

**KANSAS CITY SOUTHERN FOURTH 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 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.

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.

	Year Ended December 31, 2009	Nine Months Ended September 30, 2009	Six Months Ended June 30, 2009	Three Months Ended December 31, 2009	Three Months Ended September 30, 2009	Three Months Ended June 30, 2009	Three Months Ended March 31, 2009
<b>Reconciliation of Free Cash Flow (Deficit) to Net Increases (Decreases) in Cash and Cash Equivalents:</b>							
Net cash provided by (used for) operating activities - see (a) below	\$ 292.9	\$ 208.7	\$ 87.1	\$ 84.2	\$ 121.6	\$ 6.7	\$ 80.4
Net cash used for investing activities - see (a) below	(346.4)	(312.8)	(231.7)	(33.6)	(81.1)	(99.6)	(132.1)
Preferred stock dividends paid	(11.0)	(8.3)	(5.5)	(2.7)	(2.8)	(2.7)	(2.8)
Free cash flow (deficit) - see (b) below	(64.5)	(112.4)	(150.1)	47.9	37.7	(95.6)	(54.5)
Proceeds from issuance of long-term debt	202.1	189.8	189.8	12.3	-	(24.2)	214.0
Repayment of long-term debt	(319.1)	(264.5)	(250.1)	(54.6)	(14.4)	(11.4)	(238.7)
Other financing activities	69.1	66.1	42.8	3.0	23.3	51.8	(9.0)
GAAP net increases (decreases) in cash and cash equivalents	<u>\$ (112.4)</u>	<u>\$ (121.0)</u>	<u>\$ (167.6)</u>	<u>\$ 8.6</u>	<u>\$ 46.6</u>	<u>\$ (79.4)</u>	<u>\$ (88.2)</u>
<b>Reconciliation of Net Cash from (Used for) Operations to Net Cash Provided by (Used For) Operating Activities:</b>							
Net cash from (used for) operations - see (c) below	\$ 226.6	\$ 143.7	\$ 39.1	\$ 82.9	\$ 104.6	\$ (24.7)	\$ 63.8
Adjustment for capital accruals included in accounts payable and accrued liabilities							
Beginning of period	91.2	91.2	91.2	26.2	43.2	74.6	91.2
End of period	(24.9)	(26.2)	(43.2)	(24.9)	(26.2)	(43.2)	(74.6)
Net cash provided by (used for) operating activities - see (a) below	<u>\$ 292.9</u>	<u>\$ 208.7</u>	<u>\$ 87.1</u>	<u>\$ 84.2</u>	<u>\$ 121.6</u>	<u>\$ 6.7</u>	<u>\$ 80.4</u>
<b>Reconciliation of Capital Spending to Cash Capital Expenditures:</b>							
Capital spending - see (c) below	\$ 282.9	\$ 234.2	\$ 179.8	\$ 48.7	\$ 54.4	\$ 79.9	\$ 99.9
Adjustment for capital accruals included in accounts payable and accrued liabilities							
Beginning of period	91.2	91.2	91.2	26.2	43.2	74.6	91.2
End of period	(24.9)	(26.2)	(43.2)	(24.9)	(26.2)	(43.2)	(74.6)
Cash capital expenditures - see (a) below	<u>\$ 349.2</u>	<u>\$ 299.2</u>	<u>\$ 227.8</u>	<u>\$ 50.0</u>	<u>\$ 71.4</u>	<u>\$ 111.3</u>	<u>\$ 116.5</u>

(a) Adjusted for reclassification as discussed in the 2009 Form 10-K.

(b) 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.

(c) The Company manages its capital investment program based on when spending is incurred (accrual basis), while the related cash payments are managed under an overall cash management process. Accordingly, the Company believes it is meaningful to provide information regarding accrued capital expenditures in addition to cash capital expenditures, as presented in the consolidated statement of cash flows.