



Kansas City Southern

Consolidated Investors' Report Fourth Quarter 2011



This document should be read in conjunction with the Company's 10-K, 10-Q and any 8-K statements filed with the Securities Exchange Commission.

This document includes statements concerning potential future events involving the Company which could materially differ from events that actually occur. The differences could be caused by a number of factors including those factors identified in the "Risk Factors" section of the Company's Form 10-K for the year ended December 31, 2010 filed by the Company with the SEC (File No. 1-04717). The Company will not update any forward looking statements in this presentation to reflect future events or developments.

Contents

Fourth Quarter Press Release	2
Income Information	4
Balance Sheet Information	5
Cash Flow Information	6
Revenue Statistics by Commodity - Quarterly	7
Revenue Statistics by Commodity - Annual	8
Productivity Statistics	9
Capital Expenditures	9
Debt Summary	10
Free Cash Flow	10
Credit Ratings and Statistics	11
Non-GAAP Financial Information (Regulation G)	12
Basic and Diluted Earnings Per Share Calculation	13

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Fourth Quarter Press Release

NEWS RELEASE



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Kansas City Southern Reports Record Fourth Quarter and Full-Year 2011 Revenues, Carloads and Operating Income

Fourth Quarter 2011 Results

- Revenue of \$530 million, an increase of 11% over fourth quarter 2010.
- Operating income of \$150 million, 11% higher than a year ago.
- Operating ratio of 71.6%, compared with 71.8% in fourth quarter 2010.
- Diluted earnings per share for fourth quarter 2011 was \$0.87 compared with diluted earnings per share of \$0.50 in fourth quarter 2010. Excluding debt retirement costs, adjusted diluted earnings per share for fourth quarter 2011 was \$1.01 compared to \$0.62 in 2010.

Kansas City, MO, January 23, 2012. Kansas City, MO. Kansas City Southern (KCS) (NYSE:KSU) reported record fourth quarter 2011 revenues of \$530 million. Fourth quarter carloads of 522 thousand, also a record, increased 7% over fourth quarter 2010.

Fourth quarter revenue growth, compared to 2010 was led by a 30% increase in Automotive and a 29% increase in Intermodal revenues. Coal was also strong with revenues growing by 20% in the fourth quarter of 2011. Industrial and Consumer Products were up 8% over 2010. Agriculture and Minerals revenue grew 2%. Revenue in Chemical & Petroleum declined 1% in the fourth quarter in part due to inventory destocking, a maintenance outage at a major refinery and a customer's contractual obligation to balance shipments between KCS and another carrier.

Operating income for the fourth quarter of 2011 was \$150 million compared with \$135 million a year ago, an 11% increase. KCS reported a fourth quarter 2011 operating ratio of 71.6%, an improvement from fourth quarter 2010. Operating expenses in the fourth quarter were \$380 million compared with \$344 million in the corresponding 2010 period. The increase was in part due to higher expenses related to fuel and incentive compensation.

Reported net income to common stockholders in the fourth quarter of 2011 totaled \$96 million, or \$0.87 per diluted share, compared with \$52 million, or \$0.50 per diluted share, in the fourth quarter of 2010. Excluding debt retirement costs, adjusted diluted earnings per share for fourth quarter 2011 was \$1.01 compared to \$0.62 in 2010. Both the 2011 reported and adjusted diluted earnings per share include a tax benefit of \$0.23 per share, largely related to foreign exchange rate fluctuation.

For the full year 2011, revenue was a record \$2.1 billion, up 16% over 2010. This is the first time that KCS generated annual revenue above \$2 billion. Carloads for 2011 were 2 million, the first time annual volumes reached the 2 million threshold.

Full-year operating income was \$612 million, a 26% increase over the prior year, and the Company's 2011 operating ratio was 70.9% compared with 73.2% in 2010. Diluted earnings per share for full year 2011 were \$3.00 compared to \$1.67 for 2010.

"KCS's solid fourth quarter put the final touches on a successful 2011," stated David L. Starling, president and chief executive officer. "The Company can point to notable achievements in all areas, including marketing and sales, finance and operations.

"For the first time in our railroad's 125 years, we attained over \$2 billion in revenue and 2 million in carloads. During the fourth quarter, using available cash, KCS redeemed the entire \$123.5 million aggregate principal amount of KCSR's 13% Senior Notes.

