARDOUS SUBSTANCE: Any element, compound, material or mixture of them that regardless of their physical state, represents a potential risk for the health, the environment, the safety of users and the property of third parties; the causative biological agents of diseases are also considered under this definition.

DOCUMENTATION SUSPENSION AT ORIGIN: Temporary action that is exercised against the customer for its activities suppression or slow or not railroad cars unloading.

TIME IN CONSTRUCTIVE PLACEMENT: The time since the railroad car is hold for constructive placement until it is ordered to be spotted.

TIME IN INDUSTRY: The time from actual placement (AP) or actual placement notification on team tracks until the release and movement instructions reception.

TOTAL UNLOADING TIME: Period elapsed from when a railroad car documented to a team track, auxiliary, spur or assigned zone was considered spotted (AP) until it was unloaded and released.

INTERCHANGE TRAIN - DRAG: railroad cars group used to transport goods from a customs point of entrance to a customs dispatch point or vice versa or, as the case may be, from a border customs point to a port zone or to an interior customs or interior terminal.

SPECIAL TRAIN: Train that operates under conditions other than the regular train, such as with an early timetable, or under a special service requirement specifically requested by the customer.

AUXILIARY TRACKS: Those that, without being so, are temporarily authorized as team tracks; or any track that is not the main track.

INTERCHANGE TRACKS: The connection tracks with foreign or national railroads for delivery and railroad cars reception at border stations or junction stations for interchange with national railroads.

INSPECTION TRACKS: These are the designated tracks so that Government Agencies carry out the railroad car and merchandise inspection to comply with the customs clearance activities or the any non-tariff restrictions release.

PLATFORM TRACKS: At the border, the tracks that have the infrastructure to carry out goods deconsolidation activities, goods rearrangement, load conditions inspection, inspections to verify goods, etc., and where the Government Agencies review the load to comply with customs clearance activities or the any non-tariff restrictions release.

TEAM TRACKS: Those designated by KCSM in each station, where railroad cars are spotted for loading or unloading operations and used by different customers.

PRIVATE TRACK: Any track not owned or concessionaire by the railroad.

SWITCHING ZONE: The perimeter within which a yard job or local service train identification performs its actual placement, pulling, set out or pick up railroad cars physical movements.

ZVP (Zone - Track - Place): The railway zone code plus the track number and the designated place numbers in MCS within the actual placement instructions to each customer in each station, where the railroad cars are actual spotted or pulled; it is like the spur number, each track has a particular ZVP number.

DEFINITIONS FOR THE MANEUVERS AND SERVICES INTO THE AUTOMOTIVE TERMINAL

LOADING OF AUTOMOTIVE VEHICLES: The raising automotive vehicles action from the ground to the multilevel railroad car.
UNLOADING OF AUTOMOTIVE VEHICLES: The unloading automotive vehicles action from the multilevel railroad car to the ground.
TRANSFER OF AUTOMOTIVE VEHICLES WITHIN THE TERMINAL: The placing vehicles action within the Terminal in the place requested by the assembly plant.
RAILROAD CAR WASHING: Includes the internal movements to the washing zone and from the washing zone to the yard or boarding line.
OTHER SERVICES: Those that by their nature are provided for the assembly company request and refer to:

- **IGNITION KEY:** Includes vehicles that arrive without a key and a locksmith service authorized by the owner is requested, opens the unit and prepares the key for the automotive vehicle.

- **CLOSED VEHICLE:** Includes units that are locked, but the unit has a key inside the vehicle, a locksmith authorized by the owner is requested and is limited to opening the unit.

STORAGE OF AUTOMOTIVE VEHICLES (VIN): The Automotive Vehicles (VIN) storing action in the Automotive Terminal Yard.

CHAPTER FIRST

PERMANENCE OF RAILROAD CARS LOADED WITH PRODUCTS CLASSIFIED AS EXPLOSIVE, HAZARDOUS MATERIALS OR RESIDUE AND LEAKS NOT DERIVED FROM ACCIDENT

RULE I
PERMANENCE OF RAILROAD CARS LOADED WITH PRODUCTS CLASSIFIED AS EXPLOSIVE, HAZARDOUS MATERIALS OR RESIDUE

a) This rule applies to any loaded railroad car containing explosive or hazardous materials that are hold on tracks controlled by the railroad.

b) Hazardous materials are those defined as “hazardous residue” and as “hazardous substances,” requiring the 4 United Nations digits use for identification numbers in shipping documents, plate cards or panels and identified with the Standard Transportation Commodity Code (STCC) that begin with 48 and 49 or start with 28 and 29 converted to 48 or 49.

c) KCSM will apply a differentiated tariff (code 3040.01, 3040.02 and/or 3040.03) when a railroad car loaded with hazardous materials or waste is hold on KCSM tracks, i.e., if it is a railroad car controlled by the railroad or is a private railroad car, it will be calculated in addition to the demurrage (code 3132, 3137 and/or 3148) or right of floor rate (code 3222.03, 3222.04 and/or 3222.05 and/or 3222.05.05), the loaded with hazardous materials railroad cars permanence rate (code 3040.01, 3040.02 y/o 3040.03) in force for each day or fraction of escalation ranges defined to which credit is not granted.

d) It is the shipper and the consignee responsibility to take all the actions to avoid any contamination type derived from the handling of hazardous materials, residue and substances. In contamination case with hazardous materials, residue or substances for reasons attributable to the customer, the shipper or the consignee must carry out the remediation and the site cleaning at their expense and charge under applicable environmental legislation terms.

RULE II
LEAKS NOT DERIVED FROM ACCIDENT

Applies to all cars that are releasing or leaking cargo in bulk, whether it is a hazardous material or not, as a result of a bad shipping procedure by the customer.

a. LEAKS NOT DERIVED FROM ACCIDENT WITH HAZARDOUS MATERIAL.

When, derived from a bad loading procedure, leakage of product is detected in the private tank cars or other towing units that contain hazardous materials and/or waste, the customer will be charged the charges derived from said incident. (code 3041.01).

b. LEAKS NOT DERIVED FROM ACCIDENT WITH NON-HAZARDOUS MATERIAL.

When, derived from a bad loading procedure, leakage of product is detected in the private tank cars or other towing units that do not contain hazardous materials and/or waste, the customer will be charged the charges derived from said incident. (code 3041.03).

c. OPENING OF VALVES, COVERS OR OTHER DEVICES.

When towing units are detected with safety devices that are misplaced, open, damaged, or missing, resulting from a bad loading or unloading procedure, and regardless of the presence, or not, of leaks; the loads derived from said incident will be charged to the client (code 3041.02).

d. REMEDIATION, FINES, PENALTIES AND PERSONAL INJURIES.

When in the attention of a Leak not derived from an accident:

- KCSM have to resort to environmental remediation services, the client will be charged the full cost of the service (payment to contractors).

- KCSM is liable to a fine or sanction by the competent authorities in different areas, the customer will be charged the total amount.

When personnel who attend any of the scenarios mentioned in subsections "a", "b", and "c" of this rule suffer from personal injuries resulting from exposure to materials, the client will be charged the total medical treatment, or rehabilitation. KCSM will transfer the charges for the remediation services; fines or penalties, as well as the medical treatments or rehabilitations described in subsection "d".

When, on the instructions of the customer, a third party handles the units in KCSM tracks or yards, causing any of the scenarios mentioned in subsections "a", "b" and "c", the customer will be charged for the charges arising from said incident.

The attention of the scenarios set out in subsections "a", "b" and "c" will be charged according to the codes established due to the amount of resources and logistics allocated to attend the emergency, KCSM carried out.

CHAPTER SECOND

SWITCHING, BORDER CHARGES, SPECIAL OPERATIONS AND OTHER MANEUVERS

RULE I
RAILROAD CARS ACTUAL PLACEMENT ON TEAM OR AUXILIARY KCSM TRACKS

a) Railroad cars spotted for loading or unloading on team tracks or on auxiliary tracks in KCSM stations are exempt from switching charges, provided they have produced freight revenues or will produce them.

   Also excluded from these charges are railroad cars that, due to their content, need to be spotted on ramps, docks or shippers on team or auxiliary tracks and that have been documented from origin at one of these specific points.

b) When there are specific zones on the team or auxiliary tracks assigned to be used by the customer to carry out loading and/or unloading maneuvers, the railroad cars will be spotted in these places if they were documented at them, if the customer has delimited and indicated the specific zone or if requested in writing to the Customer Service Center before their arrival.

c) When the railroad cars are spotted on team tracks or on auxiliary tracks, where the loading and unloading maneuvers can be carried out, only additional movements will be authorized at the written consignee request through the Customer Service Center, if required, provided that tractive force is available and without prejudice to third parties, collecting two ordinary switching (code 3070) provided that the movement was made within the same team tracks, loading and unloading tracks, and does not require reclassification in operational yard, nor that another yard job service, local or road train and/or with different date makes the additional movement.

RULE II
RAILROAD CARS ACTUAL PLACEMENT ON SPURS OR ASSIGNED ZONES WITHIN THE KCSM TERRITORY

a) The customer must declare in writing to the Accessorial Services Department, the general capacity and the (operative) daily loading and unloading spur capacity or assigned zone. Also, it shall indicate the railroad cars number Customer can receive in the spur per day; notifying this communication to the Customer Service Center and the Fleet Distribution Department.

   Loaded railroad cars consigned originally to a spur owner consignee or any third party that performs loading, unloading or trans loading maneuvers including but not limited to in trans loading terminals or operator on team tracks or any other track that has been so stipulated by an agreement or contract, as well as empty railroad cars to be loaded, will be moved to the spurs, without exceeding the previously declared operative daily loading and unloading capacity.

b) If the customer is declared under the “Order In” modality and has a customer name and password, then on its own account, it shall release from constructive placement through the KCSM website (http://www.kcsouthern.com/en-us) a railroad cars number not greater than those established in the declared operative daily loading and unloading capacity or not greater than the railroad cars number that have been released from its tracks; if it is “Order In” and it does not have a customer name and password on the KCSM website, as an exception, it can request them by issuing the format established in the procedure for release the equipment, so that in the Customer Service Center the railroad cars

that the customer considers are released from constructive placement. Both releases must be carried out before the actual placement cut-off time that the yard job service, local or road train have programmed in their train master plan, so that the ordered railroad cars take the trip plan in the next programmed service. If this request does not exist in writing from the customer or has not been ordered through the KCSM website, for no reason should unsolicited railroad cars be sent to the spurs or assigned zones.

In stations that have yard job service or local train, an additional service may be granted to spot, pull or accommodate railroad cars to spurs or assigned zones, according to locomotive availability and crew; this service has a locomotive rental charge (code 3277) according to the fifth chapter provisions in this rate.

c) The declared as daily operative loading and unloading capacity will be considered as the agreed and unique for the demurrage calculating purposes; it being understood, therefore, that the requests for additional service are exclusively for optimizing operation purpose and avoiding the unnecessary equipment stopping upon customer request and the railroad cars involved in the additional service will not be considered as excluded in the computing works for demurrage calculation. This will not constitute a commitment from KCSM to exclude the railroad cars involved from the demurrage calculation when for any reason this additional service cannot be granted.

d) The spurs owners or assigned tracks may establish a credit agreement, so that the loaded or empty railroad cars that are received documented in said spurs are moved to be spotted in the next available industry service, not exceeding the declared capacity.

e) In the event that the customer does not have a specific credit agreement, then it will be subject to the conditions established in the Transportation Contract that is entered into between the parties or to the KCSM general transport rules published on the website. The equipment ordering received will be accepted upon its consignment, once the freight settlement and/or demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05 and/or 3222.05.05) generated according to the chapters third or fourth in the application rules and this rate has been paid.

f) To spot on spurs or assigned tracks, consigned railroad cars to load or unload to a third party, a letter from the spur owner or leaseholder will be required, accepting said railroad cars under their absolute responsibility in the charges that are incurred, including those derived from the respective contract entered into with KCSM.

g) When loaded or empty railroad cars are documented on spurs, it is essential that the waybill shows the Consignee or trans loading terminal Operator correct name or team tracks as it was registered in the customer master file, so that the railroad cars take their correct instruction for placement to the spur that corresponds according to how it was programmed in KCSM's system.

When incorrectly documented railroad cars are received, with waybills that do not meet the above requirements and have not yet reached the distribution yards in the destination station, they will only be moved to the spur, upon written request from the customer to the Customer Service Center, provided that the original consignee stated in the regular waybill is the owner or assignee thereof, with a waybill modification being charged (code 3300 or 3301) for each railroad car for the diversion required, in addition to the demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05 and/or 3222.05.05) for the stay on KCSM tracks, according to chapter third, rule VII.

In the event that the railroad cars have already reached the distribution yards or are located on the destination station team or auxiliary tracks, in addition to the charge for the waybill modification (code 3300 or 3301) and demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05 and/or 3222.05.05), the additional movement for spot in new the spur will be charged as intraterminal switching (code 3075).

h) When a customer owns more than one spur inside the switching zone into the same station, the railroad cars documented to be spotted in one of them may be sent to another, as long as the railroad car(s) reach the distribution yards in the destination station and the customer is within the "Order In" (constructive placement) concept, so when the customer releases the constructive placement through KCSM's website, it will select the ZVP (Zone - Track - Spot) where it wants to receive the railroad cars; there will be no additional charge for the above-mentioned ZVP changes through the website.

