

KANSAS CITY SOUTHERN
Form 4
March 02, 2009

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
HAVERTY MICHAEL R

(Last) (First) (Middle)

KANSAS CITY SOUTHERN, PO
BOX 219335

(Street)

KANSAS CITY, MO 64121-9335

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

KANSAS CITY SOUTHERN [KSU]

3. Date of Earliest Transaction (Month/Day/Year)

02/26/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

Chairman & CEO

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V Amount (A) or (D) Price | | | |
| Common Stock | 02/20/2009 | | G | V 160,000 (1) D \$ 0 | 916,849 (2) | D | |
| Common Stock | 02/20/2009 | | G | V 160,000 (1) A \$ 0 | 160,000 | I | Held by spouse. |
| Common Stock | 02/20/2009 | | G | V 160,000 (3) D \$ 0 | 0 | I | Held by spouse. |
| Common Stock | 02/26/2009 | | A | 24,063 (4) A \$ 0 | 940,912 (5) | D | |
| Common Stock | 02/26/2009 | | A | 8,244 A \$ 0 | 949,156 (5) | D | |

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| | | | |
|--------------|-----------|---|--|
| Common Stock | 11,032.52 | I | Held by 401(k) and P/S Plan <u>(6)</u> |
| Common Stock | 29,746.07 | I | Held by ESOP <u>(7)</u> |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Option (Right to Buy) <u>(8)</u> | \$ 5.75 | | | | | 07/13/2001 07/12/2010 | Common Stock | 638,366 |
| LSAR <u>(8)</u> | \$ 5.75 | | | | | <u>(8)</u> <u>(8)</u> | Common Stock | 638,366 |
| Option (Right to Buy) <u>(8)</u> | \$ 14.34 | | | | | 02/27/2001 02/26/2011 | Common Stock | 12,363 |
| LSAR <u>(8)</u> | \$ 14.34 | | | | | <u>(8)</u> <u>(8)</u> | Common Stock | 12,363 |
| Option (Right to Buy) <u>(8)</u> | \$ 13.42 | | | | | 02/06/2002 02/05/2012 | Common Stock | 13,207 |
| LSAR <u>(8)</u> | \$ 13.42 | | | | | <u>(8)</u> <u>(8)</u> | Common Stock | 13,207 |
| Option (Right to Buy) <u>(8)</u> | \$ 12.55 | | | | | 01/16/2003 01/15/2013 | Common Stock | 15,901 |

| | | | | | |
|--|------------------------------------|--------------------|--------------------|--------------|---------|
| LSAR ⁽⁸⁾ | \$ 12.55 | <u>(8)</u> | <u>(8)</u> | Common Stock | 15,901 |
| Option (Right to Buy) ⁽⁸⁾ | \$ 12.55 | 01/16/2008 | 01/15/2013 | Common Stock | 90,000 |
| LSAR ⁽⁸⁾ | \$ 12.55 | <u>(8)</u> | <u>(8)</u> | Common Stock | 90,000 |
| Option (Right to Buy) ⁽⁸⁾ | \$ 14.6 | 01/02/2005 | 01/01/2014 | Common Stock | 90,000 |
| LSAR ⁽⁸⁾ | \$ 14.6 | <u>(8)</u> | <u>(8)</u> | Common Stock | 90,000 |
| Option (Right to Buy) ⁽⁸⁾ | \$ 14.53 | 02/09/2004 | 02/08/2014 | Common Stock | 13,689 |
| LSAR ⁽⁸⁾ | \$ 14.53 | <u>(8)</u> | <u>(8)</u> | Common Stock | 13,689 |
| Variable pre-paid forward contract (put equivalent position) | <u>(9)</u> <u>(10)</u> <u>(11)</u> | <u>(9)(10)(11)</u> | <u>(9)(10)(11)</u> | Common Stock | 350,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|----------------|-------|
| | Director | 10% Owner | Officer | Other |
| HAVERTY MICHAEL R KANSAS CITY SOUTHERN PO BOX 219335 KANSAS CITY, MO 64121-9335 | X | | Chairman & CEO | |

Signatures

Brian P. Banks,
Attorney-in-fact

03/02/2009

 Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) 160,000 shares held in a joint account for Mr. Haverty and Mr. Haverty's wife, Mrs. Haverty, were distributed to an account held only by Mrs. Haverty.

