

HAVERTY MICHAEL R
Form 4
November 17, 2009

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)

11/16/2009

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. Other |
|---------------------------------|--------------------------------------|--|--|---|---|--|----------|
| | | | Code | V Amount (D) Price | | | |
| Common Stock | 07/07/2009 | | G ⁽¹⁾ | V 100,000 D \$ 0 | 849,156 ⁽²⁾ | D | |
| | | | | | ⁽⁷⁾ ⁽⁸⁾ ⁽⁹⁾ ⁽¹⁰⁾ | | |
| Common Stock | 11/16/2009 | | J/K ⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾⁽¹³⁾⁽¹⁴⁾ | 174,581 D | 674,575 ⁽²⁾ | D | |
| | | | | | ⁽¹¹⁾ ⁽¹²⁾ ⁽¹³⁾ ⁽¹⁴⁾ | | |
| Common Stock | 07/07/2009 | | G ⁽¹⁾ | V 100,000 A \$ 0 | 166,979 | I | |

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| | | | | | | | | |
|--------------|------------|------------------|---|---------|---|------|------------|---|
| Common Stock | 07/07/2009 | G ⁽³⁾ | V | 100,000 | D | \$ 0 | 66,979 | I |
| Common Stock | | | | | | | 11,032.515 | I |
| Common Stock | | | | | | | 29,746.499 | I |

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 (Month/Day/Year) |
|--|--|--------------------------------------|--|--------------------------------|---|--|
| | | | | Code | V (A) (D) | Date Exercisable |
| Option (Right to Buy) ⁽⁶⁾ | \$ 5.75 | | | | | 07/13/20 |
| LSAR ⁽⁶⁾ | \$ 5.75 | | | | | ⁽⁶⁾ |
| Option (Right to Buy) ⁽⁶⁾ | \$ 14.34 | | | | | 02/27/20 |
| LSAR ⁽⁶⁾ | \$ 14.34 | | | | | ⁽⁶⁾ |
| Option (Right to Buy) ⁽⁶⁾ | \$ 13.42 | | | | | 02/06/20 |
| LSAR ⁽⁶⁾ | \$ 13.42 | | | | | ⁽⁶⁾ |
| Option (Right to Buy) ⁽⁶⁾ | \$ 12.55 | | | | | 01/16/20 |

| | | | | | | | | |
|--|---|------------|--|--|--|---------|------------|---------------------------------|
| LSAR ⁽⁶⁾ | \$ 12.55 | | | | | | | ⁽⁶⁾ |
| Option (Right to Buy) ⁽⁶⁾ | \$ 12.55 | | | | | | | 01/16/20 |
| LSAR ⁽⁶⁾ | \$ 12.55 | | | | | | | ⁽⁶⁾ |
| Option (Right to Buy) ⁽⁶⁾ | \$ 14.6 | | | | | | | 01/02/20 |
| LSAR ⁽⁶⁾ | \$ 14.6 | | | | | | | ⁽⁶⁾ |
| Option (Right to Buy) ⁽⁶⁾ | \$ 14.53 | | | | | | | 02/09/20 |
| LSAR ⁽⁶⁾ | \$ 14.53 | | | | | | | ⁽⁶⁾ |
| Variable pre-paid forward contract (put equivalent position) | <u>⁽⁷⁾ ⁽⁸⁾ ⁽⁹⁾</u> <u>⁽¹⁰⁾ ⁽¹¹⁾</u> <u>⁽¹²⁾ ⁽¹³⁾</u> <u>⁽¹⁴⁾</u> | 11/16/2009 | | <u>J/K⁽⁷⁾(8)(9)(10)(11)(12)(13)(14)</u> | | 182,100 | 11/16/2009 | <u>⁽⁷⁾(8)(9)(10)</u> |

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 | 11/17/2009 |
| <u> </u> **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) 100,000 shares held in a joint account for Mr. Haverty and Mr. Haverty's spouse were distributed to an account held only by Mr. Haverty's spouse.

