

KANSAS CITY SOUTHERN FOURTH QUARTER 2013 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 December 31, 2013			
	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings per Share
As reported	\$ 180.9	\$ 66.5	\$ 114.4	\$ 1.03
Adjustments for:				
Debt retirement costs	5.4	1.6	3.8	0.03
Foreign exchange gain	(4.9)	(1.4)	(3.5)	(0.03)
Foreign exchange component of income taxes	-	0.4	(0.4)	-
Adjusted	<u>\$ 181.4</u>	<u>\$ 67.1</u>	<u>114.3</u>	
Less: Noncontrolling interest	(i)	(ii)	0.6	
Adjusted net income attributable to Kansas City Southern and subsidiaries - see (a) below			<u>\$ 113.7</u>	<u>\$ 1.03</u>
Adjusted effective income tax rate - see (a) below			<u>37.0%</u>	
			(ii)/(i)	

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

	Three Months Ended December 31, 2012			
	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings per Share
As reported	\$ 150.3	\$ 57.8	\$ 92.5	\$ 0.83
Adjustments for:				
Debt retirement costs	2.1	0.8	1.3	0.01
Foreign exchange loss	1.4	0.4	1.0	0.01
Foreign exchange component of income taxes	-	(7.3)	7.3	0.07
Adjusted	<u>\$ 153.8</u>	<u>\$ 51.7</u>	<u>102.1</u>	
Less: Noncontrolling interest	(i)	(ii)	0.7	
Adjusted net income attributable to Kansas City Southern and subsidiaries - see (a) below			<u>\$ 101.4</u>	<u>\$ 0.92</u>
Adjusted effective income tax rate - see (a) below			<u>33.6%</u>	
			(ii)/(i)	

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

	Twelve Months Ended December 31, 2013			
	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings per Share
As reported	\$ 551.6	\$ 198.3	\$ 353.3	\$ 3.18
Adjustments for:				
Debt retirement costs	119.2	35.9	83.3	0.76
Foreign exchange loss	5.2	1.6	3.6	0.03
Foreign exchange component of income taxes	-	(1.3)	1.3	0.01
Adjusted	<u>\$ 676.0</u>	<u>\$ 234.5</u>	<u>441.5</u>	
Less: Noncontrolling interest	(i)	(ii)	1.9	
Adjusted net income attributable to Kansas City Southern and subsidiaries - see (a) below			<u>\$ 439.6</u>	<u>\$ 3.98</u>
Adjusted effective income tax rate - see (a) below			<u>34.7%</u>	
			(ii)/(i)	

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

	Twelve Months Ended December 31, 2012			
	<u>Income Before Income Taxes</u>	<u>Income Tax Expense</u>	<u>Net Income</u>	<u>Diluted Earnings per Share</u>
As reported	\$ 616.4	\$ 237.0	\$ 379.4	\$ 3.43
Adjustments for:				
Debt retirement costs	20.1	7.6	12.5	0.11
Elimination of net deferred statutory profit sharing liability	(43.0)	(12.9)	(30.1)	(0.27)
Foreign exchange gain	(2.7)	(0.8)	(1.9)	(0.02)
Foreign exchange component of income taxes	-	(33.9)	33.9	0.31
Adjusted	<u>\$ 590.8</u>	<u>\$ 197.0</u>	393.8	
Less: Noncontrolling interest	(i)	(ii)	2.1	
Adjusted net income attributable to Kansas City Southern and subsidiaries - see (a) below			<u>\$ 391.7</u>	<u>\$ 3.56</u>
Adjusted effective income tax rate - see (a) below			<u>33.3%</u>	
			(ii)/(i)	

