

| FOR STB USE ONLY  |  |  |  |  | FORM                    | QUARTER       |                  |                |                | YEAR               | SURFACE TRANSPORTATION BOARD<br>QUARTERLY CONDENSED BALANCE SHEET<br>RAILROADS |                  |  |  |
|---|--|--|--|--|-------------------------|---------------|------------------|----------------|----------------|--------------------|--|------------------|--|--|
|   |  |  |  |  | CBS                     | 1st           | 2nd              | 3rd            | 4th            | 2011               |  |                  |  |  |
| FULL NAME AND ADDRESS OF REPORTING RAILROAD (If a system report, names of all operating roads included should be shown under (REMARKS))   |  |  |  |  |                         |               |                  |                |                |                    |  |                  |  |  |
| <b>25 000 352 Kansas City 10 134500</b><br><b>Kansas City Southern Railway &amp; Controlled Companies</b><br><b>427 West 12th Street, P. O. Box 219335</b><br><b>Kansas City, Missouri 64121-9335</b> |  |  |  |  |                         |               |                  |                |                |                    |  |                  |  |  |
| DESCRIPTIONS<br>(a)   |  |  |  |  |                         |               |                  |                |                | CODE<br>NO.        | BALANCE AT END OF QUARTER  |                  |  |  |
|   |  |  |  |  |                         |               |                  |                |                |                    | THIS YEAR<br>(b)   | LAST YEAR<br>(c) |  |  |
| <b>ASSETS</b>   |  |  |  |  |                         |               |                  |                |                |                    |  |                  |  |  |
| Cash (Account 701)  |  |  |  |  |                         |               |                  |                |                | 1                  | 120,919  | 38,675           |  |  |
| Temporary cash investments and Special Deposits (Accounts 702 and 703)  |  |  |  |  |                         |               |                  |                |                | 2                  | 0  | 0                |  |  |
| Accounts Receivable (Accounts 704 - 709.5)  |  |  |  |  |                         |               |                  |                |                | 3                  | 312,213  | 289,454          |  |  |
| Prepayments and working funds (Accounts 710, 711, and 714)  |  |  |  |  |                         |               |                  |                |                | 4                  | 59,684   | 50,507           |  |  |
| Materials and supplies (Account 712)  |  |  |  |  |                         |               |                  |                |                | 5                  | 82,967   | 71,165           |  |  |
| Other current assets (Account 713)  |  |  |  |  |                         |               |                  |                |                | 6                  | 0  | 0                |  |  |
| <b>Total Current Assets</b>   |  |  |  |  |                         |               |                  |                |                | 7                  | <b>575,783</b>   | <b>449,801</b>   |  |  |
| Special funds and other investments and advances (Accts. 715 - 717 & 722 - 724)   |  |  |  |  |                         |               |                  |                |                | 8                  | 15,363   | 28,503           |  |  |
| Investments and advances: affiliated companies (Accounts 721, 721.9)  |  |  |  |  |                         |               |                  |                |                | 9                  | 32,888   | 32,810           |  |  |
| Transportation property - net (Accounts 731 - 736)  |  |  |  |  |                         |               |                  |                |                | 10                 | 2,707,284  | 2,513,597        |  |  |
| Property used in other than carrier operations (Accounts 737 and 738)   |  |  |  |  |                         |               |                  |                |                | 11                 | 14,209   | 15,166           |  |  |
| Other assets and deferred debits (Accounts 739, 741, 743, and 744)  |  |  |  |  |                         |               |                  |                |                | 12                 | 67,138   | 55,782           |  |  |
| <b>Total Assets</b>   |  |  |  |  |                         |               |                  |                |                | 13                 | <b>3,412,665</b>   | <b>3,095,659</b> |  |  |
| <b>LIABILITIES</b>  |  |  |  |  |                         |               |                  |                |                |                    |  |                  |  |  |
| Current liabilities (Accounts 751 - 761.5, 762, 763, and 764)   |  |  |  |  |                         |               |                  |                |                | 14                 | 652,515  | 555,856          |  |  |
| Long term debt due after one year (Accounts 765 - 770.2)  |  |  |  |  |                         |               |                  |                |                | 15                 | 1,251,707  | 1,246,716        |  |  |
| Deferred revenues - Transfers from governmental authorities (Account 783)   |  |  |  |  |                         |               |                  |                |                | 16                 | 22,126   | 12,886           |  |  |
| Accumulated deferred income tax credits (Account 786)   |  |  |  |  |                         |               |                  |                |                | 17                 | 642,969  | 549,377          |  |  |
| Other liabilities and deferred credits (Accts. 771, 772, 774, 775, 781, 782 and 784)  |  |  |  |  |                         |               |                  |                |                | 18                 | 81,854   | 100,394          |  |  |
| <b>Total Liabilities</b>  |  |  |  |  |                         |               |                  |                |                | 19                 | <b>2,651,171</b>   | <b>2,465,229</b> |  |  |
| <b>SHAREHOLDERS EQUITY</b>  |  |  |  |  |                         |               |                  |                |                |                    |  |                  |  |  |
| Capital stock (Accounts 791 - 793)  |  |  |  |  |                         |               |                  |                |                | 20                 | 57,514   | 57,514           |  |  |
| Additional capital (Accounts 794 and 795)   |  |  |  |  |                         |               |                  |                |                | 21                 | 507,004  | 504,343          |  |  |
| Retained earnings (Accounts 797, 798, and 798.1)  |  |  |  |  |                         |               |                  |                |                | 22                 | 197,789  | 72,317           |  |  |
| Less: Treasury stock (Account 798.5)  |  |  |  |  |                         |               |                  |                |                | 23                 | 3,787  | 3,787            |  |  |
| Equity in undistributed earnings (losses) of affiliated companies   |  |  |  |  |                         |               |                  |                |                | 24                 | 2,974  | 43               |  |  |
| <b>Total Shareholders Equity</b>  |  |  |  |  |                         |               |                  |                |                | 25                 | <b>761,494</b>   | <b>630,430</b>   |  |  |
| <b>Total Liabilities and Shareholders Equity</b>  |  |  |  |  |                         |               |                  |                |                | 26                 | <b>3,412,665</b>   | <b>3,095,659</b> |  |  |
| GROSS EXPENDITURES FOR<br>ADDITIONS AND BETTERMENTS<br>(Accounts 731 and 732)   |  |  |  |  | FIGURES FOR THE QUARTER |               |                  |                |                | CUMULATIVE FIGURES |  |                  |  |  |
|   |  |  |  |  | THIS YEAR<br>(a)        |               | LAST YEAR<br>(b) |                |                | THIS YEAR<br>(c)   |  | LAST YEAR<br>(d) |  |  |
| Road  |  |  |  |  | 67,529                  | 55,444        | 27               | 174,869        |                | 137,916            |  |                  |  |  |
| Equipment   |  |  |  |  | 2,050                   | 2,229         | 28               | 11,802         | 8,463          |                    |  |                  |  |  |
| <b>Total</b>  |  |  |  |  | <b>69,579</b>           | <b>57,673</b> | 29               | <b>186,671</b> | <b>146,379</b> |                    |  |                  |  |  |
| No. of Revenue Tons Carried   |  |  |  |  | FIGURES FOR QUARTER     |               |                  |                |                | CUMULATIVE FIGURES |  |                  |  |  |
|   |  |  |  |  |                         |               |                  |                |                |                    |  |                  |  |  |
|   |  |  |  |  |                         |               | 30               | 19,245,823     |                | 57,780,636         |  |                  |  |  |
| No. of Revenue Tons Carried One Mile (thousands)  |  |  |  |  |                         |               | 31               | 7,814,965      | 23,537,398     |                    |  |                  |  |  |