These notes were issued in December 2008 at the height of the global financial credit crisis, and to accomplish this in only three years speaks to the Company's significantly improved financial strength. During 2011, we further levered our stronger financial position to improve liquidity, increasing revolver capacity by \$175 million and extending revolver maturities.

"In addition, with the help of continually improving system-wide operating efficiency, KCS again improved its annual operating ratio. Our progress was recognized both in the credit and equity markets with upgrades to our credit ratings and a 42% increase in our stock price for the year.

"KCS continues to have abundant growth prospects and is very well-positioned to be a leading growth company in the transportation industry. We believe that in 2012, KCS will continue on a growth trend similar to that of the past year with mid-single digit increases in volumes and pricing. We are also committed to further improvements in our operating ratio for 2012."

GAAP RECONCILIATION

Reconciliation of Diluted Earnings per Share to Adjusted Diluted Earnings per Share

	Three Months Ended December 31,	
	2011	2010
Diluted earnings per share	\$ 0.87	\$ 0.50
Adjustment for debt retirement costs	0.14	0.12
Adjusted diluted earnings per share - see (a) below	\$ 1.01	\$ 0.62

- (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 items that do not relate to the ongoing operations of the Company.

Headquartered in Kansas City, MO, Kansas City Southern is a transportation holding company that has railroad investments in the U.S., Mexico and Panama. Its primary U.S. holding is The Kansas City Southern Railway Company, serving the central and south central U.S. Its international holdings include Kansas City Southern de México, S.A. de C.V., serving northeastern and central Mexico and the port cities of Lázaro Cárdenas, Tampico and Veracruz, and a 50 percent interest in Panama Canal Railway Company, providing ocean-to-ocean freight and passenger service along the Panama Canal. Kansas City Southern's North American rail holdings and strategic alliances are primary components of a NAFTA Railway system, linking the commercial and industrial centers of the U.S., Mexico and Canada.

This news release contains "forward-looking statements" within the meaning of the securities laws concerning potential future events involving KCS and its subsidiaries, which could materially differ from the events that actually occur. The words "projects," "estimates," "forecasts," "believes," "intends," "expects," "anticipates," and similar expressions are intended to identify forward-looking statements. Such forward-looking statements are based upon information currently available to management and management's perception thereof as of the date of this news release. Differences that actually occur could be caused by a number of external factors over which management has little or no control, including: competition and consolidation within the transportation industry; the business environment in industries that produce and consume rail freight; revocation of the rail concession of KCS's subsidiary, Kansas City Southern de México, S.A. de C.V.; the termination, or failure to renew, agreements with customers, other railroads and third parties; interest rates; access to capital; disruptions to the KCS's technology infrastructure, including its computer systems; natural events such as severe weather, hurricanes and floods; market and regulatory responses to climate change; credit risk of customers and counterparties and their failure to meet their financial obligation; legislative and regulatory developments and disputes; rail accidents or other incidents or accidents along the KCS's rail network, facilities or customer facilities involving the release of hazardous materials, including toxic inhalation hazards; fluctuation in prices or availability of key materials, in particular diesel fuel; changes in securities and capital markets; loss of key personnel; labor difficulties, including strikes and work stoppages; insufficiency of insurance to cover lost revenue, profits or other damages; acts of terrorism or risk of terrorist activities; war or risk of war; domestic and international economic conditions; political and economic conditions in Mexico and the level of trade between the United States and Mexico; the outcome of claims and litigation involving KCS or its subsidiaries; and other factors affecting the operation of the business. More detailed information about these factors may be found in filings by KCS with the Securities and Exchange Commission, including the KCS's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 1-4717) and subsequent Quarterly Reports on Form 10-Q. Forward-looking statements are not, and should not be relied upon as, a guarantee of future performance or results, nor will they necessarily prove to be accurate indications of the times at or by which any such performance or results will be achieved. As a result, actual outcomes and results may differ materially from those expressed in forward-looking statements. KCS is not obligated to update any forward-looking statements in this news release to reflect future events or developments.

