

KANSAS CITY SOUTHERN FIRST QUARTER 2007 ANALYST PRESENTATION AND PRESS RELEASE
COMPUTATION OF VARIOUS NON-GAAP FINANCIAL MEASURES
(in millions)

Calculation of 2005 year to date earnings includes KCSM's first quarter 2005 amounts prior to its consolidation on April 1, 2005.

	As Reported March 31, 2005	KCSM 1st quarter	Non-GAAP 2005
Revenues	\$ 198.2	170.1	\$ 368.3
Depreciation and amortization	14.3	22.1	36.4
Casualties and insurance	12.7	2.2	14.9
KCSM employees' statutory profit sharing	-	0.5	0.5
Other operating expenses	146.4	119.1	265.5
Total operating expenses	<u>173.4</u>	<u>143.9</u>	<u>317.3</u>
Operating income (loss)	24.8	26.2	51.0
VAT/Put settlement gain, net	-	-	-
Other income (expense)	<u>(11.1)</u>	<u>(26.0)</u>	<u>(37.1)</u>
Income before income taxes	<u>13.7</u>	<u>0.2</u>	<u>13.9</u>
Income tax (benefit)	5.6	(1.1)	4.5
Minority interest	<u>-</u>	<u>(0.2)</u>	<u>(0.2)</u>
Net income	<u>8.1</u>	<u>1.1</u>	<u>9.2</u>
Preferred stock dividends	<u>2.2</u>	<u>-</u>	<u>2.2</u>
Net income available to common shareholders	<u>5.9</u>	<u>1.1</u>	<u>7.0</u>

Calculation of Earnings Before Interest, Income Taxes, Depreciation and Amortization and Non-cash Equity Earnings from Unconsolidated Subsidiaries (a)

	March 31, 2007	March 31, 2006
GAAP Net Income	\$ 22.2	\$ 12.9
Income tax expense	9.3	7.0
Interest expense	39.4	40.6
Gain in equity in earnings of unconsolidated subs - see (a) below	(1.1)	(0.5)
Depreciation and amortization	38.1	38.4
EBITDA	<u>\$ 107.9</u>	<u>\$ 98.4</u>

Calculation of interest expense

	March 31, 2007	March 31, 2006
GAAP Interest Expense	\$ 39.4	\$ 40.6
EBITDA	\$ 107.9	\$ 98.4
EBITDA Interest Coverage Ratio	<u>2.74</u>	<u>2.42</u>

(a) For purpose of consistency, the Company uses the format of EBITDA specified in its bank covenants which also excludes non-cash earnings from unconsolidated subsidiaries.

Reconciliation of Free Cash Flow to Net Cash Provided by Operating Activities

	March 31, 2007	March 31, 2006
Free Cash Flow	\$ 3.9	\$ 6.4
Proceeds from issuance of long-term debt	-	37.7
Repayment of long-term debt	(15.0)	(45.2)
Other financing activities	0.1	0.1
GAAP Net Increase (Decrease) in cash and cash equivalents	<u>\$ (11.0)</u>	<u>\$ (1.0)</u>