





# FINANCIAL HIGHLIGHTS

Year Ended December 31,  
(dollars in millions, except per share amounts)

	2004	2003	2002	2001	2000
<b>Income Statement Data</b>					
Total revenues	\$ 2,428.6	\$ 2,416.3	\$ 2,383.8	\$ 2,380.7	\$ 1,968.7
Operating revenues	1,732.0	1,724.9	1,657.9	1,656.0	1,359.6
Income from operations	\$ 315.7	\$ 307.5	\$ 303.3	\$ 293.5	\$ 264.6
Operating margin percentage	13.0%	12.7%	12.7%	12.3%	13.4%
Interest expense	\$ 55.3	\$ 26.9	\$ 13.4	\$ 7.5	\$ 5.6
Equity in earnings (losses) of unconsolidated affiliates	5.4	12.5	6.5	(1.5)	11.4
Income before income taxes	322.0	430.1	316.6	353.5	336.7
Net income	\$ 222.8	\$ 320.8	\$ 209.0	\$ 228.2	\$ 215.8
Diluted shares outstanding (millions)	86.1	116.0	121.7	126.0	129.4
Basic earnings per share	\$ 2.66	\$ 2.80	\$ 1.74	\$ 1.86	\$ 1.72
Diluted earnings per share	\$ 2.59	\$ 2.77	\$ 1.72	\$ 1.81	\$ 1.67
Adjusted diluted earnings per share *	\$ 2.50	\$ 1.88	\$ 1.77	\$ 1.60	\$ 1.40
<b>Geographic Information</b>					
U.S. total revenues	\$ 2,217.2	\$ 2,221.8	\$ 2,224.4	\$ 2,239.7	\$ 1,810.4
U.S. operating revenues	1,526.1	1,536.3	1,504.4	1,520.4	1,207.0
U.S. income from operations	\$ 275.3	\$ 257.2	\$ 268.4	\$ 262.2	\$ 240.1
U.S. operating margin percentage	12.4%	11.6%	12.1%	11.7%	13.3%
International total revenues	\$ 211.4	\$ 194.5	\$ 159.4	\$ 141.0	\$ 158.3
International operating revenues	205.9	188.6	153.5	135.6	152.7
International income from operations	\$ 40.4	\$ 50.3	\$ 34.9	\$ 31.3	\$ 24.5
International operating margin percentage	19.1%	25.9%	21.9%	22.2%	15.5%
<b>Balance Sheet Data</b>					
Total assets	\$ 3,383.4	\$ 3,198.6	\$ 2,744.2	\$ 2,704.0	\$ 2,552.4
Total debt	1,482.9	1,464.7	438.7	306.9	90.0
Stockholders' equity	\$ 745.8	\$ 683.7	\$ 1,422.0	\$ 1,472.4	\$ 1,565.8
<b>Other Financial Data</b>					
EBITDA	\$ 535.8	\$ 607.4	\$ 473.8	\$ 520.4	\$ 470.9
Capital additions	\$ 180.4	\$ 269.7	\$ 209.8	\$ 194.7	\$ 178.8
<b>Investment Market Values</b>					
Computer Sciences Corporation	\$ 401.9	\$ 381.8	\$ 297.4	\$ 422.8	\$ 519.0
State Street Corporation	\$ 628.3	\$ 666.2	\$ 498.9	\$ 668.4	\$ 704.9
<b>Other Operating Data</b>					
Mutual fund shareowner accounts processed (millions)					
U.S.	92.2	87.9	80.0	74.4	71.4
United Kingdom	5.3	4.6	3.5	3.1	2.7
Canada	6.2	2.7	2.5	1.5	1.1
TRAC participants (millions)	3.9	3.5	2.8	2.5	1.8
Automated Work Distributor workstations (thousands)	96.4	87.0	84.6	81.4	69.5
lock\line supported customers (millions)	25.3	19.4	16.4		
Output Solutions images produced (billions)	8.7	9.3	8.6	8.2	7.4
Output Solutions items mailed (billions)	1.6	1.7	1.8	1.9	1.9
Video/Broadband/Satellite TV subscriber accounts (millions)	37.4	39.3	41.1	40.9	43.4

\* Adjusted diluted earnings per share have been calculated by excluding the effects of certain items that are not necessarily ongoing in nature, do not have a high level of predictability associated with them or are non-operational in nature. Generally, these items include net gains (losses) on dispositions of business units, net gains (losses) associated with securities, restructuring costs and other similar items. These items are discussed in more detail in Item 6, "Selected Consolidated Financial Data," included in the Annual Report on Form 10-K included in the document (Annual Report).