Income Information

(in millions, except share and per share amounts)

(Unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	2011	2010
Revenues	\$ 530.3	\$ 478.6	\$ 2,098.3	\$ 1,814.8
Operating expenses:				
Compensation and benefits	109.7	97.6	423.8	369.3
Purchased services	51.3	48.2	204.8	189.1
Fuel	88.5	71.9	346.5	263.6
Equipment costs	41.6	39.9	167.1	157.4
Depreciation and amortization	47.1	46.1	186.2	184.9
Materials and other	41.7	39.8	183.9	164.0
Gain on insurance recoveries related to hurricane damage	—	—	(25.6)	—
Total operating expenses	379.9	343.5	1,486.7	1,328.3
Operating income	150.4	135.1	611.6	486.5
Equity in net earnings of unconsolidated affiliates	4.6	3.5	18.2	19.7
Interest expense	(31.4)	(35.6)	(129.1)	(158.1)
Debt retirement costs	(24.5)	(19.0)	(38.7)	(68.3)
Foreign exchange gain (loss)	(2.3)	1.5	(9.2)	4.7
Other income (expense), net	(0.1)	0.8	2.2	4.7
Income before income taxes	96.7	86.3	455.0	289.2
Income tax expense	0.7	30.7	123.1	109.2
Net income	96.0	55.6	331.9	180.0
Less: Net income (loss) attributable to noncontrolling interest	0.3	1.0	1.6	(0.2)
Net income attributable to Kansas City Southern and subsidiaries	95.7	54.6	330.3	180.2
Preferred stock dividends	0.1	2.8	1.6	11.0
Net income available to common stockholders	\$ 95.6	\$ 51.8	\$ 328.7	\$ 169.2
Earnings per share:				
Basic earnings per share	\$ 0.87	\$ 0.51	\$ 3.04	\$ 1.69
Diluted earnings per share	\$ 0.87	\$ 0.50	\$ 3.00	\$ 1.67
Average shares outstanding (<i>in thousands</i>):				
Basic	109,566	102,175	108,208	100,054
Potentially dilutive common shares	346	7,463	1,622	7,480
Diluted	109,912	109,638	109,830	107,534

Balance Sheet Information

(in millions)

(Unaudited)

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 72.4	\$ 85.4
Accounts receivable, net	166.0	160.0
Materials and supplies	109.6	101.4
Deferred income taxes	225.0	138.2
Other current assets	69.5	91.2
Total current assets	642.5	576.2
Investments	50.4	46.4
Restricted funds	21.7	22.0
Property and equipment (including concession assets), net	5,349.5	4,902.4
Other assets	108.9	93.9
Total assets	\$ 6,173.0	\$ 5,640.9
LIABILITIES AND EQUITY		
Current liabilities:		
Debt due within one year	\$ 36.3	\$ 18.1
Accounts payable and accrued liabilities	401.1	403.0
Total current liabilities	437.4	421.1
Long-term debt	1,602.8	1,621.6
Deferred income taxes	861.4	654.5
Other noncurrent liabilities and deferred credits	212.7	230.0
Total liabilities	3,114.3	2,927.2
Commitments and contingencies	—	—
Stockholders' equity	7.2	7.3
Paid-in capital	884.2	877.2
Retained earnings	1,875.3	1,548.0
Accumulated other comprehensive loss	(2.2)	(1.4)
Total stockholders' equity	2,764.5	2,431.1
Noncontrolling interest	294.2	282.6
Total equity	3,058.7	2,713.7
Total liabilities and equity	\$ 6,173.0	\$ 5,640.9

Cash Flow Information

(in millions)

(Unaudited)