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

	Twelve Months Ended December 31, 2011			
	<u>Income Before Income Taxes</u>	<u>Income Tax Expense</u>	<u>Net Income</u>	<u>Diluted Earnings per Share</u>
As reported	\$ 455.0	\$ 123.1	\$ 331.9	\$ 3.00
Adjustments for:				
Debt retirement costs	38.7	13.9	24.8	0.23
Gain on insurance recoveries	(25.6)	(8.6)	(17.0)	(0.15)
Foreign exchange loss	9.2	2.8	6.4	0.06
Foreign exchange component of income taxes	-	25.9	(25.9)	(0.24)
Adjusted	<u>\$ 477.3</u>	<u>\$ 157.1</u>	320.2	
Less: Noncontrolling interest	(i)	(ii)	1.6	
Adjusted net income attributable to Kansas City Southern and subsidiaries - see (a) below			<u>\$ 318.6</u>	<u>\$ 2.90</u>
Adjusted effective income tax rate - see (a) below			<u>32.9%</u>	
			(ii)/(i)	

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

	Twelve Months Ended December 31, 2010			
	<u>Income Before Income Taxes</u>	<u>Income Tax Expense</u>	<u>Net Income</u>	<u>Diluted Earnings per Share</u>
As reported	\$ 289.2	\$ 109.2	\$ 180.0	\$ 1.67
Adjustments for:				
Debt retirement costs	68.3	21.8	46.5	0.44
Foreign exchange gain	(4.7)	(1.4)	(3.3)	(0.03)
Foreign exchange component of income taxes	-	(18.4)	18.4	0.17
Adjusted	<u>\$ 352.8</u>	<u>\$ 111.2</u>	241.6	
Less: Noncontrolling interest	(i)	(ii)	(0.2)	
Adjusted net income attributable to Kansas City Southern and subsidiaries - see (a) below			<u>\$ 241.8</u>	<u>\$ 2.25</u>
Adjusted effective income tax rate - see (a) below			<u>31.5%</u>	
			(ii)/(i)	

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

	Twelve Months Ended December 31, 2009			
	<u>Income Before Income Taxes</u>	<u>Income Tax Expense</u>	<u>Net Income</u>	<u>Diluted Earnings per Share</u>
As reported	\$ 102.2	\$ 34.1	\$ 68.1	\$ 0.60
Adjustments for:				
Debt retirement costs	5.9	2.2	3.7	0.04
Foreign exchange gain	(2.1)	(0.6)	(1.5)	(0.02)
Foreign exchange component of income taxes	-	(13.6)	13.6	0.15
Adjusted	<u>\$ 106.0</u>	<u>\$ 22.1</u>	83.9	
Less:	(i)	(ii)		
Noncontrolling interest			1.0	
Anti-dilutive preferred stock dividends			11.0	
Adjusted net income attributable to Kansas City Southern and subsidiaries - see (a) below			<u>\$ 71.9</u>	<u>\$ 0.77</u>
Adjusted effective income tax rate - see (a) below			<u>20.8%</u>	
			(ii)/(i)	

Reconciliation of Revenues to Adjusted Revenues:

	Twelve Months Ended December 31,			
	2013	2012	2011	2010
Revenues as reported	\$ 2,369.3	\$ 2,238.6	\$ 2,098.3	\$ 1,814.8
Adjustment for estimated impact from Hurricane Alex	-	-	-	33.0
Adjusted revenues - see (b) below	<u>\$ 2,369.3</u>	<u>\$ 2,238.6</u>	<u>\$ 2,098.3</u>	<u>\$ 1,847.8</u>

Reconciliation of Operating Expenses to Adjusted Operating Expenses:

	Twelve Months Ended December 31,			
	2013	2012	2011	2010
Operating expenses as reported	\$ 1,630.7	\$ 1,522.7	\$ 1,486.7	\$ 1,328.3
Adjustment for elimination of net deferred statutory profit sharing liability	-	43.0	-	-
Adjustment for gain on insurance recoveries related to hurricane damage	-	-	25.6	-
Adjustment for estimated impact from Hurricane Alex	-	-	-	11.0
Adjustment of post-employment expense benefit	-	-	-	6.2
Adjusted operating expenses - see (b) below	<u>\$ 1,630.7</u>	<u>\$ 1,565.7</u>	<u>\$ 1,512.3</u>	<u>\$ 1,345.5</u>
Operating income as reported	\$ 738.6	\$ 715.9	\$ 611.6	\$ 486.5
Adjusted operating income - see (b) below	738.6	672.9	586.0	502.3
Operating ratio (c) as reported	68.8%	68.0%	70.9%	73.2%
Adjusted operating ratio - see (b) and (c) below	68.8%	69.9%	72.1%	72.8%