The selected consolidated financial data set forth in the above table have been derived from the Company's consolidated financial statements. This data should be read in conjunction with, and are qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Company's audited consolidated financial statements, including the notes thereto and the independent accountants' report thereon, and the other financial information included in the Annual Report.

## FINANCIAL SERVICES

- Mutual Fund Shareowner Processing
- Investment Management Accounting
- Business Process Management
- Consumer Risk Transfer Programs

## OUTPUT SOLUTIONS

- Statement and Billing Services
- Design and Archival Services

## CUSTOMER MANAGEMENT

- Video/Broadband/Satellite TV
- Customer Relationship Management and Decision Support
- Utilities

E N H A N C E D   B Y   E - C O M M E R C E   S O L U T I O N S

# B U S I N E S S   O V E R V I E W

DST Systems, Inc. (“DST”) provides sophisticated information processing and computer software services and products. DST is organized into three operating segments (Financial Services, Output Solutions and Customer Management). In addition, investments in equity securities and certain financial interests and DST’s real estate subsidiaries and affiliates have been aggregated into an Investments and Other segment. The illustration above depicts DST’s three operating segments.

D S T   S Y S T E M S , I N C .

## FINANCIAL SERVICES

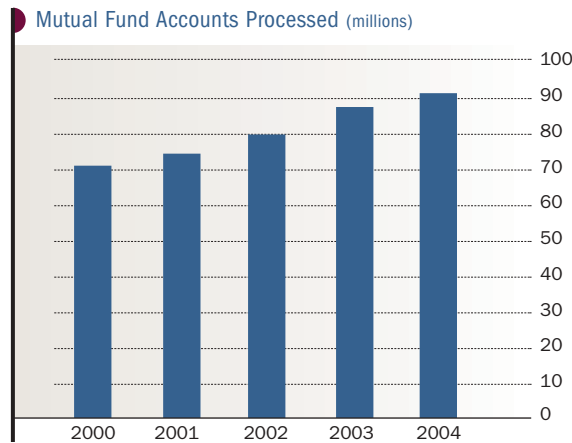
DST's Financial Services Segment provides sophisticated information processing and computer software services and products primarily to mutual funds, investment managers, insurance companies, banks, brokers and financial planners. DST's proprietary software systems include mutual fund shareowner and unit trust recordkeeping systems for U.S. and international mutual fund companies; a defined-contribution participant recordkeeping system for the U.S. retirement plan market; investment management systems offered to U.S. and international fund accountants and investment managers; a workflow management and customer contact system offered to mutual funds, insurance companies, brokerage firms, banks, cable television operators, health care providers and mortgage servicing organizations; and systems to support customized consumer equipment replacement and debt protection programs.

## U.S. MUTUAL FUND SHAREOWNER PROCESSING

The U.S. mutual fund industry continues to be a primary investment vehicle for the individual investor, with nearly \$8.1 trillion invested in mutual funds. As the largest provider of third-party shareowner recordkeeping for the U.S. mutual fund industry, DST has played an important role in supporting the growth of the mutual fund industry. DST's strategy of continuously enhancing core proprietary systems, providing processing capacity to handle rapidly changing transaction volumes and delivering innovative products enables clients to provide world-class service to their constituents.

### Shareowner Accounting and Recordkeeping

DST's software system for open-end U.S. mutual fund shareowner recordkeeping is TA2000. The system maintains all shareowner information and transactions for load, no-load, multi-class and money funds. TA2000 also performs many specialized tasks, such as accounting for asset allocation, assessing commissions and tax reporting. At December 31, 2004, TA2000 processed 92.2 million U.S. mutual fund shareowner accounts.

