Kansas City Southern

Third Quarter 2010
Earnings Presentation

October 26, 2010

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This presentation 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, 2009 filed by the Company with the SEC (File No. 1-4717). The Company will not update any forward-looking statements in this presentation to reflect future events or developments. All reconciliations to GAAP can be found on the KCS website, kcsouthern.com/investors.

Certain prior year amounts have been adjusted for the retrospective change in accounting principle for rail grinding. Refer to the Consolidated Investors' Report on the KCS website for a reconciliation.

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Today's Presenters

Mike Haverty	**Executive Chairman**
Dave Starling	**President & CEO**
Pat Ottensmeyer	**EVP Sales & Marketing**
Mike Upchurch	**EVP & CFO**

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Mike Haverty

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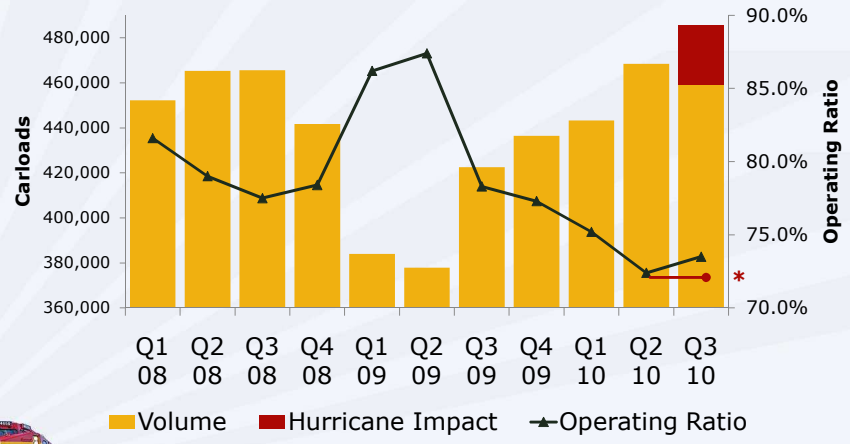
Third Quarter Results

	Q3 10	Q3 09
Carloads / Units (in thousands)	459.0	422.5
Revenue (in millions)	$438.3	$386.1
Operating Ratio	73.5%	78.3%
Diluted Earnings per Share	$0.48	$0.27

Dave Starling

Operating Leverage Continues with Volume Increases



* *Estimated operating ratio adjusted for hurricane impacts and post-employment benefits*

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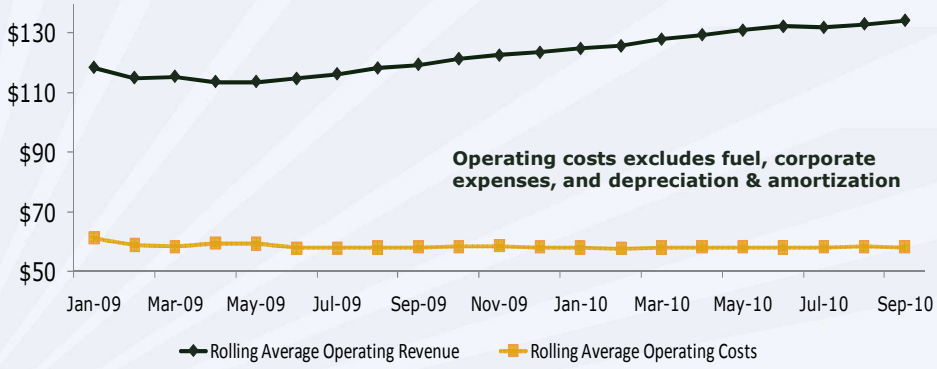
Operating Costs Held in Check



