KANSAS CITY SOUTHERN

Form 4

January 17, 2008

FORM 4

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

January 31, Expires: 2005 Estimated average

OMB APPROVAL

Form 4 or Form 5 obligations may continue.

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

burden hours per response... 0.5

See Instruction

1(b).

30(h) of the Investment Company Act of 1940

(Print or Type Responses)

| 1. Name and Address of Reporting Person * HAVERTY MICHAEL R | | | 2. Issuer Name and Ticker or Trading Symbol | | | | 5. Relationship of Reporting Person(s) to Issuer | | | |
|--|---------------|---------------|--|------------------------------|---------------------------|---|--|------------------|--------------|----------------------------|
| | | | | SOUTHERN [KSU] | (Check all applicable) | | | | | |
| (Last) | (First) | (Middle) | 3. Date of | Date of Earliest Transaction | | | | | | |
| | | | (Month/D | ay/Year) | | | | 109 | | |
| KANSAS CITY SOUTHERN, PO | | | 01/15/2008 | | | | | ve titleOth | ner (specify | |
| BOX 219335 | | | | | | below) below) Chairman & CEO | | | | |
| (Street) | | | 4. If Amendment, Date Original | | | 6. Individual or Joint/Group Filing(Check | | | | |
| | | | Filed(Month/Day/Year) | | | Applicable Line) _X_ Form filed by One Reporting Person | | | | |
| | | | | | | | | | | KANSAS CITY, MO 64121-9335 |
| | 111,1,100 | .121 >000 | | | | Person | | | | |
| (City) | (State) | (Zip) | Tabl | e I - Non-I | Derivative Securities Acq | uired, l | Disposed o | of, or Beneficia | lly Owned | |
| 1.Title of | 2. Transactio | n Date 2A. De | emed | 3. | 4. Securities | 5. Amo | ount of | 6. Ownership | 7. Nature o | |
| Security (Month/Day/Year) Execution Date if TransactionAcquired (A) or | | | | | ionAcquired (A) or | Securit | ies | Form: Direct | Indirect | |

| (City) | (State) (Z | Zip) Table | 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. Transactic Code (Instr. 8) | 4. Securities onAcquired (A) or Disposed of (D) (Instr. 3, 4 and 5) (A) or | | 5. Amount of Securities Form: Direct Beneficially (D) or Owned Indirect (I) Following (Instr. 4) Reported Transaction(s) (Instr. 3 and 4) | | 7. Nature of Indirect Beneficial Ownership (Instr. 4) | |
| Common Stock | 01/15/2008 | | A | 3,831 | A | \$0 | 1,081,542 (7) | D | |
| Common Stock | | | | | | | 11,032.515 | I | Held by 401(k) & P/S Plan (1) |
| Common Stock | | | | | | | 29,732.645 | I | Held by ESOP (3) |
| Common Stock | | | | | | | 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)

 $\label{thm:convergence} \begin{tabular}{ll} Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned \\ (e.g., puts, calls, warrants, options, convertible securities) \end{tabular}$

| 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. Transact Code (Instr. 8) | | of De Se Ac (A Di of (Ir | umber | | ie e | 7. Title and A Underlying S (Instr. 3 and | Securities |
|---|---|---|---|--------------------------------------|---|---|--------|---------------------|--------------------|---|----------------------------------|
| | | | | Code V | V | (A | A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Option (Right to Buy) (2) | \$ 5.75 | | | | | | | 07/13/2003 | 07/12/2010 | Common Stock | 198,000 |
| LSAR (2) | \$ 5.75 | | | | | | | (2) | (2) | Common Stock | 198,000 |
| Option (Right to Buy) (2) | \$ 5.75 | | | | | | | 07/13/2001 | 07/12/2010 | Common Stock | 990,000 |
| LSAR (2) | \$ 5.75 | | | | | | | <u>(2)</u> | <u>(2)</u> | Common Stock | 990,000 |
| Option (Right to Buy) (2) | \$ 14.34 | | | | | | | 02/27/2001 | 02/26/2011 | Common Stock | 12,363 |
| LSAR (2) | \$ 14.34 | | | | | | | (2) | (2) | Common Stock | 12,363 |
| Option (Right to Buy) (2) | \$ 13.42 | | | | | | | 02/06/2002 | 02/05/2012 | Common Stock | 13,207 |
| LSAR (2) | \$ 13.42 | | | | | | | (2) | (2) | Common Stock | 13,207 |
| Option (Right to Buy) (2) | \$ 12.55 | | | | | | | 01/16/2003 | 01/15/2013 | Common Stock | 15,901 |
| LSAR (2) | \$ 12.55 | | | | | | | (2) | (2) | Common Stock | 15,901 |

| Option (Right to Buy) (2) | \$ 12.55 | 01/16/2008 | 01/15/2013 | Common Stock | 90,000 |
|--|--------------------|------------|------------|-----------------|---------|
| LSAR (2) | \$ 12.55 | (2) | (2) | Common Stock | 90,000 |
| Option (Right to Buy) (2) | \$ 14.6 | 01/02/2005 | 01/01/2014 | Common Stock | 90,000 |
| LSAR (2) | \$ 14.6 | (2) | <u>(2)</u> | Common Stock | 90,000 |
| Option (Right to Buy) (2) | \$ 14.53 | 02/09/2004 | 02/08/2014 | Common Stock | 13,689 |
| LSAR (2) | \$ 14.53 | (2) | (2) | Common Stock | 13,689 |
| Variable pre-paid forward contract (put equivalent position) | <u>(4) (5) (6)</u> | (4)(5)(6) | (4)(5)(6) | 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, 01/17/2008 Attorney-in-fact Date

**Signature of Reporting Person

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).
- 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. **(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 **(2)** options are exercised or terminated.
- A total of 29,732.645 shares are held in the reporting person's account under the KCS Employee Stock Ownership Plan. **(3)**

Reporting Owners 3

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 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 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) Includes 866 shares acquired on January 1, 2008 through the KCS Employee Stock Purchase Plan.

Remarks:

(5)

The reporting person no longer has a reportable beneficial interest in 412 shares of Kansas City Southern common stock owner. 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.