

KANSAS CITY SOUTHERN
Form 4
August 05, 2008

FORM 4

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

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

OMB APPROVAL

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(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)

08/01/2008

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)
Common Stock	08/01/2008		M ⁽⁸⁾	V Amount (A) or (D) Price	\$ 5.75 1,200,420 ⁽²⁾	D	
Common Stock	08/01/2008		S ⁽⁸⁾	28,800 D	\$ 52.97 1,171,620 ⁽²⁾	D	
				(10)			
Common Stock	08/01/2008		S ⁽⁸⁾	3,600 D	\$ 53.91 1,168,020 ⁽²⁾	D	
				(11)			
Common Stock	08/01/2008		S ⁽⁸⁾	3,600 D	\$ 55.6 1,164,420 ⁽²⁾	D	
	07/31/2008		G	V 110,000 D	\$ 0 1,054,420 ⁽²⁾	D	

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Common
Stock

Common
Stock

Common
Stock

Common
Stock

11,032.52

I

Held by
401(k)
and P/S
Plan ⁽³⁾

29,732.65

I

Held by
ESOP ⁽⁴⁾

306,134

I

Held by
spouse

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

**Persons who respond to the collection of
information contained in this form are not
required to respond unless the form
displays a currently valid OMB control
number.**

SEC 1474
(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 Underlying Securities (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount Number Share
Option (Right to Buy) <u>(1)</u>	\$ 5.75	08/01/2008		M <u>(8)(9)</u>		36,000		07/13/2001	07/12/2010	Common Stock	36,
LSAR <u>(1)</u>	\$ 5.75	08/01/2008		J <u>(9)</u>		36,000		<u>(1)</u>	<u>(1)</u>	Common Stock	36,
Option (Right to Buy) <u>(1)</u>	\$ 14.34							02/27/2001	02/26/2011	Common Stock	12,
LSAR <u>(1)</u>	\$ 14.34							<u>(1)</u>	<u>(1)</u>	Common Stock	12,
Option (Right to Buy) <u>(1)</u>	\$ 13.42							02/06/2002	02/05/2012	Common Stock	13,
LSAR <u>(1)</u>	\$ 13.42							<u>(1)</u>	<u>(1)</u>	Common Stock	13,
	\$ 12.55							01/16/2003	01/15/2013		15,

Option (Right to Buy) <u>(1)</u>					Common Stock	
LSAR <u>(1)</u>	\$ 12.55	<u>(1)</u>	<u>(1)</u>		Common Stock	15,
Option (Right to Buy) <u>(1)</u>	\$ 12.55	01/16/2008	01/15/2013		Common Stock	90,
LSAR <u>(1)</u>	\$ 12.55	<u>(1)</u>	<u>(1)</u>		Common Stock	90,
Option (Right to Buy) <u>(1)</u>	\$ 14.6	01/02/2005	01/01/2014		Common Stock	90,
LSAR <u>(1)</u>	\$ 14.6	<u>(1)</u>	<u>(1)</u>		Common Stock	90,
Option (Right to Buy) <u>(1)</u>	\$ 14.53	02/09/2004	02/08/2014		Common Stock	13,
LSAR <u>(1)</u>	\$ 14.53	<u>(1)</u>	<u>(1)</u>		Common Stock	13,
Variable pre-paid forward contract (put equivalent position)	<u>(5)</u> <u>(6)</u> <u>(7)</u>	<u>(5)(6)(7)</u>	<u>(5)(6)(7)</u>		Common Stock	350

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

08/05/2008

 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) Limited Stock Appreciation Rights ("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.
- Includes 46,878 performance shares that were earned on February 28, 2008 when the KCS Compensation and Organization Committee determined that the 2007 performance goals were met. These performance shares will not vest until January 17, 2010 contingent upon continued employment by the reporting person through that date. 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.
- (2) 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.
- (3) A total of 29,732.645 shares are held in the reporting person's account under the KCS Employee Stock Ownership Plan.
- 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 3.)
- (5) 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 4.)
- (6) * 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.
- (7) The stock option exercise and sales reported in this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on November 9, 2007.
- (8) Options exercised in rule 16b-3 exempt transaction. LSARs canceled with respect to such shares.
- (9) The price in Column 4 is a weighted average price. The prices actually received ranged from \$52.74 to \$53.465. The reporting person will provide to the issuer, any security holder of the issuer, or the SEC staff, upon request, information regarding the number of shares sold at each price within the range.
- (10) The price in Column 4 is a weighted average price. The prices actually received ranged from \$53.8802 to \$53.9250. The reporting person will provide to the issuer, any security holder of the issuer, or the SEC staff, upon request, information regarding the number of shares sold at each price within the range.
- (11)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.