KANSAS CITY SOUTHERN

MARS Summer Meeting

Resurgence – Together We Grow

USMCA at One – The Opportunity for North America

Patrick Ottensmeyer, President & CEO

July 13, 2021

Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. In addition, management may make forward-looking statements orally or in other writing, including, but not limited to, in press releases, quarterly earnings calls, executive presentations, in the annual report to stockholders and in other filings with the Securities and Exchange Commission. Readers can usually identify these forward-looking statements by the use of such words as "may," "will," "should," "likely," "plans," "projects," "expects," "anticipates," "believes" or similar words. These statements involve a number of risks and uncertainties. Actual results could materially differ from those anticipated by such forward-looking statements as a result of a number of factors or combination of factors including, but not limited: public health threats or outbreaks of communicable diseases, such as the ongoing COVID-19 pandemic and its impact on KCS's business, suppliers, consumers, customers, employees and supply chains; rail accidents or other incidents or accidents on KCS's rail network or at KCS's facilities or customer facilities involving the release of hazardous materials, including toxic inhalation hazards; legislative and regulatory developments and disputes, including environmental regulations; loss of the rail concession of Kansas City Southern's subsidiary, Kansas City Southern de México, S.A. de C.V.; domestic and international economic, political and social conditions; disruptions to the Company's technology infrastructure, including its computer systems; increased demand and traffic congestion; the level of trade between the United States and Asia or Mexico; fluctuations in the peso-dollar exchange rate; natural events such as severe weather, hurricanes and floods; the outcome of claims and litigation involving the Company or its subsidiaries; competition and consolidation within the transportation industry; the business environment in industries that produce and use items shipped by rail; the termination of, or failure to renew, agreements with customers, other railroads and third parties; fluctuation in prices or availability of key materials, in particular diesel fuel; access to capital; climate change and the market and regulatory responses to climate change; dependency on certain key suppliers of core rail equipment; changes in securities and capital markets; unavailability of qualified personnel; labor difficulties, including strikes and work stoppages; acts of terrorism or risk of terrorist activities, war or other acts of violence; and other factors affecting the operation of the business; and other risks identified in this presentation, in KCS's Annual Report on Form 10-K for the year ended December 31, 2020, and in other reports filed by KCS with the Securities and Exchange Commission.

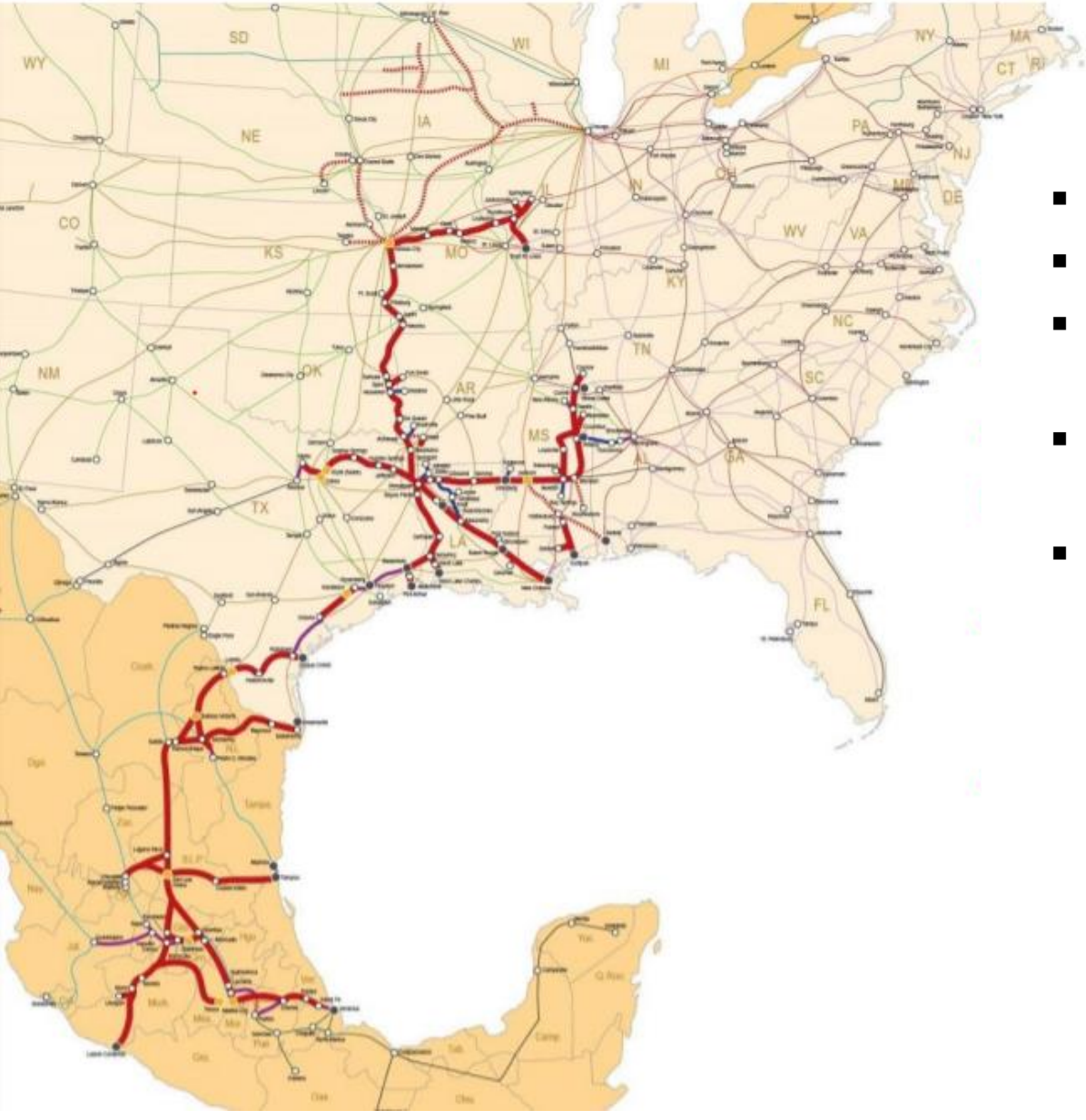
Forward-looking statements reflect the information only as of the date on which they are made. KCS does not undertake any obligation to update any forward-looking statements to reflect future events, developments, or other information.

