

KANSAS CITY SOUTHERN
Form DEF 14A
March 31, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Kansas City Southern

(Name of Registrant as Specified In Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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p No fee required.
.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

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.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:

- (4) Date Filed:

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427 West 12th Street

Kansas City, Missouri 64105

KANSAS CITY SOUTHERN
NOTICE AND PROXY STATEMENT

for

Annual Meeting of Stockholders

to be held

May 1, 2014

YOUR VOTE IS IMPORTANT!

Please mark, date and sign the enclosed proxy card and promptly return it in the enclosed envelope, or vote by telephone or through the Internet as described on the proxy card.

We commenced mailing this Notice and Proxy Statement, the enclosed proxy card and the accompanying 2013 Annual Report on or about March 31, 2014.

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KANSAS CITY SOUTHERN

427 West 12th Street

Kansas City, Missouri 64105

March 31, 2014

To Our Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders of Kansas City Southern, at Union Station Kansas City, Arthur Stilwell Room, 30 West Pershing Road, Kansas City, Missouri, at 10:00 a.m. Central Time, on Thursday, May 1, 2014. The purposes of this meeting are described in the accompanying Notice of Annual Meeting and Proxy Statement.

We urge you to read these proxy materials and our Annual Report and to participate in the Annual Meeting either in person or by proxy. *Whether or not you plan to attend the meeting in person, please sign and return promptly the accompanying proxy card, in the envelope provided, to ensure that your shares will be represented. Alternatively, you may cast your votes by telephone or through the Internet as described on the accompanying proxy card.*

Sincerely,

Michael R. Haverty
*Chairman
of the Board of Directors*

David L. Starling
*President
and Chief Executive Officer*

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KANSAS CITY SOUTHERN

427 West 12th Street

Kansas City, Missouri 64105

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Kansas City Southern will be held at Union Station Kansas City, Arthur Stilwell Room, 30 West Pershing Road, Kansas City, Missouri, at 10:00 a.m. Central Time, on Thursday, May 1, 2014.

Stockholders will consider and vote on the following matters:

1. Election of three directors;
2. Ratification of the Audit Committee's selection of KPMG LLP as our independent registered public accounting firm for 2014;
3. An advisory vote to approve the 2013 compensation of our named executive officers;
4. Approval of an amendment to the Kansas City Southern Amended and Restated Certificate of Incorporation to declassify the Board of Directors;
5. Approval of an amendment to the Kansas City Southern Amended and Restated Certificate of Incorporation to give stockholders the right to call a special meeting;
6. Such other matters as may properly come before the Annual Meeting or any adjournment thereof.

Only stockholders of record at the close of business on March 3, 2014 are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors,

Adam J. Godderz
*Associate General Counsel &
Corporate Secretary*

The date of this Notice is March 31, 2014.

Please date, sign and promptly return the enclosed proxy card, regardless of the number of shares you may own and whether or not you plan to attend the meeting in person. Alternatively, you may cast your votes by telephone or through the Internet as described on the proxy card. You may revoke your proxy and vote your shares in person in accordance with the procedures described in this Notice and Proxy Statement. Please also indicate on your proxy card whether you plan to attend the Annual Meeting.

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KANSAS CITY SOUTHERN

427 West 12th Street

Kansas City, Missouri 64105

PROXY STATEMENT

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INFORMATION ABOUT THE ANNUAL MEETING

Why were you sent this Proxy Statement?

On or about March 31, 2014, we began mailing this Proxy Statement to our stockholders of record on March 3, 2014 (the Record Date) in connection with our Board of Directors' solicitation of proxies for use at the 2014 Annual Meeting of Stockholders and any adjournment thereof (the Annual Meeting). We will hold the Annual Meeting at Union Station Kansas City, Arthur Stilwell Room, 30 West Pershing Road, Kansas City, Missouri on Thursday, May 1, 2014 at 10:00 a.m. Central Time. The Notice of Annual Meeting of Stockholders, our 2013 Annual Report to Stockholders (the Annual Report), and a proxy card and voting instructions accompany this Proxy Statement. Unless otherwise indicated or the context requires, references in this Proxy Statement to KCS or the Company include Kansas City Southern and its consolidated subsidiaries.

