

KANSAS CITY SOUTHERN FIRST QUARTER 2017 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 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 Diluted Earnings per Share to Adjusted Diluted Earnings per Share:

	Three Months Ended March 31, 2017			
	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings per Share
As reported	\$ 237.9	\$ 91.0	\$ 146.9	\$ 1.38
Adjustments for:				
Foreign exchange gain	(46.8)	(14.1)	(32.7)	(0.31)
Foreign exchange component of income taxes	-	(10.3)	10.3	0.10
Adjusted	\$ 191.1	\$ 66.6	124.5	(0.4)
Less: Noncontrolling interest and preferred stock dividends			(0.4)	
Adjusted net income available to common stockholders - see (a) below			\$ 124.1	\$ 1.17

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

	Three Months Ended March 31, 2016			
	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings per Share
As reported	\$ 164.9	\$ 56.8	\$ 108.1	\$ 0.99
Adjustments for:				
Foreign exchange loss	3.5	1.0	2.5	0.03
Foreign exchange component of income taxes	-	(1.1)	1.1	0.01
Adjusted	\$ 168.4	\$ 56.7	111.7	0.01
Less: Noncontrolling interest and preferred stock dividends			(0.4)	
Adjusted net income available to common stockholders - see (a) below			\$ 111.3	\$ 1.03

Estimated Foreign Exchange Impact

	Three Months Ended		Reported Change		Estimated Adjustment for Foreign Exchange	Foreign Exchange Adjusted Change
	March 31,		\$	%		
	2017	2016				
Chemicals & Petroleum	\$ 126.5	\$ 117.3	\$ 9.2	8%	\$ 2.6	10%
Industrial & Consumer Products	140.1	141.4	(1.3)	(1%)	3.9	2%
Agriculture & Minerals	116.3	110.0	6.3	6%	1.3	7%
Energy	69.0	42.0	27.0	64%	0.7	66%
Intermodal	83.5	85.1	(1.6)	(2%)	0.3	(2%)
Automotive	51.3	41.0	10.3	25%	5.2	38%
Other revenue	22.8	25.9	(3.1)	(12%)	0.6	(10%)
Total revenues - see (b) below	\$ 609.5	\$ 562.7	\$ 46.8	8%	\$ 14.6	11%
Compensation and benefits	\$ 117.4	\$ 110.1	\$ 7.3	7%	\$ 3.3	10%
Purchased services	48.8	50.9	(2.1)	(4%)	0.9	(2%)
Fuel	75.4	56.8	18.6	33%	6.0	43%
Mexican fuel excise tax credit	(11.7)	-	(11.7)	100%	-	100%
Equipment costs	31.2	26.7	4.5	17%	-	17%
Depreciation and amortization	79.3	74.3	5.0	7%	-	7%
Materials and other	58.4	56.0	2.4	4%	1.2	6%
Total operating expenses - see (b) below	\$ 398.8	\$ 374.8	\$ 24.0	6%	\$ 11.4	9%

(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. The income tax expense impacts related to these adjustments are calculated at the applicable statutory tax rate.

(b) The Company believes revenue and operating expense changes excluding foreign exchange impact are meaningful measures as they allow investors to evaluate the Company's performance for different periods on a more comparable basis by excluding the impacts of fluctuations in foreign currency exchange rates by holding these rates constant between the reporting periods.