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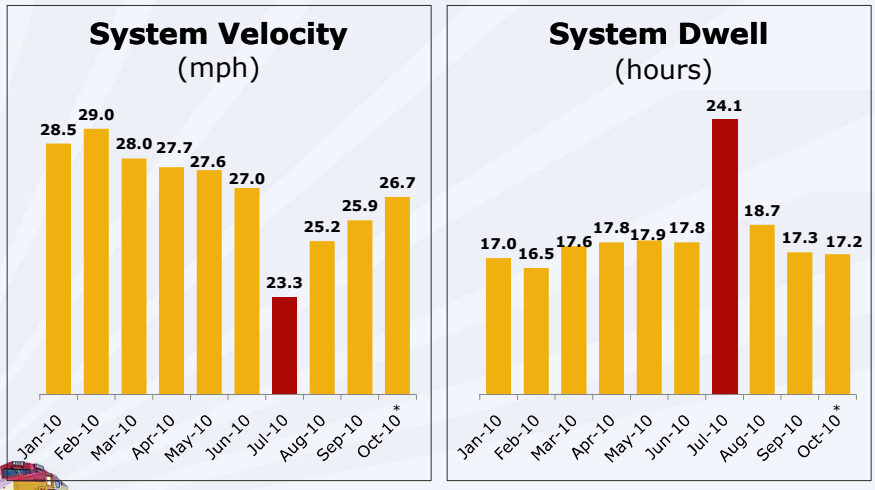
System Metrics Rebound After Hurricane



** October 2010 is the average of the weeks ended 10/8 and 10/15*

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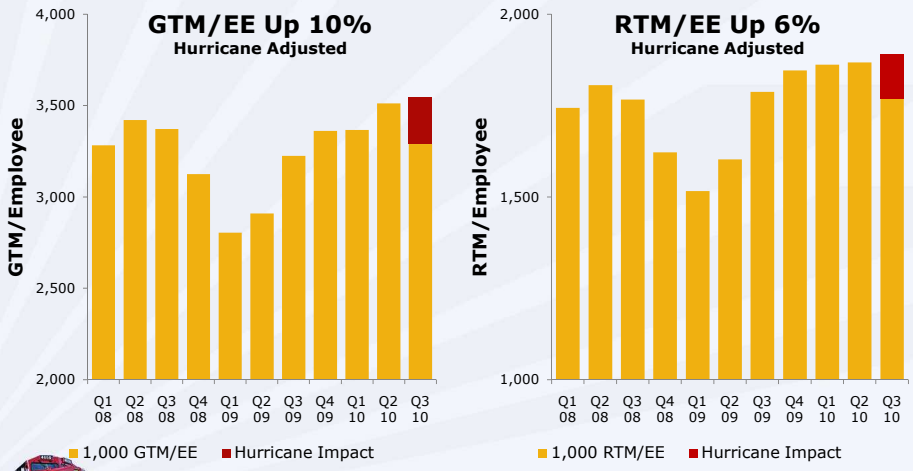
Employee Productivity Continues to Improve



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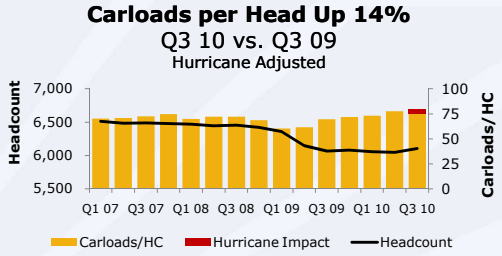
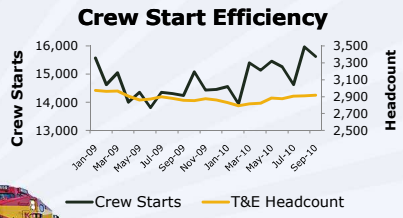
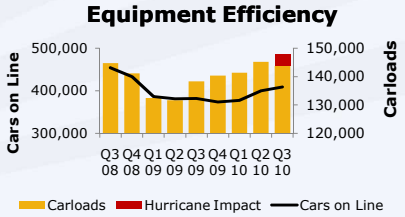
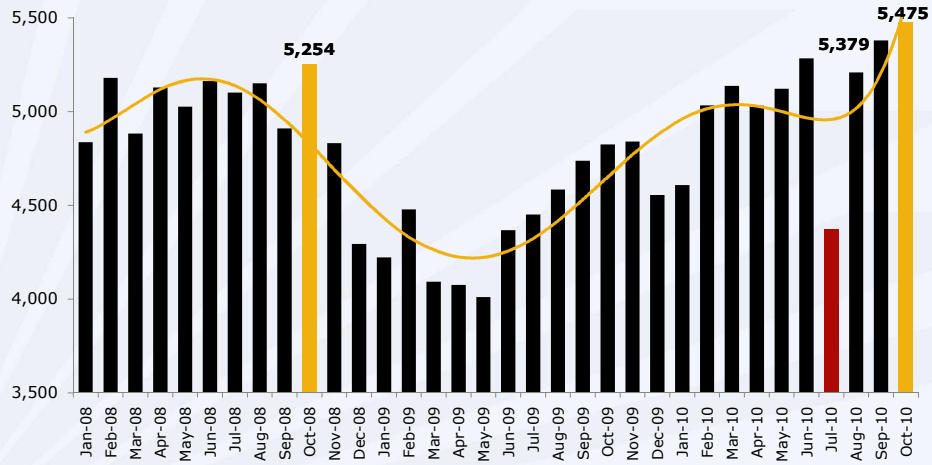
Efficiency Driving Operational Leverage