We will pay for the Annual Meeting, including the cost of mailing the proxy materials and any supplemental materials. Directors, officers and employees of KCS may, either in person, by telephone or otherwise, solicit proxy cards. They have not been specifically engaged for that purpose, however, nor will they be compensated for their efforts. We have engaged Morrow & Co., LLC, 470 West Avenue, Stamford, Connecticut 06902, to assist in the solicitation of proxies and provide related informational support, for a service fee and the reimbursement of customary disbursements that are not expected to exceed \$25,000 in the aggregate. We will pay these fees and expenses. In addition, we may reimburse brokerage firms and other persons representing beneficial owners of our shares for their expenses in forwarding this Proxy Statement, the Annual Report and other soliciting materials to the beneficial owners.

Brokers, dealers, banks, voting trustees, other custodians and their nominees are asked to forward this Notice and Proxy Statement, the proxy card and the Annual Report to the beneficial owners of our stock held of record by them. Upon request, we will reimburse them for their reasonable expenses in mailing these materials to beneficial owners of our stock.

Who may attend the Annual Meeting?

Only KCS stockholders or their proxies and guests of KCS may attend the Annual Meeting. Any stockholder or stockholder's representative who, because of a disability, may need special assistance or accommodation to allow him or her to participate in the Annual Meeting may request reasonable assistance or accommodation from us by contacting the office of the Corporate Secretary at our principal executive offices, (888) 800-3690. If written requests are made to the Corporate Secretary of KCS, they should be mailed to P.O. Box 219335, Kansas City, Missouri 64121-9335 (or by express delivery to 427 West 12th Street, Kansas City, Missouri 64105). To provide us sufficient time to arrange for reasonable assistance, please submit all requests by April 22, 2014.

What matters will be considered at the Annual Meeting?

At the Annual Meeting, stockholders will consider and vote upon: (1) the election of three directors; (2) the ratification of the Audit Committee's selection of KPMG LLP as our independent registered public accounting firm for 2014; (3) an advisory vote to approve the 2013 compensation of our named executive officers; (4) approval of an amendment to our Amended and Restated Certificate of Incorporation to declassify the Board of Directors; (5) approval of an amendment to our Amended and Restated Certificate of Incorporation to give stockholders the right to call a special meeting; and (6) such other matters as may properly come before the Annual Meeting or any adjournment thereof. Stockholders do not have dissenters' rights of appraisal in connection with these proposals. All of these proposals have been made by the Board of Directors and the Board of Directors unanimously recommends you vote for the director nominees presented, for the proposal regarding the ratification of our independent registered public accounting firm for 2014, for the approval, on a non-binding basis, of the 2013 compensation of the Company's named executive officers as disclosed in the Compensation Discussion and Analysis section and the accompanying compensation tables contained in this

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Proxy Statement, for approval of the amendment to our Amended and Restated Certificate of Incorporation to declassify our Board of Directors; and for approval of the amendment to our Amended and Restated Certificate of Incorporation to give stockholders the right to call a special meeting.

The Board of Directors knows of no other matters that will be presented or voted on at the Annual Meeting.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be held

on May 1, 2014.

The Proxy Statement and Annual Report are available at www.edocumentview.com/ksu

For the date, time, location, information about attending the Annual Meeting, an identification of the matters to be voted upon at the Annual Meeting, and the recommendations of the Board of Directors regarding those matters, please see Information About the Annual Meeting. For information on how to vote in person or by proxy at the Annual Meeting, please see Voting. Stockholders that wish to attend the meeting and vote in person may obtain directions to the Annual Meeting by sending a written request directed to our Corporate Secretary, P.O. Box 219335, Kansas City, Missouri 64121-9335 (or if by express delivery to 427 West 12th Street, Kansas City, Missouri 64105), or by calling (888) 800-3690.

VOTING

Who may vote at the Annual Meeting?

Only the holders of record of our common stock, par value \$0.01 per share (the Common Stock), and our 4% Noncumulative Preferred Stock, par value \$25.00 per share (the 4% Preferred Stock), at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting. On the Record Date, we had outstanding 242,170 shares of 4% Preferred Stock (excluding 407,566 shares held in treasury) and 110,338,452 shares of Common Stock (excluding 13,013,733 shares held in treasury) for a total of 110,580,622 shares eligible to vote at the Annual Meeting.