If the service has already been performed and the customer requests in writing to the Customer Service Center a new movement to another spur or team tracks or auxiliary tracks within the same switching zone, an intraterminal switching per railroad car will be charged (code 3075) as long as the yard job or local service that pick up the railroad car from spur 1 or team tracks or auxiliary tracks is the same one that within its same working shift places it in spur 2 or team tracks or auxiliary tracks; otherwise, if the railroad car removed from spur 1 or team tracks or auxiliary tracks has to be reclassified in the distribution yard from the station, so that later it is located in spur 2 or team tracks or auxiliary tracks on a different date or by different yard job or local service, then the charge will be determined by the Marketing department through a freight revenue waybill charge according to the Effects Classifier.

RULE III
SWITCHING CHARGES

1.- RAILROAD CARS THAT HAVE PRODUCED OR ARE GOING TO PRODUCE FREIGHT REVENUE.

a) When at the customer request to spot an empty railroad car to be loaded at a certain point into any team track, auxiliary track, spur or assigned zone and it is not used due to the order cancellation, it will cause two ordinary railroad car switching (code 3070), one to spot and another to pull the equipment, also corresponding demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05 and/or 3222.05.05) charges will apply, without granting credits, as well as the penalty established in this catalogue for railroad car requested and not used (code 3080).

Switching charges and penalty for railroad car requested and not used will not apply in the following exceptions: when the cancellation was caused due not having made the equipment available on the date requested by the customer or when upon arrival at the place where it was going to be loaded, the railroad car is applied to another customer order and the free time calculation can be started from the same date and time it was made available to the first customer.

b) When an empty railroad car received from another railroad, is requested by a customer that is located on lines owned or served by KCSM, for the being loaded purpose and the railroad car is rejected after having been spotted in constructive placement due to lack of space and/or spotted in the customer facilities that requested it and/or the rejection is due to causes other to those established in subsection "a," the rejected railroad car will be returned to the railroad that delivered it, and the charges will be applied in accordance with the following:

1. When the station where the railroad car will be returned to the railroad that delivered it, is the same where it was rejected, the customer will be responsible for the railroad car requested and not used penalty (code 3080) and two ordinary switching (code 3070).

2. When the station where the railroad car will be returned to the railroad that delivered it, is not the same one where it was rejected, the charge that will be applied to the customer will be the one determined by the KCSM Marketing department through a freight revenue waybill according to Effects Classifier fraction 13335, class 9 (railroad cars on their own wheels).

In both cases the customer will be responsible for demurrage (code 3132, 3137 and/or 3148) or right of floor charge (code 3222.03, 3222.04 and/or 3222.05 and/or 3222.05.05) in accordance with the in effect regulations (see Note 1).

c) When an empty railroad car in loading proper conditions is supplied by KCSM to a customer in response to a prior equipment request, but the customer rejects the railroad car because it is no longer needs, whether the railroad car has been spotted in its facilities or remains outside due to constructive placement, it will be subject to two ordinary switching charge (code 3070) and the penalty for railroad car requested and not used (code 3080). In both cases the customer will be responsible for the demurrages (code 3132, 3137 and/or 3148) or right of floor charge (code 3222.03, 3222.04 and/or 3222.05) in accordance with the in effect regulations (see Note 1).

Note 1: The switching charges and the railroad car requested and not used penalty will not apply when the rejection is due to the railroad car not being in proper conditions for loading.

d) When empty railroad cars are requested in the spur and when the movement is made, it is found that due to constructive placement or for any other reason not attributable to KCSM, they cannot be spotted, they will be returned to the general service, for which customers must pay two ordinary switching (code 3070) as well as a demurrage day (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05) per railroad car.

e) When the loaded railroad cars switching to spurs is performed, considering the declared loading and unloading capacity, and it is found that due to constructive placement or for any reason not attributable to KCSM, they cannot be spotted in the indicated spur, the switching will be considered fulfilled, returning the railroad car(s) to the general yard or auxiliary tracks, which when assigning them in the work order an incomplete work code due to constructive placement, the railroad car will take the hold status, remaining this way until the customer again requests the order to be located in the next available industry service, with the intraterminal switching (code 3075) and the respective demurrage charges (code 3132, 3137 and/or 3148) being applied.

f) With respect to private or foreign railroad cars fully released from the Railroad car Hire payment which are received for spurs, when the movement is railroad carried out and it is found that they cannot be spotted due to constructive placement or any other cause not attributable to KCSM, the railroad car(s) will be returned to the general yard or auxiliary tracks considering the movement accomplished, by assigning them in the work order an incomplete work code due to constructive placement, the railroad car will take the hold status, remaining this way until the customer again requests the order to be spotted in the next available industry service, for which the intraterminal switching (code 3075) and the respective right of floor (code 3222.03, 3222.04 and/or 3222.05) will be applied.

2.- PRIVATE RAILROAD CARS THAT HAVE NOT PRODUCED AND WILL NOT PRODUCE FREIGHT REVENUE.

a) The resulting right of floor (code 3222.03, 3222.04 and/or 3222.05) will be applied based on the chapter corresponding to right of floor to a private railroad car or with private treatment, which was originally documented to be loaded and has not been used and spotted in constructive placement or which after having been spotted in the customer's facilities, its circuit is changed, so the railroad car must be documented by the customer under a freight rate based on the new route it takes (Origin - Destination), according to the KCSM freight rate application rules.

RULE IV
RAILROAD CARS IN GROUP SWITCHING TO A SPUR, WHENEVER FLEET REVENUES HAVE BEEN PRODUCED OR ARE GOING TO BE PRODUCED PREVIOUS AGREEMENT OR CONTRACT.

a) To provide this service, it is necessary that the spur owner have the following:

- Locomotive with crew, regulatory tool and fuel or other traction appropriate means to the safety KCSM specifications.
- Safety measures for movement inside its facilities, to prevent accidents and equipment deterioration.

b) The railroad cars will be delivered at the junction points and must be returned invariably in the same place by the customer.

c) With the understanding that, for each trip from the station to the junction point or vice versa, carrying up to five railroad cars, the minimum indicated in this rate will be charged (code 3090) and from the sixth onwards the additional fee per railroad car will be charged (code 3095), which is also indicated.

For the rates application for switching railroad cars in a group, it is required that the customer previously obtain written authorization from KCSM's Commercial department.

d) This rule provisions will not be applicable when only one railroad car is received for the customer on the date. In this case, due to the movement from the station's tracks to the spur's junction point, an ordinary switching will be charged (code 3070).

e) Customers who have authorized railroad cars in group switching and who require movements from the junction point inside their facilities, with KCSM locomotive, upon written request to the Customer Service Center and Accessorial Services; and provided that the tractive force is available, will be provided with such, charging the locomotive rental (code 3277) pursuant to the chapter fifth provisions on the application rules - catalogue, in addition to the railroad cars in groups switching (code 3090, 3095).

RULE V
SWITCHING

1. INTRATERMINAL SWITCHING FOR RAILROAD CARS

An Intraterminal switching will be charged (code 3075), per railroad car, in the following cases:

a) For any movement subsequent to the railroad cars actual placement in spurs or assigned zone, team or auxiliary tracks or requested by the customer within the same switching zone or who have completed their normal switching.

b) For the railroad cars movement with all or part of their contents or empty, which customers request, from one spur to another, within the same switching zone.

   For a) and b) as long as the yard job or local service, that pick up a railroad car from spur 1 or team tracks or auxiliary tracks is the same one that spot it in spur 2 or team tracks or auxiliary tracks in the same switching zone; otherwise, if the railroad car movement to pick up railroad car from spur 1 or team tracks or auxiliary tracks is spotted in spur 2 or team tracks or auxiliary tracks is done by different yard job ID or local ID, then the charge will be determined by the KCSM Marketing department through a freight revenue waybill according to the Effects Classifier.

c) For the actual placement in another spur or team tracks or auxiliary tracks within the same switching zone, railroad cars that, pursuant to the rule III this chapter paragraphs e) and f) provisions, were returned to general yard or auxiliary tracks .

In the foreign equipment case that is not fully released from the Railroad car Hire payment, the movements must be authorized by the KCSM Transportation Support Center Manager, which will determine the additional charges to be applied for demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05).

1A. INTRATERMINAL SWITCHING FOR INTERMODAL MODULES PLATFORMS AND INTERMODAL CONTAINERS;

For the intermodal modules platforms movement for intraterminal services and when they are provided, the following amount will be charged:

a) An Intraterminal Switching (code 3075) for each intermodal module well - section.
b) 50% of an Intraterminal Switching (code 3075) for each intermodal container 40 to 53 feet in length.
c) 25% of an Intraterminal Switching (code 3075) for each intermodal container 20 feet in length.

Empty or loaded no matter loaded content and weight within the railroad cars load limits or containers; for each of the following movements:

FROM:	**TO:**
Docks	Team tracks or auxiliary tracks
Spurs or maritime zone	Team tracks or auxiliary tracks
Team tracks or auxiliary tracks	Spur or maritime zone
Spur	Docks
Docks	Spur

FROM:	TO:
Team tracks or auxiliary tracks	Docks
Intermodal ramp	Intermodal Ramp
Intermodal Ramp	Team tracks or auxiliary tracks
Team tracks or auxiliary tracks	Intermodal Ramp

2. INTRATERMINAL SWITCHING

An Intraterminal switching will be charged (code 3075), per railroad car, in the following cases:

a) For the railroad cars movement with all or part of their contents or empty, which customers request, from one spur or assigned zone, team or auxiliary tracks to another within the same switching zone, where the operation involves 2 railroads and there is no border bridge crossing.

3. INTRAPLANT SWITCHING

An Intraplant switching will be applied (code 3075), per railroad car, in the following cases:

a) For the subsequent movement with all or part of its contents or empty, from railroad cars located in spurs or assigned zone, team or auxiliary tracks or requested by the customer, within the same track or within the plant - industry; this service will only be done with the regular yard job or local service and will be subject to availability.

4. INTERMEDIATE SWITCHING

An Intermediate switching will be charged (code 3075), per railroad car, in the following cases:

a) For the railroad cars movement with all or part of their contents or empty, which are received in interchange from a connecting railroad to deliver to another connecting railroad within a switching zone and delivered at an agreed switching point, where KCSM only serves to interchange railroad car function without being part of a freight movement.

5. SWITCHING AT ORIGIN

A switching at Origin will be charged (code 3075), per railroad car, in the following cases:

a) For the railroad cars movement to be interchanged to a connecting railway with all or part of their contents or empty, from spurs or assigned zone, team or auxiliary tracks or requested by the customer where KCSM is the origin movement and delivers the railroad car at the customer's request at the switching point that is within the switching zone.

6. SWITCHING AT DESTINATION

A switching at Destination will be charged (code 3075), per railroad car, in the following cases:

a) For the railroad cars movement from the interchange point within the switching zone with all, part of their contents or empty, to spurs or assigned zone, team or auxiliary tracks or requested by the customer where KCSM is the movement destination within the switching zone.

RULE VI
SPECIAL REGULATIONS

1.- RULES FOR THE FOREIGN RAILROAD CARS

A. When a customer requests to reload an foreign railroad car on KCSM lines, it must consider the following:

a) Request to the KCSM Fleet Distribution area, authorization via email to carry out the railroad car reloading by specifying the initial and number, destination and product to be loaded.
b) If the railroad car reload request is authorized, the customer can enter its order through the KCSM website.
c) When reloading, the customer must respect the product type and destination indicated in its request.
d) The customer will be responsible for the attachments care (fastening bolts, chains, berth bars, etc.) from the assigned foreign railroad cars.
e) If discrepancies are detected in the previous paragraph provisions, KCSM will transfer to the customer the replacement or repair costs from damage or attachments loss.
f) In the event that the customer cancels the order or rejects the assigned railroad car for reasons not attributable to KCSM, the customer will be subject to the following charges:

KCSM will apply demurrage (code 3132, 3137 and/or 3148) for the stay pursuant to the third chapter rule VI in these rules provisions and in rejection case the corresponding charges will be applied pursuant to the rule III subsection c) into this chapter provisions.

B. When a customer requests empty foreign railroad cars to load on KCSM lines, it must consider the following:

a) Request via email to the Fleet Distribution area, authorization to carry out the loading by specifying the railroad cars number, destination and product to be loaded.
b) If the load request is authorized, the customer can enter its order through the KCSM website.
c) When loading, the customer must respect the product type and destination indicated in its request.
d) The customer will be responsible for the attachments care (fastening bolts, chains, berth bars, etc.) from the assigned foreign railroad cars.
e) If discrepancies are detected in the previous paragraph provisions, KCSM will transfer to the customer the replacement or repair costs from damage or attachments loss.
f) In the event that the customer cancels the order or rejects the assigned railroad car for reasons not attributable to KCSM, the customer will be subject to the following charges:

KCSM will apply demurrage for the stay (code 3132, 3137 and/or 3148) pursuant to the rule V in chapter third on these rules provisions and in rejection case, the corresponding charges will be applied pursuant to the rule III subsections a) or b) in this chapter provisions, as applicable.

g) When the railroad car has not been loaded, KCSM will invoice the charge for the empty railroad car return to the point where the railroad car was received; the charge that will be applied to the customer will be determined by the KCSM Marketing department through a freight waybill according to the Effects Classifier.

2.- RAILROAD CARS DOCUMENTATION TO UNAUTHORIZED DESTINATIONS

In the event that the customer documents a railroad car to a different destination than originally requested and that destination is outside KCSM lines, the customer will be responsible for the charges incurred by KCSM to return the railroad car to its original circuit, which may vary depending on the railroad to which the railroad car was documented.

a) If the shipper takes the railroad car and does not respect the destinations and products to be loaded on the assigned foreign railroad cars, and/or uses it to load the product to another customer.
b) If the customer takes the railroad car and documents it to a destination other than that specified in the equipment request.
c) If the customer takes the railroad car and documents it to a destination other than the one that would correspond on its reverse route (reloading).

