



Kansas City Southern

Third Quarter 2010 Earnings Presentation

October 26, 2010




1



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.



2




Today's Presenters


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



3



Mike Haverty



4




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



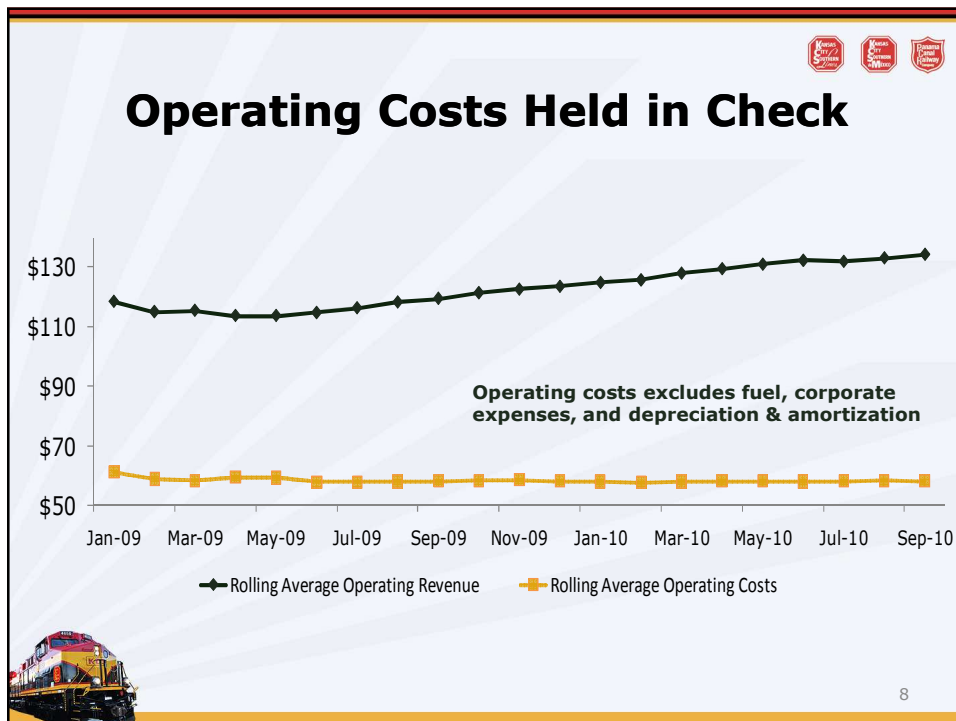
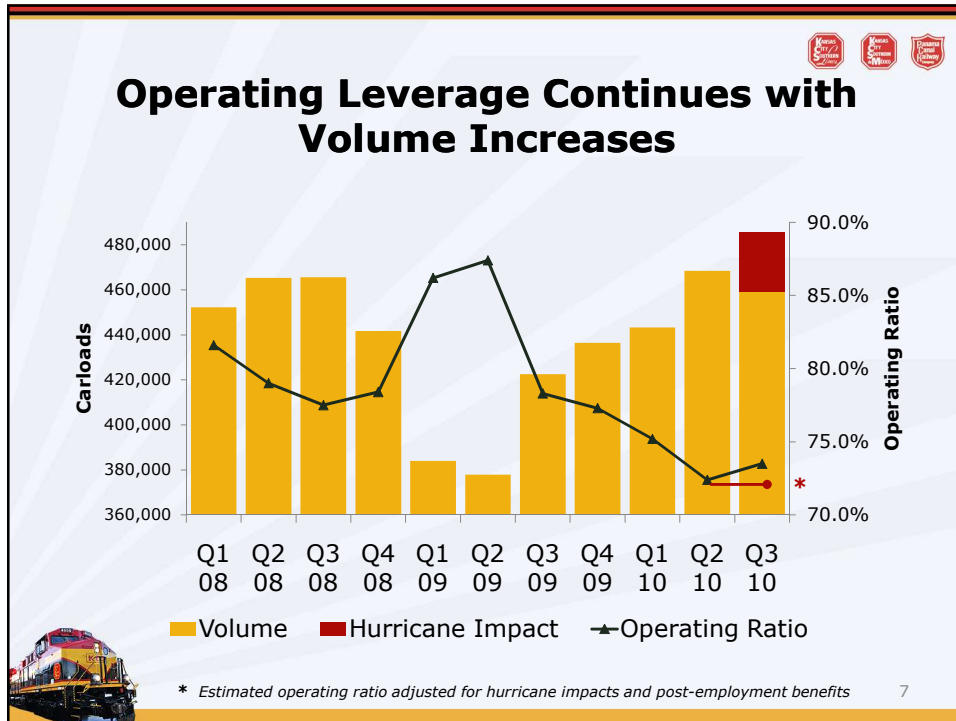
5

