Kansas City Southern

Consolidated Investors' Report
First Quarter 2013

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, 2012 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.

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First Quarter Press Release

NEWS RELEASE

Kansas City Southern Lines · Kansas City Southern de México · Panama Canal Railway Company

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Kansas City Southern Reports Record First Quarter Revenues, Carloads, Operating Income and Operating Ratio

First Quarter 2013 Results

- Revenues of $553 million, an increase of 1% over first quarter 2012 on a 2% increase in carloads.
- Operating income of $163 million, 3% higher than a year ago.
- Operating ratio of 70.5%, a 0.7 point improvement over first quarter 2012.
- Diluted earnings per share of $0.94 compared with diluted earnings per share of $0.68 in first quarter 2012. Adjusted diluted earnings per share of $0.89 for first quarter 2013, compared with adjusted diluted earnings per share of $0.80 in the first quarter 2012.

Kansas City, MO, April 19, 2013. Kansas City Southern (KCS) (NYSE:KSU) reported first quarter 2013 revenues of $553 million. Overall, carload volumes were 2% higher than in first quarter 2012.

First quarter revenue growth compared to 2012 was led by a 31% increase in Automotive and a 17% increase in Intermodal revenues. Revenues from Energy and Industrial and Consumer Products also grew by 7% and 4%, respectively, over 2012. Chemical & Petroleum revenue was flat compared to first quarter 2012. Agriculture and Minerals revenues declined by 28%, primarily due to a decrease in grain volumes resulting from severe drought conditions experienced in the Midwestern region of the United States during 2012.

Operating income for the first quarter of 2013 was $163 million compared with $158 million a year ago, a 3% increase. Operating expenses in the first quarter were $390 million, flat compared to the corresponding 2012 period. KCS reported a first quarter 2013 operating ratio of 70.5%, a 0.7 point improvement from first quarter 2012.

Reported net income in the first quarter of 2013 totaled $104 million, or $0.94 per diluted share, compared with $75 million, or $0.68 per diluted share, in the first quarter of 2012. Excluding the impacts of foreign exchange rate fluctuations and the first quarter of 2012 debt retirement costs, adjusted diluted earnings per share for first quarter 2013 was $0.89 compared with $0.80 in the first quarter of 2012.

“During the first quarter of 2013, KCS experienced consistently strong revenue growth from the shipment of crude oil (+ 369%), automotive (+31%) and cross-border intermodal (+71%),” stated President and Chief Executive Officer David L. Starling. “The positive contribution from these growth areas was partially offset by a decline in grain revenues (-38%), the result of a severe drought which impacted major sections of the U.S.'s corn crop last year. We believe that if harvest levels return to normal in the fall, the KCS grain revenues should rebound later in 2013.

“KCS again demonstrated its ability to react quickly to sudden market changes and manage its business accordingly. Despite the drought's impact on our grain business, our efficient use of equipment and human capital contributed to a 70.5% operating ratio, a 0.7 point year-over-year improvement.

“The continued growth of our energy franchise, particularly that related to the transport of crude oil into the Gulf region, along with announcements of increased automotive production in Mexico, are but a few reasons that the KCS growth story remains very much intact. Energy and automotive, along with cross-border intermodal, Lázaro Cárdenas expansion and a host of other opportunities throughout the system, position KCS very well for significant business growth over the next several years.

“In addition, KCS' subsidiary, Kansas City Southern de México, S.A. de C.V., has indicated its intention to access the debt market in connection with the tender offers and consent solicitations announced last week. Having achieved investment grade ratings from the three major rating agencies, and with investment grade corporate borrowing costs remaining near all-time lows, KCS believes that it has an attractive opportunity to further reduce interest costs and lengthen the maturity of its debt portfolio.

“With the winter and first quarter behind us, we at KCS remain optimistic that our abundance of expanded and new business opportunities places us in a good position for growth during the remainder of 2013 and beyond.”

GAAP RECONCILIATION

Reconciliation of Diluted Earnings per Share to Adjusted Diluted Earnings per Share	**Three Months Ended March 31,**	
	2013	**2012**
Diluted earnings per share	$ 0.94	$ 0.68
Adjustment for debt retirement costs	—	0.07
Adjustment for foreign exchange gain	(0.08)	(0.02)
Adjustment for foreign exchange component of income taxes	0.03	0.07
Adjusted diluted earnings per share - see (a) below	$ 0.89	$ 0.80

(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.

