

HAVERTY MICHAEL R
Form 4
February 17, 2010

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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 *
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

(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/12/2010

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

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 Indirect Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price (2) (3) (4) (5)
Common Stock	02/12/2010		J/K(2)(3)(4)(5)		166,489	D	
Common Stock					66,979	I	Held by spouse
Common Stock					19,258.515	I	Held by 401(k) and P/S Plan
Common					29,746.499	I	Held by

Stock

ESOP

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 Expiration Date (Month/Day/Year)	
					V	(A) (D)	Date Exercisable	Expiration Date
Option (Right to Buy) ⁽¹⁾	\$ 14.34						02/27/2001	02/26/2002
LSAR ⁽¹⁾	\$ 14.34						<u>(1)</u>	<u>(1)</u>
Option (Right to Buy) ⁽¹⁾	\$ 13.42						02/06/2002	02/05/2003
LSAR ⁽¹⁾	\$ 13.42						<u>(1)</u>	<u>(1)</u>
Option (Right to Buy) ⁽¹⁾	\$ 12.55						01/16/2003	01/15/2004
LSAR ⁽¹⁾	\$ 12.55						<u>(1)</u>	<u>(1)</u>
Option (Right to Buy) ⁽¹⁾	\$ 12.55						01/16/2008	01/15/2009
LSAR ⁽¹⁾	\$ 12.55						<u>(1)</u>	<u>(1)</u>
Option (Right to Buy) ⁽¹⁾	\$ 14.6						01/02/2005	01/01/2006
LSAR ⁽¹⁾	\$ 14.6						<u>(1)</u>	<u>(1)</u>

Option (Right to Buy) ⁽¹⁾	\$ 14.53				02/09/2004	02/08/2
LSAR ⁽¹⁾	\$ 14.53				⁽¹⁾	⁽¹⁾
Variable pre-paid forward contract (put equivalent position)	^{(2) (3) (4) (5)}	02/12/2010		J/K ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	167,900	02/12/2010 ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ 02/12/2010

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

02/17/2010

 **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) 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). Two of the Agreements were previously settled on November 16, 2009, and the settlements were reported on a Form 4 filed on behalf of Mr. Haverty on November 17, 2009. (Continued in Footnote 3)
 - (2) On February 12, 2010, Mr. Haverty settled the third Prepaid Variable Forward Contract with Buyer, which was entered into on February 9, 2007 (the "Third Contract"). The Third Contract obligated 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 permitted 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 4)
 - (3) The Third 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 Third Contract") was less than or equal to \$32.0386 (the "Initial Share Price of the Third

Edgar Filing: HAVERTY MICHAEL R - Form 4

Contract"), Mr. Haverty would deliver to the Buyer all of the Pledged Shares of the Third Contract; (b) if the Settlement Price was between the Initial Share Price of the Third Contract and \$44.8540 (the "Cap Price of the Third 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 \$5,379,280.94; and (c) if the Settlement Price of the Third Contract was greater than the Cap Price of the Third Contract, Mr. Haverty would deliver to the Buyer 119,939 shares of KCS Common Stock. (Continued in Footnote 5)

On February 12, 2010, the Settlement Price of the Third Contract was \$32.3101. Accordingly, Mr. Haverty transferred to the Buyer (5) 166,489 of the Pledged Shares of the Third Contract, and the Buyer returned to Mr. Haverty the remaining 1,411 Pledged Shares of the Third Contract.

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.