Reconciliation of Total Revenue to Linehaul Revenue:

	Three Months Ended December 31, 2013	Three Months Ended September 30, 2013	Three Months Ended June 30, 2013	Three Months Ended March 31, 2013
	Total Revenue	\$ 615.6	\$ 621.6	\$ 579.3
Fuel Surcharge Revenue	(83.3)	(86.8)	(79.1)	(71.0)
Other Revenue	(22.9)	(25.2)	(22.1)	(20.0)
Linehaul Revenue - see (d) below	<u>\$ 509.4</u>	<u>\$ 509.6</u>	<u>\$ 478.1</u>	<u>\$ 461.8</u>

Reconciliation of Total Revenue to Linehaul Revenue:

	Three Months Ended December 31, 2012	Three Months Ended September 30, 2012	Three Months Ended June 30, 2012	Three Months Ended March 31, 2012
	Total Revenue	\$ 568.4	\$ 577.4	\$ 545.3
Fuel Surcharge Revenue	(73.6)	(72.1)	(69.8)	(66.6)
Other Revenue	(21.5)	(22.8)	(20.2)	(18.5)
Linehaul Revenue - see (d) below	<u>\$ 473.3</u>	<u>\$ 482.5</u>	<u>\$ 455.3</u>	<u>\$ 462.4</u>

Reconciliation of Total Revenue to Linehaul Revenue:

	Three Months Ended December 31, 2011	Three Months Ended September 30, 2011	Three Months Ended June 30, 2011	Three Months Ended March 31, 2011
	Total Revenue	\$ 530.3	\$ 544.5	\$ 534.9
Fuel Surcharge Revenue	(64.0)	(67.9)	(63.5)	(49.2)
Other Revenue	(20.0)	(19.1)	(17.1)	(18.2)
Linehaul Revenue - see (d) below	<u>\$ 446.3</u>	<u>\$ 457.5</u>	<u>\$ 454.3</u>	<u>\$ 421.2</u>

Reconciliation of Total Revenue to Linehaul Revenue:

	Three Months Ended December 31, 2010	Three Months Ended September 30, 2010	Three Months Ended June 30, 2010	Three Months Ended March 31, 2010
	Total Revenue	\$ 478.6	\$ 438.3	\$ 461.6
Fuel Surcharge Revenue	(43.1)	(38.6)	(39.6)	(34.8)
Other Revenue	(16.0)	(15.8)	(15.9)	(17.6)
Linehaul Revenue - see (d) below	<u>\$ 419.5</u>	<u>\$ 383.9</u>	<u>\$ 406.1</u>	<u>\$ 383.9</u>

	Three Months Ended December 31, 2009	Three Months Ended September 30, 2009	Three Months Ended June 30, 2009	Three Months Ended March 31, 2009
Reconciliation of Total Revenue to				
Linehaul Revenue:				
Total Revenue	\$ 406.8	\$ 386.1	\$ 341.3	\$ 346.0
Fuel Surcharge Revenue	(26.8)	(20.9)	(13.4)	(16.8)
Other Revenue	(17.4)	(15.6)	(16.2)	(19.7)
Linehaul Revenue - see (d) below	<u>\$ 362.6</u>	<u>\$ 349.6</u>	<u>\$ 311.7</u>	<u>\$ 309.5</u>

	Three Months Ended December 31, 2013	Three Months Ended September 30, 2013	Three Months Ended June 30, 2013	Three Months Ended March 31, 2013
Reconciliation of Total Operating Expenses to				
Operating Costs:				
Total Operating Expenses	\$ 419.5	\$ 421.3	\$ 400.0	\$ 389.9
Fuel	(103.0)	(102.7)	(93.0)	(90.9)
Selling, General & Administrative; Casualties & Insurance; and Other	(58.7)	(65.1)	(63.7)	(56.1)
Operating Costs - see (e) below	<u>\$ 257.8</u>	<u>\$ 253.5</u>	<u>\$ 243.3</u>	<u>\$ 242.9</u>