In any of the 3 cases above, in addition to the charges that the railroad car owner applies to the customer, KCSM will apply the Penalty per railroad car requested and not used (code 3080) to the customer. If the destination railroad charges KCSM for returning the railroad car to its route or if the railroad car owner applies a penalty to KCSM for having used its railroad car without permission, such penalty will not restrict the railroad car movement, i.e. the railroad car will move according to the loaded documentation.

3.- IN BORDER STATIONS FOR RAILROAD CARS THAT HAVE NOT PRODUCED FREIGHT REVENUE AND ARE NOT GOING TO PRODUCE IT

a) Railroad cars loaded with import or export merchandise following customs clearance, that are loaded or unloaded on team tracks, auxiliary tracks, assigned zone or spur inside the border station and move from or to the switching routes, will cause charges for an intraterminal switching per railroad car (code 3075), in addition to the shipments crossing bridge that have not produced nor will produce freight revenue (code 3400) and demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05) that are caused, set at the present catalogue.

b) Upon empty foreign railroad car receipt, requested by a customer, to be loaded on team tracks, auxiliary track, assigned zone or spur inside the border station and it is not used, it will cause charges for two ordinary switching (code 3070), empty railroad car crossing bridge over its own wheels (code 3410) and demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05) that it generates, set in these application rules - catalogue.

4.- IN RAILROAD STATIONS WITHIN MARITIME PORTS, FOR RAILROAD CARS THAT HAVE PRODUCED OR ARE GOING TO PRODUCE FLEET REVENUE

a) The railroad cars movement to load or unload will be railroad carried out, switching charges free, from general yard tracks to:

- Team tracks.
- To the ships side or barring this, to the dock site where import, export freight and/or cabotage can be loaded or unloaded.

b) An ordinary switching (code 3070) will be charged per loaded railroad car when the movement is made within the switching zone in a railroad station within the Maritime Port, from a general yard to a warehouse or spur or vice versa.
c) Documented loaded railroad cars bound for the railroad station within the Maritime Port, to be unloaded to the team tracks and, by customer's necessity, request in writing to the KCSM Customer Service Center and Accessorial Services, before their arrival, movement to a determined warehouse or dock site, particular spur or assigned zone, and these are within the same Railroad station within the Maritime Port. This service will be provided one time only by charging an ordinary switching (code 3070) per railroad car plus the diversion rate (code 3300 or 3301).

5.- IN RAILROAD STATIONS WITHIN MARITIME PORTS, FOR RAILROAD CARS, INTERMODAL MODULES PLATFORMS AND INTERMODAL CONTAINERS; THAT HAVE NOT PRODUCED AND ARE NOT GOING TO PRODUCE FLEET REVENUE.

It is optional for KCSM to facilitate railroad cars or intermodal modules platforms for intraterminal services and when they are provided, the following amount will be charged:

a) An Intraterminal Switching (code 3075) for each railroad car.
b) An Intraterminal Switching (code 3075) for each intermodal well module section.
c) 50% of an Intraterminal Switching (code 3075) for each intermodal container 40 to 53 feet in length.
d) 25% of an Intraterminal Switching (code 3075) for each intermodal container 20 feet in length.

Empty or loaded no matter the load content and weight the within the railroad cars load limits or containers; for each of the following movements:

FROM:	**TO:**
Docks	Team tracks or auxiliary tracks
Spurs or maritime zone	Team tracks or auxiliary tracks
Team tracks or auxiliary tracks	Spur or maritime zone
Spur	Docks
Docks	Spur
Team tracks or auxiliary tracks	Docks
Intermodal ramp	Intermodal Ramp
Intermodal Ramp	Team tracks or auxiliary tracks
Team tracks or auxiliary tracks	Intermodal Ramp

6.- FREE TIME, DEMURRAGE, RIGHT OF FLOOR, ORDINARY AND INTRATERMINAL SWITCHING AT THE BORDER DUE TO RAILROAD CARS WITH DELAYED DOCUMENTATION TO IMPORT, EXPORT OR FOR HOLD RAILROAD CAR FOR COMPLIANCE WITH GOVERNMENTAL AGENCIES REGULATIONS LIKE CUSTOMS CLEARANCE AND NON-TARIFF REGULATIONS AND RESTRICTIONS.

Applies for railroad cars hold at the border.

A. Free time to perform customs clearance and any other Governmental Agencies procedures.

1. For exportation traffic.

Any railroad car or container loaded with foreign trade goods moving in trains in the way to get the interchange border, must have valid, paid customs pedimento and have obtained their electronic document (e-dispatch) from the SAT external trade single window, so that when the railroad by procedure sends the "CONSIST" train to the Customs system, it obtains the automated random selection result.
In addition, any railroad car or container when being sent to the Customs automated random selection must also have the Entry Number with United States Customs (CBP), so that it can be included in the classification and be offered in a final interchange "CONSIST".

If a railroad car or container does not have a Mexican Customs Electronic Document and/or does not have the United States Customs Entry number, at the moment that is generating the Mexican Customs automated random selection result, a hold status due to delay or lack of customs documentation will be applied and will be subject to the following:

a) Hold private railroad car, the charge will be right of floor (code 3236, 3252, 3222.03, 3222.04 and/or 3222.05) for each day or fraction of permanence, plus an intraterminal switching (code 3075), they will not have free time and the right of floor will begin to be computed at the moment it was sent to the Mexican Customs random selection and returned an error result.

b) Hold foreign or KCSM railroad car, the charge will be demurrage (code 3132, 3137 and/or 3148) for each day in permanence or fraction, plus an intraterminal switching (code 3075), they will not have free time and demurrage will begin to be computed at the moment it was sent to the Mexican Customs random selection and returned an error result.

c) Any railroad car type that, after having been sent to the Mexican Customs random selection, has a result and Entry number into United States Customs and is supposed to be cleared for crossing and when it is offered in a final export consist, then it is rejected by United States Customs for an issue such as wrong goods description, error in quantities number, etc., In addition to demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3236, 3252, 3222.03, 3222.04 and/or 3222.05) two intraterminal switching rates (code 3075) will be applied, there will be no free time and demurrage or right of floor will begin to be computed at the time the rejection notification is received.

1.1 Mexican Customs dispatch or other Government Agencies Inspections

Any railroad car that needs to be hold for the Mexican Customs Clearance performance or any other inspection for any non-tariff regulation or restriction, will have a credit (24 hours free), computed from the date and time it was located on some point in the assigned as inspection tracks. Any time in excess from the free time will be computed per day or fraction rate so the corresponding demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3236, 3252, 3222.03, 3222.04 and/or 3222.05) will apply.

For every railroad car movement that KCSM makes, for spot it in an inspection tracks, platform tracks or any auxiliary track into the border station where the railroad car is,

i. To comply with Mexican customs clearance activities or any non-tariff restrictions or regulations from any Government agencies inspection,
ii. For goods transshipment, goods accommodation or loading conditions inspection,
iii. For impact tests devices placement, etc.,

An ordinary switching rate per railroad car (code 3070) will be applied; or an Intraterminal Switching (code 3075) will be applied if the unit must be located on a track that is in different border station within the same switching zone. In the cases that a railroad car needs to use the platform for merchandise deconsolidation due to accomplish a Government agencies regulations or for the rearrangement or goods transshipment, etc. the platform use charge (code 3344) will be applied, which does not include forklifts, maneuver personnel for unloading, etc.

2. For importation traffic.

Railroad cars that have entered the Mexican national territory and are detained within the KCSM network to comply with customs clearance activities or any non-tariff restrictions or regulations release from any Mexican Government agencies, are subject to the demurrage collection (code 3132, 3137 and/or 3148) or right of floor (code 3236, 3252, 3222.03, 3222.04 and/or 3222.05) and/or switching charges (code 3070 or 3075) as applicable according to the following procedure:

For every railroad car movement that KCSM makes, for spot it in an inspection tracks, platform tracks or any auxiliary track into the border station where the railroad car is,

i. To comply with Mexican customs clearance activities or any non-tariff restrictions or regulations from any Government agencies inspection,
ii. For goods transshipment, goods accommodation or loading conditions inspection,
iii. For impact tests devices placement, etc.,

An ordinary switching rate per railroad car (code 3070) will be applied; or an Intraterminal Switching (code 3075) will be applied if the unit must be located on a track that is in different border station within the same switching zone. In the cases that a railroad car needs to use the platform for merchandise deconsolidation due to accomplish a Government agencies regulations or for the rearrangement or goods transshipment, etc. the platform use charge (code 3344) will be applied, which does not include forklifts, maneuver personnel for unloading, etc.

In order than the hold railroad cars into import trains get the inspection process, the ones spotted in KCSM inspection tracks to be carried out the inspection in an agile way, and within the established goal to cleared the inspection tracks during the 4 hours following the spot trains in the inspection tracks and be safety protected, then cleaning activities, inspection, samples taking, customs dispatch, etc. are carried out.

KCSM will notify in a timely manner to those responsible for carrying out customs dispatch or any non-tariff restriction or regulation release by means the "Advanced" emails 3 to 6 hours before the bridge train crossing.

Once the 4-hour limit has expired, the demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05) for each 24-hour period or fraction will apply to any railroad car that remain hold.

a) Hold private railroad car, the charge will be right of floor (code 3222.03, 3222.04 and/or 3222.05) for each permanence day or fraction.

b) Hold foreign or KCSM railroad car, the charge will be demurrage (code 3132, 3137 and/or 3148) for each permanence day or fraction.

c) Fumigation: Once the train has been spotted in any designated inspection tracks, the fumigation must be applied according to the standards that regulate this activity, it will be considered as "attended" train or "in continuity" regarding clearance process, when the fumigation activity (corresponding treatment application) begins at least within the next hour and immediately:

   - **Fumigation by tablets.-** When the last government agency (Customs, PROFEPA or SAGARPA) has completed its verification and/or sampling taken activity.
   - **Fumigation applied with gas.-** When the cleaning activity ends and when the last government agency (Customs, PROFEPA or SAGARPA) has completed its verification and/or.

   In the event that the fumigation process begins after the following hour when Customs, PROFEPA and/or SAGARPA have completed their verification and/or sampling taken activity; it will be considered as "unattended" or "in discontinuity" regarding clearance process, Mexican Customs Broker will be subject to the right of floor (code 3222.03, 3222.04 and/or 3222.05) for each railroad car that has not been attended in a timely manner.
   This rate will be applied for each 24-hour period or fraction starting in the time when it was declared "unattended" or "in discontinuity."

d) Cleaning process: When import railroad cars are received and they are found that have waste from the loaded merchandise abroad, then must be cleaned for their internment into the country (SENASICA regulation), KCSM will apply the rate related to loaded railroad cars cleaning (code 3850) for each railroad car that be cleaned. When the waste is a large quantity so that its cleaning requires greater cleaning contractor resources, such as waste tons transport, more cleaning personnel, etc. and the code 3850 rate is not sufficient to cover the respective cleaning; then KCSM will transfer to the customer or its Mexican customs broker the total fee charged by the cleaning contractor.

B. Railroad cars releasing.

1. For exportation traffic.

Railroad cars will be released to go to the United States of America, when the Customer or its Mexican Customs Broker performs the corresponding clearance procedures, the Government Agency(ies) authorize(s) their departure from national territory, through the pedimento issuance or exportation certificate, that the Customer or Mexican Customs Broker officially notifies to KCSM through the established notify process and once the charges for demurrage (code 3132, 3137 and/or 3148), right of floor (code 3236, 3252, 3222.03, 3222.04 and/or 3222.05), switching (code 3075), etc. are covered by the Customer or his Mexican Customs Broker.

2. For importation traffic

The railroad cars release the will be done when the Government Agency(ies) authorize(s) their admission to the Mexican territory, by means the pedimento issuance or importation certificate, after the Customer or its Mexican Customs Broker officially notifies KCSM through the established process and once the charges for demurrage (code 3132, 3137 and/or 3148), storage (code 3236, 3252, 3222.03, 3222.04 and/or 3222.05), switching (code 3075), etc. are covered by the Customer or its Mexican Customs Broker.

C. Days exempt border charges due to railroad cars with documentation delays for import, export or any government agencies detentions for compliance with customs clearance and non-tariff regulations and restrictions.

The days exempt from border charges are those established in chapter fourteen, Rule II into this document.

7.- MANEUVERS FOR RAILROAD CARS WITH TOP COVER OR DOUBLE-STACKED INTERMODAL CONTAINERS DUE CUSTOMS INSPECTION OR ALERT, REQUESTED BY MEXICAN CUSTOMS - GAMMA RAYS

When required or alerted by Mexican Customs, Gamma Rays and/or any competent authority the need to inspect and verify goods or images to railroad cars, the Customer and/or Customs Broker Agent will follow up and request the railroad car spotting to KCSM, in the area designated to work this equipment type, hire the maneuvering company to facilitate the goods verification (the customer may agree with its intermodal logistics operator or its Mexican customs broker to perform the process on their behalf), becoming subject to the following charges:

- Ordinary switching (code 3070) if the maneuvering zone is in the same railroad border station.
- Intraterminal Switching (code 3075) if the maneuvering zone is in a different border station within the same switching zone.

Charge for each demurrage day or fraction (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05), from the moment the railroad car is spotted in the maneuvering zone.

