

KANSAS CITY SOUTHERN
Form 8-K
April 18, 2008

UNITED STATES
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):

April 15, 2008

Kansas City Southern

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

1-4717

(Commission
File Number)

44-0663509

(I.R.S. Employer
Identification No.)

427 West 12th Street, Kansas City, Missouri

(Address of principal executive offices)

64105

(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 April 15, 2008, The Kansas City Southern Railway Company ("KCSR"), a wholly-owned subsidiary of Kansas City Southern (the "Company"), entered into a Participation Agreement (the "Participation Agreement") dated as of April 1, 2008, among KCSR, KCSR 2008-1 Statutory Trust (acting through U.S. Bank Trust National Association as Owner Trustee) (the "Trust"), U.S. Bank Trust National Association (in its individual capacity), MetLife Capital, Limited Partnership (the "Owner Participant"), Wilmington Trust Company (the "Indenture Trustee"), and Export Development Canada (the "Loan Participant") with respect to thirty (30) Electro-Motive Diesel, Inc. SD70ACe locomotives (the "Locomotives").

Pursuant to the terms of the Participation Agreement, KCSR agreed to sell the Locomotives to the Trust for an aggregate purchase price of approximately \$63.5 million (the "Purchase Price"), which was paid to KCSR on April 15, 2008. The Owner Participant agreed to contribute a portion of the aggregate Purchase Price to the Trust in exchange for one hundred percent (100%) ownership of the beneficial interest of the Trust.

KCSR and the Trust also entered into an Equipment Lease Agreement dated as of April 1, 2008 (the "Lease"), pursuant to the terms of which KCSR agreed to lease the Locomotives from the Trust for an initial term of approximately twenty years. KCSR is obligated to pay rent on the Locomotives bi-annually with the first rent payment due and payable on July 15, 2008, and the remaining rent payments due and payable on January 15 and July 15 of each year during the term of the Lease with the final rent payment due on April 15, 2028. Subject to certain adjustments provided in the Participation Agreement and the Lease, the aggregate of the rent payments for the Locomotives leased to KCSR by the Trust is approximately \$91.8 million.

The Lease contains representations, warranties and covenants typical of such equipment leases. Events of default in the Lease include, but are not limited to, certain payment defaults, certain bankruptcy and liquidation proceedings and the failure to observe or perform any covenants or agreements contained in the Lease. Any event of default could trigger acceleration of KCSR's payment obligations under the terms of the Lease.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information required by this item is included in Item 1.01 above and is incorporated herein by reference.

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SIGNATURES

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

April 18, 2008

By: *Paul J. Weyandt*

Name: Paul J. Weyandt

Title: Senior Vice President-Finance & Treasurer