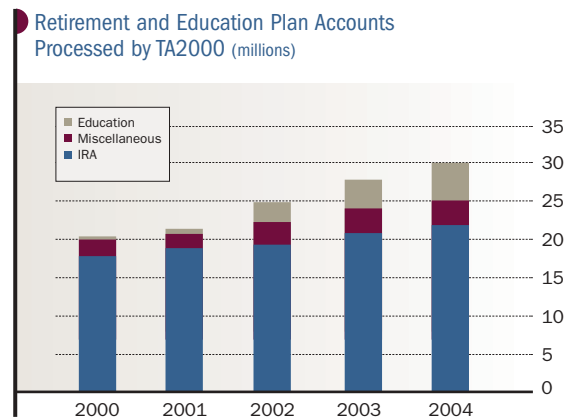


DST offers a complete range of recordkeeping services, from full-service processing, which includes all clerical and data processing support for transfer agent activities, to remote processing in which the clients perform all clerical functions using TA2000. Remote processing clients include mutual fund companies performing their own transfer agent operations and brokers performing shareowner recordkeeping (subaccounting) for funds they distribute. Full-service processing is offered by both DST and Boston Financial Data Services, Inc. ("BFDS"), which DST jointly owns with State Street Corporation ("State Street"). The design of DST's proprietary systems enables clients to select the services they choose to perform with DST or BFDS, resulting in an increasing number of shared service relationships.

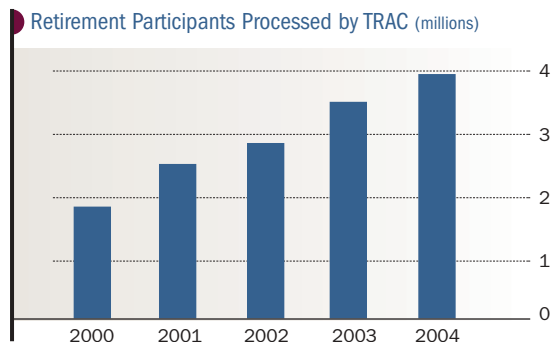
## Retirement and Savings Plan Recordkeeping and Administration

Mutual funds are popular investment vehicles used by individual, corporate retirement and education savings plans. TA2000 supports Individual Retirement Accounts ("IRAs") (Traditional, Roth and rollover IRAs), Coverdell Educational Savings Accounts and Section 529 college savings plans.

TA2000 serviced 21.7 million IRAs and 3.3 million accounts in an assortment of retirement accounts (SAR-SEP, Keogh and SIMPLEs) at December 31, 2004. Furthermore, TA2000 supported the processing of 5.0 million Section 529 plan accounts and Coverdell Savings Educational Savings Accounts at December 31, 2004.



TRAC is a component of TA2000 that supports participant recordkeeping and administration for defined contribution plans, including 401(k), 403(b), 457, money purchase and profit sharing plans that invest in mutual funds, company stock, guaranteed investment contracts, annuities and other investment products. TRAC is integrated with TA2000, which eliminates the potential for reconciliation problems that may occur when different systems are used for participant recordkeeping and mutual fund shareowner accounting. TRAC provided recordkeeping for 3.9 million retirement plan participants at December 31, 2004.



## TA2000 Subaccounting

TA2000 Subaccounting is offered on a remote basis to broker/dealers who perform shareowner accounting and recordkeeping for mutual fund accounts that have been sold by the firm's registered representatives. TA2000 was enhanced to meet the complex reconciliation and system interfaces required by broker/dealers who require this capability. DST has contracts with three clients to use TA2000 Subaccounting. There has been an increased regulatory interest in subaccounting relationships, which the Company expects to slow the growth in this market until regulations are clarified.

## Products Supporting Mutual Fund Distribution and Marketing

DST has developed products to meet the changing service requirements, expanding distribution channels and the increasing regulatory requirements affecting the mutual fund market.

DST is the largest processor of the mutual fund industry's volume on Fund/SERV and Networking, which are systems developed by the Depository Trust and Clearing Corporation. DST has also developed the Financial Access Network ("FAN"), which is the technological infrastructure that facilitates mutual fund sales and distribution via the Internet.