Reconciliation to U.S. GAAP Financial Information

In addition to disclosing financial results in accordance with U.S. GAAP, the accompanying presentation contains non-GAAP financial measures. These non-GAAP measures should be viewed as a supplement to and not a substitute for our U.S. GAAP measures of performance and liquidity, and the financial results calculated in accordance with U.S. GAAP and reconciliations from these results should be carefully evaluated. All reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP can be found on the KCS's website in the Investors section.

This presentation contains forecasted financial measures within. Operating Ratio, Adjusted Diluted Earnings per Share, and Free Cash Flow are non-GAAP financial measures. The Company did not reconcile these forecasted financial measures to the most comparable GAAP measure because certain information necessary to calculate such measures on a GAAP basis was unavailable or dependent on the timing of future events outside of the Company's control. At the time the Company made these forward looking statements, the GAAP numbers included the strengthening or weakening of the Mexican Peso to U.S. Dollar and changes in fuel price, both of which could have a significant impact on the Company's consolidated results. Therefore, the Company was unable to reconcile, without unreasonable efforts, the forecasted financial measures to the most comparable GAAP measure.

The KCS Network



- Founded in 1887
- 6,700 route miles
- Seamless cross-border network
- Service to 12 Gulf ports and 1 Pacific Ocean port
- Service to more than 140 transload centers and 11 intermodal ramps

"USMCA is the gold standard by which all future agreements will be judged, and citizens of all three countries will benefit for years to come."

U.S. Trade Representative Robert Lighthizer

On June 19, 2019, the Senate passed the Protocol to replace the NAFTA with the United States-Mexico-Canada Agreement (USMCA).

The House of Representatives passed the agreement on December 19, 2019, whereas the Mexican Senate passed the USMCA on January 16, 2020.

The Canadian House of Commons and the Senate passed the USMCA Implementation Act on March 13, 2020.