Average Daily Carloads Pacing Highest in Last 4 Years



*October 2010 reflects data through October 24

Outlook is Positive

- October carloadings at highest level in 4 years
- Expect approximately 20% hurricane adjusted revenue growth in back half of 2010
- Expect low double digit revenue growth in 2011
- Continued improvement in operating ratio

PCRC* Volumes Continue to Show Strength

	3Q 10	3Q 09	3Q 08
Volumes	106,377 containers	58,720 containers	114,370 containers
Total Revenues	$13.2 million	$7.9 million	$14.4 million
Operating Ratio	46.8%	60.7%	46.2%

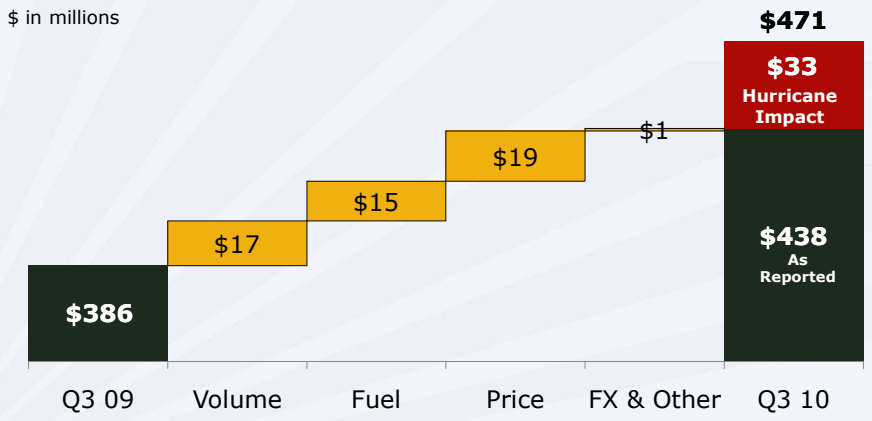
* *PCRC is a 50% equity investment*

Pat Ottensmeyer

Revenue Summary

- Hurricane-adjusted revenues grew by 22%, volumes increased by 15%
- No long term business loss is expected as a result of hurricane disruption
- Outlook for industrial economy strong in both U.S. and Mexico
- Recent volumes and linehaul revenues have been highest in any period over last 4 years
- Mexico "near sourcing" thesis continues to receive validation
- Pricing outlook continues to be positive in mid-single digit range

Hurricane Adjusted Revenue Increases 22% to $471 Million



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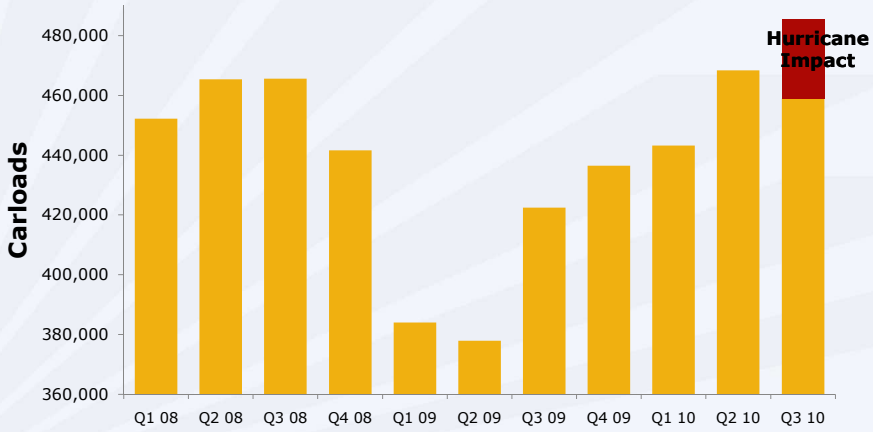
Hurricane Adjusted Volume Increases 15%

