

**KANSAS CITY SOUTHERN FIRST QUARTER 2010 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 presentation slides for analysts, 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' results.

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

**Reconciliation of Dilutive Earnings (Loss) Per Share to Adjusted Earning (Loss) Per Share:**

	<b>Three Months Ended March 31, 2010</b>	<b>Three Months Ended March 31, 2009</b>
Diluted earnings (loss) per share - see (a) below	\$ 0.34	\$ (0.09)
Adjustment for debt retirement costs	0.10	0.04
Adjusted earnings (loss) per share - see (b) below	<u>\$ 0.44</u>	<u>\$ (0.05)</u>

**Reconciliation of Free Cash Flow (Deficit) to Net Increases (Decreases) in Cash and Cash Equivalents:**

	<b>Three Months Ended March 31, 2010</b>	<b>Twelve Months Ended December 31, 2009</b>	<b>Nine Months Ended September 30, 2009</b>	<b>Six Months Ended June 30, 2009</b>	<b>Three Months Ended March 31, 2009</b>
Net cash provided by (used for) operating activities - see (a) below	\$ 111.5	\$ 290.5	\$ 206.3	\$ 85.4	\$ 79.3
Net cash used for investing activities - see (a) below	(81.8)	(344.0)	(310.4)	(230.0)	(131.0)
Preferred stock dividends paid	(2.7)	(11.0)	(8.3)	(5.5)	(2.8)
Free cash flow (deficit) - see (c) below	<u>27.0</u>	<u>(64.5)</u>	<u>(112.4)</u>	<u>(150.1)</u>	<u>(54.5)</u>
Proceeds from issuance of long-term debt	295.7	202.1	189.8	189.8	214.0
Repayment of long-term debt	(305.7)	(319.1)	(264.5)	(250.1)	(238.7)
Other financing activities	(8.4)	69.1	66.1	42.8	(9.0)
GAAP net increases (decreases) in cash and cash equivalents	<u>\$ 8.6</u>	<u>\$ (112.4)</u>	<u>\$ (121.0)</u>	<u>\$ (167.6)</u>	<u>\$ (88.2)</u>

	<b>Three Months Ended March 31, 2010</b>	<b>Three Months Ended December 31, 2009</b>	<b>Three Months Ended September 30, 2009</b>	<b>Three Months Ended June 30, 2009</b>	<b>Three Months Ended March 31, 2009</b>
Net cash provided by (used for) operating activities - see (a) below	\$ 111.5	\$ 84.2	\$ 120.9	\$ 6.1	\$ 79.3
Net cash used for investing activities - see (a) below	(81.8)	(33.6)	(80.4)	(99.0)	(131.0)
Preferred stock dividends paid	(2.7)	(2.7)	(2.8)	(2.7)	(2.8)
Free cash flow (deficit) - see (c) below	<u>27.0</u>	<u>47.9</u>	<u>37.7</u>	<u>(95.6)</u>	<u>(54.5)</u>
Proceeds from issuance of long-term debt	295.7	12.3	-	(24.2)	214.0
Repayment of long-term debt	(305.7)	(54.6)	(14.4)	(11.4)	(238.7)
Other financing activities	(8.4)	3.0	23.3	51.8	(9.0)
GAAP net increases (decreases) in cash and cash equivalents	<u>\$ 8.6</u>	<u>\$ 8.6</u>	<u>\$ 46.6</u>	<u>\$ (79.4)</u>	<u>\$ (88.2)</u>

<b>Reconciliation of Net Cash from (Used for) Operations to Net Cash Provided by (Used for) Operating Activities:</b>	<b>Three Months Ended March 31, 2010</b>	<b>Twelve Months Ended December 31, 2009</b>	<b>Nine Months Ended September 30, 2009</b>	<b>Six Months Ended June 30, 2009</b>	<b>Three Months Ended March 31, 2009</b>
Net cash from (used for) operations - see (d) below	\$ 110.9	\$ 224.2	\$ 141.3	\$ 37.4	\$ 62.7
Adjustment for capital accruals included in accounts payable and accrued liabilities					
Beginning of period	24.9	91.2	91.2	91.2	91.2
End of period	(24.3)	(24.9)	(26.2)	(43.2)	(74.6)
Net cash provided by (used for) operating activities - see (a) below	<u>\$ 111.5</u>	<u>\$ 290.5</u>	<u>\$ 206.3</u>	<u>\$ 85.4</u>	<u>\$ 79.3</u>
	<b>Three Months Ended March 31, 2010</b>	<b>Three Months Ended December 31, 2009</b>	<b>Three Months Ended September 30, 2009</b>	<b>Three Months Ended June 30, 2009</b>	<b>Three Months Ended March 31, 2009</b>
Net cash from (used for) operations - see (d) below	\$ 110.9	\$ 82.9	\$ 103.9	\$ (25.3)	\$ 62.7
Adjustment for capital accruals included in accounts payable and accrued liabilities					
Beginning of period	24.9	26.2	43.2	74.6	91.2
End of period	(24.3)	(24.9)	(26.2)	(43.2)	(74.6)
Net cash provided by (used for) operating activities - see (a) below	<u>\$ 111.5</u>	<u>\$ 84.2</u>	<u>\$ 120.9</u>	<u>\$ 6.1</u>	<u>\$ 79.3</u>
	<b>Three Months Ended March 31, 2010</b>	<b>Twelve Months Ended December 31, 2009</b>	<b>Nine Months Ended September 30, 2009</b>	<b>Six Months Ended June 30, 2009</b>	<b>Three Months Ended March 31, 2009</b>
<b>Reconciliation of Capital Spending to Cash Capital Expenditures:</b>					
Capital spending - see (d) below	\$ 51.7	\$ 280.5	\$ 231.8	\$ 178.1	\$ 98.8
Adjustment for capital accruals included in accounts payable and accrued liabilities					
Beginning of period	24.9	91.2	91.2	91.2	91.2
End of period	(24.3)	(24.9)	(26.2)	(43.2)	(74.6)
Cash capital expenditures - see (a) below	<u>\$ 52.3</u>	<u>\$ 346.8</u>	<u>\$ 296.8</u>	<u>\$ 226.1</u>	<u>\$ 115.4</u>
	<b>Three Months Ended March 31, 2010</b>	<b>Three Months Ended December 31, 2009</b>	<b>Three Months Ended September 30, 2009</b>	<b>Three Months Ended June 30, 2009</b>	<b>Three Months Ended March 31, 2009</b>
Capital spending - see (d) below	\$ 51.7	\$ 48.7	\$ 53.7	\$ 79.3	\$ 98.8
Adjustment for capital accruals included in accounts payable and accrued liabilities					
Beginning of period	24.9	26.2	43.2	74.6	91.2
End of period	(24.3)	(24.9)	(26.2)	(43.2)	(74.6)
Cash capital expenditures - see (a) below	<u>\$ 52.3</u>	<u>\$ 50.0</u>	<u>\$ 70.7</u>	<u>\$ 110.7</u>	<u>\$ 115.4</u>

(a) Certain prior year amounts have been adjusted for the retrospective change in accounting principle for rail grinding and reclassification as disclosed in the March 31, 2010 Form 10-Q.

(b) The Company believes adjusted earnings (loss) 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.

(c) 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.

(d) The Company manages its capital investment program based on when spending is incurred (accrual basis), while the related cash payments are managed under an overall cash management process. Accordingly, the Company believes it is meaningful to provide information regarding accrued capital expenditures in addition to cash capital expenditures, as presented in the consolidated statement of cash flows.