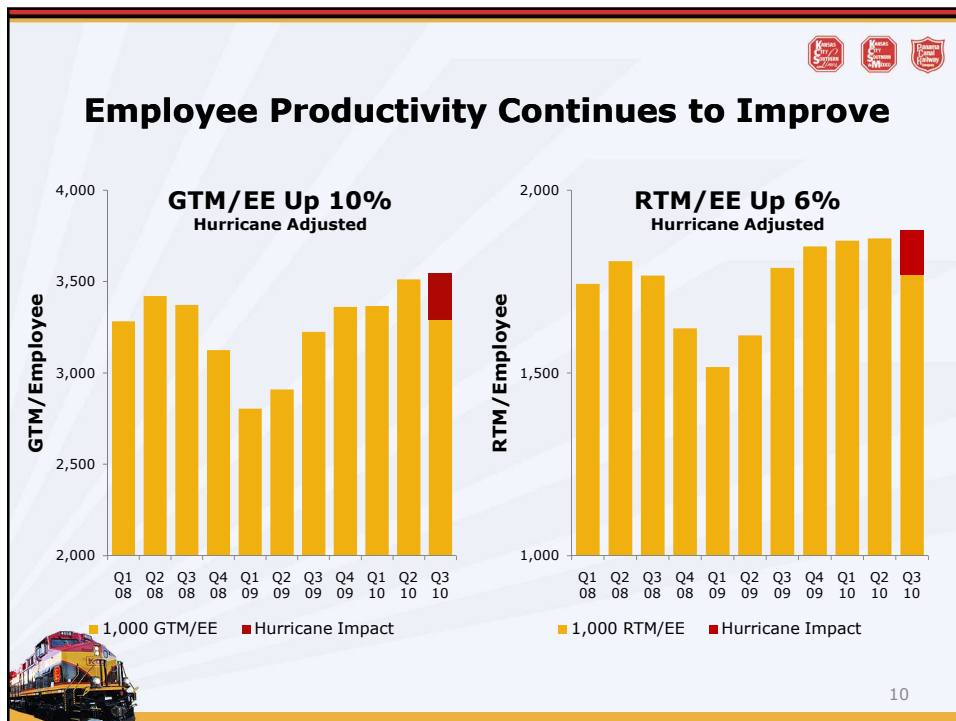
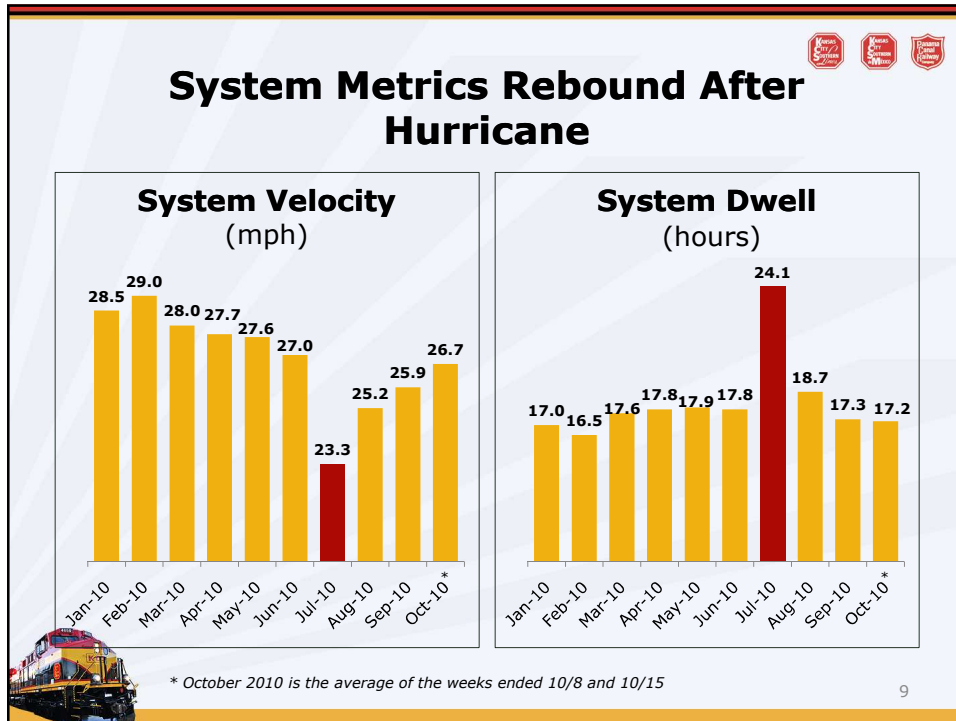


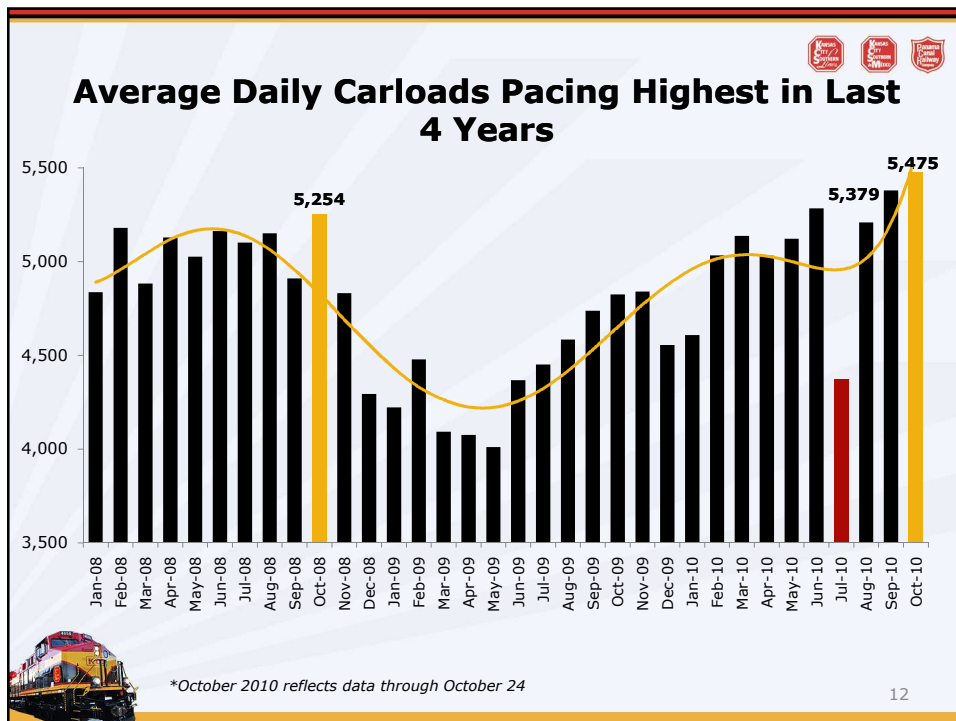
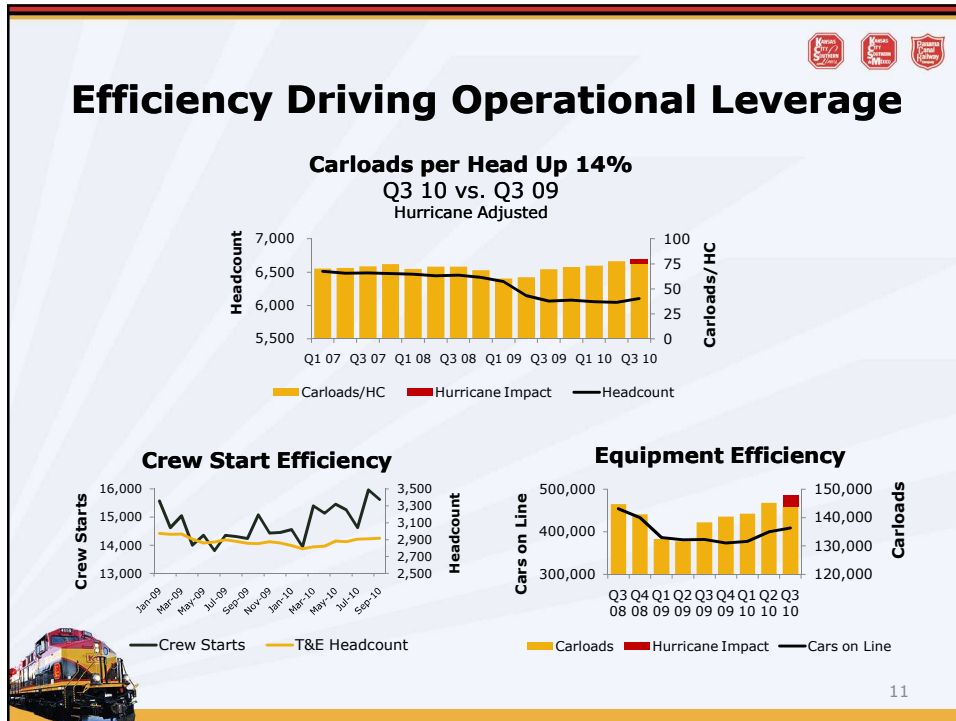
Dave Starling