The maneuvering company costs, for the crane usage, forklift, stevedore, tool and equipment for unlocking and goods blocking will be covered by the customer; the customer may agree with its intermodal logistics operator or its Mexican customs broker to make the payment on its behalf.

8.- CHARGES FOR DO NOT DELIVERING ON TIME THE DOCUMENTATION, PERMITS, CERTIFICATES, PEDIMENTOS, ETC. TO CUSTOMS WHEN THE RAILROAD CARS ARE IN THE UNITED STATES OF AMERICA, MOVING TOWARDS THE MEXICAN BORDER. AND THAT DUE TO THE ABOVE-MENTIONED CAUSE DELAYS IN THE INTERCHANGE LOGISTICS.

When the railroad cars or containers with external trade goods are in the United States of America territory and within 12 hours to reach the crossing to KCSM by the interchange railroad bridge; and they do not have the documentation, certificates, pedimento, etc. generated, issued or delivered physically or in electronic to Customs or railroad systems, the customer or its Mexican customs broker shall be subject to the bridge crossing penalty for each railroad car (code 3370), for each 20-foot container (code 3375) and for each 40 feet or greater container (code 3380).

9.- MEXICAN CUSTOMS FINES FOR THE CUSTOMER OR ITS MEXICAN CUSTOMS BROKER LIABILITY.

When the Mexican Customs applies fines to the railroad, for incidences or inconsistencies detected during the gamma ray scanning activities or verification in customs dispatch, such as:

- Loaded railroad car detected as empty,
- Empty railroad car detected as loaded,
- Railroad car with residue or partially loaded,
- Railroad car with pedimento cancelled,
- Railroad car with pedimento rectified, etc.

And after the case analysis, the result determines that the liability is for the customer or its Mexican customs broker, then KCSM will transfer the fines amount paid to Customs and the demurrage (code 3132, 3137 and/or 3148), right of floor (code 3222.03, 3222.04 and/or 3222.05) that have been generated due the railroad car permanence on KCSM tracks and 2 ordinary switching charge per railroad car (code 3070), one for placing the railroad car on the inspection track and another for set it to a train once released or an Intraterminal Switching (code 3075) if the railroad car must be spotted on a track that is in a different station within the same switching zone.

10.- BOLTS AND HIGH-SECURITY SEALS PLACEMENT.

For the railroad cars where the customer requires the bolts and/or high-security seals service placement, it will be subject to the corresponding charge per railroad car according to what is mentioned below in point A, as registered in the Accessorial Services Catalog. The bolts and/or high-security seals must be approved by KCSM.

To provide the above-mentioned service, the customer has to make a written request to the KCSM Customer Service Center, who, according to the request, will validate and granting availability the bolts and/or high-security seals placement service, as well as the date when the service can be performed and the station where said security attachments will be applied.

Each bolts and/or high-security seals placement service will be agreed with the customer and

A. The service includes up to a minimum charge corresponding to 10 bolts set application and 36 high-security seals per railroad car, which will be provided and applied by KCSM or any third party designated by KCSM.

B. When the customer requires the bolt application service, including a high-security seal in addition to the 10 bolts set and 36 high-security seals mentioned in point A above, the charge registered in the Accessorial Services catalogue shall apply (code 3096).

C. In the event that the customer requires the high-security seal application service in addition to the 36 high-security seals mentioned in point A above, the charge registered in the Accessorial Services catalogue shall apply (code 3097).

In addition to the charge for the bolts and/or high-security seals application, the customer may incur in additional charges, including but not limited to: hold for inspection (code 3345), demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3252, 3222.03, 3222.04 and/or 3222.05), ordinary switching (code 3070) or intraterminal switching (code 3075), etc., as applicable.

CHAPTER THIRD

DEMURRAGES

It applies to all foreign and KCSM railroad cars (KCSM – TFM initials), or those treated as foreign railroad cars, when they stay hold in the constructive placement status on KCSM tracks, and/or when they stay as spotted into private tracks, team tracks, assigned tracks, etc. And that after the individual demurrage cycle calculation set credits less debits (as developed in this chapter), the monthly balance results in debits, then the demurrage charges will be applied to those debits according to these application rules scalable rate and depending on the days of stay on the railroad tracks, as well as according to the defined escalation ranges (day 1 and 2, day 3 and 4, and day 5 and onwards) (code 3132, 3137 and / or 3148).

GUIDELINES AND CHARGES THAT REGULATE DEMURRAGE, APPLICABLE TO DOMESTIC, EXPORTATION AND IMPORTATION TRAFFIC.

RULE I
LIABILITY FOR DELAYS

The following shall be liable for demurrage (code 3132, 3137 and/or 3148): the consignee or any third party that performs loading, unloading or trans loading maneuvers including but not limited to in trans loading terminals or operator on team tracks or any other that has been stipulated by an agreement or contract, or otherwise the shipper in accordance with this regulation provisions.

RULE II
CREDIT TERMS

1. Credit Terms

The charges generated in this demurrage rate are calculated and payable according to the terms and payment conditions established by KCSM.

2. Demurrage and other Accessorial Services payment terms

KCSM reserves the right to modify the railroad customer (shipper, consignee, any other party responsible for the load or any third party that performs loading, unloading or trans loading maneuvers including, but not limited to in trans loading terminals or operator on team tracks or any other that has been so stipulated by means in an agreement or contract) demurrage payment terms; when the latter is in a non-compliance state with respect to the previous months demurrage payment and up to the moment in which the overdue amounts are paid or a payment agreement is reached.

RULE III
NOTIFICATIONS

1. Notifications to customers

A. For the purposes in this demurrage chapter provisions, KCSM will issue notifications to the shipper, consignee, loader, unloader, customer to invoice/pay, designated party or any third party who performs loading, unloading or transfer maneuvers including, but not limited to in trans loading terminals or operator on team tracks or any other that has been so stipulated by means in an agreement or contract.

The notification shall be made in writing or by any electronic or mechanical means, and shall contain:

- Railroad car initial and number
- The original railroad car initial and number, if the load was transshipped on the line.
- Product
- Hold point, if different from the documented destination.

Notification ways:

I. For railroad cars to be made available to the customer on private tracks or assigned tracks:

a) KCSM shall notify the constructive placement if a railroad car is hold on KCSM tracks at any storage point or at the destination, due to any condition attributable to the shipper, consignee, loader, unloader, customer to invoice/pay, designated party or any third party who performs loading, unloading or transfer maneuvers including, but not limited to in trans loading terminals or operator on team tracks or any other that has been so stipulated by means in an agreement or contract, which limits KCSM to performs the spotted.

b) KCSM will consider the actual placement notified once the railroad cars are spotted on the consignee's tracks.

II. For railroad cars to be made available to the customer on team tracks:

a) KCSM shall notify the constructive placement if a railroad car is hold, on KCSM tracks, at any storage point or at the destination, due to any condition attributable to the shipper, consignee, loader, unloader, customer to invoice/pay, designated party or any third party who performs loading, unloading or transfer maneuvers including, but not limited to in trans loading terminals or operator on team tracks or any other that has been so stipulated by means in an agreement or contract, which limits KCSM to performs the spotted.

b) KCSM will send actual placement notification to the consignee or shipper once the railroad cars are positioned on the team tracks.

III. For loaded railroad cars rejected, KCSM will notify the rejection its shipper or owner when a railroad car is not received at its destination.

IV. KCSM will send notification to the freight payer or to the designated party to receive notification if a railroad car is hold on KCSM tracks waiting for disposal with a diversion request.

B. When the shipper or consignee uses a mechanical or electronic device, including but not limited to fax machines or email, to accept messages, the notification delivered to such devices will be considered as received.

C. It will be the shipper, consignee, loader, unloader, party to be billed/pay, designated party or any third party that performs loading, unloading or trans loading maneuvers including but not limited to in trans loading terminals or operator on team tracks or any other that has been stipulated by an agreement or contract as a designated party responsibility to receive notification, to inform KCSM Accessorial Services department regarding any change in the fax number or email, within 24 hours after such change. If KCSM receives an error message in the receipt or delivery messages due to any reason attributable to the receiver, such as invalid fax number or email address, it will be considered as any constructive placement notified that is attempted to be sent.

2. Notifications to KCSM

All notifications to KCSM. The customer shall request receipt acknowledgment.

RULE IV
DEMURRAGE APPLICATION.

A. The demurrage (code 3132, 3137 and/or 3148) expressed in this chapter applies to all railroad cars that are in constructive placement or actual placement from this issuance rate in-effect, at all KCSM stations.

B. The following railroad cars are subject to demurrage (code 3132, 3137 and/or 3148): foreign railroad cars, private railroad cars owned by KCSM, railroad cars controlled by KCSM and assigned railroad cars including idler railroad cars.

C. The following railroad cars are EXEMPT from demurrage (code 3132, 3137 and/or 3148):
1. The railroad cars for loading or unloading material owned by KCSM while they are hold on KCSM tracks or on tracks that connect with private siding tracks.

2. Railroad cars whose load has been rejected at destination or has not been claimed as a derailment damage result and is available to KCSM, during the entire hold time.

3. Private railroad cars owned by KCSM, rented for products storage, for intraplant or intraterminal switching service while they are hold on assigned tracks.

4. Loaded or empty private railroad cars unless they are under the railroad control.

5. Empty railroad cars on their reverse route assigned to shippers that have specific storage conventions or agreements.

6. Empty railroad cars rejected by customer because they are unsuitable for loading within 24 hours after the order date or actual placement date.

7. Empty multilevels used for motorized vehicles transportation spotted at a storage point and exempt from railroad car hire payments.

RULE V
DEMURRAGE CHARGES ON RAILROAD CARS HOLD FOR LOADING.

KCSM will spot empty railroad cars for loading according to the equipment request made by customers on team tracks, auxiliary tracks, assigned tracks or spurs as applicable to make them available to customers.

1.- Demurrage Calculation:

A. Demurrage debits allocation:

1. The hold time in constructive placement for stay in yards or auxiliary tracks to be considered for the railroad car demurrage calculation, will begin at 07:01 AM after set the constructive placement event date and time and until the date and time it is order-in to be spotted.

   Demurrage will apply and therefore a debit for every 24 hours or fraction from 07:01 AM, after the hold in constructive placement set date and time in empty railroad cars that first have to be hold on KCSM tracks for reasons not attributable to the railroad and until the date and time that the actual placement request is received thru the order-in event.

2. The time into Industry to consider for the railroad car demurrage calculation will apply from 07:01 AM after the actual placement date and time and until the release date and time.

   Demurrage will apply and therefore a debit for every 24 hours or fraction from 07:01 AM after the actual placement date and time and until the loaded railroad cars with movement instructions received release date and time.

B. If an empty railroad car is actual placement before the date for which it was ordered, the demurrage will apply from 07:01 AM on the date when it was ordered and until the date and time when the railroad car is released.

C. Private railroad cars hold in actual placement on private tracks at origin will be subject to this rule only when they are railroad cars leased by the railroad.

D. No debits will be recorded on days considered as holidays according to the provisions in chapter fourteenth regarding this application rules - catalogue.

2.- Credits Allocation:

KCSM will assign one (1) credit for each railroad car spotted as empty that is released (documented with a loaded freight revenue waybill).

RULE VI
DEMURRAGE ON RAILROAD CARS HOLD FOR UNLOADING.

KCSM will place railroad cars for their unloading according to their scheduling in its corresponding service, on team, auxiliary, rented, assigned tracks or spurs as applicable to make them available to customers.

KCSM will not send a greater railroad cars number for unloading, that exceeds the declared available spur or track assigned capacity at the cut-off time from the corresponding industry service.

The customer may request from KCSM, that the railroad cars that arrive at its consignment and whose origin documentation indicates as final destination team, auxiliary, rented, assigned tracks or spurs as applicable, be hold at destination or at some other point within KCSM, subject to an agreement with it. In this case, the railroad cars will remain hold due to constructive placement and the customer will order-in them daily according to their declared operative capacity.

1. Demurrage Calculation:

A. Demurrage and debits allocation.

1. The hold time in constructive placement, to be considered for the demurrage calculation in KCSM yards or auxiliary tracks, will begin at the subsequent 07:01 AM for the date and time set the constructive placement event and until the date and time it is order-in to be spotted as actual placement.

   Demurrage will apply and therefore a debit for every 24 hours or fraction, from 07:01 AM after the constructive placement set hold event date and time, in loaded railroad cars that first have to be hold on KCSM tracks, for reasons not attributable to KCSM, or for having been requested as such by the customer and until the date and time that the order-in for actual placement on private tracks is received.

2. The time into industry to consider for the demurrage calculation, will apply from 07:01 AM after the actual placement set date and time and until the release date and time.

   Demurrage will apply and therefore a debit for every 24 hours or fraction, from 07:01 AM after the actual placement set event date and time and until the release date and time as empty railroad cars with movement instructions received.

B. For reloading railroad cars, the time into industry to consider for the demurrage calculation, will apply from 07:01 AM after the date and time the actual placement event as loaded and until the date and time that they are released as loaded again (documented as loaded with a revenue waybill).

C. No debits will be recorded on days considered as holidays according to the chapter fourteenth from this application rules and catalogue provisions.

2.- Credits Allocation:

A. KCSM will assign two (2) credits for each hold loaded railroad car that is released as empty (unloaded).
B. KCSM will assign 3 credits for each actual placement as loaded railroad car then it is released and documented as loaded again with a revenue waybill (reloads).

