


Kansas City Southern
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EVP – Sales & Marketing
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Update for Q1 2014

Original 2014 Guidance

Q1 2014 Update

- | | |
|--|--|
| • Mid-single digit volume growth | • Q1 14 volume growth of 4% |
| • High-single digit revenue growth* | • Q1 14 revenue growth of 10% |
| • Adjusted operating ratio improvement of 1-1.5 points | • Q1 14 adjusted operating ratio** improved 1.8 points compared to Q1 13 |
| • Mid-teens adjusted diluted EPS growth | • Q1 14 adjusted diluted EPS** growth of 18% |

* Depending on F/X impact.

** All reconciliations to GAAP can be found on the KCS website in the Investors section.

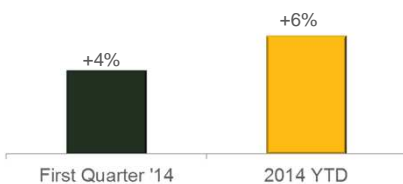


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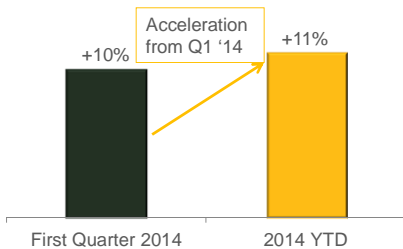
Carload & Revenue Growth Accelerating in Q2...

KCS Carload Growth



- Strength in grain expected to continue through Q2.
- 2H14 comps will be challenging.

KCS Revenue Growth



- Growth in coal has decelerated due to partner rail network congestion.
- Outlook uncertain.

- New Frac Sand destinations.

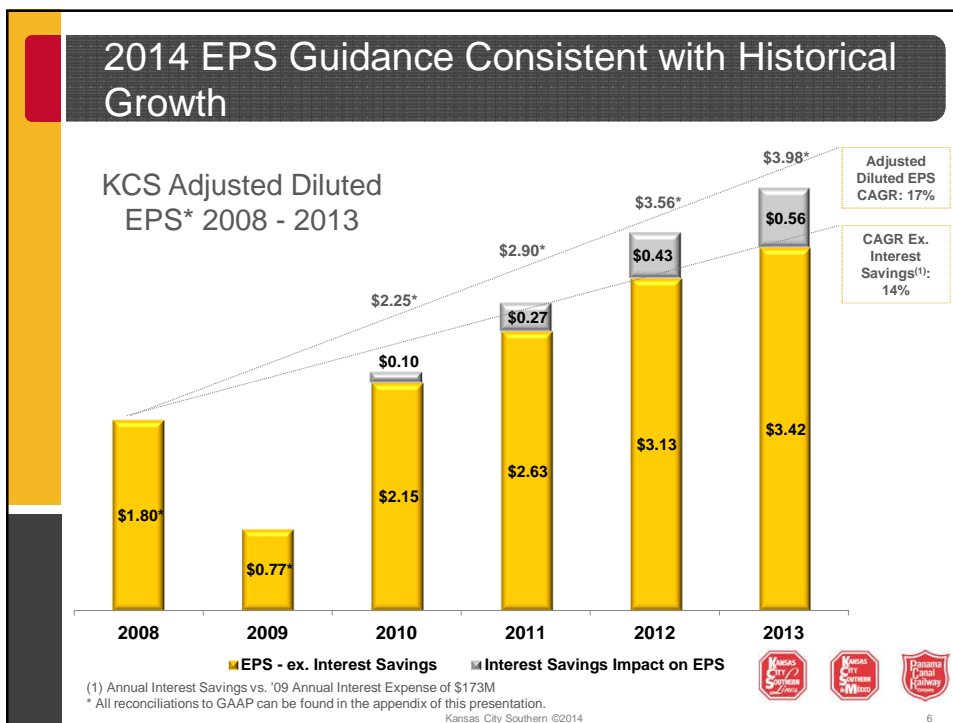
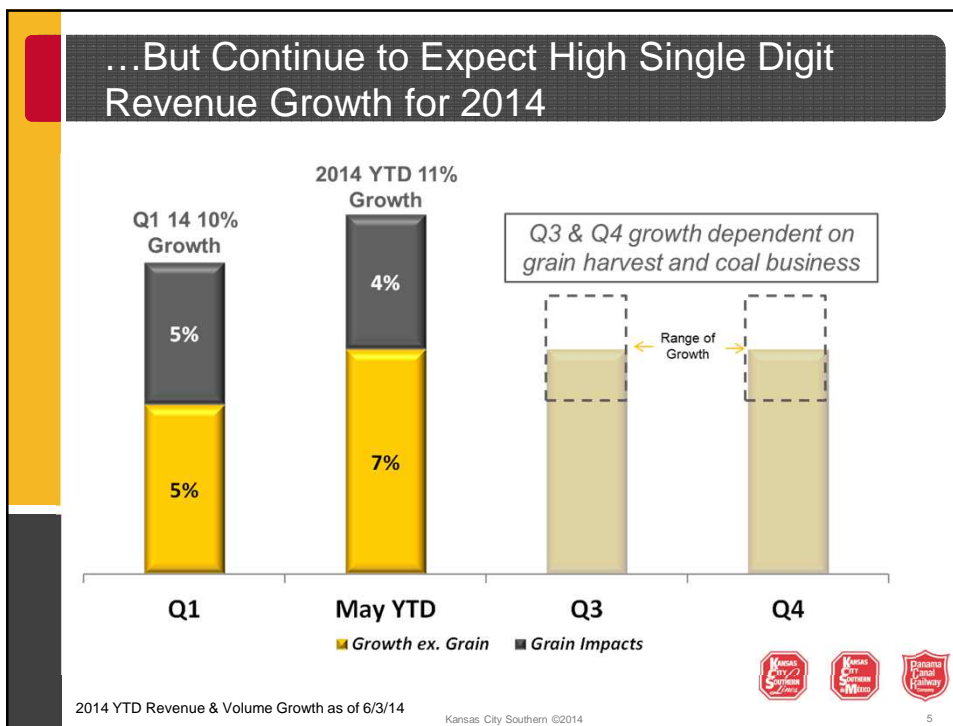
- Auto volumes strong from favorable GM comps.
- Beginning to see new plant production.



2014 YTD Revenue & Volume Growth as of 6/3/14

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Appendix

Reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earning Per Share:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
As reported	\$ 1.84	\$ 0.60	\$ 1.67	\$ 3.00	\$ 3.43	\$ 3.18
Adjustments for:						
Debt retirement costs	0.04	0.04	0.44	0.23	0.11	0.76
Gain on insurance recoveries	-	-	-	(0.15)	-	-
Elimination of net deferred statutory profit sharing liability	-	-	-	-	(0.27)	-
Foreign exchange (gain) loss	0.15	(0.02)	(0.03)	0.06	(0.02)	0.03
Foreign exchange component of income taxes	(0.23)	0.15	0.17	(0.24)	0.31	0.01
Adjusted diluted earnings per share - see (a) below	<u>\$ 1.80</u>	<u>\$ 0.77</u>	<u>\$ 2.25</u>	<u>\$ 2.90</u>	<u>\$ 3.56</u>	<u>\$ 3.98</u>

(a) The Company believes adjusted diluted earnings per share is meaningful as this measure allows investors to evaluate the Company's performance for different periods on a more comparable basis by excluding the impact of changes in foreign currency exchange rates and items that are not directly related to the ongoing operations of the Company.