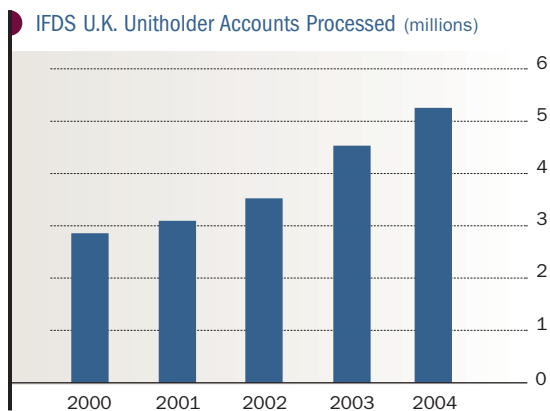
Several of DST's products and services utilize FAN. FAN Web enables mutual fund companies to offer investors direct inquiry of account information, financial transaction execution and literature fulfillment through a set of customized Internet templates. These templates link TA2000 to the client's Web site. FAN Investment Tracking enables shareholders to download their mutual fund transaction data through the Quicken for Windows Online Investment Center. FAN Mail provides financial advisors and broker/dealers with trade confirmations, account positions and other data through public network access. Vision, a DST-hosted Web site, enables broker/dealers and financial advisors to view their clients' mutual fund and variable annuity positions, establish new accounts and conduct transactions. Over 200,000 financial intermediaries currently use FAN Mail and Vision.

## INTERNATIONAL SHAREOWNER PROCESSING

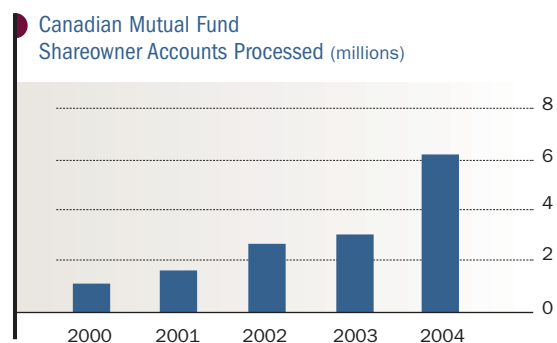
DST provides international shareholder processing through International Financial Data Services, U.K. ("IFDS U.K."), International Financial Data Services, Canada ("IFDS Canada")

and International Financial Data Services, Luxembourg ("IFDS Luxembourg"). All three companies are joint ventures of DST and State Street.

IFDS U.K. offers full and remote service processing services for the U.K. Open Ended Investment Company ("OEIC") accounts and unit trust and related products using FAST, its proprietary unit trust accounting system. IFDS U.K. is the largest third-party provider of unit trust shareowner processing in the U.K., processing 5.3 million unitholder and OEIC accounts at December 31, 2004. During 2004, IFDS U.K. converted approximately 0.7 million accounts from an independent fund supermarket that is dedicated to intermediaries.



Using iFAST, its proprietary mutual fund processing system, IFDS Canada offers mutual fund servicing in Canada both on a full service processing and remote processing basis. At December 31, 2004, IFDS Canada serviced 6.2 million shareowner accounts. In December 2004, IFDS Canada converted approximately 3.0 million mutual fund shareowner accounts under a facility management arrangement to a remote processing arrangement.



IFDS Luxembourg provides mutual fund shareowner processing and related services to the Luxembourg and continental European market.

## INVESTMENT MANAGEMENT SOLUTIONS

DST International Limited (“DST International”), a U.K. company, provides investment management and portfolio accounting software (primarily on a license basis) and software related services. DST International services over 600 clients in 55 countries from offices in the U.K., France, U.S., Australia, New Zealand, Hong Kong, Singapore, Thailand, China, Indonesia and South Africa. DST International offers a wide range of products and services, which together form a complete integrated solution for the investment management community.

HiPortfolio is designed for medium and large investment management firms who are seeking a complete turnkey system for investment accounting with minimum customization.

HiInvest is a front and middle-office solution suite of products for institutional fund managers. HiInvest includes decision support, modeling, order management, compliance monitoring, performance measurement, performance attribution and client reporting.

HiWealth is a front-office solution suite that enables private wealth managers to manage their clients’ assets. In addition to the same attributes as HiInvest, HiWealth includes integrated Customer Relationship Management and full use of DST’s work management software (AWD).

HiNet is a rules-based transaction processing solution aimed at medium to large investment management companies, including a high-capacity, retail-focused variant for online Internet trading and portfolio accounting.

HiMessaging provides a flexible and scalable solution for communicating securities transactions, complies with all current messaging protocols and is fully adaptable for future demands.

HiMarketData manages reference, price and corporate actions data. The solution validates and verifies data before it is loaded into downstream applications.

HiReporting offers fund managers the opportunity to produce comprehensive reports according to their clients’ individual needs, including pictures, logos and graphs. Various delivery mechanisms may be employed, such as Web, fax, CD-ROM and hard copy.