INSTRUCTIONS

1. Under order of the Board, Class I railroads, excluding switching and terminal companies, are required to file quarterly reports of balance sheet items, Form CBS, in duplicate, in the Bureau of Accounts, Surface Transportation Board, Washington, D.C. 20423, within 30 days after the close of each quarter. Reports should be prepared on a calendar quarter basis beginning with the first day of January, April, July, and October.
2. The items reported on Form CBS should be taken from and agree with the accounts kept in conformity with current Uniform System of Accounts for Railroad Companies prescribed by the Surface Transportation Board. Report undistributed earnings from certain investments in account 721, in accordance with Docket No. 35949. The Equity Method of Accounting for Certain Long-Term Investments in Common Stocks. The account numbers refer to the accounts in the Uniform System of Accounts. Reverse items should be shown in parentheses. Dollar amounts should be shown in Thousands.
3. Unusual transactions or items which reflect an important change in the financial condition of the carrier should be identified and explained in a footnote under "Remarks."
4. The certification must be completed by an officer of the carrier.

It is estimated that an average of 6 burden hours per response are required to complete this collection of information. This estimate includes time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Comments concerning the accuracy of this burden estimate or suggestions for reducing this burden should be directed to the Section of Administrative Services, Surface Transportation Board and the Office of Information and Regulatory Affairs, Office of Management and Budget.

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**REMARKS**

Operating Companies Included in Report:  
**Kansas City Southern Railway Company**  
**Gateway Eastern Railway Company**  
**Texas Mexican Railway Company**  
**Meridian Speedway LLC**  
**Trans-Serve, Inc. d/b/a Superior Tie and Timber**

I, THE UNDERSIGNED, **Mary K. Stadler, Senior Vice President and Chief Accounting Officer** of  
(Name and Title of officer in charge of accounts)  
 the **KANSAS CITY SOUTHERN RAILWAY & CONTROLLED COMPANIES** state  
(Full name of reporting company)

that this report was prepared by me or under my supervision; that I have carefully examined it; and on the basis of my knowledge, belief, and verification (where necessary) declare it to be a full, true, and correct statement of the balance sheet accounts named, and that the various items here reported were determined in accordance with effective rules promulgated by the Surface Transportation Board.

Signature \_\_\_\_\_

Telephone Number **(816) 983 - 1371**  
(Area Code) (Number)

Date **October 28, 2011**