How many votes does each Voting Share have?

The Common Stock and the 4% Preferred Stock (collectively, the Voting Stock) constitute our only voting securities and will vote together as a single class on all matters to be considered at the Annual Meeting. Each holder of Voting Stock is entitled to cast one vote for each share of Voting Stock held on the Record Date on each matter.

How can you vote by proxy?

Registered stockholders can vote by proxy in three ways, each of which is valid under Delaware law:

By Internet: Access our Internet voting site at www.envisionreports.com/ksu or by scanning the QR code on the proxy card with your smartphone and follow the instructions on the screen, prior to 1:00 a.m., Eastern Time, on May 1, 2014 (April 28, 2014 for participants in certain employee benefit plans discussed below).

By Telephone: Using a touch-tone telephone, call toll-free at 1-800-652-VOTE (8683) and follow the voice instructions, prior to 1:00 a.m., Eastern Time, on May 1, 2014 (April 28, 2014 for participants in certain employee benefit plans discussed below).

By Mail: Mark, sign, date and return the enclosed proxy or instruction card so it is received before the Annual Meeting (April 28, 2014 for participants in certain employee benefit plans discussed below).

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If you are the beneficial owner of your shares, please refer to your voting form for specific voting procedures from your broker.

How do we decide whether our stockholders have approved the proposals?

Stockholders owning at least a majority of the shares of Voting Stock entitled to vote must be present in person or represented by proxy to constitute a quorum for the transaction of business at the Annual Meeting. The shares of a stockholder who is present and entitled to vote at the Annual Meeting, either in person or by proxy, are counted for purposes of determining whether there is a quorum, regardless of whether the stockholder votes the shares. Abstentions and broker non-votes (defined below) are counted as present and entitled to vote for purposes of determining a quorum.

The directors are elected by the affirmative vote of a plurality of shares of Voting Stock present at the Annual Meeting and entitled to vote, provided a quorum exists. A plurality means receiving the largest number of votes. Where, as here, there are three director vacancies, the three nominees with the highest number of affirmative votes are elected. For Proposals 2 and 3, the affirmative vote of a majority of the shares of Voting Stock present at the Annual Meeting in person or by proxy and entitled to vote on the subject matter, provided a quorum is present, is required for the adoption of the Proposals. For Proposals 4 and 5, the affirmative vote of the holders of a majority of the total number of outstanding shares of Voting Stock is required to approve the Proposals.

Voting ceases when the chairman of the Annual Meeting closes the polls. The votes are counted and certified by three inspectors appointed by the Board of Directors in advance of the Annual Meeting. In determining whether a majority of shares of Voting Stock present have been affirmatively voted for a particular proposal, the affirmative votes for the proposal are measured against the votes for and against the proposal plus the abstentions from voting on the proposal. In determining whether Proposals 4 and 5 have been approved, the total outstanding shares of Voting Stock entitled to vote are counted in determining whether a majority has voted for the proposal. You may abstain from voting on any proposal other than the election of directors. Abstentions from voting are not considered as votes affirmatively cast. Abstaining will, therefore, have the effect of a vote against a proposal. With regard to the election of directors, votes may be cast in favor or withheld. Votes that are withheld will be excluded entirely from the vote and will have no effect.

What if you hold shares in a brokerage account?

The Voting Stock is traded on the New York Stock Exchange, Inc. (the NYSE). Under the rules of the NYSE, member stockbrokers who hold shares of Voting Stock in their name for customers are required to obtain directions from their customers on how to vote the shares. NYSE rules permit brokers to vote shares on certain proposals when they have not received any directions. The Staff of the NYSE, prior to the Annual Meeting, informs brokers of those proposals on which they are entitled to vote the undirected shares.

A broker non-vote occurs when a broker holding shares of Voting Stock for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting authority for that proposal and has not received instructions from the beneficial owner (customer directed abstentions are not broker non-votes). Broker non-votes generally do not affect the determination of whether a quorum is present at the Annual Meeting because, in most cases, some of the shares held in the broker's name have been voted, and, therefore, all of those shares are considered present at the Annual Meeting.