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 of, or failure to renew, agreements with customers, other railroads and third parties; interest rates; access to capital; disruptions to 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 obligations; legislative and regulatory developments and disputes; rail accidents or other incidents or accidents along 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; dependency on certain key suppliers of core rail equipment; 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 KCS's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 1-4717) and subsequent reports. 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 March 31, 2013	Three Months Ended March 31, 2012
Revenues	$ 552.8	$ 547.5
Operating expenses:		
Compensation and benefits	106.9	109.3
Purchased services	52.3	54.4
Fuel	90.9	88.3
Equipment costs	41.9	40.3
Depreciation and amortization	53.1	48.4
Materials and other	44.8	49.0
Total operating expenses	389.9	389.7
Operating income	162.9	157.8
Equity in net earnings of unconsolidated affiliates	5.5	5.8
Interest expense	(23.7)	(27.2)
Debt retirement costs	—	(12.9)
Foreign exchange gain	13.5	3.9
Other income, net	0.3	0.1
Income before income taxes	158.5	127.5
Income tax expense	54.3	52.2
Net income	104.2	75.3
Less: Net income attributable to noncontrolling interest	0.4	0.3
Net income attributable to Kansas City Southern and subsidiaries	103.8	75.0
Preferred stock dividends	0.1	0.1
Net income available to common stockholders	$ 103.7	$ 74.9
Earnings per share:		
Basic earnings per share	$ 0.94	$ 0.68
Diluted earnings per share	$ 0.94	$ 0.68
Average shares outstanding *(in thousands):*		
Basic	109,907	109,622
Potentially dilutive common shares	358	374
Diluted	110,265	109,996
Cash dividends declared per common share	$ 0.215	$ 0.195

Balance Sheet Information

(in millions)
(Unaudited)

	March 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 63.7	$ 72.6
Accounts receivable, net	202.4	183.6
Materials and supplies	140.4	125.6
Deferred income taxes	87.7	92.1
Other current assets	48.8	48.4
Total current assets	543.0	522.3
Investments	56.6	51.5
Restricted funds	13.1	14.2
Property and equipment (including concession assets), net	5,745.7	5,684.8
Other assets	115.1	123.1
Total assets	$ 6,473.5	$ 6,395.9
LIABILITIES AND EQUITY		
Current liabilities:		
Debt due within one year	$ 162.5	$ 60.2
Accounts payable and accrued liabilities	356.9	364.6
Total current liabilities	519.4	424.8
Long-term debt	1,431.1	1,547.6
Deferred income taxes	909.4	894.2
Other noncurrent liabilities and deferred credits	126.5	128.6
Total liabilities	2,986.4	2,995.2
Commitments and contingencies	—	—
Stockholders’ equity	7.2	7.2
Paid-in capital	930.6	925.3
Retained earnings	2,246.6	2,166.5
Accumulated other comprehensive loss	(1.8)	(2.4)
Total stockholders’ equity	3,182.6	3,096.6
Noncontrolling interest	304.5	304.1
Total equity	3,487.1	3,400.7
Total liabilities and equity	$ 6,473.5	$ 6,395.9

Cash Flow Information
(in millions)
(Unaudited)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Operating activities:		
Net income	$ 104.2	$ 75.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	53.1	48.4
Deferred income taxes	22.1	34.9
Equity in net earnings of unconsolidated affiliates	(5.5)	(5.8)
Share-based compensation	4.6	3.2
Excess tax benefit from share-based compensation	(2.9)	(13.2)
Deferred compensation	—	7.3
Debt retirement costs	—	12.9
Changes in working capital items:		
Accounts receivable	(18.7)	(21.1)
Materials and supplies	(13.1)	(11.5)
Other current assets	5.2	4.8
Accounts payable and accrued liabilities	(25.4)	0.2
Other, net	2.0	4.1
Net cash provided by operating activities	125.6	139.5
Investing activities:		
Capital expenditures	(112.7)	(99.4)
Property investments in MSLLC	(12.9)	(6.7)
Proceeds from disposal of property	2.9	2.7
Other, net	(0.1)	2.3
Net cash used for investing activities	(122.8)	(101.1)
Financing activities:		
Proceeds from issuance of long-term debt	—	229.6
Repayment of long-term debt	(14.5)	(237.0)
Debt costs	(0.5)	(15.0)
Proceeds from employee stock plans	0.4	0.3
Excess tax benefit from share-based compensation	2.9	13.2
Dividends paid	—	(0.1)
Net cash used for financing activities	(11.7)	(9.0)
Cash and cash equivalents:		
Net increase (decrease) during each period	(8.9)	29.4
At beginning of year	72.6	72.4
At end of period	$ 63.7	$ 101.8

