

HAVERTY MICHAEL R
Form 4
December 18, 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

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

3. Date of Earliest Transaction
(Month/Day/Year)
12/17/2008

Director 10% Owner
 Officer (give title below) Other (specify below)
Chairman & CEO

(Street)
KANSAS CITY, MO 64121-9335

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

(City) (State) (Zip)

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 Ownership (Instr. 4)
Common Stock	12/17/2008		M	V Amount 153,634 A Price \$ 5.75	1,172,054 ⁽¹⁾	D	Held by 401(k) and P/S Plan ⁽²⁾
Common Stock					11,032.52	I	Held by ESOP ⁽³⁾
Common Stock					29,732.65	I	Held by spouse
Common Stock					306,134	I	

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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 Security (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Am Nur Sha
Option (Right to Buy) ⁽⁶⁾	\$ 5.75	12/17/2008		M ⁽⁴⁾⁽⁵⁾		153,634		07/13/2001	07/12/2010	Common Stock	15
LSAR ⁽⁶⁾	\$ 5.75	12/17/2008		J ⁽⁵⁾		153,634		⁽⁶⁾	⁽⁶⁾	Common Stock	15
Option (Right to Buy) ⁽⁶⁾	\$ 14.34							02/27/2001	02/26/2011	Common Stock	12
LSAR ⁽⁶⁾	\$ 14.34							⁽⁶⁾	⁽⁶⁾	Common Stock	12
Option (Right to Buy) ⁽⁶⁾	\$ 13.42							02/06/2002	02/05/2012	Common Stock	13
LSAR ⁽⁶⁾	\$ 13.42							⁽⁶⁾	⁽⁶⁾	Common Stock	13
Option (Right to Buy) ⁽⁶⁾	\$ 12.55							01/16/2003	01/15/2013	Common Stock	15
LSAR ⁽⁶⁾	\$ 12.55							⁽⁶⁾	⁽⁶⁾	Common Stock	15
Option (Right to Buy) ⁽⁶⁾	\$ 12.55							01/16/2008	01/15/2013	Common Stock	90
LSAR ⁽⁶⁾	\$ 12.55							⁽⁶⁾	⁽⁶⁾	Common Stock	90
Option (Right to	\$ 14.6							01/02/2005	01/01/2014	Common Stock	90

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(7) 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.)

(8) 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.)

(9) * 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.

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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