

KANSAS CITY SOUTHERN FOURTH QUARTER 2008 ANALYST PRESENTATION AND PRESS RELEASE
RECONCILIATION TO GAAP
(in millions)

KCS reports 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.

	For the years ended:	
	December 31, 2008	December 31, 2007
Reconciliation of Free Cash Flow to Net Increases (Decreases) in Cash and Cash Equivalents:		
Net cash provided by operating activities	\$ 455.7	\$ 381.5
Net cash used for investing activities	(580.7)	(380.5)
Dividends paid	(15.2)	(23.3)
Free cash flow - see (a) below	(140.2)	(22.3)
Proceeds from issuance of long-term debt	580.1	326.6
Repayment of long-term debt	(262.8)	(311.3)
Other financing activities	(2.7)	(16.5)
GAAP Net Increase (Decrease) in cash and cash equivalents	<u>\$ 174.4</u>	<u>\$ (23.5)</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.