RULE VII
DEMURRAGE ON RAILROAD CARS HOLD FOR OTHER PURPOSES, DIFFERENT THAN TO LOADING OR UNLOADING, APPLICABLE TO RAILROAD CARS IN HOLD STATUS:

A. While railroad cars are waiting for proper disposition from the consignor, loader, consignee or unloader.

B. With diversion request by the freight payer or its authorized representative.

C. For any other purpose, ordered by the consignor, loader, consignee or unloader, which is not attributable to KCSM.

1.- Demurrage Calculation:

A. The hold time for any hold code different than constructive placement, the demurrage calculation, will start from 07:01 AM after the date and time from the hold event application, until the date and time when the disposition notice is received for:

1. Railroad cars with diversion request, consigned to a different customer, transshipped or hold in transit.

2. Empty railroad cars ordered in constructive placement to be loaded and not used in transport services that are not rejected as referred in rule IV in this chapter.

3. Railroad cars with pending payment charges.

4. Railroad cars hold for any purpose for reasons not attributable to KCSM, outside the exceptions provided in rules V and VI in this chapter.

5. Overloaded railroad cars hold for load reduction from the notice moment.

B. The time in the yard that will be used for the demurrage calculation (code 3132, 3137 and/or 3148), will start from 07:01 AM after the receipt date and time by KCSM until the disposition date and time for:

1. Railroad cars received from connecting railroads.

2. Private railroad cars returned to railroad tracks.

C. The time in Industry that will be used for the demurrage calculation (code 3132, 3137 and/or 3148), will begin at 07:01 AM after the actual placement date and time and until the time and date disposition notification is received for:

1. Railroad cars assigned to a different consignee.

2. Empty railroad cars spotted to be loaded, and that were not used for the transport service.

3. Railroad cars hold for any purpose for reasons not attributable to KCSM, outside the exceptions provided in rules V and VI in this chapter.

D. Demurrage will apply in the following cases, starting at 07:01 AM:

1. For the consignee, after the actual placement date and time or constructive placement and until the rejection notification date and time in loaded railroad cars.

2. For the shipper, after the actual placement or constructive placement and until the disposition on loaded railroad cars rejected date and time.

2.- Credits Allocation:

A. No credits will be granted to railroad cars hold for purposes other than loading or unloading.

RULE VIII
CREDITS AND DEBITS COMPENSATION

A. The demurrage payment and the credits and debits compensation, will be done monthly and will include all the railroad cars released during each calendar month.

B. The credits and debits will be compensated independently for the following railroad car groups or railroad car transactions blocks:

1. Railroad cars hold for loading under the conditions and as established in rule V in this chapter.

2. Railroad cars hold for loading and under any agreement or special individual covenant conditions as established in rule V in this chapter.

3. Railroad cars hold for unloading and under the conditions and as established in rule VI in this chapter.

4. Railroad cars hold for unloading and under any agreement or special individual convention conditions as established in rule VI in this chapter.

5. Railroad cars hold for purposes other than loading and unloading, as established in rule VII in this chapter.

6. Rejected loaded railroad cars, as established in rule VII in this chapter.

7. Reloading railroad cars, which is spotted as loaded and released as loaded again with a revenue waybill.

C. The surplus credits in each transaction type cannot be used to compensate debits from another transaction type.

D. Credits and debits cannot be compensated between same customer facilities, whether they are located in the same station or not.

E. The surplus credits from agreements or special conventions cannot be used to compensate debits calculated under any other rate.

F. The surplus credits in a calendar month cannot be used to compensate debits from a different calendar month.

G. Demurrage debits = demurrage charge days, shall be presented to the consignee or any third party that performs loading, unloading or trans loading maneuvers including but not limited to in trans loading terminals or operator on team tracks or any other that has been stipulated by an agreement or contract, or otherwise the shipper, with either being liable to pay them.

H. Procedure:

1. The total debits from all railroad cars number into the same group or block will be counted, according to the subsection B provisions in this rule.

2. The total credits from all railroad cars number into the same group or block will be counted, according to the subsection B provisions in this rule.

3. If the total credits is equal to or greater than the total debits, then the demurrage charges will not be applied.

4. If the total debits exceeds the total credits, the total debits in excess will be those on which the demurrage charges will be applied at the rate in-effect at the moment when the railroad cars were released.

5. Any adjustment must be handled by means a disputed as provided in rule IX in this chapter.

RULE IX
DISPUTE SUBMISSION FOR INCORRECT CHARGES.

Disputes for incorrect demurrage cycles events to those registered in the “Demurrage Calculation” online application, should be sent to KCSM electronically using the “Demurrage Online” application within the “MyKCS” menu on the KCSM website, within seven (7) calendar days following the date and time from each “railroad car demurrage cycle event” disputed, adding in the comments section the explanation that forms the dispute basis and attaching the necessary support documentation.

If any railroad car demurrage cycle event is not disputed by the customer within the seven (7) calendar days period from the date and time that the event had occurred, it will be considered as accepted by the customer and will be used for the demurrages computation in question.

KCSM will give a resolution response to each dispute within seven (7) calendar days following the date and time they are registered in the “Demurrage Calculation” online application, otherwise the dispute will be accepted and the corresponding adjustment will be made.

Disputes must be supported with the necessary documentation that justifies them, identifying the railroad cars involved by their initial, number and location. The result will be published electronically within the “Demurrage Calculation” online application within the “MyKCS” menu on the KCSM website.

When a dispute is issued without a justifiable reason, KCSM will apply the unjustified dispute rate (code 3109), including but not limited to:

- Dispute railroad car without debits
- Dispute without comments or without attached evidence
- False dispute events (CP, Order In, AP and REL), fictitious data.
- False bunching – accumulation dispute
- Incorrect Customer dispute (demurrage charges transfer) without prior authorization from the other customer.

In the event that the disputes are not made within the established times (7 calendar days following the date and time in each "railroad car demurrage cycle event") and after that the customer requests review after having generated the demurrage charges statement and/or invoice, KCSM will apply the extemporaneous dispute rate (code 3112) for each railroad car that is in the demurrage statement. Disputes must be supported including with the necessary documentation that justifies them, identifying the railroad cars involved by their initial, number and location.

1. Incorrect Charges:
Scheduled railroad cars that are not spotted are considered an incorrect switching by KCSM and will be considered in the customer's dispute.

The railroad cars bunching - accumulation for causes not attributable to KCSM will not be considered as KCSM error and therefore its dispute will be subject to review.

2.- Weather Interference:
In events where it is impossible for the consignor, shipper, consignee, loader, unloader, party to be billed/pay, designated party or any third party that performs loading, unloading or trans loading maneuvers including but not limited to in trans loading terminals or operator on team tracks or any other person that has been so stipulated by an agreement or contract, to receive a railroad car or cannot load or unload it due to events beyond its control, including flood, storm, earthquake, hurricane, tornado or other severe weather or extreme weather conditions, the directly affected demurrage cycles will be adjusted, with the condition that the impediment has at least two (2) days duration.

3.- Strike Interference:
When it is impossible for the shipper, consignee, loader, unloader, party to be billed/pay, designated party or any third party that performs loading, unloading or trans loading maneuvers including, but not limited to in trans loading terminals or operator on team tracks or any other so it has been stipulated by means in an agreement or contract; to load, unload, receive or deliver railroad cars to KCSM due to strike interference at the place where the railroad cars loading or unloading are carried out, the demurrage days will be charged at 30% of the corresponding rate per day or fraction during the strike interference period, with the condition that the interruption must exceed more than ten (10) days during a calendar month.

The strike interference rules will not apply to:

A. Loaded railroad cars, when the waybills are set or performed 4 days or more after the strike interference start date.

B. Empty railroad cars, ordered after the start and before the strike interference end.

CHAPTER FOURTH

RIGHT OF FLOOR

This applies to all private railroad cars or those that are treated as private as established in Rule IV, subsection B in this chapter, when they are hold on KCSM tracks and/or when they are hold on team tracks. And if after the individual right of floor credit less debits cycle calculation, the monthly balance will result in debits, then those debits will be charged according to the right floor scalable rate, as well as according to the defined escalation ranges (day 1 and 2, day 3 and 4, and day 5 and onwards) (code 3222.03, 3222.04 and/or 3222.05).

GUIDELINES AND CHARGES THAT REGULATE RIGHT OF FLOOR IN KCSM STATIONS, APPLIES TO DOMESTIC, EXPORTATION AND IMPORTATION TRAFFICS.

RULE I
RIGHT OF FLOOR LIABILITIES

The following shall be right of floor liable: the consignee or any third party that performs loading, unloading or trans loading maneuvers including but not limited to in trans loading terminals or operator on team tracks or any other that has been stipulated by an agreement or contract, or otherwise the shipper in accordance with this regulation provisions.

RULE II
CREDIT TERMS

1. Credit Terms

The right of floor charges generated in this rate are calculated and payable according to the terms and payment conditions established by KCSM.

2. Right of floor and other Accessorial Services payment terms

KCSM reserves the right to modify the right of floor payment terms to a railroad customer (shipper, consignee, any other party responsible for the load or any third party that performs loading, unloading or trans loading maneuvers including, but not limited to in trans loading terminals or operator on team tracks or any other that has been so stipulated by means an agreement or contract), when the agreement is in a non-compliance state with respect to the right of floor previous months payment and up to the moment in which the overdue amounts are paid or a payment agreement is reached.

RULE III
NOTIFICATIONS

1. Notifications to customers

A. For the right of floor provisions purposes in this chapter, KCSM will issue notifications to the shipper, consignee, loader, unloader, customer to invoice/pay, designated party or any third party who performs loading, unloading or transfer maneuvers including, but not limited to in trans loading terminals or operator on team tracks or any other that has been so stipulated by means an agreement or contract. The notification shall be made in writing or by any electronic or mechanical means, and shall contain:

- Railroad car initial and number
- The original railroad car initial and number, if the load was transshipped on railroad line.
- Product
- Holding point, if different from the destination documented.

Notification Forms:

I. For railroad cars to be made available to the customer on private or assigned tracks:

a) KCSM shall publish the constructive placement notification if a railroad car is hold on KCSM tracks at any storage point or at the destination, due to any condition attributable to the shipper, consignee, loader, unloader, customer to invoice/pay, designated party or any third party who performs loading, unloading or transfer maneuvers including, but not limited to in trans loading terminals or operator on team tracks or any other that has been so stipulated by means an agreement or contract, which limits KCSM to performs the actual placement.

b) KCSM will consider actual placement notification once the railroad cars are spotted into the consignee's tracks.

II. For railroad cars to be made available to the customer on team tracks:

a) KCSM shall notify the constructive placement if a railroad car is hold on KCSM tracks at any storage point or at the destination, due to any condition attributable to the shipper, consignee, loader, unloader, customer to invoice/pay, designated party or any third party who performs loading, unloading or transfer maneuvers including, but not limited to in trans loading terminals or operator on team tracks or any other that has been so stipulated by means an agreement or contract, which limits KCSM to performs the actual placement.

b) KCSM will consider actual placement notification once the railroad cars are spotted into the team tracks.

III. For rejected loaded railroad cars, KCSM will notify the rejection to its shipper or owner when a railroad car is not received at its destination.

IV. KCSM will send notification to the freight payer or to the designated party to receive notification if a railroad car is hold on KCSM tracks waiting for disposal with a diversion request.

B. When the shipper or consignee uses a mechanical or electronic device, including but not limited to fax machines or email, to accept messages, the notification left in such devices will be considered as received.

C. It will be the shipper, consignee, loader, unloader, party to be billed/pay, designated party or any third party that performs loading, unloading or trans loading maneuvers including but not limited to in trans loading terminals or operator on team tracks or any other that has been stipulated by an agreement or contract or designated party to receive notification, responsibility, to inform KCSM Accessorial Services Department regarding any change in the fax number or email, within 24 hours. If KCSM receives an error message in the messages receipt or delivery due to any reason attributable to the receiver, such as invalid fax number or email address, it will be considered as notified for any constructive placement that is attempted to be sent.

2. Notifications to KCSM

All notifications to KCSM. The customer shall request receipt acknowledgment.

RULE IV
RIGHT OF FLOOR APPLICATION

A. The right of floor (code 3236, 3252, 3222.03, 3222.04 and/or 3222.05) expressed in this chapter, apply to all railroad cars that are in constructive placement or actual placement status on team tracks from the effective date this rate registered with the Agency, in all KCSM stations.

B. The following are subject to right of floor (code 3222.03, 3222.04 and/or 3222.05): private railroad cars that are not controlled by the railroad and railroad cars controlled by the railroad exempt from the railroad car hire fee in which case they are considered in their treatment as private railroad cars.

C. The following are EXEMPT from right of floor (code 3222.03, 3222.04 and/or 3222.05):

1. The railroad cars for loading or unloading material owned by KCSM while they are hold on KCSM tracks or on tracks that connect with private sidetracks.

2. Railroad cars whose load has been rejected at destination or has not been claimed as derailment damage result and is available to KCSM, during the entire hold time.

3. Railroad cars owned by the railroad, rented for products storage, for intraplant or intraterminal switching service while they are hold on assigned tracks.

4. Empty railroad cars on their reverse route assigned to shippers that have specific storage conventions or agreements.

5. Empty railroad cars rejected because they are unsuitable for loading within the 24 hours after the order-in date or actual placement date and time.

6. Empty railroad multilevels used for the motorized vehicles transportation located at a storage point and exempt from Railroad car Hire payments.