The Thesis for North America

- The "Dark Cloud" of uncertainty regarding NAFTA has gone away
  - USMCA is in force for **at least** 16 years
- There is clear evidence that supply chain strategies are changing:
  - Trade tensions between the US and China
  - Coronavirus Global Health Pandemic
  - Global supply chains are being de-risked
  - ABC strategy → anywhere but China

North American Reshoring Index - Kearney

Gauging Reshoring Intent
(survey of 120 US manufacturing executives)

Survey findings of note:

- 49% agreed or strongly agreed that the benefits of onshore production outweigh the higher labor costs
- 52% reported that COVID disrupted global supply chains, their company increased domestic manufacturing/sourcing of products
- 48% agreed or strongly agreed that current domestic policies and international trade policies sufficiently encourage reshoring and investment in domestic facilities
- 47% said their company will strive to diversify its supply chain over the next 3 years to reduce dependence on a single country source or manufacturing location
- 41% said they will specifically strive to reduce dependence on China for manufacturing

*Source: https://www.kearney.com/operations-performance-transformation/us-reshoring-index

Still, 40% of Cargo Coming Through LA/LB is from China

'I've Never Seen Anything Like This': Chaos Strikes Global Shipping
The New York Times - March 7, 2021

*Source: The New York Times, March 7, 2021

The confluence of these events presents a unique opportunity for North America to emerge as an even more powerful force in global manufacturing and trade.

The Dallas Morning News

"To maximize the benefits of USMCA, the U.S. must better coordinate policy with Mexico and Canada"

Health and manufacturing policies should involve open, ongoing dialogue.

On Wednesday, the new United States-Mexico-Canada Agreement, or USMCA, will officially enter into force and replace the 26-year-old North American Free Trade Agreement.

In order to completely capitalize on this new North American moment and realize the full benefits afforded by USMCA, government leaders should commit to establishing a framework that will facilitate better coordination of issues and policies on an ongoing basis.

There is a model for the framework I am describing. The U.S.-Mexico High Level Economic Dialogue, established in 2013, was formed to advance economic and commercial priorities central to promoting mutual economic growth, job creation and global competitiveness for both the United States and Mexico.

The Dallas Morning News OpEd, July 1, 2020 - Patrick Ottensmeyer

A Very Good First Step!

On March 1, 2021, President Biden and Mexican President Andres Manuel Lopez Obrador conducted their first (virtual) bilateral meeting. They did not miss the opportunity to establish the necessary framework for a high level, dynamic engagement to keep USMCA current, relevant and properly aligned with the best interests of our societies, as they agreed to re-start the High Level Economic Dialogue (HLED) to further mutual goals. They agreed to strengthen supply chain resilience and security.

The region's economic recovery and long-term prosperity depend on a healthy bi-lateral relationship, **with private sector participation and an eye toward creating a more resilient manufacturing and supply chain strategy for North America.**

Source: Railway Age March Edition
Patrick Ottensmeyer

USMCA At One: Summary

- COVID-19 severely impacted the first year of implementation
- Borders closed and supply chains shut down. Political transition In United States was another "speed bump"
- All three nations believe the agreement serves as an important framework to build a stronger North American trading block
- Provides greater certainty to businesses across the continent, with rules for dispute resolution and requires periodic renewal
- Key provisions, such as those regarding labor, digital trade, SMEs and trade facilitation are being developed and will require continued engagement.
- The implementation process will be ongoing and dynamic

USMCA At One: North American Trade Minister Roundtable – The Wilson Center

Ambassador Katherine Tai

United States Trade Representative

Encouraged private sector participation at the "big table" that will be the venue for implementation and continuous renewal.

Secretary Tatiana Clouthier Carrillo

Mexican Secretary of Economy

"Restructuring of supply chains to leverage supplemental capabilities" of Mexico, the United States and Canada

The Honourable Mary Ng

Minister of Small Business, Export Promotion and International Trade, Canada

Cited the "landmark" proposed merger of CN and KCS as an example of the positive investment climate and outlook for North America.

CN and KCS – The Premier North American Railroad for the New North American Moment

"Together We Grow" –
With Shippers, Employees, Communities and Nations

- Drive New Investment
- Facilitate Nearshoring
- Strengthen Supply Chains

THE HILL

The Hill – June 24, 2021

Rail Merger is Key to Economic Growth, Supply Chain Security

"One of the lessons of the coronavirus pandemic is that shorter supply chains are vital. This is especially true as global supply chain bottlenecks have choked the flow of everything from computer chips to breakfast cereal. "

"Our track would directly connect Detroit to the heart of Mexico, giving U.S. manufacturers more competitive routes and the ability to create U.S. jobs as they meet new domestic and regional content requirements under the USMCA."

