

KANSAS CITY SOUTHERN
Form 8-K
April 23, 2007

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 17, 2007

Kansas City Southern

(Exact name of registrant as specified in its charter)

Delaware

1-4717

44-0663509

(State or other jurisdiction
of incorporation)

(Commission
File Number)

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

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 April 17, 2007, Kansas City Southern de México, S. de R.L. de C.V. ("KCSM"), a wholly-owned subsidiary of Kansas City Southern (the "Company"), entered into an Equipment Lease Agreement (the "Lease") between KCSM and Highridge Leasing LLC (the "Lessor") with respect to thirty (30) General Electric ES44AC locomotives (the "Locomotives") delivered to KCSM in December 2006 and January 2007.

Pursuant to the terms of the Lease, KCSM agreed to sell the Locomotives to the Lessor for an aggregate purchase price not to exceed \$66.0 million and to lease the Locomotives from the Lessor for an initial term of twenty years. KCSM is obligated to pay rent on the Locomotives bi-annually with the final rent payment due in 2027. Subject to certain adjustments provided in the Lease, including pricing adjustments on the final Settlement Date (as defined in the Lease), the aggregate rent payments for the Locomotives during the term of the Lease are approximately \$116.4 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 KCSM'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 20, 2007

By: *Michael K. Borrows*

Name: Michael K. Borrows

Title: Vice President - Financial Reporting and Tax