

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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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 ⁽²⁾	D
Common Stock	08/05/2008		M		72 A \$ 2.7665	65,241 ⁽²⁾	D
Common Stock	08/05/2008		M		71 A \$ 5.1637	65,312 ⁽²⁾	D
Common Stock	08/05/2008		M		66,734 A \$ 5.75	132,046 ⁽²⁾	D
Common Stock	08/05/2008		S		69,964 D \$ 51.94 ⁽¹⁾	62,082 ⁽²⁾	D

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Common Stock 934.026 I Held by ESOP ⁽³⁾

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

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