	Three Months Ended December 31, 2012	Three Months Ended September 30, 2012	Three Months Ended June 30, 2012	Three Months Ended March 31, 2012
Reconciliation of Total Operating Expenses to				
Operating Costs:				
Total Operating Expenses	\$ 394.8	\$ 396.7	\$ 341.5	\$ 389.7
Fuel	(94.9)	(89.5)	(86.9)	(88.3)
Selling, General & Administrative; Casualties & Insurance; and Other	(52.4)	(59.6)	(14.9)	(66.6)
Operating Costs - see (e) below	<u>\$ 247.5</u>	<u>\$ 247.6</u>	<u>\$ 239.7</u>	<u>\$ 234.8</u>

	Three Months Ended December 31, 2011	Three Months Ended September 30, 2011	Three Months Ended June 30, 2011	Three Months Ended March 31, 2011
Reconciliation of Total Operating Expenses to				
Operating Costs:				
Total Operating Expenses	\$ 379.9	\$ 362.7	\$ 383.3	\$ 360.8
Fuel	(88.5)	(86.5)	(92.0)	(79.5)
Selling, General & Administrative; Casualties & Insurance; and Other	(60.8)	(40.3)	(54.7)	(55.7)
Operating Costs - see (e) below	<u>\$ 230.6</u>	<u>\$ 235.9</u>	<u>\$ 236.6</u>	<u>\$ 225.6</u>

	Three Months Ended December 31, 2010	Three Months Ended September 30, 2010	Three Months Ended June 30, 2010	Three Months Ended March 31, 2010
Reconciliation of Total Operating Expenses to				
Operating Costs:				
Total Operating Expenses	\$ 343.5	\$ 322.3	\$ 334.4	\$ 328.1
Fuel	(71.9)	(61.8)	(69.1)	(60.8)
Selling, General & Administrative; Casualties & Insurance; and Other	(49.0)	(48.0)	(45.9)	(60.4)
Operating Costs - see (e) below	<u>\$ 222.6</u>	<u>\$ 212.5</u>	<u>\$ 219.4</u>	<u>\$ 206.9</u>

	Three Months Ended December 31, 2009	Three Months Ended September 30, 2009	Three Months Ended June 30, 2009	Three Months Ended March 31, 2009
Reconciliation of Total Operating Expenses to				
Operating Costs:				
Total Operating Expenses	\$ 314.6	\$ 302.2	\$ 298.2	\$ 298.4
Fuel	(56.2)	(49.7)	(40.2)	(43.3)
Selling, General & Administrative; Casualties & Insurance; and Other	(52.9)	(44.3)	(46.2)	(46.0)
Operating Costs - see (e) below	<u>\$ 205.5</u>	<u>\$ 208.2</u>	<u>\$ 211.8</u>	<u>\$ 209.1</u>

(a) The Company believes adjusted diluted earnings per share and the related effective income tax rate are meaningful as these measures allow 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 and items that are not directly related to the ongoing operations of the Company.

(b) The Company believes adjusted operating revenues, operating expenses, operating income and operating ratio are meaningful as they allow investors to evaluate the Company's performance for different periods on a more comparable basis by excluding items that are not directly related to the ongoing operations of the Company.

(c) Operating ratio is calculated by dividing operating expenses by revenues; or in the case of adjusted operating ratio, adjusted operating expenses divided by adjusted revenues.

(d) The Company believes this measure is meaningful as it provides the amount of revenue provided by transportation services, excluding fuel surcharge and other revenue, that trend with changes in volume over time.

(e) The Company believes this measure is meaningful as it provides the amount of operating expenses, excluding fuel, selling, general and administrative, casualties and insurance and other that trend with changes in volume over time.