6











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




13




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


14



Pat Ottensmeyer




15

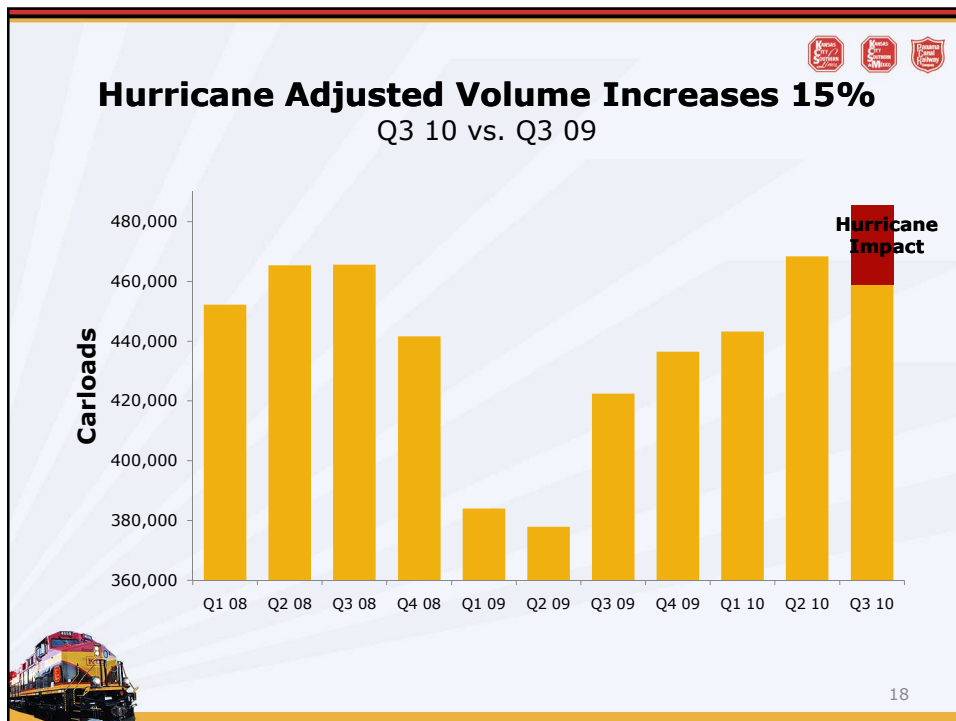
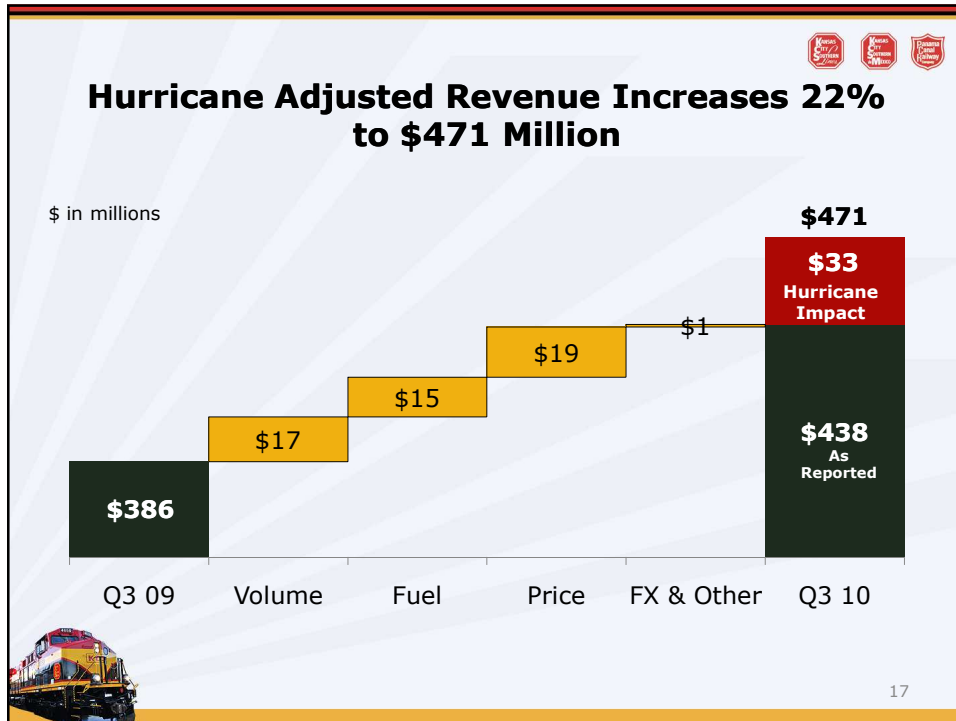


