

**KANSAS CITY SOUTHERN SECOND QUARTER 2009 ANALYST PRESENTATION**  
**RECONCILIATION TO GAAP**  
(in millions)

KCS prepares its financial statements 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 may provide its users of the financial information with additional meaningful comparison when reviewing the Company's results.

KCS management uses certain 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.

KCS management also uses certain ratios to monitor its compliance with covenants defined under The Kansas City Southern Railway Company's amended and restated credit agreement.

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

	Six Months Ended	
	June 30, 2009	June 30, 2008
Net cash provided by operating activities	\$ 39.1	\$ 165.4
Net cash used for investing activities	(183.7)	(295.4)
Preferred stock dividends paid	(5.5)	(9.7)
Free cash flow (deficit) - see (a) below	(150.1)	(139.7)
Proceeds from issuance of long-term debt	189.8	357.8
Repayment of long-term debt	(250.1)	(234.4)
Other financing activities	42.8	(9.8)
GAAP Net Increase (Decrease) in cash and cash equivalents	<u>\$ (167.6)</u>	<u>\$ (26.1)</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, other investments, and future dividends to shareholders.

**Ratios under The Kansas City Southern Railway Company's Amended and Restated Credit Agreement (the "Credit Agreement")**

	June 30, 2009
Interest coverage ratio	4.6x (b)
Leverage ratio	3.0x (c)

(b) The interest coverage ratio is defined in the Credit Agreement as the ratio of EBITDA, as defined, to interest expense, as defined, for the twelve month period ended June 30, 2009. The interest coverage ratio must not be less than 2.25 at June 30, 2009.

(c) The leverage ratio is defined in the Credit Agreement as the ratio of debt, as defined, to EBITDA, as defined, for the twelve month period ended June 30, 2009. The leverage ratio must be less than 4.50 at June 30, 2009.

Calculation of EBITDA, as defined under the Credit Agreement	Twelve Months Ended	Three Months Ended			
	June 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
GAAP net income (loss) attributable to KCS and subsidiaries	\$ 95.5	\$ 6.8	\$ (2.1)	\$ 39.2	\$ 51.6
Adjustments to GAAP net income:					
Interest expense	158.9	45.4	41.8	36.2	35.5
Income tax expense (benefit)	24.4	1.6	0.4	(2.7)	25.1
Depreciation and amortization	183.3	47.6	47.1	45.6	43.0
Subtotal	<u>462.1</u>	<u>101.4</u>	<u>87.2</u>	<u>118.3</u>	<u>155.2</u>
Adjustments for amounts defined under the Credit Agreement:					
Subsidiary amounts excluded from subtotal	(240.5)	(45.3)	(49.2)	(60.6)	(85.4)
Cash dividend received from KCSM	65.0	-	65.0	-	-
Other adjustments	14.8	(2.2)	4.9	6.6	5.5
EBITDA, as defined under the Credit Agreement	<u>\$ 301.4</u>	<u>\$ 53.9</u>	<u>\$ 107.9</u>	<u>\$ 64.3</u>	<u>\$ 75.3</u>

Calculation of interest expense, as defined under the Credit Agreement	Twelve	Three Months Ended			
	Months Ended June 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
Consolidated interest expense	\$ 158.9	\$ 45.4	\$ 41.8	\$ 36.2	\$ 35.5
Adjustments:					
Subsidiaries' interest expense excluded	(101.0)	(31.8)	(22.9)	(23.6)	(22.7)
Preferred dividends paid	11.0	2.7	2.8	2.8	2.7
Other adjustments	(4.0)	(0.9)	(1.1)	(1.0)	(1.0)
Interest expense, as defined under the Credit Agreement	<u>\$ 64.9</u>	<u>\$ 15.4</u>	<u>\$ 20.6</u>	<u>\$ 14.4</u>	<u>\$ 14.5</u>

**Calculation of Debt as defined under the  
Credit Agreement**

	June 30, 2009
Total debt	\$ 2,034.7
Adjustment for subsidiaries' debt excluded	(1,120.7)
Debt, as defined under the Credit Agreement	<u>\$ 914.0</u>