Under applicable law, except for Proposals 4 and 5, a broker non-vote will not be considered present and entitled to vote on non-discretionary items and will have no effect on the vote. Because Proposals 4 and 5 require the vote of a majority of the total number of outstanding shares of Voting Stock entitled to vote, a broker non-vote will have the effect of a vote against Proposals 4 and 5.

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On what proposals can my broker vote my shares?

A broker may vote without direction only on Proposal 2, ratification of auditors. Brokers may not use discretionary authority to vote shares on any other proposal, including the election of directors, if they have not received instructions from their clients. **Please provide your broker with instructions so your vote can be counted.**

How are your shares voted if you submit a proxy?

If you return a properly executed proxy card or properly vote via the Internet or telephone, you are appointing the Proxy Committee to vote your shares of Voting Stock covered by the proxy. The Proxy Committee consists of the three directors of KCS whose names are listed on the proxy card. If you wish to name someone other than the Proxy Committee as your proxy, you may do so by crossing out the names of the designated proxies and inserting the name of another person. In that case, it will be necessary for you to sign the proxy card and deliver it to the person so named and for that person to be present and vote at the Annual Meeting. Proxy cards so marked should not be mailed directly to us.

The Proxy Committee will vote the shares of Voting Stock covered by a proxy in accordance with the instructions given by the stockholder(s) executing the proxy or authorizing the proxy and voting via the Internet or telephone. If a properly executed or authorized and unrevoked proxy does not specify how the shares represented thereby are to be voted, the Proxy Committee intends to vote the shares (i) FOR the election of the persons nominated by the Board for Directors, (ii) FOR ratification of the Audit Committee's selection of KPMG LLP as our independent registered public accounting firm for 2014, (iii) FOR the approval, on an advisory basis, of the 2013 compensation of our named executive officers, (iv) FOR approval of the amendment to our Amended and Restated Certificate of Incorporation to declassify our Board of Directors; (v) FOR approval of the amendment to our Amended and Restated Certificate of Incorporation to give stockholders the right to call a special meeting, and (vi) in accordance with their discretion, upon such other matters as may properly come before the Annual Meeting.

Can you revoke your proxy or voting instruction card?

At any time before the polls for the Annual Meeting are closed, if you hold Voting Stock in your name, you may revoke a properly executed or authorized proxy by (a) an Internet or telephone vote subsequent to the date shown on the previously executed and delivered proxy or the date of a prior electronic or telephonic vote, or (b) with a later-dated, properly executed and delivered proxy, or (c) a written revocation delivered to our Corporate Secretary. If you hold Voting Stock in a brokerage account, you must contact the broker and comply with the broker's procedures if you want to revoke or change the instructions previously given to the broker. Participants in certain employee benefit plans, as discussed below, must contact the plan trustee and comply with its procedures if they wish to revoke or change their voting instructions. Attendance at the Annual Meeting will not have the effect of revoking your properly executed or authorized proxy unless you deliver a written revocation to our Corporate Secretary before your proxy is voted.

How do participants in Kansas City Southern 401(k) and Profit Sharing Plan (the KCS 401(k) Plan) vote?

If you participate in the KCS 401(k) Plan and own shares of Common Stock in your account, you have received a separate voting instruction card (accompanying this Proxy Statement) to instruct the trustee of the KCS 401(k) Plan how to vote the shares of Common Stock held on your behalf. The trustee is required under the trust agreement to vote the shares in accordance with the instructions given on the voting instruction card. Voting instructions may also be given by Internet or telephone by participants in the KCS 401(k) Plan. The accompanying voting instruction card contains the Internet address and toll-free number. If voting instructions are not received from a participant, the trustee must vote those shares, as well as any unallocated shares, in the

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same proportions as the shares for which voting instructions were received from plan participants. Voting instructions by Internet or telephone must be given by 1:00 a.m., Eastern Time, on April 28, 2014. Unless you give voting instructions by Internet or telephone, the voting instruction card should be returned in the envelope provided to Proxy Services, c/o Computershare, P.O. Box 30170, College Station, TX 77842-3170. The voting instruction card should not be returned to us. KCS 401(k) Plan participants who wish to revoke their voting instructions must contact the trustee and follow its procedures.