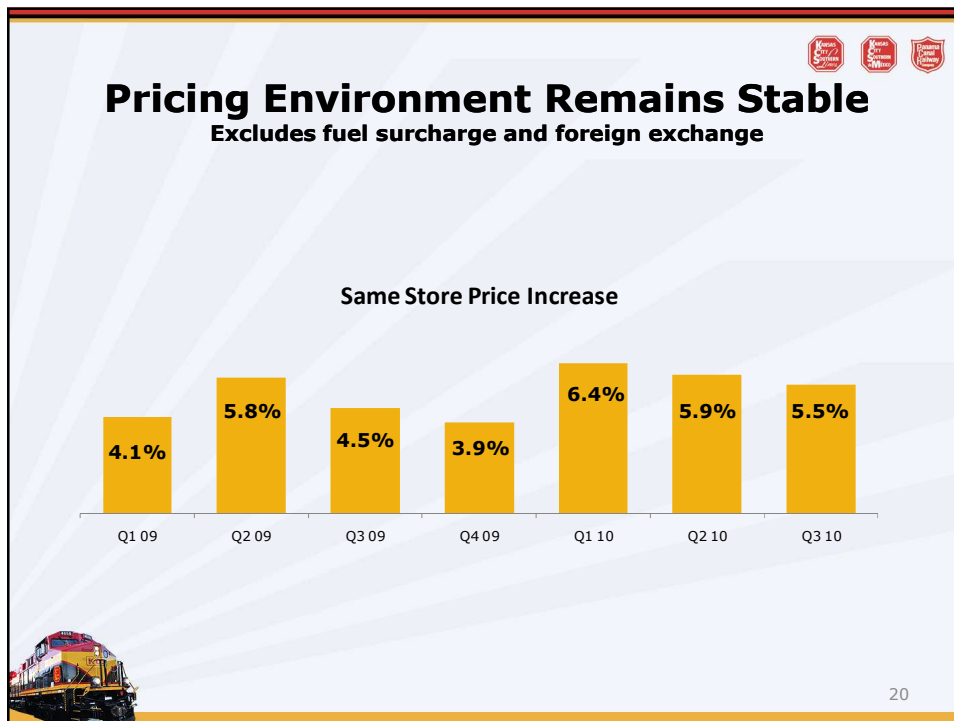
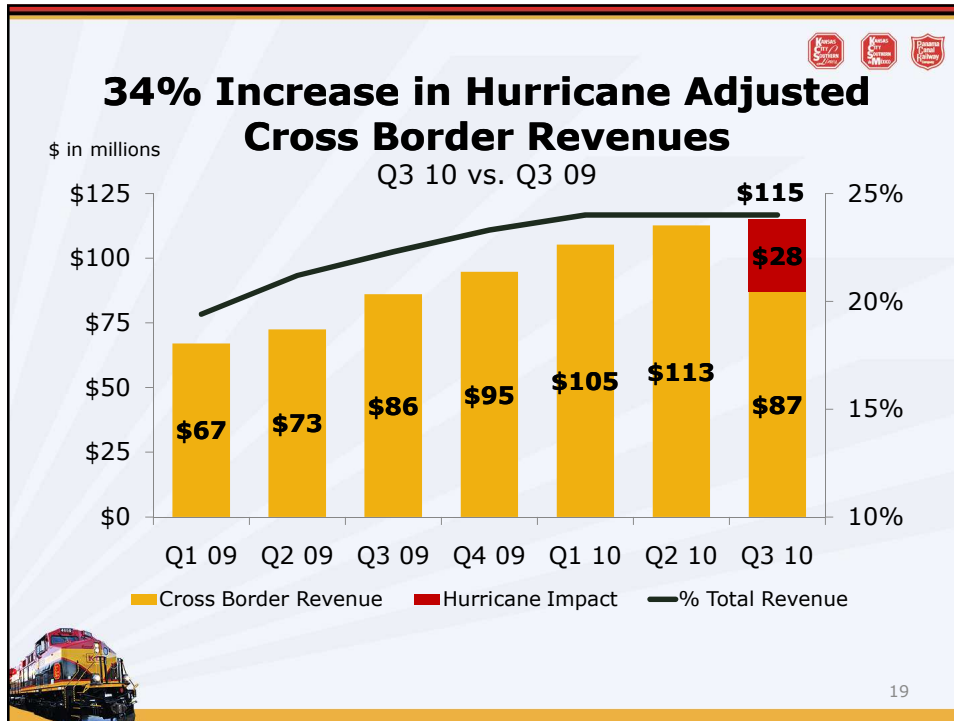
Revenue Summary

