**KANSAS CITY SOUTHERN FOURTH QUARTER 2012 ANALYST PRESENTATION**
**RECONCILIATION TO GAAP**
($ in millions, except per share amounts)

KCS reports its financial results in accordance with generally accepted accounting principles ("GAAP"). However, management believes that certain non-GAAP financial measures used to review and in certain cases manage the Company's business that fall within the meaning of Regulation G (Disclosure of non-GAAP financial measures) may provide its users of the financial information with additional meaningful comparison when reviewing the Company's results.

In press releases and analyst presentations, KCS has provided financial information adjusted for certain items, which are non-GAAP financial measures. KCS management uses non-GAAP information in its planning and forecasting processes and to further analyze its own financial trends and operational performance, as well as making financial comparisons to prior periods presented on a similar basis. The Company also uses some of these measures internally as part of its incentive compensation plans for management employees. Management believes investors and users of the Company's financial information should consider all of the above factors when evaluating KCS's results.

These non-GAAP measures should not be considered a substitute for GAAP measures. Some of KCS's non-GAAP measures may differ from similar measures used by other companies, even if similar terms are used to identify such measures.

| **Reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share:** | **Three Months Ended December 31,** | | **Twelve Months Ended December 31,** | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| Diluted earnings per share | $ 0.83 | $ 0.87 | $ 3.43 | $ 3.00 |
| Adjustment for elimination of net deferred liability | - | - | (0.27) | - |
| Adjustment for gain on insurance recoveries | - | - | - | (0.15) |
| Adjustment for debt retirement costs | 0.01 | 0.14 | 0.11 | 0.23 |
| Adjustment for foreign exchange (gain)/ loss | 0.01 | 0.01 | (0.02) | 0.06 |
| Adjustment for foreign exchange component of income taxes | 0.07 | (0.25) | 0.31 | (0.24) |
| Adjusted diluted earnings per share - see (a) below | $ 0.92 | $ 0.77 | $ 3.56 | $ 2.90 |

| **Reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share:** | **Three Months Ended December 31, 2012** | **Three Months Ended September 30, 2012** | **Three Months Ended June 30, 2012** | **Three Months Ended March 31, 2012** |
|---|---|---|---|---|
| Diluted earnings per share | $ 0.83 | $ 0.82 | $ 1.09 | $ 0.68 |
| Adjustment for elimination of net deferred liability | - | - | (0.27) | - |
| Adjustment for debt retirement costs | 0.01 | - | 0.03 | 0.07 |
| Adjustment for foreign exchange (gain)/ loss | 0.01 | (0.02) | 0.02 | (0.02) |
| Adjustment for foreign exchange component of income taxes | 0.07 | 0.15 | 0.01 | 0.07 |
| Adjusted diluted earnings per share - see (a) below | $ 0.92 | $ 0.95 | $ 0.88 | $ 0.80 |

| **Reconciliation of Free Cash Flow to Net Increase in Cash and Cash Equivalents:** | **Three Months Ended December 31, 2012** |
|---|---|
| Net cash provided by operating activities | $ 673.2 |
| Net cash used for investing activities | (551.9) |
| Dividends paid | (86.1) |
| Free cash flow - see (b) below | 35.2 |
| Proceeds from issuance of long-term debt | 329.6 |
| Repayment of long-term debt | (375.9) |
| Other financing activities | 11.3 |
| GAAP net increase in cash and cash equivalents | $ 0.2 |

| **Reconciliation of Cash Capital Expenditures to Core Capital Expenditures:** | **Three Months Ended December 31, 2012** |
|---|---|
| Cash capital expenditures | $ 540.0 |
| Change in capital accruals | (17.3) |
| Capital expenditures - accrual basis | 522.7 |
| Locomotive and rolling stock purchases | (92.4) |
| Equipment lease buyouts | (23.0) |
| Core capital expenditures - see (c) below | $ 407.3 |