Are the votes of participants in the KCS 401(k) Plan confidential?

Under the terms of the KCS 401(k) Plan, the trustee is required to establish procedures to ensure that the instructions received from participants are held in confidence and not divulged, released or otherwise utilized in a manner that might influence the participants' free exercise of their voting rights.

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The following table contains information concerning the beneficial ownership of our Common Stock as of the Record Date by:

Beneficial owners of more than five percent of our Common Stock that have publicly disclosed their ownership in filings with the Securities and Exchange Commission (SEC);

The members of our Board of Directors;

Our Chief Executive Officer, our Chief Financial Officer and the other executive officers for whom information is provided in the Summary Compensation Table in this Proxy Statement (we call these persons the Named Executive Officers); and

All current executive officers, directors and nominees for director as a group. The address for each of our directors and executive officers listed is 427 West 12th Street, Kansas City, Missouri 64105.

We are not aware of any beneficial owner of more than five percent of the 4% Preferred Stock. None of our directors or executive officers owns any shares of 4% Preferred Stock. No officer or director of KCS owns any equity securities of any subsidiary of KCS. Beneficial ownership is generally defined as either the sole or shared power to vote or dispose of the shares. Except as otherwise noted, the beneficial owners have sole power to vote and dispose of their shares. We are not aware of any arrangement that would, at a subsequent date, result in a change in control of KCS.

Name and Address	Common Stock(1)	Percent of Class(1)
T. Rowe Price Associates, Inc	12,965,312(2)	11.7%
The Vanguard Group	7,326,814(3)	6.64%
BlackRock, Inc.	5,921,748(4)	5.4%
Lu M. Córdova	6,130(5)	*
Director		
Henry R. Davis	105,629	*
Director		
Robert J. Druten	20,755(6)	*
Director		
Terrence P. Dunn	35,793(7)	*
Director		
David R. Ebbrecht	35,797(8)	*
Executive Vice President and Chief Operating Officer		
Antonio O. Garza, Jr.	4,565	*
Director		
Michael R. Haverty	894,192(9)	*
Chairman of the Board and Director		
Thomas A. McDonnell	140,000(10)	*

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Director		
Patrick J. Ottensmeyer	56,331(11)	*
Executive Vice President, Sales and Marketing		
Rodney E. Slater	19,293	*
Director		
David L. Starling	161,345(12)	*
President and Chief Executive Officer; Director		
Michael W. Upchurch	21,223(13)	*
Executive Vice President and Chief Financial Officer		
José Guillermo Zozaya Delano	62,745(14)	*
President and Executive Representative of Kansas		
City Southern de México, S.A. de C.V. (KCSM)		
All Directors and Executive Officers as a Group (18 Persons)	1,773,734(15)	1.60%

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* Less than one percent of the outstanding shares.

- (1) This column includes Common Stock, including restricted shares, beneficially owned by officers, directors, nominees for director and beneficial owners of more than five percent of our Common Stock. In accordance with SEC rules, this column also includes shares that may be acquired upon the exercise of options or other convertible securities that are exercisable or convertible on the Record Date, or will become exercisable or convertible within 60 days of that date, which are considered beneficially owned. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares subject to options or other convertible securities held by that person that are exercisable or convertible on the Record Date, or exercisable or convertible within 60 days of the Record Date, are deemed outstanding. These shares are not, however, deemed outstanding for the purpose of computing the percentage ownership of any other person. In addition, under applicable law, shares that are held indirectly are considered beneficially owned. Directors, nominees for director and executive officers may also be deemed to own, beneficially, shares included in the amounts shown above which are held in other capacities. The holders may disclaim beneficial ownership of shares included under certain circumstances. The list of our executive officers is included in our Annual Report on Form 10-K for the year ended December 31, 2013. See the last page of this Proxy Statement for instructions on how to obtain a copy of the Form 10-K.
- (2) The address of T. Rowe Price Associates, Inc. (Price Associates) is 100 E. Pratt Street, Baltimore, MD 21202. Based on a Schedule 13G/A filed February 12, 2014, Price Associates reports sole power to vote 3,780,804 shares and sole power to dispose of 12,965,312 shares. These securities are owned by various individual and institutional investors which Price Associates serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.
- (3) The address of The Vanguard Group (Vanguard) is 100 Vanguard Blvd., Malvern, PA 19355. Based on a Schedule 13G, filed February 11, 2014, Vanguard reports sole voting power of 179,325 shares, sole power to dispose of 7,158,889 shares and shared power to dispose of 167,925 shares.
- (4) The address of BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022. This information is based on BlackRock, Inc.'s Schedule 13G/A filed on February 10, 2014. Black Rock reports sole voting power of 4,957,967 shares.
- (5) Ms. Córdova's beneficial ownership includes 29 shares held in a trust.
- (6) Mr. Druten's beneficial ownership includes 1,250 shares held by a charitable foundation for which Mr. Druten disclaims beneficial ownership.
- (7) Mr. Dunn's beneficial ownership includes 35,793 shares held in a revocable trust for which he is the trustee with sole voting and dispositive power.
- (8) Mr. Ebbrecht's beneficial ownership includes 23,518 restricted shares, 6,784 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the Record Date, and 11 shares allocated to his account in the KCS 401(k) Plan.
- (9) Mr. Haverty's beneficial ownership includes 6,839 restricted shares, 74,705 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the Record Date, 746,250 shares held jointly with his spouse, and