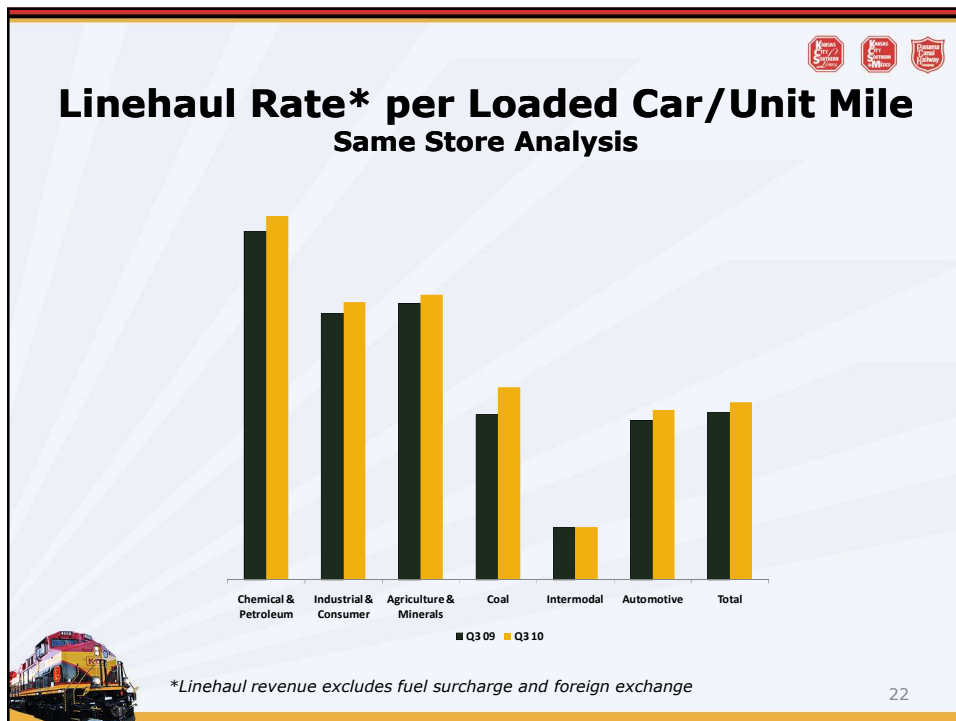
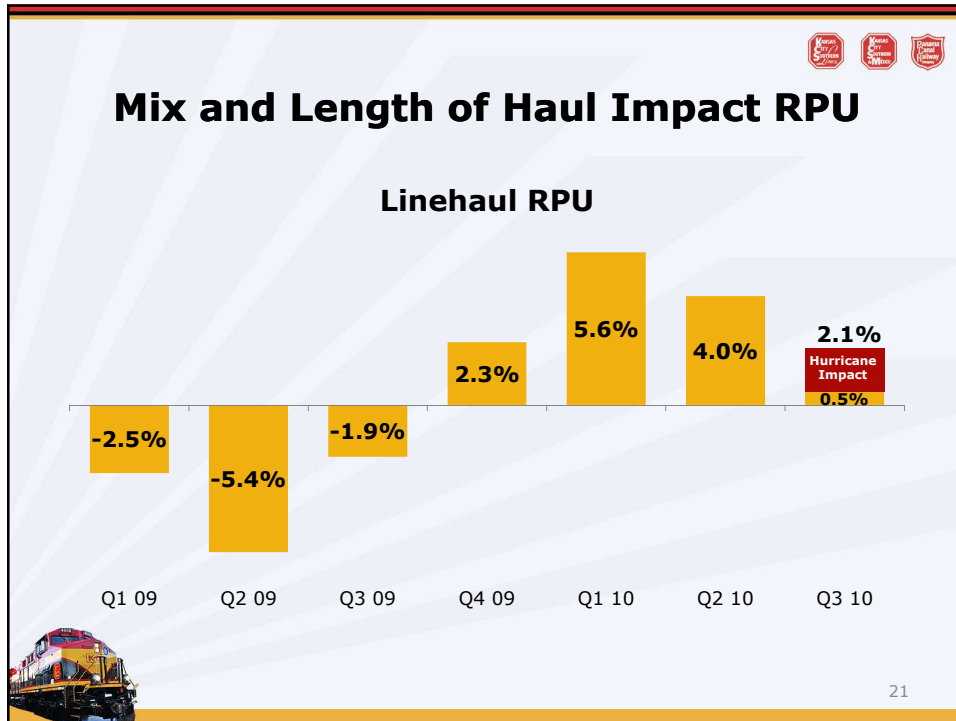
- Hurricane-adjusted revenues grew by 22%, volumes increased by 15%
- No long term business loss is expected as a result of hurricane disruption
- Outlook for industrial economy strong in both U.S. and Mexico
- Recent volumes and linehaul revenues have been highest in any period over last 4 years
- Mexico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

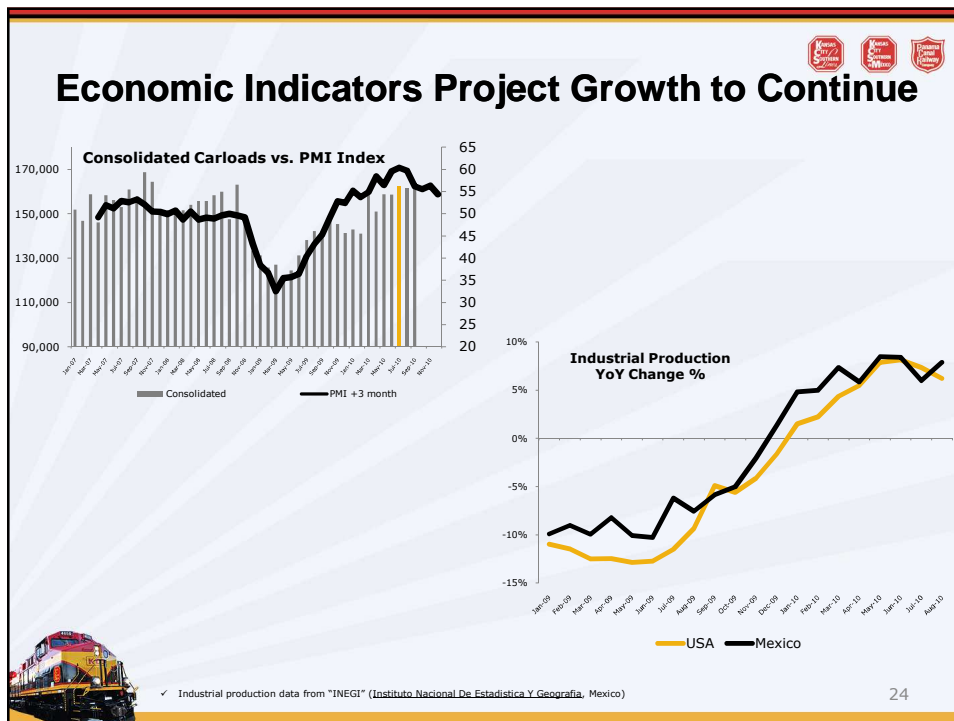
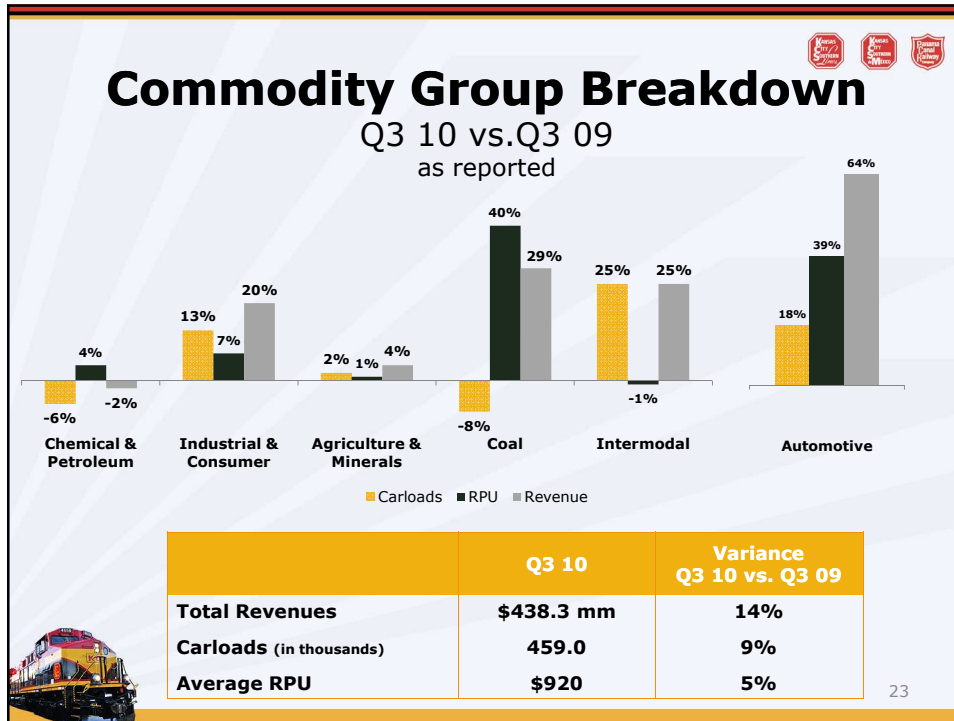