| Reconciliation of Operating Expenses to Adjusted Operating Expenses: | Three Months Ended December 31, 2012 | Three Months Ended December 31, 2011 | Twelve Months Ended December 31, 2012 | Twelve Months Ended December 31, 2011 |
|---|---|---|---|---|
| Operating expenses as reported | $ 394.8 | $ 379.9 | $ 1,522.7 | $ 1,486.7 |
| Adjustment for elimination of net deferred liability | - | - | 43.0 | - |
| Adjustment for gain on insurance recoveries | - | - | - | 25.6 |
| Adjusted operating expenses - see (d) below | $ 394.8 | $ 379.9 | $ 1,565.7 | $ 1,512.3 |
| | | | | |
| Operating income as reported | $ 173.6 | $ 150.4 | $ 715.9 | $ 611.6 |
| Adjusted operating income - see (d) below | 173.6 | 150.4 | 672.9 | 586.0 |
| | | | | |
| Operating ratio (e) as reported | 69.5% | 71.6% | 68.0% | 70.9% |
| Adjusted operating ratio - see (d) and (e) below | 69.5% | 71.6% | 69.9% | 72.1% |

| Reconciliation of Total Revenue to Linehaul Revenue: | Three Months Ended December 31, 2012 | Three Months Ended September 30, 2012 | Three Months Ended June 30, 2012 | Three Months Ended March 31, 2012 |
|---|---|---|---|---|
| Total Revenue | $ 568.4 | $ 577.4 | $ 545.3 | $ 547.5 |
| Fuel Surcharge Revenue | (73.6) | (72.1) | (69.8) | (66.6) |
| Other Revenue | (21.5) | (22.8) | (20.2) | (18.5) |
| Linehaul Revenue - see (f) below | $ 473.3 | $ 482.5 | $ 455.3 | $ 462.4 |

| Reconciliation of Total Revenue to Linehaul Revenue: | Three Months Ended December 31, 2011 | Three Months Ended September 30, 2011 | Three Months Ended June 30, 2011 | Three Months Ended March 31, 2011 |
|---|---|---|---|---|
| Total Revenue | $ 530.3 | $ 544.5 | $ 534.9 | $ 488.6 |
| Fuel Surcharge Revenue | (64.0) | (67.9) | (63.5) | (49.2) |
| Other Revenue | (20.0) | (19.1) | (17.1) | (18.2) |
| Linehaul Revenue - see (f) below | $ 446.3 | $ 457.5 | $ 454.3 | $ 421.2 |

| Reconciliation of Total Revenue to Linehaul Revenue: | Three Months Ended December 31, 2010 | Three Months Ended September 30, 2010 | Three Months Ended June 30, 2010 | Three Months Ended March 31, 2010 |
|---|---|---|---|---|
| Total Revenue | $ 478.6 | $ 438.3 | $ 461.6 | $ 436.3 |
| Fuel Surcharge Revenue | (43.1) | (38.6) | (39.6) | (34.8) |
| Other Revenue | (16.0) | (15.8) | (15.9) | (17.6) |
| Linehaul Revenue - see (f) below | $ 419.5 | $ 383.9 | $ 406.1 | $ 383.9 |

| Reconciliation of Total Revenue to Linehaul Revenue: | Three Months Ended December 31, 2009 | Three Months Ended September 30, 2009 | Three Months Ended June 30, 2009 | Three Months Ended March 31, 2009 |
|---|---|---|---|---|
| Total Revenue | $ 406.8 | $ 386.1 | $ 341.3 | $ 346.0 |
| Fuel Surcharge Revenue | (26.8) | (20.9) | (13.4) | (16.8) |
| Other Revenue | (17.4) | (15.6) | (16.2) | (19.7) |
| Linehaul Revenue - see (f) below | $ 362.6 | $ 349.6 | $ 311.7 | $ 309.5 |