	Years Ended December 31,	
	2011	2010
Operating activities:		
Net income	\$ 331.9	\$ 180.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	186.2	184.9
Deferred income taxes	120.7	106.2
Equity in net earnings of unconsolidated affiliates	(18.2)	(19.7)
Share-based compensation	8.5	8.8
Excess tax benefit from share-based compensation	(0.2)	(1.2)
Deferred compensation	22.6	5.1
Distributions from unconsolidated affiliates	18.1	19.5
Gain on insurance recoveries related to hurricane damage	(25.6)	—
Cash payments related to hurricane damage	(3.3)	(27.8)
Insurance proceeds related to hurricane damage	40.2	8.2
Gains on sale of assets	(0.5)	(1.7)
Debt retirement costs	38.7	68.3
Changes in working capital items:		
Accounts receivable	(1.5)	(20.2)
Materials and supplies	(7.2)	6.3
Other current assets	(26.8)	(4.8)
Accounts payable and accrued liabilities	(10.6)	18.5
Other, net	(35.0)	(34.1)
Net cash provided by operating activities	638.0	496.3
Investing activities:		
Capital expenditures	(495.0)	(287.3)
Acquisition of an intermodal facility, net of cash acquired	—	(25.0)
Property investments in MSLLC	(33.3)	(25.2)
Contributions from noncontrolling interest	10.0	—
Insurance proceeds related to hurricane damage	12.4	1.8
Proceeds from disposal of property	10.0	8.3
Other, net	(14.5)	15.9
Net cash used for investing activities	(510.4)	(311.5)
Financing activities:		
Proceeds from issuance of long-term debt	550.0	480.7
Repayment of long-term debt	(653.3)	(839.7)
Proceeds from common stock issuance	—	214.9
Debt costs	(36.6)	(65.1)
Proceeds from employee stock plans	2.1	2.1
Excess tax benefit from share-based compensation	0.2	1.2
Preferred stock dividends paid	(3.0)	(11.0)
Net cash used for financing activities	(140.6)	(216.9)
Cash and cash equivalents:		
Net decrease during each year	(13.0)	(32.1)
At beginning of year	85.4	117.5
At end of year	\$ 72.4	\$ 85.4

Revenue Statistics by Commodity - Quarterly

	Revenues <i>(in millions)</i>		Carloads and Units <i>(in thousands)</i>		Revenue per Carload/Unit	
	Three Months Ended December 31,		Three Months Ended December 31,		Three Months Ended December 31,	
	2011	2010	2011	2010	2011	2010
Chemical & Petroleum						
Agri Chemicals	\$ 4.4	\$ 6.1	2.6	3.8	\$ 1,692	\$ 1,605
Other Chemicals	39.7	38.0	23.7	25.1	1,675	1,514
Petroleum	24.4	27.3	17.3	17.8	1,410	1,534
Plastics	23.9	22.0	15.8	15.2	1,513	1,447
Total	<u>92.4</u>	<u>93.4</u>	<u>59.4</u>	<u>61.9</u>	<u>1,556</u>	<u>1,509</u>
Industrial & Consumer Products						
Forest Products	59.0	54.2	32.0	33.3	1,844	1,628
Metals & Scrap	46.2	43.3	26.7	29.4	1,730	1,473
Other	18.1	16.3	18.4	20.5	984	795
Total	<u>123.3</u>	<u>113.8</u>	<u>77.1</u>	<u>83.2</u>	<u>1,599</u>	<u>1,368</u>
Agriculture & Minerals						
Grain	54.0	54.7	33.3	34.1	1,622	1,604
Food Products	36.7	36.0	16.8	18.5	2,185	1,946
Ores & Minerals	15.4	13.9	11.4	11.6	1,351	1,198
Stone, Clay & Glass	6.6	5.4	3.1	3.0	2,129	1,800
Total	<u>112.7</u>	<u>110.0</u>	<u>64.6</u>	<u>67.2</u>	<u>1,745</u>	<u>1,637</u>
Coal						
Unit Coal	66.9	55.2	66.7	60.9	1,003	906
Other Coal	8.1	7.5	10.1	10.3	802	728
Total	<u>75.0</u>	<u>62.7</u>	<u>76.8</u>	<u>71.2</u>	<u>977</u>	<u>881</u>
Intermodal	<u>69.9</u>	<u>54.3</u>	<u>220.3</u>	<u>186.0</u>	<u>317</u>	<u>292</u>
Automotive	<u>37.0</u>	<u>28.4</u>	<u>23.6</u>	<u>19.3</u>	<u>1,568</u>	<u>1,472</u>
Total for Commodity Groups	<u>510.3</u>	<u>462.6</u>	<u>521.8</u>	<u>488.8</u>	<u>\$ 978</u>	<u>\$ 946</u>
Other Revenue	<u>20.0</u>	<u>16.0</u>				
Total	<u>\$ 530.3</u>	<u>\$ 478.6</u>				

