

KANSAS CITY SOUTHERN  
Form 4  
August 07, 2008

**FORM 4**

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

OMB APPROVAL

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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 \*  
ERDMAN WARREN K

(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)

08/05/2008

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)

Executive Vice President

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V   | Amount or Price   |  |                                   |
| Common Stock                    | 08/05/2008                           |  | M                              |   | 3,087 A \$ 2.6604   | 65,169 <sup>(2)</sup>                                    | D                                 |
| Common Stock                    | 08/05/2008                           |  | M                              |   | 72 A \$ 2.7665  | 65,241 <sup>(2)</sup>                                    | D                                 |
| Common Stock                    | 08/05/2008                           |  | M                              |   | 71 A \$ 5.1637  | 65,312 <sup>(2)</sup>                                    | D                                 |
| Common Stock                    | 08/05/2008                           |  | M                              |   | 66,734 A \$ 5.75  | 132,046 <sup>(2)</sup>                                   | D                                 |
| Common Stock                    | 08/05/2008                           |  | S                              |   | 69,964 D \$ 51.94 <sup>(1)</sup>  | 62,082 <sup>(2)</sup>                                    | D                                 |

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Common Stock 934.026 I Held by ESOP <sup>(3)</sup>

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) | Amount or Number of Shares |  |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|--|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title                      |  |
| Option (Right to Buy) <sup>(4)</sup>       | \$ 2.6604  | 08/05/2008                           |  | M <sup>(4)</sup>               | 3,000   | 01/01/2000 11/16/2008                                    | Common Stock  | 3,000                      |  |
| LSAR <sup>(5)</sup>                        | \$ 2.6604  | 08/05/2008                           |  | J <sup>(4)</sup>               | 3,000   | <sup>(5)</sup> <sup>(5)</sup>                            | Common Stock  | 3,000                      |  |
| Option (Right to Buy) <sup>(5)</sup>       | \$ 2.6604  | 08/05/2008                           |  | M <sup>(4)</sup>               | 87  | <sup>(6)</sup> 11/16/2008                                | Common Stock  | 87                         |  |
| LSAR <sup>(5)</sup>                        | \$ 2.6604  | 08/05/2008                           |  | J <sup>(4)</sup>               | 87  | <sup>(5)</sup> <sup>(5)</sup>                            | Common Stock  | 87                         |  |
| Option (Right to Buy) <sup>(5)</sup>       | \$ 2.7665  | 08/05/2008                           |  | M <sup>(4)</sup>               | 72  | <sup>(6)</sup> 01/25/2009                                | Common Stock  | 72                         |  |
| LSAR <sup>(5)</sup>                        | \$ 2.7665  | 08/05/2008                           |  | J <sup>(4)</sup>               | 72  | <sup>(5)</sup> <sup>(5)</sup>                            | Common Stock  | 72                         |  |
| Option (Right to Buy) <sup>(5)</sup>       | \$ 5.1637  | 08/05/2008                           |  | M <sup>(4)</sup>               | 71  | <sup>(7)</sup> 02/28/2010                                | Common Stock  | 71                         |  |
| LSAR <sup>(5)</sup>                        | \$ 5.1637  | 08/05/2008                           |  | J <sup>(4)</sup>               | 71  | <sup>(5)</sup> <sup>(5)</sup>                            | Common Stock  | 71                         |  |
| Option (Right to Buy) <sup>(5)</sup>       | \$ 5.75  | 08/05/2008                           |  | M <sup>(4)</sup>               | 15,400  | 07/13/2003 07/12/2010                                    | Common Stock  | 15,400                     |  |