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48,609 shares held by a charitable foundation for which Mr. Haverty disclaims beneficial ownership.

- (10) Mr. McDonnell's beneficial ownership includes 100,000 shares held in a trust for which he is the trustee with sole voting and dispositive power, and 40,000 shares held by a charitable foundation for which Mr. McDonnell disclaims beneficial ownership.
- (11) Mr. Ottensmeyer's beneficial ownership includes 5,811 restricted shares, 18,149 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the Record Date, and 238 shares allocated to his account in the KCS 401(k) Plan.

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- (12) Mr. Starling's beneficial ownership includes 27,015 restricted shares, 61,701 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the Record Date, 31,465 shares held jointly with his spouse and pledged as collateral for a line of credit, 10,000 shares held in an Individual Retirement Account, and 6,157 shares held by a charitable foundation for which Mr. Starling disclaims beneficial ownership.
- (13) Mr. Upchurch's beneficial ownership includes 5,610 restricted shares and 5,101 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the Record Date.
- (14) Mr. Zozaya's beneficial ownership includes 5,140 restricted shares and 24,999 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the Record Date.
- (15) The number includes 101,544 restricted shares, 256,616 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the Record Date, 827,462 shares held jointly, 150,555 shares otherwise held indirectly and 31,465 shares pledged as collateral for loans or held in brokerage accounts with margin privileges. Mr. McDonnell, a Director, disclaims beneficial ownership of 40,000 of the total shares listed. Mr. Druten, a Director, disclaims beneficial ownership of 1,250 of the total shares listed. Mr. Haverty, our Chairman and a Director, disclaims beneficial ownership of 48,609 of the total shares listed. Mr. Starling, a Director and our President and Chief Executive Officer, disclaims beneficial ownership of 6,157 of the total shares listed.

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PROPOSAL 1 ELECTION OF THREE DIRECTORS

The Board of Directors of KCS (the Board) is divided into three classes. The members of each class serve staggered three-year terms of office, which results in one class standing for election at each annual meeting of stockholders. The term of office for the three directors elected at the Annual Meeting will expire in 2017 or when their successors are elected and qualified, or their earlier resignation or removal.

Three persons have been nominated by the Board of Directors for election as directors. All nominees have indicated they are willing and able to serve as directors if re-elected and have consented to being named as nominees in this Proxy Statement. If any nominee should become unable or unwilling to serve, the Proxy Committee intends to vote for one or more substitute nominees chosen by them in their sole discretion.

The biography of each nominee below contains information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years and experiences, qualifications, attributes or skills that led the Nominating and Corporate Governance Committee (the Nominating Committee) or the Board to conclude that the person should serve as a director for the Company as of the time that this proxy statement was filed with the SEC.

As explained above in How many votes does each Voting Share have and How do we decide whether our stockholders have approved the proposals?, directors are elected by the affirmative vote of a plurality of the shares of Voting Stock present at the Annual Meeting and entitled to vote on the election of directors, assuming a quorum is present.