Revenue Statistics by Commodity - Annual

	Revenues <i>(in millions)</i>		Carloads and Units <i>(in thousands)</i>		Revenue per Carload/Unit	
	Years Ended December 31,		Years Ended December 31,		Years Ended December 31,	
	2011	2010	2011	2010	2011	2010
Chemical & Petroleum						
Agri Chemicals	\$ 20.9	\$ 23.5	13.6	14.9	\$ 1,537	\$ 1,577
Other Chemicals	171.1	152.2	101.9	100.6	1,679	1,513
Petroleum	110.4	102.9	74.7	72.8	1,478	1,413
Plastics	97.5	84.6	64.5	61.1	1,512	1,385
Total	<u>399.9</u>	<u>363.2</u>	<u>254.7</u>	<u>249.4</u>	<u>1,570</u>	<u>1,456</u>
Industrial & Consumer Products						
Forest Products	233.0	202.6	128.8	129.1	1,809	1,569
Metals & Scrap	195.3	158.3	117.1	106.1	1,668	1,492
Other	75.3	65.8	80.7	74.7	933	881
Total	<u>503.6</u>	<u>426.7</u>	<u>326.6</u>	<u>309.9</u>	<u>1,542</u>	<u>1,377</u>
Agriculture & Minerals						
Grain	212.1	219.6	128.3	136.6	1,653	1,608
Food Products	150.3	134.7	69.8	71.0	2,153	1,897
Ores & Minerals	59.3	53.6	48.4	47.7	1,225	1,124
Stone, Clay & Glass	25.7	21.2	13.4	12.8	1,918	1,656
Total	<u>447.4</u>	<u>429.1</u>	<u>259.9</u>	<u>268.1</u>	<u>1,721</u>	<u>1,601</u>
Coal						
Unit Coal	245.5	207.8	245.8	241.5	999	860
Other Coal	36.5	30.8	42.3	41.0	863	751
Total	<u>282.0</u>	<u>238.6</u>	<u>288.1</u>	<u>282.5</u>	<u>979</u>	<u>845</u>
Intermodal	<u>251.8</u>	<u>194.2</u>	<u>798.8</u>	<u>678.4</u>	<u>315</u>	<u>286</u>
Automotive	<u>139.2</u>	<u>97.7</u>	<u>85.6</u>	<u>71.1</u>	<u>1,626</u>	<u>1,374</u>
Total for Commodity Groups	2,023.9	1,749.5	<u>2,013.7</u>	<u>1,859.4</u>	<u>\$ 1,005</u>	<u>\$ 941</u>
Other Revenue	<u>74.4</u>	<u>65.3</u>				
Total	<u>\$2,098.3</u>	<u>\$1,814.8</u>				

Productivity Statistics

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	2011	2010
Gross Ton Miles (GTM) in millions (a)	22,472	21,653	87,478	83,357
Revenue Ton Miles (RTM) in millions	11,611	11,190	45,984	44,569
Average Employees - Total	6,124	6,093	6,104	6,084
Average Employees - Union	4,737	4,692	4,711	4,684
GTM's per Average Employee (in millions)	3.67	3.55	14.33	13.70
Operating Ratio	71.6%	71.8%	70.9%	73.2%

(a) - Excludes Locomotive Gross Ton Miles

Capital Expenditures

(in millions)

	Years Ended December 31,	
	2011	2010
Roadway capital program	\$ 273.8	\$ 224.9
Locomotive acquisitions	173.7	—
Capacity	25.7	10.1
Equipment	9.5	12.8
Information technology	14.3	12.0
Other	93.7	60.0
Total capital expenditures (accrual basis)	590.7	319.8
Locomotives financed under operating lease buyout	(91.1)	—
Change in capital accruals	(4.6)	(32.5)
Total cash capital expenditures	\$ 495.0	\$ 287.3
Track Renewal		
Track miles of rail installed	125	81
Cross ties installed (thousands)	778	762

Debt Summary

(in millions)

	Expiration Date	Interest Rate	December 31, 2011	December 31, 2010
KCS Revolver	7/15/2016	Floating	\$ 50.0	\$ —
KCSM Revolver	9/30/2016	Floating	—	—
KCS Term Loan	1/15/2017	Floating	296.3	307.4
Total Bank Facilities			<u>346.3</u>	<u>307.4</u>
KCSM Senior Notes	12/1/2013	7.625%	—	32.4
KCS Senior Notes	12/15/2013	13.000%	—	113.7
KCSM Senior Notes	6/1/2014	7.375%	—	165.0
KCS Senior Notes	6/1/2015	8.000%	275.0	275.0
KCSM Senior Notes	4/1/2016	12.500%	94.3	93.6
KCSM Senior Notes	2/1/2018	8.000%	296.5	296.0
KCSM Senior Notes	12/15/2020	6.625%	185.0	185.0
KCSM Senior Notes	6/15/2021	6.125%	200.0	—
Total Unsecured Senior Notes			<u>1,050.8</u>	<u>1,160.7</u>
KCSM GE Loan Agreement (Operating lease buyout)	12/15/2020	9.311%	88.1	—
KCSM Loan and Security Agreement	2/28/2023	5.737%	52.8	60.6
KCSM Loan Agreement	9/29/2023	6.195%	40.9	44.4
Tex Mex RRIF Loan	7/13/2030	4.290%	42.5	43.9
Capital Leases	Various	Various	13.2	16.8
Other	Various	Various	4.5	5.9
Total Debt			<u>\$ 1,639.1</u>	<u>\$ 1,639.7</u>

