

KANSAS CITY SOUTHERN FIRST QUARTER 2011 ANALYST PRESENTATION
RECONCILIATION TO GAAP
(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.

	Three Months Ended	
	March 31,	
Reconciliation of Free Cash Flow to Net Increases in Cash and Cash Equivalents:	2011	2010
Net cash provided by operating activities	\$ 117.1	\$ 111.5
Net cash used for investing activities	(92.8)	(81.8)
Preferred stock dividends paid	(2.8)	(2.7)
Free cash flow - see (a) below	21.5	27.0
Proceeds from issuance of long-term debt	-	295.7
Repayment of long-term debt	(5.8)	(305.7)
Other financing activities	0.4	(8.4)
GAAP net increases in cash and cash equivalents	<u>\$ 16.1</u>	<u>\$ 8.6</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, capital investment and other investments.