

KANSAS CITY SOUTHERN
Form 8-K
December 05, 2005

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported):

December 1, 2005

KANSAS CITY SOUTHERN

(Exact name of company as specified in its charter)

DELAWARE

1-4717

44-0663509

(State or other jurisdiction
of incorporation)

(Commission file number)

(IRS Employer
Identification Number)

427 West 12th Street, Kansas City, Missouri 64105

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:

(816) 983 1303

Not Applicable

(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement

On December 1, 2005, Kansas City Southern (KCS) and its wholly-owned subsidiary The Kansas City Southern Railway Company entered into a transaction agreement (the Transaction Agreement) with Norfolk Southern Corporation (NS) and its wholly-owned subsidiary The Alabama Great Southern Railroad Company providing for, among other things, the formation of a joint venture between the parties relating to the ownership and improvement of the rail line between Meridian, Mississippi and Shreveport, Louisiana (the JV Line), which is a portion of the rail line between Dallas, Texas and Meridian known as the Meridian Speedway .

Upon consummation of the transactions contemplated by the Transaction Agreement, the parties will form a new joint venture limited liability company (the JV Company) to which KCS will contribute the assets comprising the JV Line in exchange ultimately for a 70% equity interest and NS will contribute \$300 million in cash in exchange ultimately for a 30% equity interest. Pursuant to the terms of the Transaction Agreement, NS \$300 million investment in the JV Company will be used for mutually agreed-upon capital improvements to expand capacity, for capital maintenance projects and to reimburse KCS for certain previously-made capital expenditures on the JV Line. The JV Company will be managed by a management committee composed of KCS and NS representatives, which will determine future capital projects and oversee operations. As a minority member of the JV Company, NS will have customary protections with respect to certain actions of the venture.

Pursuant to the terms of the Transaction Agreement, the JV Company and KCSR will enter into an operating agreement pursuant to which KCSR will perform all railroad services on behalf of the JV Company. The parties will also enter into a joint use agreement whereby NS will be the sole provider for all intermodal traffic moving on the JV Line that:

originates or terminates in the United States at or east of Meridian, Mississippi and enters or exits the Meridian Speedway at Meridian, Mississippi;

originates or terminates in the United States west of Fort Worth, Texas (including intermodal traffic originating by steamship line at a port along the west coast of the United States) and enters or exits the Meridian Speedway at Shreveport, Louisiana; and

does not consist of traffic originating or terminating at any existing station on the KCSR system (including any station where KCSR or the Texas Mexican Railway Company have trackage rights or access via reciprocal switch).

KCS rail subsidiaries will have trackage rights over the JV Line to move all traffic other than the NS traffic described above and any third-party traffic the JV Company is moving. In addition, the parties will enter into a joint marketing agreement with respect to the movement of certain domestic intermodal containers that move over the Meridian Speedway with a lift or drop at KCS Dallas Intermodal Terminal.

The transactions contemplated by the Transaction Agreement are subject to regulatory approvals, which could take six to twelve months, and other customary closing conditions.

Item 7.01. Regulation FD Disclosure

On December 2, 2005, KCS and NS issued a joint press release announcing their entry into the Transaction Agreement. The text of such press release is included as Exhibit 99.1 to this Form 8-K.

In addition, on December 2, 2005, KCS held an analyst presentation, by means of a conference call in which certain officers of NS participated, to discuss the transactions contemplated by the Transaction Agreement. A copy of certain presentation materials discussed on the call are included as Exhibit 99.2 to this Form 8-K.

Item 9.01. Financial Statements and Exhibits

Exhibit

Number Description

99.1 Press release, dated December 2, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Kansas City Southern

December 5, 2005

By: */s/ Paul J. Weyandt*
Paul J. Weyandt

EXHIBIT INDEX

| <u>Exhibit</u> <u>Number</u> | <u>Description</u> |
|---------------------------------|---------------------------------------|
| 99.1 | Press release, dated December 2, 2005 |