Revenue Statistics by Commodity

	Revenues (in millions) Three Months Ended March 31,		Carloads and Units (in thousands) Three Months Ended March 31,		Revenue per Carload/Unit Three Months Ended March 31,	
	2013	2012	2013	2012	2013	2012
Chemical & Petroleum						
Chemicals	$ 49.9	$ 50.0	27.2	28.3	$ 1,835	$ 1,767
Petroleum	27.1	26.2	17.1	16.9	1,585	1,550
Plastics	25.4	25.7	15.2	16.3	1,671	1,577
Total	102.4	101.9	59.5	61.5	1,721	1,657
Industrial & Consumer Products						
Forest Products	64.8	64.9	32.0	34.0	2,025	1,909
Metals & Scrap	61.6	57.7	33.9	33.1	1,817	1,743
Other	17.8	16.0	19.4	18.0	918	889
Total	144.2	138.6	85.3	85.1	1,691	1,629
Agriculture & Minerals						
Grain	39.0	63.3	24.6	35.7	1,585	1,773
Food Products	30.5	35.4	13.4	15.7	2,276	2,255
Ores & Minerals	5.3	6.4	5.3	5.9	1,000	1,085
Stone, Clay & Glass	6.2	6.8	3.1	3.4	2,000	2,000
Total	81.0	111.9	46.4	60.7	1,746	1,843
Energy						
Utility Coal	46.8	50.2	47.4	52.0	987	965
Coal & Petroleum Coke	9.6	8.1	13.7	10.5	701	771
Frac Sand	13.8	11.4	6.8	6.4	2,029	1,781
Crude Oil	6.1	1.3	3.1	0.8	1,968	1,625
Total	76.3	71.0	71.0	69.7	1,075	1,019
Intermodal	79.8	68.1	227.1	208.1	351	327
Automotive	49.1	37.5	27.1	23.0	1,812	1,630
Total for Commodity Groups	532.8	529.0	516.4	508.1	$ 1,032	$ 1,041
Other Revenue	20.0	18.5				
Total	$ 552.8	$ 547.5				

Productivity Statistics

	Three Months Ended March 31,	
	2013	2012
Gross Ton Miles (GTM) (in millions) (a)	21,113	22,018
Average Employees - Total	6,147	6,089
Average Employees - Union	4,707	4,690
GTM's per Average Employee (in millions)	3.43	3.62
Operating Ratio	70.5%	71.2%
Locomotive Fuel Statistics		
Locomotive fuel consumed in gallons (in millions)	30.1	31.1
Average price per gallon	$3.02	$2.84
AAR Reported Performance Measures		
Average train speed (miles per hour)	28.6	27.6
Average terminal dwell times (hours)	18.3	20.0
Revenue Ton Miles (in Millions)		
Chemical & Petroleum	1,693	1,888
Industrial & Consumer Products	2,480	2,415
Agriculture & Minerals	2,179	3,249
Energy	2,808	2,763
Intermodal	1,074	967
Automotive	348	253
Total	10,582	11,535

(a) Excludes Locomotive Gross Ton Miles

Capital Expenditures
(in millions)

	Three Months Ended March 31, 2013	2012
Roadway capital program	$ 61.1	$ 59.5
Equipment	28.4	4.9
Capacity	6.8	4.0
Information technology	2.1	1.5
Other	4.6	4.5
Total capital expenditures (accrual basis)	103.0	74.4
Change in capital accruals	9.7	25.0
Total cash capital expenditures	$ 112.7	$ 99.4