Q3 10 vs. Q3 09



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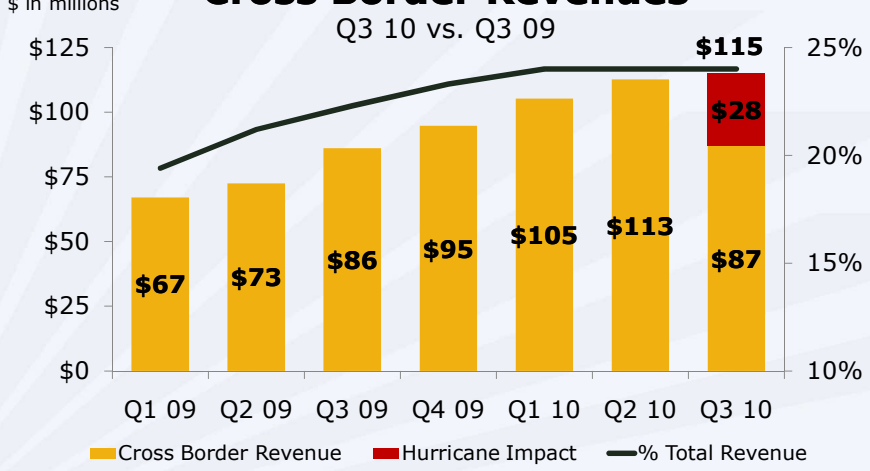
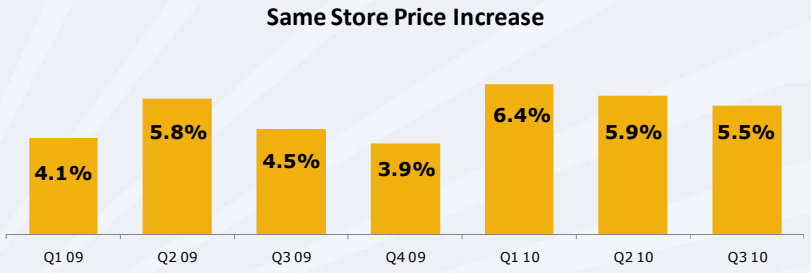
34% Increase in Hurricane Adjusted Cross Border Revenues