16















Market Outlook


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

25



Mike Upchurch


26




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.



27



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

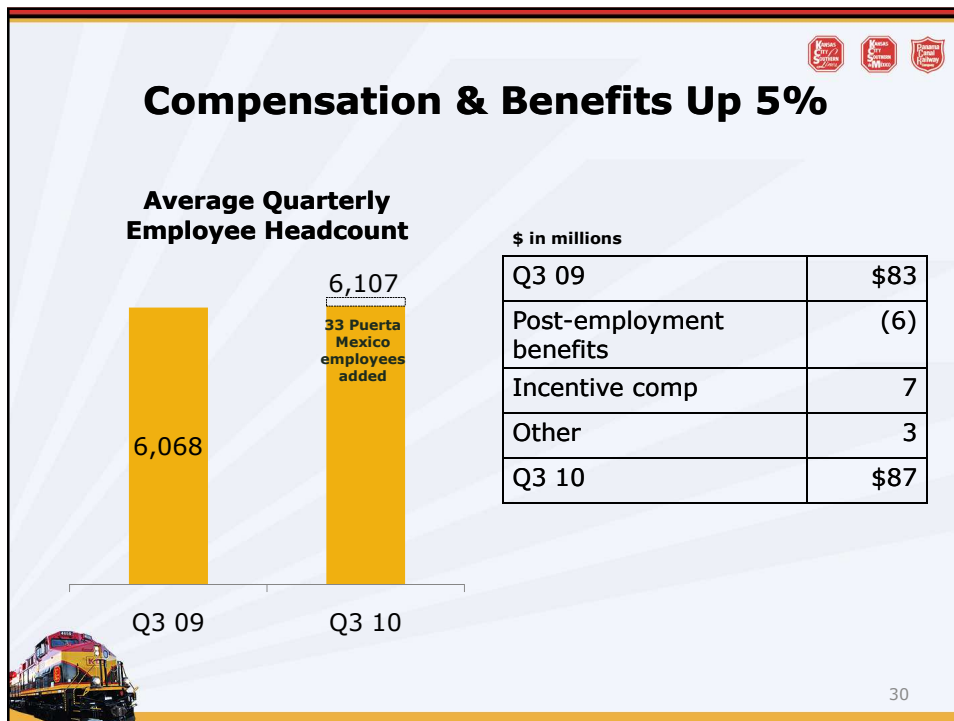
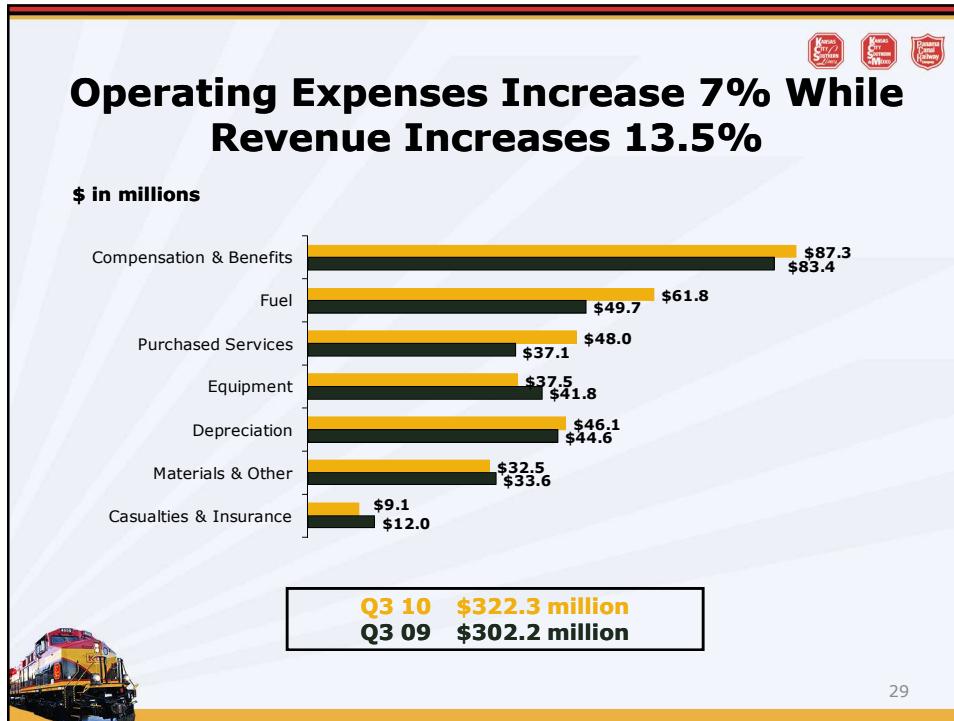
- Cumulative estimated EPS impact continues to be \$0.05 loss
 - Q3 estimated \$0.14 loss
 - Lost profits estimate
 - Incremental expenses and property losses offset in Q3 by expected insurance recoveries
 - Remaining insurance recoveries/property gains approximately \$0.09 in future periods
 - \$71.5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