HiPerformance provides performance analysis for asset managers and is scalable to support both institutional and private client fund managers.

HiRisk is a comprehensive, enterprise wide ex-ante risk management solution. The Event Simulation Model (ESM) is a full valuation approach to enterprise and portfolio risk.

HiTrust is a Web-based, multi-currency and multi-lingual solution for mutual fund and unit trust processing. It has been developed for the specific needs of the Far Eastern and Australasian markets.

HiService encompasses a range of services for the financial industry, most of them available globally. They include project management, being an application service provider, installation support and consulting.

HiWay is a meta data application that focuses on data transformation, messaging and internal system integration. It provides the ability to extract, transform and load data between systems using messaging based architecture. HiWay is already enabled and carries several messaging libraries, including FIX and Swift.

Fixed Income Attribution supports the four most popular methodologies used in the industry, providing flexibility to asset managers.

In addition, DST International also supports its legacy Impart/Uptix and Paladign investment accounting systems.

## BUSINESS PROCESS MANAGEMENT THROUGH AWD

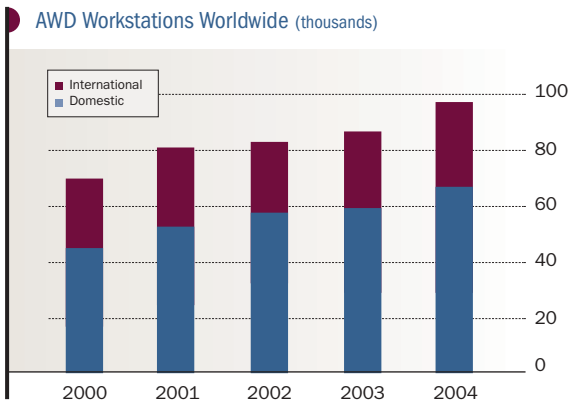
AWD is a proprietary software system that enables companies to improve operating efficiency and customer satisfaction. By enforcing standard business processes independent of the origin of a request, AWD allows seamless delivery of consistent service across all channels, resulting in improved customer satisfaction. AWD captures all customer interactions including mail, telephone calls, Internet, e-mail, faxes, etc., at the point of contact, prioritizes and assigns the work to the appropriate resource and tracks the contact through completion. AWD also enables customers with multiple service centers to seamlessly move work between locations, removing geography as a barrier to productivity gains.

AWD’s automation components allow customers to remove associates from tasks in which human interaction is not required, resulting in increased productivity. In addition,

AWD's application integration components allow customers to seamlessly link business processes that cross multiple legacy systems. The AWD product suite also includes imaging and content management, a business intelligence subsystem, a contact center desktop, proactive call scripting, intelligent character recognition, digitized voice processing and full support for e-mail and Web-based customer service.

AWD is an enterprise scale application implemented in many different industries including mutual funds, life insurance, healthcare providers and payers, mortgage origination and servicing, property and casualty insurance, banking, brokerage, video/broadband and telephony. AWD customers are located in over nineteen countries including the U.S., Canada, the U.K., continental Europe, Australia, South Africa, Hong Kong, Mainland China, Taiwan and Japan.

The business process management solution can also be combined with hosting services and business process outsourcing. Customers can access AWD at the AWD Data Center using DST's telecommunications network. The AWD Data Center provides a fully redundant disaster recovery option to AWD customers. Business process outsourcing services are also provided to AWD customers.



## CONSUMER RISK TRANSFER PROGRAMS

lock\line, LLC and affiliates ("lock\line") is the largest provider of customized wireless equipment replacement programs in the U.S., servicing approximately 18.5 million wireless consumers. lock\line also offers customized equipment maintenance and debt protection programs within the telecommunications, consumer products and financial services industries. lock\line currently services approximately 25.3 million consumers in markets in the U.S. and its territories.