Q3 10 vs. Q3 09

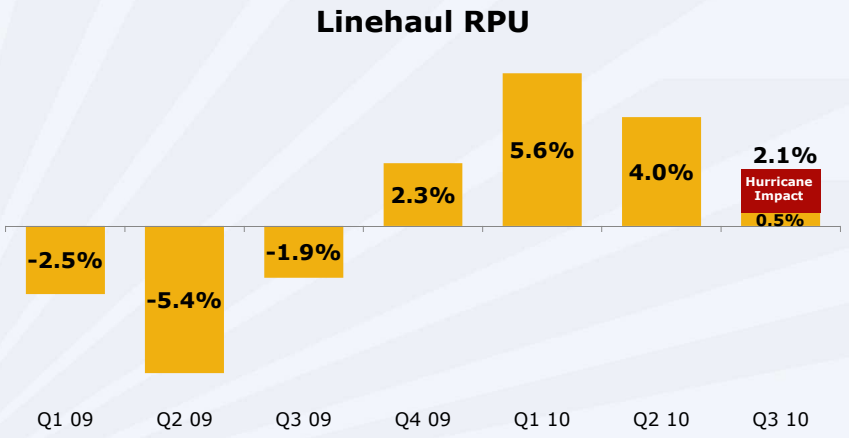


Pricing Environment Remains Stable

Excludes fuel surcharge and foreign exchange

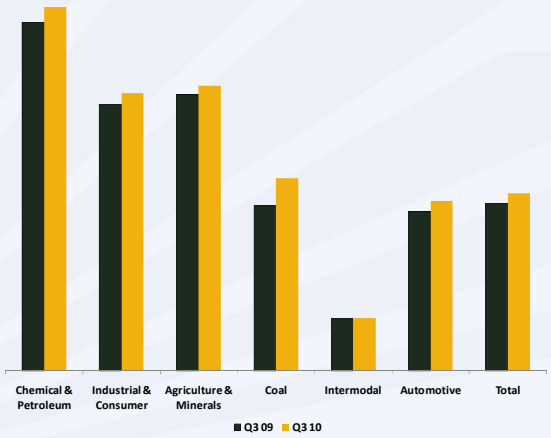


Mix and Length of Haul Impact RPU



Linehaul Rate* per Loaded Car/Unit Mile

Same Store Analysis

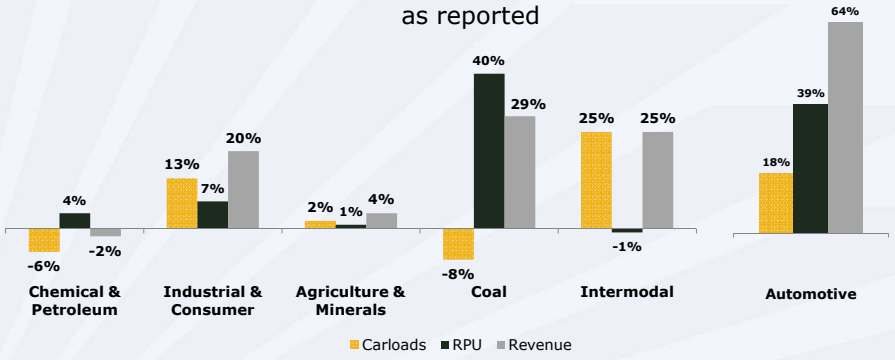


*Linehaul revenue excludes fuel surcharge and foreign exchange

Commodity Group Breakdown

Q3 10 vs.Q3 09

as reported



	Q3 10	Variance Q3 10 vs. Q3 09
Total Revenues	**$438.3 mm**	**14%**
Carloads (in thousands)	**459.0**	**9%**
Average RPU	**$920**	**5%**

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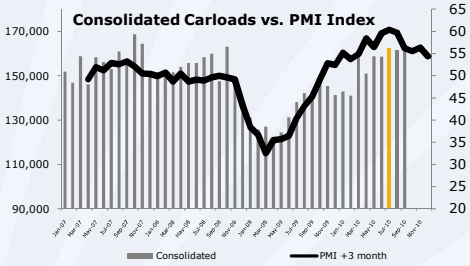
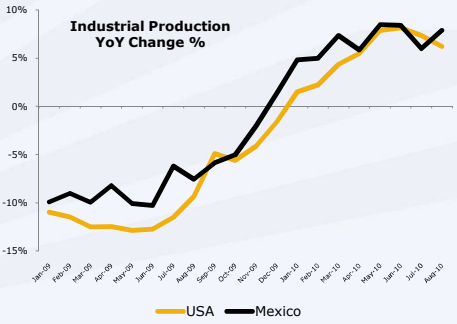
Economic Indicators Project Growth to Continue





✓ Industrial production data from "INEGI" (Instituto Nacional De Estadistica Y Geografia, Mexico)

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Market Outlook

	Q4 10
Chemical & Petroleum	+
Industrial & Consumer	+
Agriculture & Minerals	+
Coal	=
Intermodal	+
Automotive	+

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Mike Upchurch

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Consolidated Income Statement

(in millions)	Q3 10	Q3 09*
Revenues	$438.3	$386.1
Operating Expenses	322.3	302.2
Operating Income	116.0	83.9
Equity Earnings & Other Income	7.6	2.2
Interest Expense	(36.2)	(41.2)
Debt Retirement Costs	(1.9)	-
Foreign Exchange Gain (Loss)	2.0	(1.5)
Pre-Tax Income	87.5	43.4
Income Tax Expense	34.7	14.8
Net Income	52.8	28.6
Noncontrolling Interest	(0.1)	0.4
Preferred Dividends	2.7	2.8
Net Income Available to Common Stockholders	$50.2	$25.4
EPS Diluted	$0.48	$0.27
Average Diluted Share Count (in thousands)	109,510	95,243**

* Certain prior year amounts have been adjusted for the retrospective change in accounting principle for rail grinding.

** The average diluted share count calculation excludes the impact of the conversion of convertible preferred stock as it would be anti-dilutive.