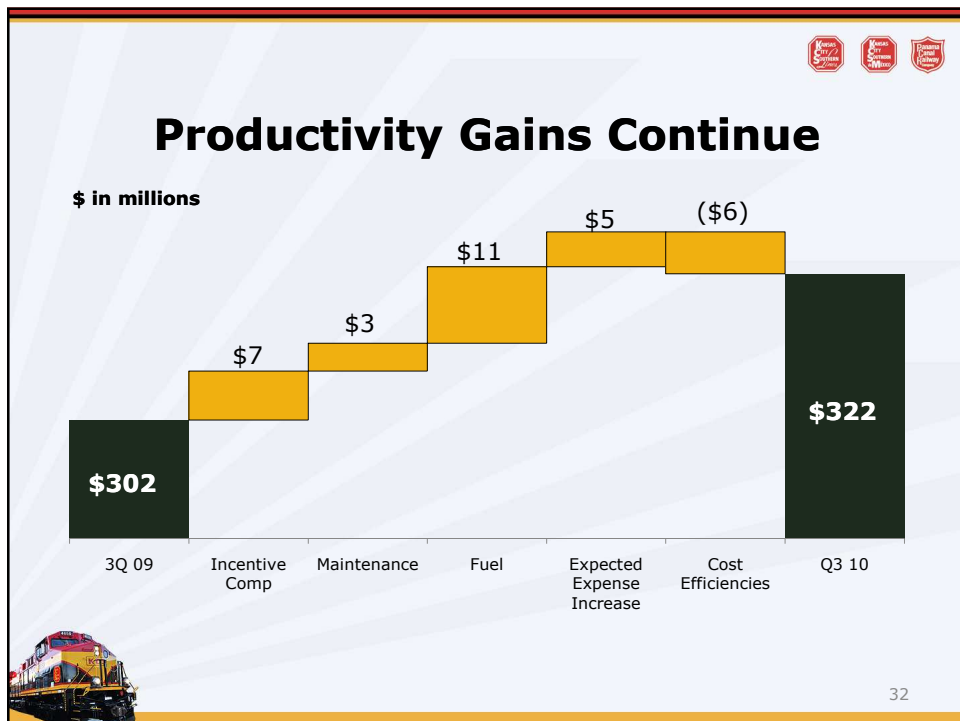
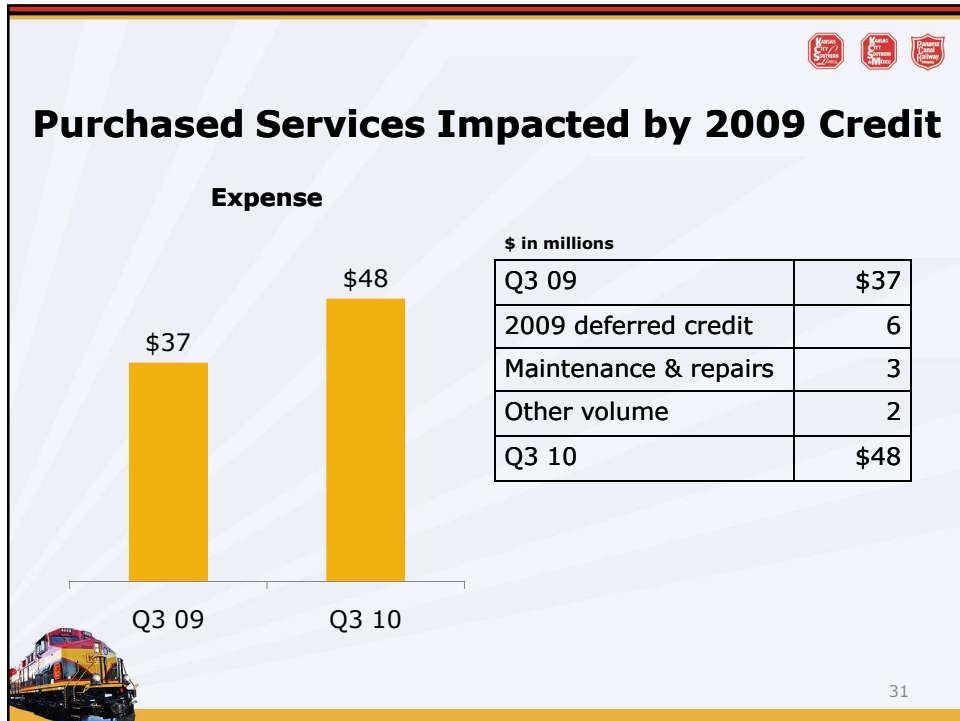
\$11 million deductible