"Our combination would also be good for the environment, we believe. "
"We have calculated that for a single route, from San Luis Potosi, Mexico to Detroit, Mich., moving freight from trucks to trains would save 260,000 tons of carbon dioxide per year, the equivalent of the average annual emissions of more than 300 long-haul trucks."

By Jean-Jacques Ruest and Patrick Ottensmeyer, Opinion Contributors, June 24, 2021

CN-KCS: Safer. Faster. Cleaner. Stronger.

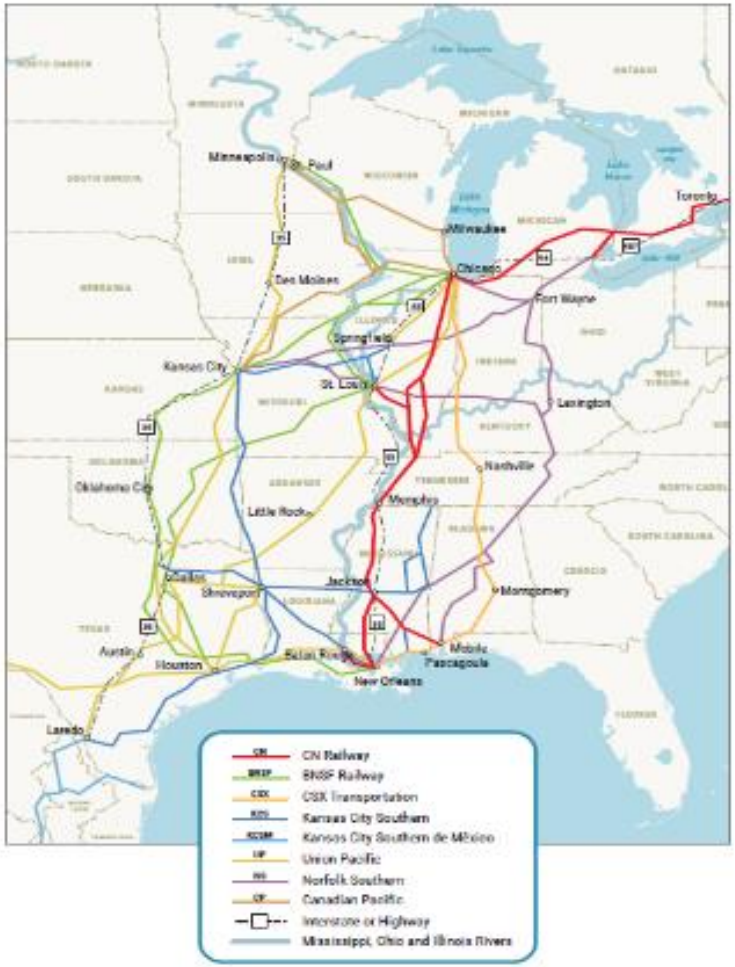
A Fully End-to-End Merger

- Preserve all existing gateways & create new single-line routes
- Specific supply chain benefits
- Significant environmental benefits
- Support across broad stakeholder network
- We are committed to work with the STB to address any demonstrated concerns

CN and KCS Combination is Pro-Competitive and Will Benefit All Stakeholders

- **Pro-competitive** deal will deliver more choices to customers through the creation of new, single line service options, including direct and efficient rail options for truck freight between the U.S., Canada and Mexico
- Keeping **gateways open on commercially reasonable terms** is a major commitment that will ensure continued competition
- End-to-end merger seeks to create **greater price transparency**
- We believe voting trust meets STB insulation from control and public interest requirements
- Combination creates compelling opportunity – targeting $1B EBITDA synergies, **primarily from growth**
- There is widespread support for the merger, with over 1,750 letters of support filed with the STB

CN and KCS Creates New Single-Line North South Routing Options



- CN KCS north-south lines serve distinct markets
- Multiple direct rail, road and barge routes create modal and rail choice.
- More direct gateway connections creates new east-west competition
- New access to the combined CN KCS multimodal footprint

More Service, More Options, More Resilience, Lower Cost

CN Voting Trust Clears STB New Merger Rules Tests. It Should Be Approved

By William Clyburn, Jr.
June 8, 2021
Class 1, Freight News Regulatory, Short Lines & Regionals, Switching & Terminals

"Having been one of the three Surface Transportation Board (STB) Members who voted on the 2001 Major Merger Rules, it seems clear to me that the CN voting trust satisfies the new rules requirements addressing "unlawful control" and the "public interest" when deciding to approve or reject a voting trust. "