Nominees for Director to Serve Until the Annual Meeting of Stockholders in 2017

Henry R. Davis, age 73, has been a director of KCS since February 28, 2008. Since 1998, Mr. Davis has served as President of the investment firm Promotora DAC, S.A. de C.V., which focuses its investments in the financial and real estate sectors. Mr. Davis served as President, Chief Executive Officer and Vice Chairman of the Board of Grupo Cifra from 1983, until its acquisition by Wal-Mart de México in 1998. Mr. Davis is a director of Grupo Bimbo, S.A.B. de C.V. (1999 to present) and Fibra Uno, S.A.B. de C.V. (2011 to present). He previously served as a director of Grupo Aeroportuario de Pacífico S.A.B. de C.V. (2006 to 2010) and Ixe Grupo Financiero S.A. de C.V. (2001 to 2011).

As the Chief Executive Officer and Vice Chairman of Grupo Cifra, Mr. Davis developed extensive business leadership skills. He also has unique insights in managing and operating businesses in Mexico that serves the Board well in its governance and strategic oversight of the Company's wholly-owned subsidiary, KCSM. Mr. Davis has also developed extensive finance and real estate experience through the leadership of Promotora DAC, S.A. de C.V. In addition, he has strong skills in corporate finance, managing capital intensive industry operations, international relations, strategic planning and executive compensation.

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Robert J. Druten, age 66, has been a director of KCS since July 26, 2004. Mr. Druten served as Executive Vice President and Chief Financial Officer of Hallmark Cards, Inc. from 1994 until his retirement in August 2006. From 1991 until 1994, he served as Executive Vice President and Chief Financial Officer of Crown Media, Inc., a cable communications subsidiary of Hallmark. He served as Vice President of Corporate Development and Planning of Hallmark from 1989 until 1991. Prior to joining Hallmark in 1986, Mr. Druten held a variety of executive positions with Pioneer Western Corporation from 1983 to 1986. Mr. Druten has served as a trustee of EPR Properties (EPR), a real estate investment trust, since 1997 and is its Chairman of the Board. He has also been a member of the compensation, governance and finance committees of EPR. He has served as a director of Alliance Holdings GP, L.P., a publicly traded limited partnership whose publicly traded subsidiary is engaged in the production and marketing of coal, since 2007, where he serves on the Audit Committee and its Conflicts Committee. Mr. Druten previously served as a director of American Italian Pasta Company, from 2007 until it was acquired by Ralcorp Holdings, Inc. in July 2010, where he was the Chair of the Audit Committee and also served on the Compensation Committee.

Mr. Druten has extensive executive experience in corporate finance and accounting developed during his tenure as a financial manager, and ultimately as Chief Financial Officer, of Hallmark Cards, Inc. He has also served on the audit committees of other public companies, which gives him valuable knowledge and perspective in serving on the Company's Audit Committee. Mr. Druten also has experience in managing capital intensive operations, international operations and strategic planning.

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Rodney E. Slater, age 59, has been a director of KCS since June 5, 2001. Mr. Slater is a partner in the public policy practice group of the law firm Patton Boggs LLP and has served as a member of the firm's transportation practice group in Washington, D.C. since 2001. He served as United States Secretary of Transportation from 1997 to January 2001 and head of the Federal Highway Administration from 1993 to 1996. Mr. Slater is also a director of Southern Development Bancorporation (since May 2001), International Battery, Inc. (since May 2009), Transurban Group (since June 2009), Verizon Communications, Inc. (since March 2010) and WS Atkins plc (since September 2011). Mr. Slater has served as a member of the Brambles Advisory Board since August 2010. Mr. Slater previously served as a Director of ICx Technologies, Inc. from July 2006 through October 2010 and Delta Airlines from October 2008 through June 2011, International Battery, Inc. from May 2009 to December 2012, Parsons Brinkerhoff from March 2008 to March 2009 and is a Past Chairman of the Board of United Way of America.

Mr. Slater brings strong leadership skills to the Board developed through his career as a government leader, which culminated in his service as the United States Secretary of Transportation. As Secretary of Transportation, Mr. Slater developed extensive experience in the regulation of transportation, development of public policy and government and international relations, and he serves as a key advisor to the Board on these issues. Mr. Slater also has extensive experience in executive compensation.

