

KANSAS CITY SOUTHERN
Form FWP
December 16, 2008
Issuer Free Writing Prospectus
Issued December 15, 2008

Term Sheet to
Prospectus Supplement
Registration Statement No. 333-155601
Dated December 15, 2008
Rule 433

**The Kansas City Southern Railway Company
\$190,000,000 13% SENIOR NOTES DUE 2013**

The following information supplements the Preliminary Prospectus Supplement of The Kansas City Southern Railway Company (KCSR), dated December 15, 2008, filed as part of Registration Statement Number 333-155601 in relation to the 13% Senior Notes due 2013.

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|---|--|
| Title of Securities: | 13% Senior Notes due 2013 (the Notes) |
| Aggregate Principal Amount Offered: | \$190,000,000 |
| Maturity: | December 15, 2013 |
| Price to Public: | 88.405% per Note and accrued interest, if any |
| Net Proceeds to KCSR after Expenses: | \$164,169,500 |
| Underwriting Discount: | 2% |
| Interest Rate: | 13% |
| Yield: | 16.5% |
| Interest Payment Dates: | June 15 and December 15 of each year, beginning on June 15, 2009 |
| Record Dates: | June 1 and December 1 |
| Optional Redemption: | <p>KCSR may redeem some or all of the Notes prior to December 15, 2011 by paying either 101% of the principal amount of the Notes or a make whole premium, whichever is greater, plus, in each case, accrued and unpaid interest, if any, as set forth in the prospectus supplement.</p> <p>KCSR may redeem the Notes, in whole or in part, at any time on or after December 15, 2011. The redemption price for the Notes (expressed as a percentage of principal amount) will be as follows, plus accrued and unpaid interest to the redemption date, if redeemed during the 12-month period commencing on December 15 of any year set forth below:</p> |

| Year | Redemption Price |
|-------------|-------------------------|
| 2011 | 113.0% |
| 2012 | 106.5% |

In addition, at any time prior to December 15, 2010, KCSR may, on one or more occasions, redeem up to 35% of the aggregate principal amount of the Notes with net cash proceeds from specified equity offerings at the redemption price of 113% of the principal amount thereof, plus accrued and unpaid interest, if any.

Tax Treatment: The Notes will be issued with original issue discount (**OID**) for U.S. federal income tax purposes and U.S. Holders will be required to accrue **OID** into gross income on a constant yield basis in advance of the receipt of some or all of the cash attributable to such **OID**, regardless of their regular method of tax accounting.

Trade Date: December 15, 2008

Settlement Date: December 18, 2008

CUSIP: 485188 AH9

| Underwriter | Principal Amount |
|-----------------------------------|-------------------------|
| Morgan Stanley & Co. Incorporated | \$ 87,400,000 |
| Banc of America Securities LLC | \$ 57,000,000 |
| Scotia Capital (USA) Inc. | \$ 30,400,000 |
| BMO Capital Markets | \$ 7,600,000 |
| SunTrust Robinson Humphrey, Inc. | \$ 7,600,000 |