

NADLMAN JAY M
Form 4
January 23, 2006

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 *
NADLMAN JAY M

2. Issuer Name and Ticker or Trading Symbol
KANSAS CITY SOUTHERN [KSU]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

(Last) (First) (Middle)
KANSAS CITY SOUTHERN, PO BOX 219335
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
01/19/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Vice President & Secretary

KANSAS CITY, MO 64121-9335
(City) (State) (Zip)

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

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V Amount (D) Price | | | |
| Common Stock | 01/19/2006 | | A | 3,210 A \$ 0 | 17,309 ⁽³⁾ | D | |
| Common Stock | | | | | 5,772.272 | I | Held by ESOP ⁽¹⁾ |

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

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SEC 1474 (9-02)

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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. Price or Value of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|---|
| Option (Right to Buy) ⁽²⁾ | \$ 5.75 | | | | | 07/13/2003 07/12/2010 | Common Stock | 15,400 |
| LSAR ⁽²⁾ | \$ 5.75 | | | | | <u>(2)</u> <u>(2)</u> | Common Stock | 15,400 |
| Option (Right to Buy) ⁽²⁾ | \$ 5.75 | | | | | 07/13/2001 07/12/2010 | Common Stock | 27,000 |
| LSAR ⁽²⁾ | \$ 5.75 | | | | | <u>(2)</u> <u>(2)</u> | Common Stock | 27,000 |
| Option (Right to Buy) ⁽²⁾ | \$ 12.55 | | | | | 01/16/2008 01/15/2013 | Common Stock | 15,000 |
| LSAR ⁽²⁾ | \$ 12.55 | | | | | <u>(2)</u> <u>(2)</u> | Common Stock | 15,000 |
| Option (Right to Buy) ⁽²⁾ | \$ 14.6 | | | | | 01/02/2005 01/01/2014 | Common Stock | 8,000 |
| LSAR ⁽²⁾ | \$ 14.6 | | | | | <u>(2)</u> <u>(2)</u> | Common Stock | 8,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|----------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| NADLMAN JAY M KANSAS CITY SOUTHERN PO BOX 219335 KANSAS CITY, MO 64121-9335 | | | Vice President & Secretary | |

Signatures

Julie D. Powell,
Attorney-in-fact

01/23/2006

__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) 5,772.272 shares have accrued to my account under the KCS employee stock ownership plan.

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.

(3) Includes 544 shares acquired on December 31, 2005 through the KCS Employee Stock Purchase Plan.

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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