Q3 Results Impacted by One-Time Items

	Revenue	Operating Ratio	EPS
Reported / Adjusted EPS	$438 million	73.5%	$0.49*
Hurricane Loss Estimate	($33 million)	(3.0%)	($0.14)
Post-Employment Benefit	n/a	1.5%	$0.04

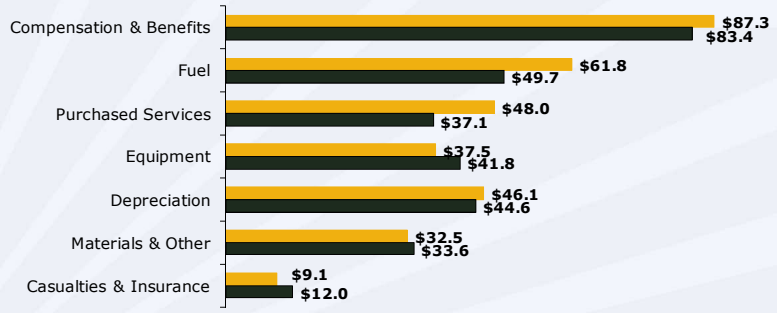
Hurricane Impacts

- Cumulative estimated EPS impact continues to be $0.05 loss
  - Q3 estimated $0.14 loss
    - Lost profits estimate
    - Incremental expenses and property losses offset in Q3 by expected insurance recoveries
  - Remaining insurance recoveries/property gains approximately $0.09 in future periods
  - $71.5 million initial claim filed; hurricane losses well under policy limits
  - $11 million deductible

**Adjusted EPS reflects exclusion of debt retirement costs recorded in Q3*
All reconciliations to GAAP can be found on the KCS website in the Investors section.

Operating Expenses Increase 7% While Revenue Increases 13.5%

$ in millions



Q3 10 $322.3 million
Q3 09 $302.2 million

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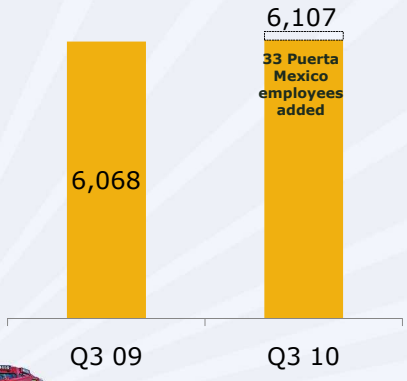
Compensation & Benefits Up 5%

Average Quarterly Employee Headcount



$ in millions

Q3 09	$83
Post-employment benefits	(6)
Incentive comp	7
Other	3
Q3 10	$87

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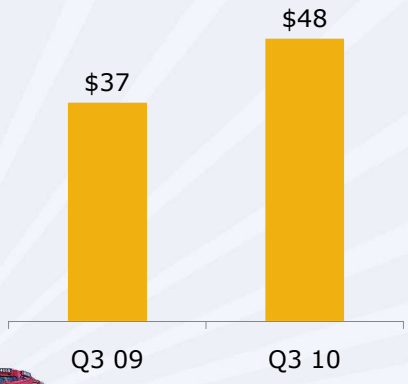
Purchased Services Impacted by 2009 Credit

Expense



$ in millions

Q3 09	$37
2009 deferred credit	6
Maintenance & repairs	3
Other volume	2
Q3 10	$48

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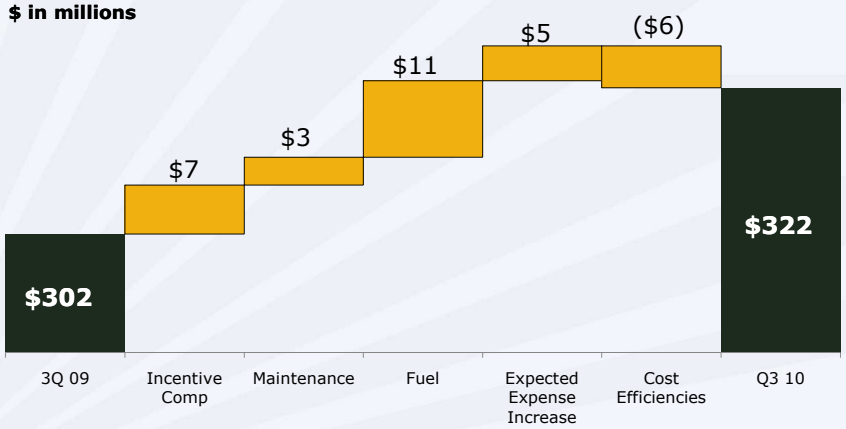
Productivity Gains Continue