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- Includes 648 shares acquired on January 1, 2009 through the KCS Employee Stock Purchase Plan and 46,878 performance shares that have been earned by the reporting person under KCS' 2007-2009 long-term incentive plan with respect to the 2007 performance period.
- (2) These performance shares will not vest until January 17, 2010. With respect to these performance shares, the reporting person does not have the right to vote, receive, or be entitled to receive, cash or non-cash dividends or any other beneficial rights as a shareholder of the Company.
- 160,000 shares held in the account held only by Mrs. Haverty were distributed to a grantor retained annuity trust established in 2009 (the "2009 GRAT") for which Mrs. Haverty is the grantor, but is not the trustee and does not have investment control over the shares. Mr. Haverty has determined that he will not voluntarily report the shares held in the 2009 GRAT.
- (3) These shares represent performance shares that were earned on February 26, 2009, when the KCS Compensation and Organization Committee determined the level at which the 2008 performance goals met. These performance shares will not vest until January 17, 2010. With respect to these shares, the reporting person does not have the right to vote, receive, or be entitled to receive, cash or non-cash dividends or any other beneficial rights as a stockholder of the company.
- (4) Includes 70,941 performance shares that have been earned by the reporting person under KCS' 2007-2009 long-term incentive plan with respect to the 2007 and 2008 performance periods. These performance shares will not vest until January 17, 2010. With respect to these shares, the reporting person does not have the right to vote, receive, or be entitled to receive, cash or non-cash dividends or any other beneficial rights as a shareholder of the Company.
- (5) A total of 11,032.515 shares have accrued to the reporting person's account under the Company's 401(k) and Profit Sharing Plan.
- (6) A total of 29,746.07 shares are held in the reporting person's account under the KCS Employee Stock Ownership Plan.
- (7) LSARs are granted in tandem with stock options. LSARs become exercisable only following a change-in-control of the Company in lieu of related options and are exercisable only for cash. LSARs terminate when the related options are exercised or terminated.
- (8) On November 16, 2006, the reporting person entered into Prepaid Variable Forward Purchase Agreements ("Agreements") with UBS Securities LLC ("Buyer"). The Agreements obligate the reporting person to deliver to Buyer up to 350,000 Common Shares in the aggregate (or an equivalent amount of cash, if elected by him) on the Maturity Date of the Agreements (i.e., in December, 2009, or an earlier date if the parties agree to terminate the Agreement early). In exchange for assuming this obligation, the reporting person received a cash payment equal to approximately \$7.9 million as of the date of entering into the Agreements (the actual amount to be determined upon completion of certain hedging transactions by Buyer). The reporting person pledged 350,000 Common Shares (the "Pledged Shares") to secure his obligations under the Agreements, and retained voting rights in the Pledged Shares during the period of the pledge. (Continued in footnote 10.)
- (9) The number of Common Shares to be delivered to Buyer on the Maturity Date, if the reporting person does not elect a cash settlement, is to be determined as follows, on the basis of prices of the Common Shares that are subject to adjustment for events specified in the Agreements: * If the price per share of the Common Shares on the Maturity Date is less than or equal to the volume weighted average price at which Buyer completes its hedge execution (the "Initial Price"), the reporting person will deliver to the Buyer the entire amount of Pledged Shares; * If the price per share of the Common Shares on the Maturity Date is between 100% of the Initial Price (the "Lower Limit") and 140% of the Initial Price (the "Upper Limit"), the reporting person will deliver to the Buyer a number of shares determined by multiplying the number of the Pledged Shares by the Lower Limit, and dividing the resulting number by the price of the Common Shares on the Maturity Date; or (Continued in footnote 11.)
- (10) * If the price per share of the Common Shares on the Maturity Date is greater than the Upper Limit, the reporting person will deliver to the Buyer a number of shares determined by reference to a formula specified in the Agreements that would result in the reporting person being obligated to deliver fewer than the number of Pledged Shares.
- (11)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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