YOUR BOARD RECOMMENDS THAT YOU VOTE

FOR

THE ELECTION OF THE BOARD'S NOMINEES

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THE BOARD OF DIRECTORS

The Board of Directors met five times in 2013. The Board meets regularly to review significant developments affecting KCS and to act on matters requiring Board approval. The Board reserves certain powers and functions to itself; in addition, it has requested that the Chief Executive Officer refer certain matters to it. During 2013, all directors attended at least 75% of the aggregate of (1) the total number of meetings of the Board and (2) the total number of meetings held by all committees of the Board on which they served.

The biography of each director below contains information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years and experiences, qualifications, attributes or skills that led the Nominating Committee or the Board to conclude that the person should serve as a director for the Company as of the time that this proxy statement was filed with the SEC.

Directors Serving Until the Annual Meeting of Stockholders in 2015

Lu M. Córdova, age 59, has been a director of KCS since May 6, 2010. Ms. Córdova has served as the Chief Executive Officer of Corlund Industries, L.L.C., an investment holding company specializing in operations management, strategic planning, business development and capital finance, since 2005. Ms. Córdova has also served as General Manager of Almacen Storage-US, LLC, which provides self-storage and small business warehousing in resort areas in Mexico, since 2007. She has been a director of Euronet Worldwide, Inc. since June 2011. She served on the Board of Directors of the 10th District Federal Reserve Bank based in Kansas City, Missouri from January 2005 until December 2011, where she served on the audit committee and compensation committee, and as Chairman of the Board of the 10th District Federal Reserve Bank from January 2008 until January 2011. Before serving on the Board of Directors of the Federal Reserve Bank of Kansas City, she served on its Economic Advisory Council from 2002 through 2004. She served as president of CTEK Venture Centers, a not-for-profit business catalyst, from 2001 until her retirement in 2005. She also served as Chairman of CTEK Angels, also a not-for-profit business catalyst, from 2002 until 2007. Ms. Córdova served as Chief Executive Officer of Acteva, an e-commerce software transaction provider, from 1998 until 2000. Ms. Córdova was formerly a vice president at @Home Network and at McGraw-Hill.

Ms. Córdova has extensive business leadership and entrepreneurial experience. She has developed strong leadership skills for high growth companies through her experience in leading companies in the start-up phases and growth-phases of business development. Her business experience has also given her extensive experience in corporate finance and strategic planning. In addition, Ms. Córdova is a citizen of both the United States and Mexico and has experience in managing and leading Mexican businesses. Ms. Córdova also has experience in the development of government financial and economic policies that she has developed through her formal education and experience with the Board of Directors of the 10th District Federal Reserve Bank.

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Michael R. Haverty, age 69, has been a director of KCS since May 1995, and from January 1, 2001 through September 30, 2013 was Executive Chairman of the Board. Effective October 1, 2013, Mr. Haverty became the non-executive Chairman of KCS and is no longer an employee of the Company. He served as Chief Executive Officer of KCS from July 12, 2000 until July 31, 2010. Mr. Haverty served as President of KCS from July 12, 2000 to June 12, 2006. Mr. Haverty served as Executive Vice President of KCS from May 1995 until July 12, 2000. He served as President and Chief Executive Officer of The Kansas City Southern Railway Company (KCSR) from 1995 to 2005 and was a director of KCSR from 1995 to September 30, 2013. He served as Chairman of the Board of KCSR from 1999 until September 30, 2013. Mr. Haverty served as a director of the Panama Canal Railway Company, an affiliate of KCS, from 1996 and as Co-Chairman of the Board of Directors of that company from 1999 until September 30, 2013. Mr. Haverty served as Co-Chairman of Panarail Tourism Company, an affiliate of KCS, from 2000 until September 30, 2013. He has served as Chairman of the Board of KCSM, a wholly-owned subsidiary of KCS, from April 1, 2005 until September 30, 2013. Mr. Haverty served as Chairman and Chief Executive Officer of Haverty Corporation from 1993 to May 1995, acted as an independent executive transportation advisor from 1991 to 1993, and was President and Chief Operating Officer of The Atchison, Topeka and Santa Fe Railway Company from 1989 to 1991.