Free Cash Flow*

(in millions)

	Years Ended December 31,	
	2011	2010
Net cash provided by operating activities	\$ 638.0	\$ 496.3
Cash used for capital expenditures	(495.0)	(287.3)
Capital expenditures directly financed by third party	50.0	—
Other investing activities, net	(15.4)	(24.2)
Preferred stock dividends paid	(3.0)	(11.0)
Free cash flow after dividends paid	<u>\$ 174.6</u>	<u>\$ 173.8</u>

* All reconciliations to GAAP can be found on page 12.

Credit Ratings and Statistics

Credit ratings are subject to change at any point in time. These ratings were applicable as of December 31, 2011.

	<u>S&P</u>	<u>Moody's</u>
KCS		
Outlook	Positive	Stable
Senior Secured	BBB-	Baa3
Senior Unsecured	BB	Ba2
Corporate	BB	Ba1
KCSM		
Outlook	Positive	Stable
Senior Secured	BB+	Ba1
Senior Unsecured	BB	Ba2
Corporate	BB	Ba2
	December 31,	December 31,
	2011	2010
Debt/Capitalization Ratio (Total Debt/Total Debt + Equity)	34.9%	37.7%

Non-GAAP Financial Information (Regulation G)

(in millions)

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 Free Cash Flow to Net Decrease in Cash and Cash Equivalents:	Years Ended	
	December 31,	
	2011	2010
Net cash provided by operating activities	\$ 638.0	\$ 496.3
Net cash used for investing activities	(510.4)	(311.5)
Capital expenditures directly financed by third party	50.0	—
Preferred stock dividends paid	(3.0)	(11.0)
Free cash flow - see (a) below	174.6	173.8
Proceeds from issuance of long-term debt	550.0	480.7
Debt proceeds directly related to capital expenditures	(50.0)	—
Repayment of long-term debt	(653.3)	(839.7)
Proceeds from common stock issuance	—	214.9
Other financing activities	(34.3)	(61.8)
GAAP net decrease in cash and cash equivalents	<u>\$ (13.0)</u>	<u>\$ (32.1)</u>

(a) The Company believes this measure 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.

Basic and Diluted Earnings Per Share Calculation

(in millions, except per share amounts; shares in thousands)

		<u>Three Months Ended December 31, 2011</u>	<u>Year Ended December 31, 2011</u>
Net income available for common stockholders for BASIC:	A	<u>\$ 95.6</u>	<u>\$ 328.7</u>
Net income identified below as DILUTIVE:	I (If Dilutive)	—	1.3
Net income available for diluted stockholders for DILUTIVE:	C	<u>\$ 95.6</u>	<u>\$ 330.0</u>
Weighted average shares outstanding	B	<u>109,566</u>	<u>108,208</u>
Impact on Diluted shares of stock options		346	377
Incremental Shares - Preferred Stock 5.125%	H (If Dilutive)	—	1,245
Total Diluted Shares	D	<u>109,912</u>	<u>109,830</u>
EPS - Basic - Net Income	A/B	\$ 0.8725	\$ 3.0377
EPS - Diluted - Net Income	C/D	\$ 0.8698	\$ 3.0046

DILUTIVE TEST

DECEMBER 5, 2005 TRANSACTION

Preferred Shares 5.125%			
Weighted average number of shares	Shares	H	1,245
	Earnings	I	\$ 1.3
			Shares
		B + H = J	109,453
EPS > Basic EPS = Not Dilutive or EPS < Basic EPS = Dilutive		(A + I) / J	\$ 3.0150
			DILUTIVE