Why CN's Open Gateways Offer is a Big Deal

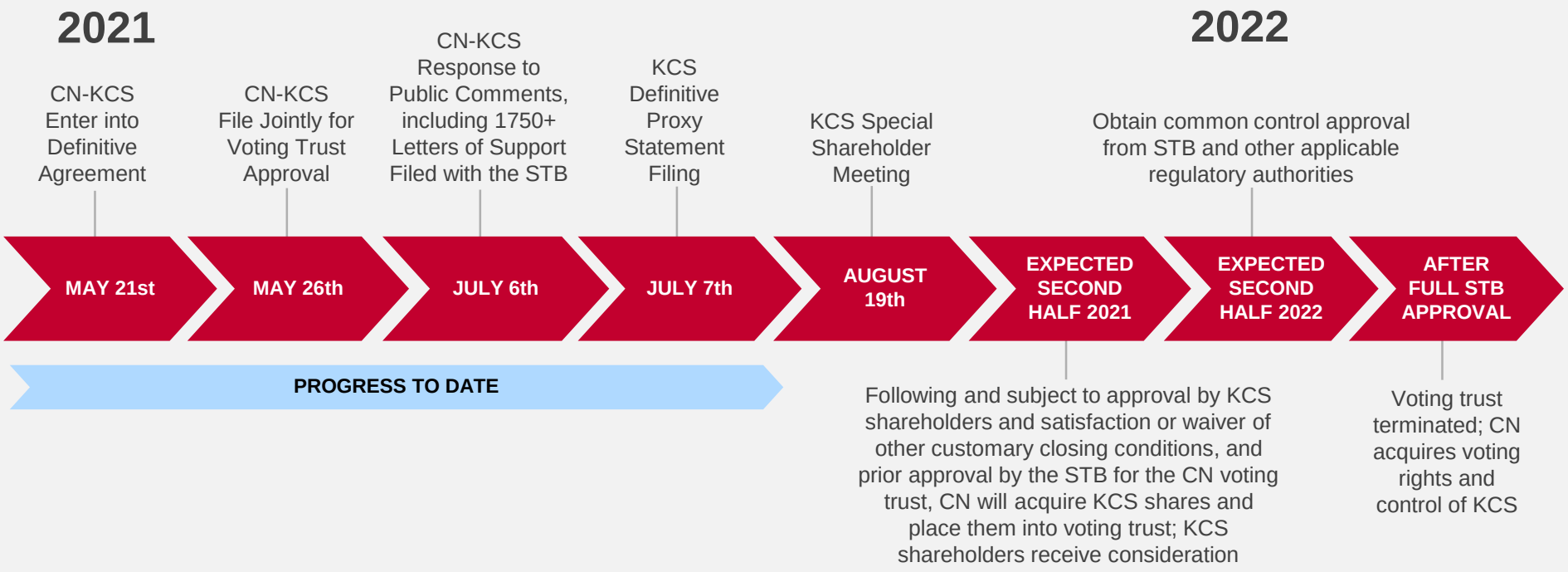
By Dr. William Huneke, Consulting Economist
June 22, 2021
Railway Age

"CN's offer to keep gateways open on commercially reasonable terms is not getting the attention that it is due. This offer is a key part of its proposal to combine with Kansas City Southern—a transaction that significantly enhances competition…."

Executive Order: Promoting Competition in the American Economy

- The CN/KCS merger enhances competition and is fully consistent with President Biden's Executive Order, which is focused on promoting a "fair, open and competitive marketplace."
- STB's current major merger rules requiring proof of "enhanced competition" are consistent with the Executive Order's focus
- KCS and CN will demonstrate that a CN-KCS combination will create more choices for freight customers and enhance competition both with larger railroads and with trucking providers
- KCS and CN look forward to working closely with the Biden Administration, the STB and the other relevant regulatory bodies to deliver this pro-competitive transaction

Path to Completion - Expected Second-Half 2022



With 1750+ statements of support received, customers across all industries will benefit from the end-to-end CN-KCS combination that will expand North American trade and power economic prosperity. Unprecedented pro-competitive commitments will deliver more choices and provide all market participants, railroads and shippers a fair chance to compete. For more information on the transaction and the benefits it is expected to bring to the full range of stakeholders, visit ConnectedContinent.com

connectedcontinent.com