## Wireless Equipment Replacement Programs

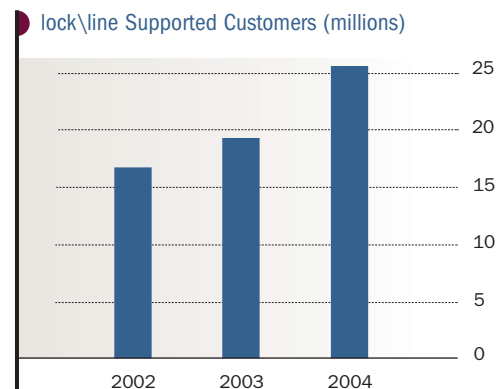
Most wireless telecommunications service providers offer their subscribers protection for their wireless communication devices in the event that the equipment is lost, stolen, damaged or suffers a mechanical breakdown beyond the manufacturer's warranty period. The programs are customized to the specific requirements of the wireless service providers and selected insurance companies. lock\line is the administrator of these programs, providing enrollment, replacement authorization and financial reporting utilizing the proprietary developed and enhanced Wireless Insurance Tracking System.

## Equipment Maintenance Programs

These programs offer extended service protection to the customers of service providers or retailers for mechanical breakdown within or beyond the manufacturer's warranty period. Current clients include local phone service customers who protect home phones and caller ID units, and a consumer products retailer. lock\line issues the service contracts offered to the consumer with those obligations insured by a Service Contract Reimbursement Policy provided by an insurance company. lock\line is the administrator of the programs, providing enrollment, replacement authorization and financial reporting utilizing the proprietary developed and enhanced Warranty Tracking System.

## Debt Protection Programs

These programs offer credit card loan consumers protection for their credit ratings in the event they suffer a Life Altering Event ("LAE") and cannot pay their monthly credit card payment. Common LAE's include death, disability, unemployment, hospitalization and family leave. lock\line is the administrator of these programs providing enrollment, collateral fulfillment, debt cancellation/suspension authorization, emergency cash and financial reporting utilizing a proprietary developed and enhanced Debt Cancellation Tracking System.



## WEALTH MANAGEMENT AND ADVISOR PRODUCTS

### Managed Asset Platform (“MAP”)

MAP is a proprietary system designed to facilitate the distribution, investment management, trading, performance measurement, reconciliation and reporting for managed accounts. Although they can take different forms, managed accounts are generally individual investment accounts offered by financial consultants who provide advisory services. They are managed by independent money managers using an asset-based fee structure. Managed accounts can be individually profiled for risk, goals and preferences. They are managed for tax efficiency and can be diversified among several types of investment instruments including stocks, bonds and mutual funds.

MAP integrates with AWD for streamlined workflow. MAP is a global solution with support for multi-asset types and can support multiple currencies and languages.

### Open Platform for Advisors (“OpenPFA”)

OpenPFA is a global “open product” and service utility for wealth management. Financial and investment advisors/firms are able to service all of their customers’ investment needs including risk profiling, proposal generation, new account setup, transaction processing, asset allocation, rebalancing, performance returns, statements and tax processing. Investment managers/firms have full portfolio management including decision support, rebalancing, trade order management and reconciliation.

## WINCHESTER INFORMATION PROCESSING SERVICES

DST operates three primary data centers to support the data processing needs of its products and services.

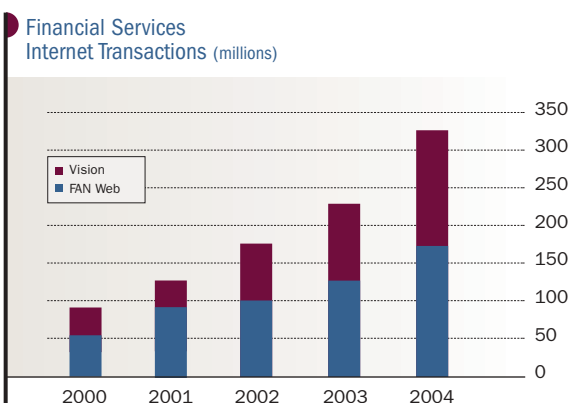
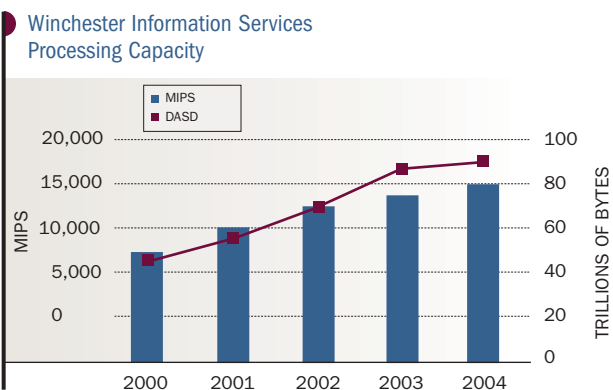
The Winchester Data Center (“Winchester”) is one of the largest and most advanced facilities of its type in the U.S. It is the hub of DST’s information processing and Internet servicing operations and supports hundreds of thousands of computer users connected through fully redundant telecommunications networks from locations across the U.S., U.K. and Canada. Winchester runs seven mainframe computers that can process more than 14,900 million instructions per second (“MIPS”) and more than 87 trillion bytes of direct access storage devices (“DASD”).