RULE V
RIGHT OF FLOOR CHARGES IN PRIVATE RAILROAD CARS THAT ARE LOADED OR EMPTY ON KCSM TRACKS

1. CHARGES CALCULATION:

If the total loaded or empty private railroad cars number in constructive placement or storage and available to be ordered in the next scheduled service, exceeds the declared customer operative capacity on a particular day or when they are actual placement on team tracks, then the in-effect right of floor rate (code 3222.03, 3222.04 and/or 3222.05) per day or fraction will be applied.

The right of floor (code 3222.03, 3222.04 and/or 3222.05), will apply and therefore a debit for every 24 hours or fraction from 07:01 AM after the constructive placement date and time hold event notification in loaded or empty private railroad cars on KCSM tracks, until the date and time the order-in is received to be actual placement on private, team or assigned tracks.

Furthermore, only for private railroad cars actual placement on team tracks, the right of floor (code 3222.03, 3222.04 and/or 3222.05) will apply and therefore a debit for every 24 hours or fraction from 7:01 AM after the disposition notification date and time and until the release date and time as empty or loaded movement documentation instructions received.

No debits will be recorded on days considered as holidays according to the chapter fourteenth provisions in this application rules and catalogue.

2. RAILROAD CAR LIABILITY:

The shipper, consignee, loader, unloader, party to be billed/pay, designated party or any third party that performs loading, unloading or trans loading maneuvers including but not limited to in trans loading terminals or operator on team tracks or any other that has been stipulated by an agreement or contract, is liable for the private railroad car while it is in the constructive placement status.

RULE VI
RIGHT OF FLOOR CHARGES APPLICATION

1. The right of floor rules apply to:

A. Private loaded or empty railroad cars that are not controlled by KCSM.

B. Railroad cars owned by foreign railroads totally released from the railroad car hire payment.

2. Charges Calculation:

A. The total right of floor days number (code 3222.03, 3222.04 and/or 3222.05) per each private railroad car released from its right of floor cycle will be counted within a calendar month and to each will be assigned a debit for each right of floor day or fraction.

B. The credits and debits shall be calculated in an independently manner for the following private railroad car transactions groups:

1. Private loaded or empty railroad cars hold on KCSM tracks and subject to this chapter provisions.

2. Private railroad cars hold for purposes different than loading or unloading

3. Rejected loaded private railroad cars.

4. Reloading private railroad cars, which actual placement as loaded and released as loaded again.

C. The surplus credits in a transaction, group or block type cannot be used to compensate debits from another transaction group or block type.

D. Credits and debits cannot be offset between the same customer facilities, whether they are located in the same station or not.

E. The surplus credits left over from agreements or special conventions cannot be used to compensate debits calculated under the general rate or rate with special treatment.

F. The surplus credits in a calendar month cannot be used to compensate debits from a different calendar month.

G. KCSM will allocate one (1) credit for each private railroad car that is order-in on constructive placement only in the event that it generates debits.

H. For private railroad cars that stay on KCSM tracks hold in constructive placement and/or actual placement on team tracks, and at the end of the month have surplus credits in their favor, they cannot be transferred to other railroad cars during the same period that their debits are greater than their credits, that is, for private railroad cars the credits are not transferable to the group, transaction or block level, each private railroad car uses its credit (1) in case it has debits from right of floor (code 3222.03, 3222.04 and/or 3222.05).

I. The total credits from all the private railroad cars in right of floor will be added together (code 3222.03, 3222.04 and/or 3222.05).

J. If the total credits is equal to or greater than the total debits, then there will be no right of floor charge (code 3222.03, 3222.04 and/or 3222.05).

K. If, on the contrary, the total debits exceeds the total credits, each surplus debit will be calculated based on the right of floor rate (code 3222.03, 3222.04 and/or 3222.05) in-effect.

L. In the case that private railroad cars loaded with products classified as explosive or hazardous materials or residue, in addition to the corresponding right of floor, its staying on KCSM tracks will be charged, in accordance with rule I, chapter first provisions in this application rules - catalogue.

M. Right of floor charges (code 3222.03, 3222.04 and/or 3222.05) shall be presented to the consignee, loader, unloader, party to be billed/pay, designated party or any third party that performs loading, unloading or trans loading maneuvers including but not limited to in trans loading terminals or operator on team tracks or any other that has been stipulated by an agreement or contract, or otherwise the shipper, with either them being liable to pay them.

Any adjustment must be handled by means set a dispute as provided in rule VII.

3. Order-in Railroad car guidelines:

A. The customer may order-in the private railroad cars that are hold in constructive placement (CP) in KCSM tracks by issuing to KCSM the order-in within the established yard service or local actual placement cut-off time, according to its spur or assigned zone declared operative capacity.

RULE VII
DISPUTE SUBMISSION FOR INCORRECT CHARGES

Disputes for incorrect events to those registered in the “Demurrage Calculation” online application should be sent to KCSM electronically using the “Demurrage Calculation” online application within the “MyKCS” menu on the KCSM website, within seven (7) days following each “railroad car demurrage cycle event” disputed date and time, adding in the comments section the explanation that forms the dispute basis and attaching the necessary support documentation.

If any railroad car demurrage cycle event is not disputes by the customer within the seven (7) calendar days period from the date and time that the event had occurred, it will be considered as accepted by the customer and will be used for the right of floor computation in question.

KCSM will give a resolution response to each dispute within seven (7) calendar days after they are registered in the “Demurrage Calculation” online application, otherwise the dispute will be accepted and the corresponding adjustment will be made.

Disputes must be supported with the necessary documentation that justifies them, identifying the railroad cars involved by their initial, number and location. The result will be published electronically within the “Demurrage Calculation” online application within the “MyKCS” menu on the KCSM website.

When a dispute is issued without a justifiable reason, KCSM will apply the unjustified dispute rate (code 3109), including but not limited to:

- Dispute for railroad cars without debits
- Dispute without comment or without attached evidence
- False Events dispute (CP, Order In, AP and REL), fictitious data.
- False bunching - accumulation dispute
- Incorrect Customer dispute (right of floor charges transfer) without prior authorization from the other customer.

In the event that the disputes are not made within the established time (7 calendar days following each set “railroad car demurrage cycle event” date and time) and the customer requests review after having

generated the demurrage statement and/or invoice, KCSM will apply the extemporaneous dispute rate (code 3112) for each railroad car that is in the demurrage statement. Disputes must be supported providing with the necessary documentation that justifies them, identifying the railroad cars involved by their initial, number and location.

1. Incorrect Charges:

Scheduled private railroad cars that are not spotted are considered as incorrect KCSM switching and will be considered in the dispute.

The railroad cars bunching - accumulation for causes not attributable to KCSM will not be considered as an KCSM error and therefore its dispute will be subject to review.

2. Weather Interference:

In events where it is impossible for the shipper, consignee, loader, unloader, party to be billed/pay, designated party or any third party that performs loading, unloading or trans loading maneuvers including but not limited to in trans loading terminals or operator on team tracks or any other person that has been so stipulated by an agreement or contract, to accept a railroad car or cannot load or unload it due to events beyond its control, including flood, storm, earthquake, hurricane, tornado or other severe weather or extreme weather conditions, the directly affected right of floor (code 3222.03, 3222.04 and/or 3222.05) will be adjusted, with the condition that the impediment has at least two (2) days duration.

3. Strike Interference:

When it is impossible for the shipper, consignee, loader, unloader, party to be billed/pay, designated party or any third party that performs loading, unloading or trans loading maneuvers including, but not limited to in trans loading terminals or operator on team tracks or any other so it has been stipulated by means an agreement or contract; to load, unload, receive or deliver railroad cars to KCSM due to strike interference at the place where the loading or unloading is carried out, the right of floor days will be charged at 30% of the corresponding right of floor rate (code 3222.03, 3222.04 and/or 3222.05) per day or fraction during the strike interference period, with the condition that the interruption must exceed more than ten (10) days during a calendar month.

The strike interference rules will not apply to:

A. Loaded private railroad cars, when the waybills are set 4 days or more after the strike interference start date.

B. Empty private railroad cars, ordered after the start and before the strike interference end.

CHAPTER FIFTH

LOCOMOTIVE RENTAL AND SPECIAL TRAIN SERVICE

RULE I
A. FOR LOCOMOTIVE RENTAL WITH CREW (INCLUDES FUEL AND REGULATORY TOOL).

1. REQUIREMENTS:

When customers require locomotive rental service with crew, they must request it in the corresponding format, to KCSM Customer Service Center at least 24 hours before the time the customer needs the locomotive rental service, indicating the movements to be made specifications.

NOTE: Locomotive rental service is subject to KCSM locomotive availability.

2. CHARGES:

a) The minimum charge for locomotive rental (yard job, local, etc), with crew, regulatory tool and fuel will be for a time up to 8 hours at the rate established for this service (code 3277), for the additional hours the minimum fee will be applied for each 8-hour period of sub-sequencing and according to the current rate (code 3277); when KCSM and the customer agree that due to customer needs and KCSM, the locomotive rental maneuver may exceed 8 hours, then the time in excess from the first 8 hours will be charged for each 8-hour period of sub-sequencing and according to the current rate (code 3277). When customers require additional crew service (code 3278), KCSM may, without prejudice to the regular freight service, provide said service, upon the customer's request to the Customer Service Center. This service is subject to availability and the charge shall be applied by hour or fraction according to the current rate.

b) The locomotive rental charges calculation with crew shall begin on the date and time when locomotive is made available to customers departing the yard, until the date and time locomotive is returned at the same point; the collection will be made according to the subsection “a).” provisions.

c) In the event that the locomotive rental with crew is performed with the yard job service that is working in the same switching zone, the charges calculation will start on the date and time when it arrives to customers on its spur, team, auxiliary or rented tracks, as applicable until the date and time when it departures from it; the charge will be made according to the subsection a) provisions.

3. LOCOMOTIVE RENTAL WITH CREW CANCELLATION:

In the event that the locomotive rental with crew is no longer required by the customer, the request for cancellation must be made by email to the Customer Service Center at least 6 hours in advance from the time for which it was requested, so that no charge is exercised. In the event that the locomotive rental cancellation is in less than 6 hours in advance from the time in which it was requested, the corresponding payment will be made for the locomotive rental with crew cancellation (code 3279), due to the allocated resources amount and the logistics that KCSM had performed to be able to offer the service, by way as example without limitation:

- **Customer Service.-** Service, case in the system generation, request process administration and coordination with the areas involved to get locomotive rental with crew feasibility granting and subsequent cancellation process.
- **Operations.-** Decision making by resources availability to grant the service by the Transportation Superintendence, crew assignment and crew call cancellation with the corresponding “crew called and not used” payment, opportunity cost lost by return and locomotive reassignment, send back end of train device to the resources inventory for the operation to programmed trains or yard job services, preparation cost and time and inspection and locomotive operation levels filling.

B. FOR LOCOMOTIVE WITHOUT CREW (DOES NOT INCLUDE FUEL).

1. REQUIREMENTS:

a) When customers require locomotive rental without crew service, they must request it in the corresponding format from KCSM's Customer Service Center at least 48 (forty-eight) hours before the time the customer needs the locomotive. The Customer Service Center will answer whether or not KCSM is able to provide the requested locomotive.

b) This locomotive rental type is subject to KCSM´s locomotive availability.

c) To formalize the foregoing, the respective contract or agreement must be entered into where the service specifications and a guarantee deposit are established, as well as the customer's minimum locomotive period use (10 days), as well as the date and time that it starts for the time calculation for the respective charges.

2. CHARGES:

a) The locomotive rental without crew charges calculation will be applied for each 24 (twenty-four) hour period or fraction for each locomotive (code 3280), with 10 (ten) days minimum, at the rate set for this service, and will start at the date and time when locomotive is made available to customers departing the KCSM yard, until the date and time it is returned at the same point.

b) Regarding customers who do not have spurs case, the calculation will start from the time and date when the locomotive is spotted at their disposal, until the date and time when the customer reports to the Customer Service Center the service termination.

c) If due to causes not attributable to KCSM, damage is caused to the rented locomotive, after the case investigation, the customer will be charged the amount there, according to the agreement in the respective contract.

3. LOCOMOTIVE RENTAL WITHOUT CREW CANCELLATION:

In the event that the locomotive rental without crew is no longer required by the customer, the request for cancellation must be made by email to the Customer Service Center at least 12 hours in advance from the time for which it was requested, so that no collection is exercised. In the event that the locomotive rental cancellation is in less than 12 hours in advance from the time for which it was requested, a locomotive rental without crew cancellation charge will be applied (code 3281).

Locomotive rental without crew cancellation will only be charged if the customer does not notifies cancelation at least 12 hours in advance from the time for which the service was requested, due to the resources amount allocated and the logistics to be able to offer the service performed by KCSM, by way example indication without limitation:

- **Customer Service.-** Service, case generation in the system, request process administration and coordination with the areas involved for granting locomotive rental feasibility and subsequent cancellation process.
- **Locomotives Management.-** equipment availability management, locomotive assignment decision making it available in the warehouse, subsequent cancellation procedure management and locomotive sent back instruction to the warehouse.
- **Operations.-** Resources management availability to grant the service and subsequent cancellation procedure; crew assignment and crew call cancellation with the corresponding "called and not used", payment applicable for transfer the locomotive from the warehouse to the destination station.
- **Mechanical.-** Preparation for start-up in locomotive warehouse, Inspection and Locomotive operation levels filling (water, oil, diesel, sand) for its exit, after the cancellation; locomotive in storage receipt, preparation for storage with the water, oil, sand and diesel oil drainage, opportunity cost loss from the locomotive asset usage and fixed maintenance cost recovery due to maintainer daily availability.
- **Logistics.-** Cost recovery for the "freight revenue waybill" switching in the locomotive movement assigned from the storage workshop to the station where it was required; and the return switching from the station where it was requested to the locomotive storage workshop.