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- (2) Includes 70,941 performance shares that have been earned by Mr. Haverty 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, Mr. Haverty 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.
- (3) 100,000 shares held in a joint account held only by Mr. Haverty's spouse were distributed to a grantor retained annuity trust established in 2009 for which Mr. Haverty's spouse is the grantor, but is not the trustee and does not have investment control over the shares.
- (4) A total of 11,032,515 shares have accrued to Mr. Haverty's account under the Company's 401(k) and Profit Sharing Plan.
- (5) Includes 0.429 shares acquired under the KCS Employee Stock Ownership Plan since the date of Mr. Haverty's last ownership report, for a total of 29,746.499 shares.
- (6) 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.
- On November 16, 2006, Mr. Haverty agreed to enter into three Prepaid Variable Forward Purchase Agreements (the "Agreements") with UBS Securities LLC ("Buyer"), an unaffiliated third party purchaser. The Agreements obligated Mr. Haverty to deliver to Buyer up to 350,000 shares of Kansas City Southern ("KCS") Common Stock in the aggregate (or an equivalent amount of cash, if elected by him) on the maturity dates of the Agreements (i.e., three years from the date of execution of each Agreement or an earlier date if the parties agree to terminate the Agreements early). (Continued in Footnote 8)
- (7) On November 16, 2009, Mr. Haverty settled a Prepaid Variable Forward Contract with Buyer, which was entered into on November 16, 2006 (the "First Contract"). The First Contract obligated Mr. Haverty to deliver to the Buyer up to 175,000 shares of KCS Common Stock (or an equivalent amount of cash, if elected by him) on the maturity date of the First Contract (November 16, 2009). In exchange for entering into the obligations under the First Contract, Mr. Haverty received a cash payment of \$3,964,225.25 for the November 17, 2006 trade of the 175,000 shares. Mr. Haverty pledged all 175,000 shares of KCS Common Stock (the "Pledged Shares of the First Contract") to secure his obligations under the First Contract, while retaining the dividend and voting rights in the Pledged Shares of the First Contract during the term of the pledge. (Continued in Footnote 9)
- (8) The First Contract provided that the number of shares of KCS Common Stock that Mr. Haverty would be obligated to deliver to the Buyer on the maturity date would be determined as follows: (a) if the closing price of KCS Common Stock, subject to adjustment, on the maturity date (the "Settlement Price of the First Contract") was less than or equal to \$28.0842 (the "Initial Share Price of the First Contract"), Mr. Haverty would deliver to the Buyer all of the Pledged Shares of the First Contract; (b) if the Settlement Price was between the Initial Share Price of the First Contract and \$39.3179 (the "Cap Price of the First Contract"), Mr. Haverty would deliver to the Buyer a number of shares of KCS Common Stock having a value (based on the then market price) equal to \$4,914,735.00; and (c) if the Settlement Price of the First Contract was greater than the Cap Price of the First Contract, Mr. Haverty would deliver to the Buyer 124,994 shares of KCS Common Stock. (Continued in Footnote 10)
- (9) On November 16, 2009, the Settlement Price of the First Contract was \$29.2876. Accordingly, Mr. Haverty transferred to the Buyer 167,809 of the Pledged Shares of the First Contract, and the Buyer returned to Mr. Haverty the remaining 7,191 Pledged Shares of the First Contract. Also on November 16, 2009, Mr. Haverty settled a second Prepaid Variable Forward Contract with Buyer, which was entered into on November 16, 2006 (the "Second Contract"). The Second Contract obligated Mr. Haverty to deliver to the Buyer up to 7,100 shares of KCS Common Stock (or an equivalent amount of cash, if elected by him) on the maturity date of the Second Contract (November 30, 2009). The Second Contract permitted early settlement with permission of the Buyer. In exchange for entering into the obligations under the Second Contract, Mr. Haverty received a cash payment of \$160,542.78 for the November 22, 2006 trade. (Continued in Footnote 11)
- (10) Mr. Haverty pledged all 7,100 shares of KCS Common Stock (the "Pledged Shares of the Second Contract") to secure his obligations under the Second Contract, while retaining the dividend and voting rights in the Pledged Shares of the Second Contract during the term of the pledge. The Second Contract provided that the number of shares of KCS Common Stock that Mr. Haverty would be obligated to deliver to the Buyer on the maturity date would be determined as follows: (a) if the closing price of KCS Common Stock, subject to adjustment, on the maturity date (the "Settlement Price of the Second Contract") was less than or equal to \$28.0333 (the "Initial Share Price of the Second Contract"), Mr. Haverty would deliver to the Buyer all of the Pledged Shares of the Second Contract; (Continued in Footnote 12)
- (11) (b) if the Settlement Price was between the Initial Share Price of the Second Contract and \$39.2466 (the "Cap Price of the Second Contract"), Mr. Haverty would deliver to the Buyer a number of shares of KCS Common Stock having a value (based on the then market price) equal to \$199,036.43; and (c) if the Settlement Price of the Second Contract was greater than the Cap Price of the Second Contract, Mr. Haverty would deliver to the Buyer 5,071 shares of KCS Common Stock. On November 16, 2009, the Settlement Price of the Second Contract was \$29.2876. Accordingly, Mr. Haverty transferred to the Buyer 6,772 of the Pledged Shares of the Second Contract, and the Buyer returned to Mr. Haverty the remaining 328 Pledged Shares of the Second Contract. (Continued in Footnote 13)
- (12) Mr. Haverty and Buyer entered into a third Prepaid Variable Forward Contract on February 9, 2007 (the "Third Contract"). The Third Contract obligates Mr. Haverty to deliver to the Buyer up to 167,900 shares of Kansas City Southern ("KCS") Common Stock (or an equivalent amount of cash, if elected by him) on the maturity date of the Third Contract (February 12, 2010). The Third Contract permits
- (13)

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early settlement with permission of the Buyer. In exchange for entering into the obligations under the Third Contract, Mr. Haverty received a cash payment of \$4,314,721.24 for the February 13, 2007 trade. Mr. Haverty pledged all 167,900 shares of KCS Common Stock (the "Pledged Shares of the Third Contract") to secure his obligations under the Third Contract, while retaining the dividend and voting rights in the Pledged Shares of the Third Contract during the term of the pledge. (Continued in Footnote 14)

- (14) The Third Contract provides that the number of shares of KCS Common Stock that Mr. Haverty will be obligated to deliver to the Buyer on the maturity date will be determined as follows: (a) if the closing price of KCS Common Stock, subject to adjustment, on the maturity date (the "Settlement Price of the Third Contract") is less than or equal to \$32.0386 (the "Initial Share Price of the Third Contract"), Mr. Haverty will deliver to the Buyer all of the Pledged Shares of the Third Contract; (b) if the Settlement Price is between the Initial Share Price of the Third Contract and \$44.8540 (the "Cap Price of the Third Contract"), Mr. Haverty will deliver to the Buyer a number of shares of KCS Common Stock having a value (based on the then market price) equal to \$5,379,280.94; and (c) if the Settlement Price of the Third Contract is greater than the Cap Price of the Third Contract, Mr. Haverty will deliver to the Buyer 119,939 shares of KCS Common Stock.

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.