| Reconciliation of Total Operating Expenses to Operating Costs: | Three Months Ended December 31, 2012 | Three Months Ended September 30, 2012 | Three Months Ended June 30, 2012 | Three Months Ended March 31, 2012 |
|---|---|---|---|---|
| Total Operating Expenses | $ 394.8 | $ 396.7 | $ 341.5 | $ 389.7 |
| Fuel | (94.9) | (89.5) | (86.9) | (88.3) |
| Depreciation and Amortization | (51.9) | (49.8) | (48.7) | (48.4) |
| Selling, General & Administrative; Casualties & Insurance; and Other | (52.4) | (59.6) | (14.9) | (66.6) |
| Operating Costs - see (g) below | $ 195.6 | $ 197.8 | $ 191.0 | $ 186.4 |

| Reconciliation of Total Operating Expenses to Operating Costs: | Three Months Ended December 31, 2011 | Three Months Ended September 30, 2011 | Three Months Ended June 30, 2011 | Three Months Ended March 31, 2011 |
|---|---|---|---|---|
| Total Operating Expenses | $ 379.9 | $ 362.7 | $ 383.3 | $ 360.8 |
| Fuel | (88.5) | (86.5) | (92.0) | (79.5) |
| Depreciation and Amortization | (47.1) | (47.9) | (45.5) | (45.7) |
| Selling, General & Administrative; Casualties & Insurance; and Other | (60.8) | (40.3) | (54.7) | (55.7) |
| Operating Costs - see (g) below | $ 183.5 | $ 188.0 | $ 191.1 | $ 179.9 |

| Reconciliation of Total Operating Expenses to Operating Costs: | Three Months Ended December 31, 2010 | Three Months Ended September 30, 2010 | Three Months Ended June 30, 2010 | Three Months Ended March 31, 2010 |
|---|---|---|---|---|
| Total Operating Expenses | $ 343.5 | $ 322.3 | $ 334.4 | $ 328.1 |
| Fuel | (71.9) | (61.8) | (69.1) | (60.8) |
| Depreciation and Amortization | (46.1) | (46.1) | (46.9) | (45.8) |
| Selling, General & Administrative; Casualties & Insurance; and Other | (49.0) | (48.0) | (45.9) | (60.4) |
| Operating Costs - see (g) below | $ 176.5 | $ 166.4 | $ 172.5 | $ 161.1 |

| Reconciliation of Total Operating Expenses to Operating Costs: | Three Months Ended December 31, 2009 | Three Months Ended September 30, 2009 | Three Months Ended June 30, 2009 | Three Months Ended March 31, 2009 |
|---|---|---|---|---|
| Total Operating Expenses | $ 314.6 | $ 302.2 | $ 298.2 | $ 298.4 |
| Fuel | (56.2) | (49.7) | (40.2) | (43.3) |
| Depreciation and Amortization | (42.7) | (44.6) | (47.4) | (46.9) |
| Selling, General & Administrative; Casualties & Insurance; and Other | (52.9) | (44.3) | (46.2) | (46.0) |
| Operating Costs - see (g) below | $ 162.8 | $ 163.6 | $ 164.4 | $ 162.2 |

(a) The Company believes adjusted diluted earnings per share is meaningful as it 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.

(b) The Company believes this measure is meaningful as it provides the amount of liquidity generated by operations that can be used for the combination or any one of the following: debt reduction, incremental capital investment, and other investments.

(c) Core capital expenditures excludes significant capital expenditures which occur on an irregular basis. Core capital expenditures as a percent of revenue enables a comparison to relevant long-term industry averages.

(d) The Company believes adjusted operating expenses, operating income and operating ratio are meaningful as they allow investors to evaluate the Company's performance for different periods on a more comparable basis by excluding items that are not directly related to the ongoing operations of the Company.

(e) Operating ratio is calculated by dividing operating expenses by revenues; or in the case of adjusted operating ratio, adjusted operating expenses divided by revenues.

(f) The Company believes this measure is meaningful as it provides the amount of revenue provided by transportation services, excluding fuel surcharge and other revenue, that trend with changes in volume over time.

(g) The Company believes this measure is meaningful as it provides the amount of operating expenses, excluding fuel, depreciation and amortization, selling, general, and administrative, casualties and insurance and other that trend with changes in volume over time.