C. SPECIAL TRAIN SERVICE

1. REQUIREMENTS:

KCSM may, without prejudice to the regular freight service, provide the special train service for the goods handling in railroad cars, upon request and customer acceptance by electronic means to the Customer Service Center, including the following information:

Date, time, railroad cars number and movement route, as well as any other information that could be relevant for the movement performance; granting minimum 24 hours to KCSM for design the requested movement logistics, including the equipment classification, personnel and other complementary requirements in this kind of service. The special train is subject to availability.

The railroad cars number will be determined by the horsepower (Hp) that the assigned locomotive can tow in the most restrictive route topography where the special train must travel to reach the requested destination.

2. CHARGES:

The charge for the special train service will be applied according to the established kilometers or fraction number based on the distance to travel (code 3282), which covers 140 Kilometers minimum charge, it is additional and independent to the previously negotiated freight revenue waybill rate per railroad car.

3. SPECIAL TRAIN SERVICE CANCELLATION:

In the event that the special train service is no longer required by the customer, the request for cancellation must be made by email to the Customer Service Center at least 4 hours in advance from the time for which it was requested, so that no collection is exercised. In the event that the special train service cancellation is less than 4 hours from the time in which special train was requested, then the corresponding special train service cancellation charge will apply (code 3283).

The Special train service cancellation will only be charged if it is not done at least 4 hours in advance from the time for which the service was requested, due to the resources quantity allocated and the logistics for the requested design movement performed by KCSM, by way example indication without limitation:

- **Customer Service.-** Case service generation in system, request process management and coordination with the areas involved for granting the service feasibility and subsequent cancellation process, cost calculation according to the distance will travel and obtaining customer acceptance, management and request coordination with the transport support center for pre-billing generation and the collection area to invoice generation.
- **Locomotives Management.-** Equipment availability Management, locomotive assignment and decision making to set it available in the origin station or in the warehouse where it is storage, subsequent cancellation procedure management and locomotive return instruction to the resources inventory by scheduled trains or return locomotive to the warehouse.
- **Operations.-** Resources availability management to grant the service and subsequent cancellation procedure; call assignment and crew call cancellation from road crews with the corresponding “called and not used” payment; In this case, crews are paid the amount proportional to 140 kilometers traveled even though they have not done it either at origin or by movement in needed DH (dead head). Management for the coordination to give preference to the railroad cars to be moved by special train movement giving priority over any other regular scheduled train, set it in train movement programming conferences, cost recovery for the maneuvers that were already railroad carried out by previous operations at the cancellation moment, such as having attended a yard service with crew, locomotive, end of train device at the industry track in the origin station to pick up them and transfer them to the operational classification yard, converting and application the intraterminal switching for each railroad car or locomotive rental with crew.
  Expedited railroad cars classification according to tonnage, idler railroad cars integration and other safety conditions performed by another yard service with crew and locomotive; as well as the railroad cars set out in departure tracks, translated as locomotive rental with crew application, Locomotive transfer and enlistment from the travel inspection center to be coupled to the railroad cars to the departure tracks performed by locomotive suppliers
- **Mechanical.-** Preparation for start-up in locomotive warehouse, Inspection and Locomotive operation levels filling (water, oil, diesel, sand) for its exit, after the cancellation; locomotive in storage receipt, preparation for storage with water, oil, sand and diesel oil drainage, opportunity cost loss due not using the locomotive asset and fixed maintenance cost recovery due to the maintainer daily availability.
- **Logistics.-** Cost Recovery from the “freight revenue waybill”, locomotive assigned movement switching from the storage workshop to the station where it was required; and the return switching from the station where it was requested to the locomotive storage workshop.
- **Operations Control Center.-** Route availability Review, special train optimal journey planning and coordination to give the highest priority over all trains in the railroad corridor.

NOTE: The above is applicable to recover average minimum costs incurred since there are an indefinite scenarios number and variables that interact in the resources allocation, activities and operational

maneuvers; and it depends on the timeline moment in which the customer decides to cancel the requested special train. The variables are:
Service origin requested, railroad cars number, service destination request, workshop or warehouse location where the locomotive is storage or available, distance to travel with the assigned locomotive, road crews location and “DH” crew transfer if necessary from the stations, corridor crew change, classification maneuvers and railroad cars subdivision in maneuver yards, call road crew moment or yard crews, transfer railroad cars movement either from industry or interchange point with foreign railroads at the border or with connecting domestic railroads.

D. CHARGE FOR EXCESSIVE TIME IN LOCOMOTIVES IN UNIT TRAIN RETURN.

1. REQUIREMENTS:

a) Customers who wish to load or unload a unit train within their facilities so that, with their own crews support to operate them, they can use the locomotives that arrive spotting with the unit train; they must previously be stated into the respective contract or agreement with KCSM.

2. CHARGES:

a) In the event that the customer does not return the locomotives within the period agreed by the parties for return locomotives to KCSM, the charge to be applied for the locomotives use in excess from the time agreed, will be the established according to what the parties have agreed to in the contract.

b) If due to causes not attributable to KCSM, damage is caused to the locomotive in this service, after the case investigation, the customer will be charged the amount thereof, according to the agreement in the respective contract.

CHAPTER SIXTH

CRANE RENTAL FOR LOADING AND UNLOADING MANEUVERS

RULE I
CRANE RENTAL.

a) When KCSM is in conditions to rent a crane to customers who request it, the pertinent contract will be formalized where the service specifications are established and a guarantee deposit is established, the rate will be indicated in the contract itself.

   Likewise, in said contract, the customer will agree on the minimum use service period, as well as the date and time when it begins for the time calculation and the respective charges.

b) Crane rental with its crew, regulatory tool, fuel and lubricants, will be charged by hour or fraction at the rate indicated for this service (code 3290).

c) An ordinary switching will be charged for the crane movement from its warehouse track to the departure yard and another from the yard to the warehouse, as well as the charges that it will generates for its transportation from the storage station to the place where it is required and its return.

RULE II
ADDITIONAL EQUIPMENT AND MATERIAL

When customers request crane rental and require any additional services and materials listed below, they must pay the corresponding rate for each of them, established in this application rules and catalogue, also the KCSM freight revenue rate.

a) If a locomotive is used in the maneuvers, locomotive rental will be charged for the time it is occupied (code 3277).

b) For platforms and railroad cars that move as idlers or auxiliary railroad cars, an ordinary switching (code 3070) will be charged per railroad car, for movement from the operation tracks to the departure yard and another from the yard to the operation tracks, in addition to freight revenue charges for the movement from the origin station to the place where the service will be provided and its return. This equipment rental will be charged according to the rate established in the contract signed for the crane rental (code 3290).

c) The material or elements that are used for loading or unloading maneuvers and that are not for the crane operation, will be charged to the customer.

d) If due to causes not attributable to KCSM, damage is caused to the crane and the equipment used in the service, after case investigation, the amount thereof will be charged to the customer, according to the agreement in the respective contract.

CHAPTER SEVENTH

DIVERSION AND/OR CONSIGNEE, WAYBILL MODIFICATION OR CANCELLATION; REGISTRATIONS, DEREGISTRATION OR UPDATES IN RAILROAD CAR FLEET

RULE I
DIVERSION AND/OR CONSIGNEE CHANGE, WAYBILL MODIFICATION OR CANCELLATION

a) A diversion and/or consignee charge, waybill modification or cancellation, will be accepted for railroad cars, semi-trailers on platforms (PIGGY BACK) or loaded or empty containers, chassis, locomotives, cranes, power generating plants, etc., on their own wheels, applying the corresponding charges per railroad car, semi-trailers on platform or container, indicated in this application rules and catalogue (code 3300 or 3301).

b) To provide such service, the customer has to request it, in writing to KCSM's Customer Service Center, who according to the request will validate the station at which the requested diversion and/or consignee change may be carried out.

c) MULTIPLE RAILROAD CAR WAYBILLS: Those that contain more than one railroad car documented on the same day by a shipper from a single source to the same consignee and to a single destination, under the rates applied specifically for the multiple waybills application.

   1) The multiple waybills changes are subject to the rules and charges provided in this regulation. The multiple waybill separation will not be allowed.

   2) If one or several railroad cars in multiple waybill are found to be in “bad order” after leaving the origin station, these can be diverted at the customer's choice. These waybills will be subject to the rules and rates in accordance with this document provisions.

   3) Diversion or consignee change will only be allowed when the shipment is in the possession or under the KCSM control and they are sent to a unique destination and a one consignee.

d) KCSM will process all matters related to diversion and/or consignee change, waybill modification or cancellation request, but assumes no responsibility if its efforts are not successful due to other than KCSM railroad´s systems or operations.

e) A diversion and/or consignee change or waybill cancellation is only authorized when the railroad car is pending to be interchanged with another railroad and when the railroad car is in the road; so if railroad car has arrived at its original destination, it will be subject to a new documentation, noting in the new documentation the previous one references, so that it is properly related and avoid confusion.

Diversion and/or consignee change or waybill modification or cancellation will not be granted to:

- Foreign goods remittances under in-bond Customs scheme through national territory.
- With destination and consigned to industries that have suspended services.
- Those consigned to Interior Mexican customs neither will be provided with these services, nor will they be hold in transit for loading or unloading.

f) KCSM may document import traffic even if the railroad car has not been offered on the Interchange train consist by the North American railroad. If the customer requests any documentation change by writing, a rate will be charged for canceling the waybill and issuing the other one.
Any change in the documentation requested by the customer (seals change, weight, parts, customs broker, etc.), will be considered as a waybill modification (code 3300 or 3301).

g) When the diversion is made to a railroad car that has passed the detour point to its new destination, the customer will pay the freight charge from the total distance traveled.

h) When, due customer request, a railroad car is hold for a diversion, the demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05) caused without free period concession (credits) will be charged, in addition to the diversion rate (code 3300 or 3301).

i) When, due customer request, a railroad car is hold for a diversion and after that the customer cancels it, the demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05) caused without free period concession will be charged, in addition to the diversion rate (code 3300 or 3301) as if it had been done.

j) When a customer requests railroad cars for total or partial unloading, like semi-trailers on platforms (PIGGY BACK) or containers over intermodal flat platforms; before their final destination, it must be requested in writing providing details to the KCSM Customer Service Center, to evaluate the request viability with KCSM Operations department. If the train stopping in which the railroad car is been moved and diversion is authorized, the charge to be applied for each railroad car / container will be the corresponding diversion rate (code 3300 or 3301) plus two intraterminal switching rate (code 3075) for the operational maneuver.

RULE II
ASSISTANCE FOR REGISTRATIONS, DEREGISTRATION OR UPDATES IN RAILROAD CAR FLEET

Through its website, KCSM makes available to customers the tools to update by their-selves their private fleet records, with the customers being responsible for keeping their own records up-to-date. If for any reason the customer wishes KCSM to make such's registrations, deregistration or updates to railroad car records on its behalf, the rate per railroad car for making such requests will be the assistance for fleet records registrations, deregistration or updating (code 3303).

CHAPTER EIGHTH

RAILROAD CAR HOLD IN TRANSIT TO PROTECT, SECURE AND REARRANGE LOAD

RULE I
HOLD IN TRANSIT TO PROTECT, SECURE, REARRANGE OR LIGHTEN LOADED RAILROAD CARS

When railroad cars are hold in transit to afford that the customer performs any services mentioned in this rule title, the rate for the requested stoppage will be applied, according to these application rules and catalogue stipulations (code 3320); in addition, demurrage (code 3132, 3137 and/or 3148) or right offloor (code 3222.03, 3222.04 and/or 3222.05) will be applied for the time railroad car be hold, being calculated from the date and time the railroad car start in hold, until the date and time when the maneuver be completed and KCSM be notified, without free time concession or credits. The personnel, materials, etc., used in the above-mentioned services will be paid by the customer.

RULE II
DISTANCES APPLICATION AND FREIGHT CALCULATION

For railroad cars stopped in transit to protect, secure or rearrange the railroad cargo, and it is determined that they can no longer continue to their destination and have to transfer the commodities to another railroad car or truck, the freight revenue calculation will be applied for the actual distance traveled or intraterminal switching (code 3075). This being from the origin point to the point where the transshipment is made.

CHAPTER NINTH

RAILROAD CAR HOLD FOR MERCHANDISE INSPECTION AND VERIFICATION

RULE I

For railroad car hold for inspection, the stipulated rate (code 3345) in this application rules – catalogue will be charged.

This service is not authorized for railroad cars with merchandise transported by national territory under the Interior or International In-bond Mexican Customs scheme.

1. ON THE ROAD

a) The customer may request to the KCSM Customer Service Center, Accessorial Services and Protection areas, that he needs to carry out merchandise inspection when railroad cars be moved in a train, which will be authorized provided that this does not cause any train delay. Once merchandise inspection has been done, the Protection department will report the inspection place and date, the seal number removed and the new one applied, the documentation signed by the interested party (customer), applying the rate for merchandise inspection (code 3345).

b) After the inspection, the interested party will pay the charges that had been caused.

c) If after the inspection the customer needs to unload the railroad car where it was performed, the KCSM Customer Service Center and Damage Claim will authorize the unloading, charging the corresponding inspection (code 3345), freight and diversion (code 3300 or 3301), the maneuvers and equipment used for unloading will be borne by the customer, as well as the demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05) that are caused, without having free time or credits assignment.