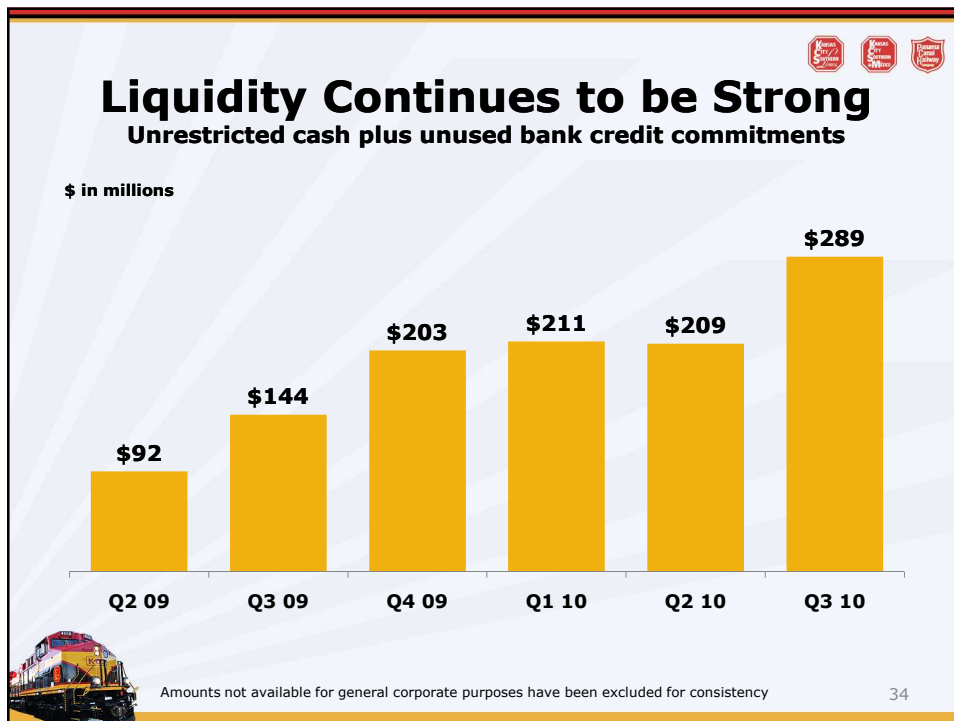
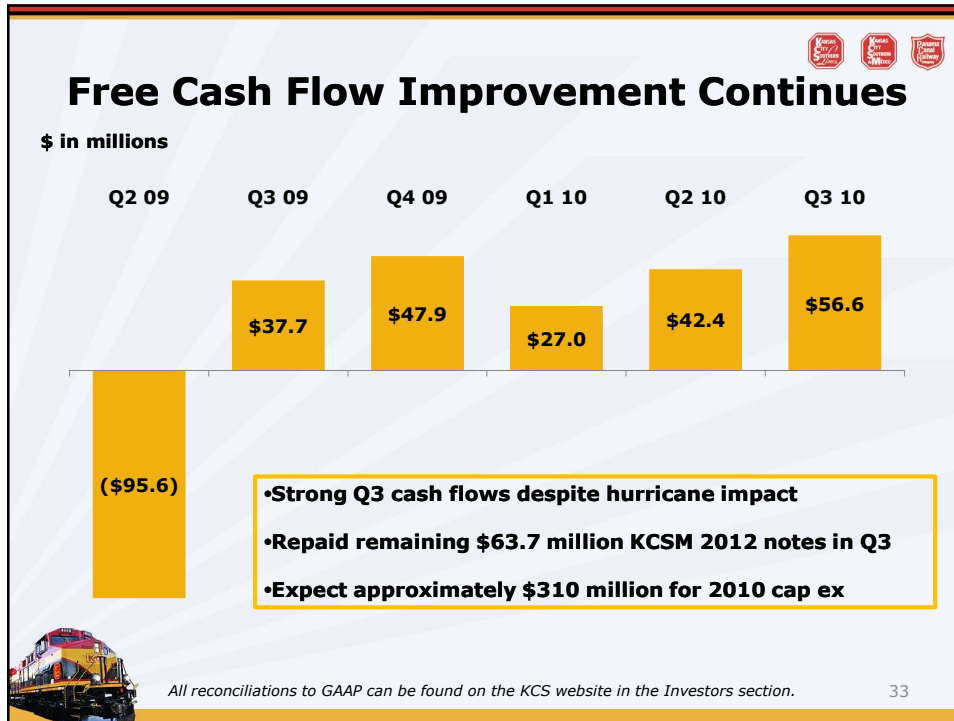
*Adjusted EPS reflects exclusion of debt retirement costs recorded in Q3
 All reconciliations to GAAP can be found on the KCS website in the Investors section.




28






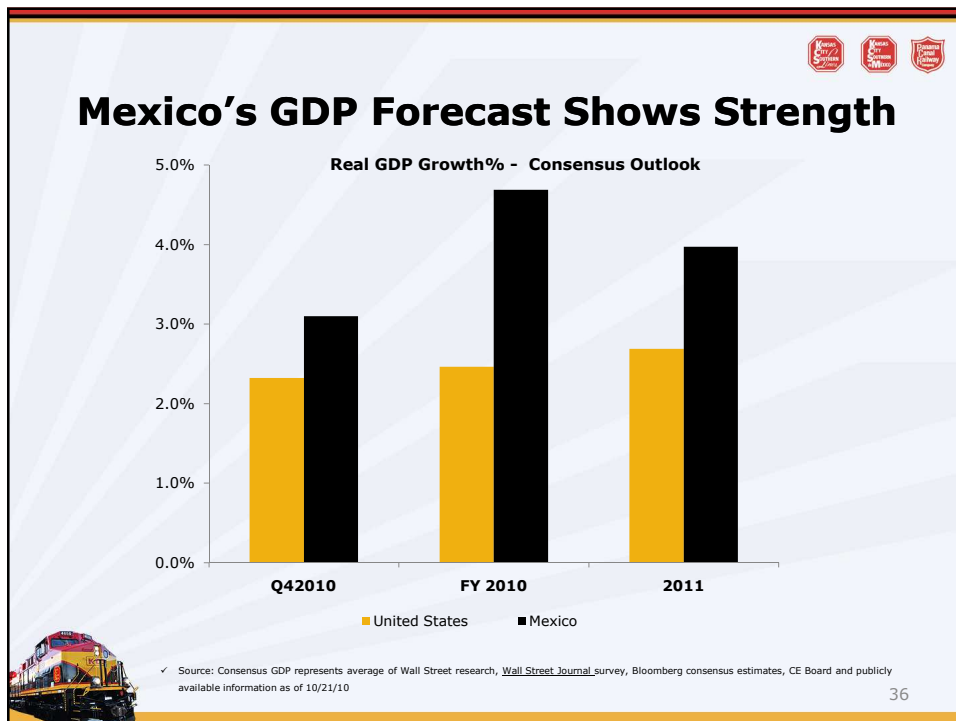




Mike Haverty Summary



35



www.kcsouthern.com