DST’s Internet architecture provides redundant and secure processing for clients. Through the deployment of Web servers, application servers and a large network of dedicated Internet bandwidth, Winchester provides its customers with secure, fast and reliable Internet connections.

The AWD Data Center supports more than 16,700 AWD workstations used in DST’s full and remote service mutual fund shareowner recordkeeping operations, health care and mortgage industries.

During 2003, DST established its own Recovery Data Center, which is now fully operational. The Recovery Data Center is equivalent in size and design to the Winchester. It houses the latest mainframe technology, including three mainframe computers that have the capacity to run over 14,800 MIPS and the capacity to store more than 125 trillion bytes of data on DASD.

All three data centers are staffed 24 hours a day, seven days a week and have self-contained power plants with mechanical and electrical systems designed to operate without interruption in the event of a commercial power loss. The Winchester and Recovery Data Center facilities are seismically braced and built to withstand earthquakes and strong storms.



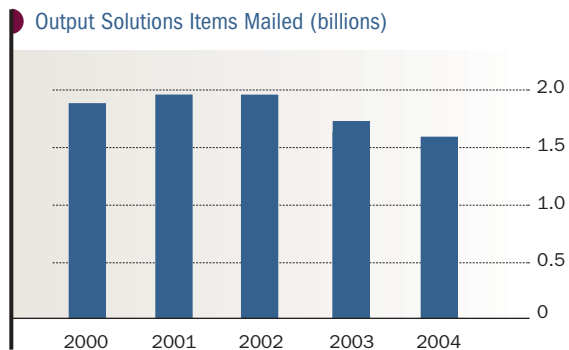
## OUTPUT SOLUTIONS

DST's Output Solutions Segment provides single-source, integrated print and electronic statement and billing output solutions.

The Segment provides customized and personalized bill and statement processing services, electronic bill payment and presentment solutions, computer output archival solutions, and document automation solutions in the U.S., Canadian and U.K. markets. DST Output is among the largest first class mailers in the U.S., mailing approximately 1.6 billion items in 2004 from three operating centers strategically located throughout the U.S.

## STATEMENT AND BILLING SERVICES

Statement processing services are supported by integrated and automated production environments that rapidly and cost-effectively transform electronic data received from clients into customized statements that can be delivered in print or electronic format in accordance with individual customer preferences. The highly automated production environment maximizes postal savings while minimizing delivery time.



For the financial services industry, products and services include electronic printing, variable and selective insertion and distribution of custom designed shareowner and other account-based communications, including transaction confirmations, dividend checks, account statements and year-end tax reports. Clients are offered the capability of personalizing their individual customer communications through proprietary segmentation tools that facilitate targeted messaging and utilization of syndicated content and full color. The Segment is integrated with and uses formatting and processing functions of the Company's TA2000 system and the data processing abilities of the company's Winchester Information Processing Services.

Single source print and electronic bill and statement processing and presentment solutions are provided to the cable TV/broadband/satellite, telecommunications, healthcare, insurance, utilities, transportation, rapid delivery, credit card and other service industries. Advanced full-color billing statement solutions provide clients with additional capabilities to develop marketing campaigns, cross-sell services and improve customer loyalty.

Advanced statement consolidation capabilities, which combine data from multiple services and funds into a

single integrated statement, offer clients potentially significant savings both in paper and mailing costs while creating a marketing tool for companies seeking to establish brand name recognition and sell combined services.

The use of electronic solutions in each of this Segment's targeted industries can offer additional savings to those clients who are promoting greater use of Internet-based bills and statements with their customers. Assistance in developing and implementing programs to stimulate the adoption of electronic delivery by customers is also provided.