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|                                      |          |            |                  |        |                |                |              |        |
|--------------------------------------|----------|------------|------------------|--------|----------------|----------------|--------------|--------|
| LSAR <sup>(5)</sup>                  | \$ 5.75  | 08/05/2008 | J <sup>(4)</sup> | 15,400 | <sup>(5)</sup> | <sup>(5)</sup> | Common Stock | 15,400 |
| Option (Right to Buy) <sup>(5)</sup> | \$ 5.75  | 08/05/2008 | M <sup>(4)</sup> | 51,334 | 07/13/2001     | 07/12/2010     | Common Stock | 77,000 |
| LSAR <sup>(5)</sup>                  | \$ 5.75  | 08/05/2008 | J <sup>(4)</sup> | 51,334 | <sup>(5)</sup> | <sup>(5)</sup> | Common Stock | 77,000 |
| Option (Right to Buy) <sup>(5)</sup> | \$ 14.34 |            |                  |        | <sup>(8)</sup> | 02/26/2011     | Common Stock | 480    |
| LSAR <sup>(5)</sup>                  | \$ 14.34 |            |                  |        | <sup>(5)</sup> | <sup>(5)</sup> | Common Stock | 480    |
| Option (Right to Buy) <sup>(5)</sup> | \$ 13.42 |            |                  |        | 02/06/2002     | 02/05/2012     | Common Stock | 513    |
| LSAR <sup>(5)</sup>                  | \$ 13.42 |            |                  |        | <sup>(5)</sup> | <sup>(5)</sup> | Common Stock | 513    |
| Option (Right to Buy) <sup>(5)</sup> | \$ 12.55 |            |                  |        | 01/16/2003     | 01/15/2013     | Common Stock | 670    |
| LSAR <sup>(5)</sup>                  | \$ 12.55 |            |                  |        | <sup>(5)</sup> | <sup>(5)</sup> | Common Stock | 670    |
| Option (Right to Buy) <sup>(5)</sup> | \$ 12.55 |            |                  |        | 01/16/2008     | 01/15/2013     | Common Stock | 15,000 |
| LSAR <sup>(5)</sup>                  | \$ 12.55 |            |                  |        | <sup>(5)</sup> | <sup>(5)</sup> | Common Stock | 15,000 |
| Option (Right to Buy) <sup>(5)</sup> | \$ 14.6  |            |                  |        | 01/02/2005     | 01/01/2014     | Common Stock | 6,000  |
| LSAR <sup>(5)</sup>                  | \$ 14.6  |            |                  |        | <sup>(5)</sup> | <sup>(5)</sup> | Common Stock | 6,000  |
| Option (Right to Buy) <sup>(5)</sup> | \$ 14.53 |            |                  |        | 02/09/2004     | 02/08/2014     | Common Stock | 699    |
| LSAR <sup>(5)</sup>                  | \$ 14.53 |            |                  |        | <sup>(5)</sup> | <sup>(5)</sup> | Common Stock | 699    |

## Reporting Owners

Reporting Owner Name / Address

Relationships

Director    10% Owner    Officer    Other

ERDMAN WARREN K  
KANSAS CITY SOUTHERN  
PO BOX 219335  
KANSAS CITY, MO 64121-9335

Executive Vice President

## Signatures

Brian P. Banks,  
Attorney-in-fact

08/07/2008

\_\_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) The price in Column 4 is a weighted average price. The prices actually ranged from \$51.73 to \$52.13. The reporting person will provide to the issuer, any security holder of the issuer, or the SEC staff, upon request, information regarding the number of shares sold at each price within the range.

(2) Includes 7,012 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 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.

(3) A total of 934.026 shares are held in the reporting person's account under the KCS Employee Stock Ownership Plan.

(4) Options exercised in Rule 16b-3 exempt transaction. LSARs canceled with respect to such shares.

(5) Limited Rights and Limited Stock Appreciation Rights ("LSARs") are granted in tandem with stock options. Limited Rights and LSARs become exercisable only following a change-in-control of the Company in lieu of related options and are exercisable only for cash. Limited Rights and LSARs terminate when the related options are exercised or terminated.

(6) These options became exercisable in installments: 25% on 06/23/99, 25% on 06/23/00 and 50% on 06/23/01.

(7) These options became exercisable in installments: 25% on 03/01/00, 25% on 06/23/00 and 50% on 06/23/01.

(8) 240 options became exercisable on 02/27/01 and 240 options became exercisable on 06/23/01.

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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