

ERDMAN WARREN K
Form 4
January 23, 2006

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

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)
01/19/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Sr. Vice President

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 Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	01/19/2006		A	5,228 A \$ 0	20,588 ⁽⁸⁾	D	
Common Stock					930.284	I	Held by ESOP ⁽¹⁾

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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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)	8. Price of Underlying Security (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (Right to Buy) ⁽²⁾	\$ 1.0204					⁽³⁾	01/22/2007	Common Stock	5,400
Limited Right ⁽²⁾	\$ 1.0204					⁽²⁾	⁽²⁾	Common Stock	5,400
Option (Right to Buy) ⁽²⁾	\$ 1.7861					⁽⁴⁾	01/27/2008	Common Stock	12,501
Limited Right ⁽²⁾	\$ 1.7861					⁽²⁾	⁽²⁾	Common Stock	12,501
Option (Right to Buy) ⁽²⁾	\$ 2.6604					01/01/2000	11/16/2008	Common Stock	3,000
LSAR ⁽²⁾	\$ 2.6604					⁽²⁾	⁽²⁾	Common Stock	3,000
Option (Right to Buy) ⁽²⁾	\$ 2.6604					⁽⁵⁾	11/16/2008	Common Stock	87
LSAR ⁽²⁾	\$ 2.6604					⁽²⁾	⁽²⁾	Common Stock	87
Option (Right to Buy) ⁽²⁾	\$ 2.7665					⁽⁵⁾	01/25/2009	Common Stock	72
LSAR ⁽²⁾	\$ 2.7665					⁽²⁾	⁽²⁾	Common Stock	72
Option (Right to Buy) ⁽²⁾	\$ 5.1637					⁽⁶⁾	02/28/2010	Common Stock	71
LSAR ⁽²⁾	\$ 5.1637					⁽²⁾	⁽²⁾		71

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				Common Stock	
Option (Right to Buy) <u>(2)</u>	\$ 5.75	07/13/2003	07/12/2010	Common Stock	15,400
LSAR <u>(2)</u>	\$ 5.75	<u>(2)</u>	<u>(2)</u>	Common Stock	15,400
Option (Right to Buy) <u>(2)</u>	\$ 5.75	07/13/2001	07/12/2010	Common Stock	77,000
LSAR <u>(2)</u>	\$ 5.75	<u>(2)</u>	<u>(2)</u>	Common Stock	77,000
Option (Right to Buy) <u>(2)</u>	\$ 14.34	<u>(7)</u>	02/26/2011	Common Stock	480
LSAR <u>(2)</u>	\$ 14.34	<u>(2)</u>	<u>(2)</u>	Common Stock	480
Option (Right to Buy) <u>(2)</u>	\$ 13.42	02/06/2002	02/05/2012	Common Stock	513
LSAR <u>(2)</u>	\$ 13.42	<u>(2)</u>	<u>(2)</u>	Common Stock	513
Option (Right to Buy) <u>(2)</u>	\$ 12.55	01/16/2003	01/15/2013	Common Stock	670
LSAR <u>(2)</u>	\$ 12.55	<u>(2)</u>	<u>(2)</u>	Common Stock	670
Option (Right to Buy) <u>(2)</u>	\$ 12.55	01/16/2008	01/15/2013	Common Stock	15,000
LSAR <u>(2)</u>	\$ 12.55	<u>(2)</u>	<u>(2)</u>	Common Stock	15,000
Option (Right to Buy) <u>(2)</u>	\$ 14.6	01/02/2005	01/01/2014	Common Stock	6,000
LSAR <u>(2)</u>	\$ 14.6	<u>(2)</u>	<u>(2)</u>	Common Stock	6,000
Option (Right to Buy) <u>(2)</u>	\$ 14.53	02/09/2004	02/08/2014	Common Stock	699
LSAR <u>(2)</u>	\$ 14.53	<u>(2)</u>	<u>(2)</u>	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			Sr. Vice President	

Signatures

Julie D. Powell,
Attorney-in-fact

01/23/2006

**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) 930,284 shares have accrued to my account under the Company's employee stock ownership plan.
Limited Rights and Limited Stock Appreciation Rights ("LSARs") are granted in tandem with stock options. Limited Rights and LSARs
 - (2) 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.
 - (3) 2,700 options became exercisable on 01/23/99 and 2,700 options became exercisable on 01/23/00.
 - (4) Became exercisable when the KCS Common stock price reached defined benchmark levels that were maintained or exceeded for 30 consecutive trading days.
 - (5) These options became exercisable in installments: 25% on 06/23/99, 25% on 06/23/00 and 50% on 06/23/01.
 - (6) These options became exercisable in installments: 25% on 03/01/00, 25% on 06/23/00 and 50% on 06/23/01.
 - (7) 240 options became exercisable on 02/27/01 and 240 options became exercisable on 06/23/01.
 - (8) Includes 528 shares acquired on December 31, 2005 through the KCS Employee Stock Purchase Plan.

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.