

KANSAS CITY SOUTHERN
Form 4
April 03, 2008

FORM 4

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

OMB APPROVAL

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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)

04/01/2008

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 or Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock | 04/01/2008 | | S ⁽⁸⁾ | | 36,000 | D | \$ 40.004 |
| Common Stock | 04/01/2008 | | M | | 36,000 | A | \$ 5.75 |
| Common Stock | | | | | 11,032.515 | I | |
| Common Stock | | | | | 29,732.645 | I | |
| | | | | | 306,134 | I | |

Held by 401(k) & P/S Plan ⁽¹⁾

Held by ESOP ⁽³⁾

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Common
Stock

Held by
spouse

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) | | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|---|-----------------|--------------|----------------------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount Number Shares |
| Option (Right to Buy) ⁽²⁾ | \$ 5.75 | 04/01/2008 | | M | | 36,000 | | 07/13/2003 | 07/12/2010 | Common Stock | 54,000 |
| LSAR ⁽²⁾ | \$ 5.75 | 04/01/2008 | | M | | 36,000 | | ⁽²⁾ | ⁽²⁾ | Common Stock | 54,000 |
| Option (Right to Buy) ⁽²⁾ | \$ 5.75 | | | | | | | 07/13/2001 | 07/12/2010 | Common Stock | 990,000 |
| LSAR ⁽²⁾ | \$ 5.75 | | | | | | | ⁽²⁾ | ⁽²⁾ | Common Stock | 990,000 |
| Option (Right to Buy) ⁽²⁾ | \$ 14.34 | | | | | | | 02/27/2001 | 02/26/2011 | Common Stock | 12,360 |
| LSAR ⁽²⁾ | \$ 14.34 | | | | | | | ⁽²⁾ | ⁽²⁾ | Common Stock | 12,360 |
| Option (Right to Buy) ⁽²⁾ | \$ 13.42 | | | | | | | 02/06/2002 | 02/05/2012 | Common Stock | 13,200 |
| LSAR ⁽²⁾ | \$ 13.42 | | | | | | | ⁽²⁾ | ⁽²⁾ | Common Stock | 13,200 |
| Option (Right to Buy) ⁽²⁾ | \$ 12.55 | | | | | | | 01/16/2003 | 01/15/2013 | Common Stock | 15,900 |
| LSAR ⁽²⁾ | \$ 12.55 | | | | | | | ⁽²⁾ | ⁽²⁾ | Common Stock | 15,900 |

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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) 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

- (4) 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 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

- (5) 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 6.)

- (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.

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

- (7) 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.
- (8) The 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.

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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