$ in millions



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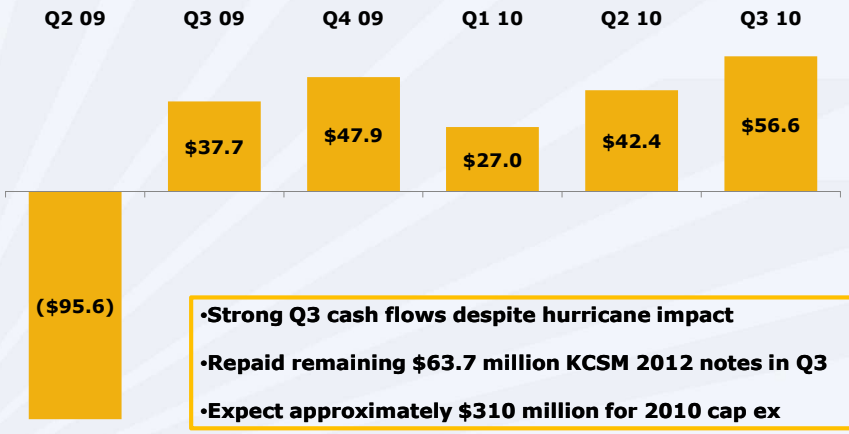
Free Cash Flow Improvement Continues

$ in millions



- Strong Q3 cash flows despite hurricane impact
- Repaid remaining $63.7 million KCSM 2012 notes in Q3
- Expect approximately $310 million for 2010 cap ex

All reconciliations to GAAP can be found on the KCS website in the Investors section.

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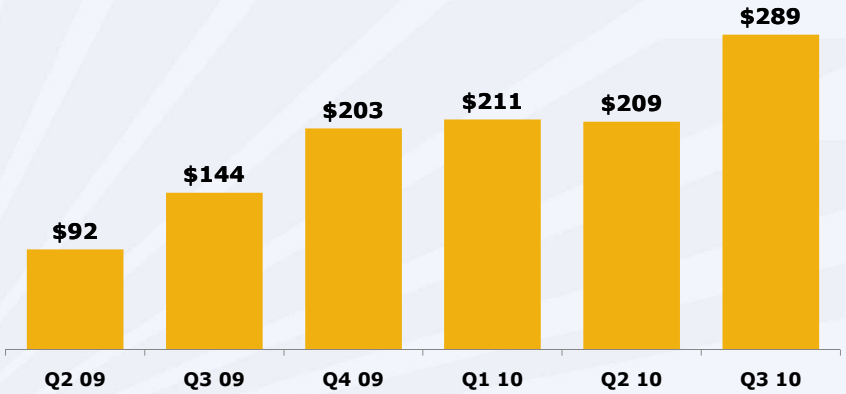
Liquidity Continues to be Strong

Unrestricted cash plus unused bank credit commitments

$ in millions



Amounts not available for general corporate purposes have been excluded for consistency

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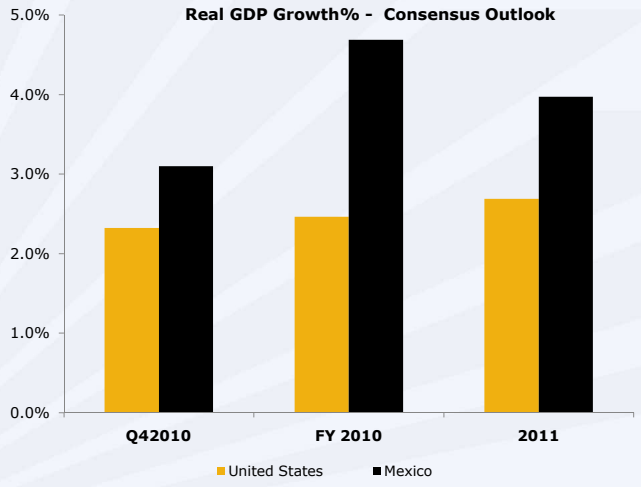
Mike Haverty
Summary

Mexico's GDP Forecast Shows Strength



✓ Source: Consensus GDP represents average of Wall Street research, Wall Street Journal survey, Bloomberg consensus estimates, CE Board and publicly available information as of 10/21/10

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