	2013	2012
Track Renewal		
Track miles of rail installed	27	23
Cross ties installed (thousands)	155	139

Debt Summary
(in millions)

	Expiration Date	Interest Rate	March 31, 2013		December 31, 2012
KCSR Revolver	11/15/2017	Floating	$ —		$ —
KCSM Revolver	11/15/2017	Floating	—	(a)	—
KCSR Term Loan	5/15/2018	Floating	277.5		281.3
KCSR Term Loan A-2	5/15/2018	Floating	259.1		262.5
Total Bank Facilities			536.6		543.8
KCSM Senior Notes	4/1/2016	12.500%	95.2	(a)	95.0
KCSM Senior Notes	2/1/2018	8.000%	297.0		296.9
KCSM Senior Notes	12/15/2020	6.625%	185.0		185.0
KCSM Senior Notes	6/15/2021	6.125%	200.0		200.0
Total Unsecured Senior Notes			777.2		776.9
KCSM GE Loan Agreement (Operating lease buyout)	12/15/2020	9.311%	80.0		81.7
KCSM Loan and Security Agreement	2/28/2023	5.737%	46.1		48.4
KCSM Loan Agreement	9/29/2023	6.195%	36.5		37.4
Tex Mex RRIF Loan	7/13/2030	4.290%	40.6		41.0
KCSR RRIF Loan	2/24/2037	2.960%	53.1		53.5
Capital Leases	Various	Various	20.7		21.9
Other	Various	Various	2.8		3.2
Total Debt			$ 1,593.6		$ 1,607.8

(a) On April 1, 2013, the Company redeemed the KCSM $12^1/_2$% Senior Notes using $65.0 million of borrowings from KCSM's revolving credit facility and cash on hand.

Free Cash Flow*
(in millions)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Net cash provided by operating activities	$ 125.6	$ 139.5
Cash used for capital expenditures	(112.7)	(99.4)
Other investing activities, net	(10.1)	(1.7)
Dividends paid	—	(0.1)
Free cash flow	$ 2.8	$ 38.3

* All reconciliations to GAAP can be found on page 13.

Credit Ratings

Credit ratings are subject to change at any point in time. These ratings were applicable as of April 17, 2013.

	S&P	Moody's	Fitch
KCS			
Outlook	Stable	Stable	Stable
Corporate	BBB-	NR	BBB-
KCSR			
Outlook	Stable	Stable	Stable
Senior Secured (a)	NR	NR	NR
Senior Unsecured	BBB-	Baa3	BBB-
KCSM			
Outlook	Stable	Stable	Stable
Corporate	BBB-	NR	BBB-
Senior Secured (b)	NR	NR	NR
Senior Unsecured	BBB-	Baa3	BBB-

NR = Not Rated

(a) In the 4th quarter of 2012, the KCSR credit facilities became unsecured obligations as a result of the "fall away" collateral provision whereby the KCSR facilities would convert from secured to unsecured obligations when investment grade senior unsecured debt ratings were assigned by at least two of the three primary rating agencies. Following the conversion of the facilities to unsecured, KCSR had no outstanding secured obligations; as a result, the rating agencies no longer publish a Senior Secured rating for KCSR.

(b) In the 1st quarter of 2013, the KCSM credit facilities became unsecured obligations as a result of the triggering of a similar "fall away" collateral provision to the one described for KCSR above. Following the conversion of the facilities to unsecured, KCSM had no outstanding secured obligations; as a result, the rating agencies no longer publish a Senior Secured rating for KCSM.

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 Increase (Decrease) in Cash and Cash Equivalents:	**Three Months Ended March 31,**	
	2013	**2012**
Net cash provided by operating activities	$ 125.6	$ 139.5
Net cash used for investing activities	(122.8)	(101.1)
Dividends paid	—	(0.1)
Free cash flow - see (a) below	2.8	38.3
Proceeds from issuance of long-term debt	—	229.6
Repayment of long-term debt	(14.5)	(237.0)
Other financing activities	2.8	(1.5)
GAAP net increase (decrease) in cash and cash equivalents	$ (8.9)	$ 29.4

(a) 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.