RULE II
MERCHANDISE VERIFICATION AT THE DESTINATION

Regarding the railroad cars shipments, loaded by the shipper and sealed in its presence, whose seals arrive at their destination without visible alteration or violation signs, then upon customer written request the merchandise are verified by KCSM or any Claims Subsidiary at the destination, verification rate will be charged for this service per railroad car and per day or fraction (code 3350), KCSM will not be responsible for merchandise discrepancies that result in it.

The rate indicated in this verification service at destination is independent from charges that may be caused by demurrage (code 3132, 3137 and/or 3148) or right of floor (code 3222.03, 3222.04 and/or 3222.05).

RULE III
AT BORDER STATIONS

HOLD FOR MERCHANDISE INSPECTIONS AT THE BORDER TO COMPLY WITH CUSTOMS CLEARANCE OR ANY GOVERNMENT AGENCY REGULATION

For railroad car hold at the border due Mexican authorities merchandise inspection, will be applied the rate stipulated in this application rules – catalogue (code 3345).

Application for export and import traffic.

The stipulated hold railroad car rate applies to any railroad car that arrives at KCSM border terminals when the Customer, its Mexican Customs Broker or any other Mexican Authority requests it to carry out merchandise inspection, sample taking or verification actions, to comply with Customs Clearance or any non-tariff regulation or restriction.

CHAPTER TENTH

BRIDGE CROSSING

RULE I
BORDER BRIDGE CROSSING

a) Any railroad cars shipments that crosses the border bridge in any direction, in the KCSM terminals indicated below, the rate indicated in the application rules – catalogue will be applied (code 3370).

PLACES WHERE THE CHARGES FOR BRIDGE CROSSING WILL BE APPLIED:

Nuevo Laredo, Tamaulipas	Laredo, Texas
Matamoros, Tamaulipas	Brownsville, Texas

b) Bridge crossing charges stated in this application rules rate will be applied by the equipment as is mentioned below:

- Loaded or empty containers (code 3375 for 20 foot and code 3380 for 40-foot or greater containers).
- Loaded or empty semi-trailers over platforms (PIGGY BACK) (code 3385, 3390).
- Railroad car shipments that either did not produced or will not produce freight revenue (code 3400).
- Locomotives, cranes, power plants (code 3405), railroad coaches and empty railroad cars over their own wheels (code 3410).

CHAPTER TWELFTH

CHARGE APPLICABLE TO RAILROAD CARS CLEANING, MISSING RAILROAD CAR INTERIOR PARTS AND TEAM TRACKS FACILITIES CLEANING

RULE I
CHARGE APPLICABLE TO CLEANING RAILROAD CARS AND MISSING INTERIOR PARTS

a) Customer who receives a railroad car at its facilities or destination for unloading has the obligation to deliver it completely empty, free from all goods residue and any packaging and protection material used. When the customer releases a railroad car in conditions different from the above established, this release will involve the customer request to the railroad for cleaning service supply and waste disposal to confinement centers according to the governmental regulations in force.

b) When the customer releases the railroad car then the railroad finds that the railroad car has not been completely unloaded, the railroad or its cleaning contractor will clean it and apply the cleaning service rate (code 3850) to the responsible Customer, plus a charge for intraterminal switching (code 3075), established in the accessorial services rules and catalogue, due the railroad car movement to the cleaning tracks, provided that the service is performed within the same switching zone; otherwise, the charge will be determined by KCSM Marketing department through a freight revenue waybill and crane rental service rate (code 3290) in the case the railroad car has a cap like a covered gondola.

c) When the packing material waste, soil waste, sand, metals, wood, wires, belts, etc. be a large quantity so to its cleaning requires greater resources from the cleaning contractor such as waste tons transport, more personnel, etc. and the rate (code 3850) is not sufficient to cover the respective cleaning; then KCSM will transfer the total charge charged by the cleaning contractor to the customer who left the railroad car dirty.

d) Customers who verify the railroad car doors and gates closing and place the corresponding distinctive seals will be exempt from the KCSM cleaning rate application.

e) In the event that the customer had not closed the railroad car doors, will be subject to the door closing charge (code 3900) per railroad car.

f) In the event that KCSM or any of its agents detects that internal attachments or components belonging to the railroad car such as locks, bars, bolts, chains, interior divisions, etc. are missing, the customer will be responsible for the resulting charges for the substitution or replacement from those components. KCSM will notify the detected missing parts through its Customer Service then resulting charges will be notified through KCSM Damage Prevention department.

RULE II
TEAM TRACKS FACILITIES CLEANING

Customer, consignee, shipper or any other party who's unloading or loading railroad cars into KCSM team tracks; is the responsible for maintain clean mentioned facilities.

Is prohibited to throw or leave garbage or debris in the KCSM facilities including but not limited to packaging material, wood, paper, plastics, tires, etc.

Customer, consignee, shipper or any other party must take care in their loading or unloading maneuvers to do not leave waste or garbage, foreseeing to pick up the waste and garbage that are generated; when KCSM detects that this point is breached, the facilities on team tracks cleaning rate (code 3850.1) will be applied to the responsible shipper or consignee or any third party that performs loading, unloading or trans loading maneuvers, including, but not limited to, the operator on team tracks or any other that has been stipulated by an agreement or contract.

When the garbage or waste is a large quantity (i.e., it exceeds 300 Kg and/or 50 linear meters) so that its cleaning requires more cleaning resources, such as waste transportation, more personnel, etc. and the facilities on team tracks cleaning rate (code 3850.1) is not sufficient to cover the respective cleaning; then KCSM will transfer the total cost charged by the cleaning contractor, to the shipper, consignee or any third party that performs loading, unloading or trans loading maneuvers including but not limited to the operator on team tracks or any other that has been stipulated by an agreement or contract as a responsible party that left the facilities dirty.

It is the shipper, consignee or any third party responsibility when performs loading, unloading or trans loading maneuvers including but not limited to the operator on team tracks or any other that has been stipulated by an agreement or contract, to take all actions to avoid any contamination type arising by the materials, residues and hazardous substances handling. In contamination case with hazardous materials, residue or substances, the shipper or the consignee must carry out the onsite remediation and cleaning at their expense and charge accordingly the applicable environmental legislation terms.

CHAPTER THIRTEENTH

CHARGES APPLICABLE TO CLOSING RAILROAD CAR DOORS, UNLOADING GATES AND HATCH COVERS MECHANISMS

RULE I

The Customer who receives a railroad car for unloading into its facilities or KCSM team tracks has the obligation to deliver the railroad car with the doors, unloading mechanisms, unloading gates and hatch covers; Closed and secured with the devices that each railroad car has for this purpose. When a Customer releases a railroad car in conditions different from above established, this release will involve the Customer request to the Concessionaire for the closing doors, unloading gates or hatch covers mechanisms service supply. This service charges will be passed on to the responsible Customer, in accordance with this rate provisions (code 3900).

CHAPTER FOURTEENTH

DAYS THAT ARE NOT CONSIDERED FOR THE DEMURRAGE AND RIGHT OF FLOOR CALCULATION CHARGES

RULE I
HOLIDAYS

Those stated in Article 74 in the Federal Labor Law and are listed below:

I. January 1.

II. The first Monday of February in February 5 commemoration.

III. The third Monday of March in of March 21 commemoration.

IV. May 1.

V. September 16.

VI. The third Monday of November in November 20 commemoration.

VII. December 1 every six years, when there is Mexican Presidency transmission;

VIII. December 25, and

IX. Any determined by the federal and local electoral laws, in ordinary elections case, to carry out Election Day.

The above holidays and Sundays are exempt from demurrage or right of floor calculated by the KCSM credits and debits Demurrage system cycles from the constructive placement to order-in and/or from the actual placement to release.

RULE II
DAYS EXEMPT FROM BORDER CHARGES DUE TO RAILROAD CARS WITH DOCUMENTATION DELAYS TO IMPORT, EXPORT OR FOR GOVERNMENT AGENCIES HOLD RAILROAD CARS FOR COMPLIANCE WITH CUSTOMS CLEARANCE AND NON-TARIFF REGULATIONS AND RESTRICTIONS

The days exempted from charges contained in Chapter Second - Rule VI, points 6, 7, 8 and 9 will be exclusively those in which Mexican Customs, SENASICA and/or PROFEPA inspection railroad yard tracks or terminals, where the corresponding Mexican Customs dispatch and/or governmental procedure must be carried out, remain closed, due Mexican Agencies do not render service to the public or their duties be suspended. The foregoing, with the understanding that said exempt days must be notified and/or communicated officially by the corresponding Mexican authority.

CHAPTER FIFTEENTH

MANEUVERS AND SERVICES INTO THE AUTOMOTIVE TERMINAL.

RULE I

A. The maneuvers and services that will be provided within the KCSM Automotive Terminal will be the following:

1) Automotive Vehicles Loading (code 3950) - action of raising automotive vehicles from the floor to the railroad multilevel car.

2) Automotive Vehicles Unloading (code 3951) - action of lowering automotive vehicles from the railroad multilevel car to the floor.

3) Automotive Vehicles Transfer within the Terminal (code 3952) - The action of placing the automotive vehicl within the Terminal in the place requested by the assembly plant.

4) Vehicles sent to the Yard for non-rail shipments (code 3953).

5) Additional Second Movements (code 3954) within the terminal.

6) Automotive vehicle washing (code 3955) - Includes the internal movements to the washing zone and from the washing zone to the yard or boarding line.

7) Other Services: Those that by their nature are provided at the assembly company request and refer to:

- Ignition Key Service (code 3965): Includes vehicles that arrive without a key and the locksmith authorized service by the owner is requested, opens and prepares the key for the automotive vehicle.

- Closed automotive vehicle Service (code 3966): Includes automotive vehicle that are locked, but the automotive vehicle has a key inside the vehicle, a locksmith authorized by the owner is requested and is limited to opening the automotive vehicle.

Automotive Vehicles Storage (VIN) (codes 3975, 3976, 3977 and 3978) - Action of Storing Automotive Vehicles (VIN) into the Terminal Yard.

CHAPTER SIXTEENTH

OTHERS SERVICES.

RULE I
RE-BILLING

The re-billing will be charged if the customer requests it with a date after the expiration of the term of three (3) calendar days from the day in which the client has received the invoice from KCSM. Due to the complexity of the current cancellation process and the allocation of resources, the cancellation process is described below, without limitation. –

- **Cancellation with the SAT.** Cancellation process of invoices through the SAT portal.
- **Verification of acceptance. -** There is a waiting time of 72 hours to obtain the approval by the customer to proceed with the cancellation of the invoices.
- **Cancellation in SAP of the original invoice. -** The cancellation processes have to be done manually and individually by invoice.
- **Generation of new invoice.** - Once the cancellation procedure is performed, a new invoice is generated within the SAP system.
- **Re-sending of invoice. -** Once the re-billing has been generated, it has to be re-sent through the channels required by the customer, whether it is uploading to portals and/or sending it by mail, attaching Excel files, addenda and other annexes, as necessary. These requirements are not obligations required by the laws in force in Mexico.

If the customer requests re-billing after the expiration of the term of 3 (three) calendar days from the day in which the client has received the invoice from KCSM. The customer will be obliged to pay the fee established in the Catalog of Miscellaneous Services, which establishes two types of fees for the re-sending of an invoice.

A. For **normal invoices** (code 3845.01) that comply with all tax requirements in accordance with the laws in force.
B. For **special invoices** (code 3845.02) that contain all the fiscal requirements and that additionally the customer requests to include additional information for their internal controls including, but not limited to, purchase order number, the number of the transported vehicle (VINs), among other requirements.

All invoices that need to be reissued due to billing errors caused by KCSM will be exempt from the aforementioned costs.

CHAPTER SEVENTEENTH

UNIT TRAIN DELAY

RULE I
CHARGE FOR HOLDING A UNIT TRAIN EN ROUTE FOR REASONS ATTRIBUTABLE TO THE CLIENT

Users of KCSM's rail network must make an optimal planning of the unit train transfers they request to move with this Concessionaire to avoid collapsing the railway operation and causing delays in the service provided to all users of the railway network. If the customer orders the stop or hold of unit trains on the way for reasons attributable to the customer, KCSM will proceed to collect (code 4000, 4010, 4020) to safeguard the capacity of the sidings and the auxiliary tracks of the network, necessary to guarantee the continuity of the network and the efficiency and safety of the service.

This charge will be applied to unit trains on the way that present the following scenarios:

1. **Destination cannot accept the train.** – In the event that the destination/facility designated by the customer does not have sufficient capacity to receive the unit train on its way, or there is some other cause attributable to the customer for not receiving the train, this charge will be applied (Code 4000, 4010, 4020).
2. **Customer requests train hold.** – In the event that a request is submitted by the customer to retain a train during the journey of the train, the collection of the fee (Code 4000, 4010, 4020) will be applied. The request must be made in writing to the freight payer and/or its agent.
3. **Customs retention of the cargo under the control of the customer. –** In the event that customs retain the cargo of the unit train due to the fact that the customer has not properly completed the customs procedures or has not provided the forms or similar documents, he will be entitled to the collection (Code 4000, 4010, 4020).

KCSM may remove locomotives at any time while a unit train is stopped. If locomotives are removed, the billable time for retention fees ends when the locomotives are returned to the train. The immediate return of locomotives is not guaranteed.

This charge will not be applied in combination with other existing tariff concepts such as "Floor Rights" or "Demurrages" or "Storage", which are charges that are charged separately under other assumptions that are communicated separately to the customer.