Direct Access, a proprietary secure Web portal, enables customers from their desktops to access multiple tools that support their statement production services, including campaign management, online job auditing, job and mail tracking, etc. In addition, customers can use near real-time reports and inquiries to monitor production activities including job tracking, postage amounts and insert counts throughout the production process.

DST Output has created an automated information and technology infrastructure that electronically formats data and manages the presentation over the Web or provides alternative feeds for statement printing. As electronic statements and payment solutions have become more widely used, communications service providers, utilities, financial services and other companies require electronic statement and bill presentment capabilities. To fulfill this requirement, DST Output offers electronic solutions designed to meet the needs of electronic bill presentment and payment and electronic presentment of mutual fund statements and prospectuses, brokerage statements, confirmations and tax documents.

DST Output offers a full range of technical support. Customized programming tools have been developed that allow electronic information streams from a variety of client systems to be received without the need to make changes to the customer's software. These tools enable rapid and smooth transitions when clients outsource their statement processing and electronic functions.

# DESIGN AND ARCHIVAL SERVICES

## **Communications Design Services**

DST Output's communications design services offer expertise and industry knowledge of how recipients are affected by information placement, use of color and white space, charts and graphs and personalized content placement before statements are initially developed. Many clients have the opportunity through statement-based marketing and creative design services to use the paper or electronic statement to reinforce a corporate image, advertise special offers and features, deliver customer-specific messages and otherwise market their services to customers.

## **Campaign Management**

Campaign Manager allows clients to segment their customer databases for the purpose of targeting variable campaigns through selective inserting, personalized messaging and the targeted use of syndicated content at selected audiences across multiple output media. These solutions facilitate customer acquisition, nurturing and retention, product cross-selling and brand awareness.

## **Archival and Retrieval Solutions**

The need for archival and customer service retrieval of statements is addressed by the Segment's viewing and storage solutions. These products provide customer service representatives with a statement image, which can enable faster customer service calls and improved first-call resolution rates. Sophisticated computer output microfilm and microfiche capabilities are also available for long-term archival.

## **International Operations**

The Output Solutions segment also offers its services to the Canadian and U.K. markets. DST Output Canada offers customer communications and document automation solutions to the Canadian market. DST International Output provides personalized paper and electronic communications principally in the U.K.

## CUSTOMER MANAGEMENT

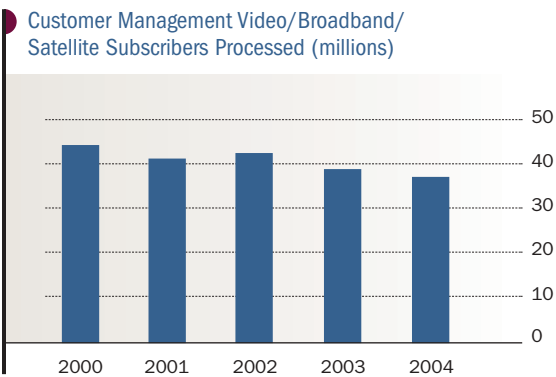
DST's Customer Management Segment provides customer management, billing and marketing solutions to the video/broadband,

direct broadcast satellite ("DBS"), wire-line and Internet Protocol ("IP") telephony, Internet and utility markets. The Segment serves more than 37 million cable and satellite TV subscribers worldwide. The Segment's products are currently used by the largest DBS provider in the U.S., as well as by three of the top six U.S. video/broadband companies.

The Segment offers a comprehensive customer management and billing solution by providing core customer care products that are supplemented with the products and services offered from DST's other operating segments.

## CUSTOMER CARE AND BILLING

The Segment's comprehensive solution includes flexible and open platforms on which to base a complete back-office and customer support system. Four complete platforms are provided, each designed for specific markets: DDP/SQL and Intelecable serve the video/broadband market worldwide; Subscriber Transaction Management System ("STMS") serves the DBS industry; and HiAffinity (supported by DST International) serves the global utility market. Collabrent, a new component based platform, is under development to support the video/broadband, telephony and satellite markets. Certain Collabrent billing and product management components are in production for one client.



DDP/SQL has supported the U.S. video/broadband market for more than 20 years and currently runs in over 247 locations supporting more than 17 million cable subscribers.

Intelecable is a convergent billing system supporting video, voice, data and other IP services. The customer care and billing platform now supports over 5 million end-users in over 53 locations in 11 countries and operates in a variety of languages, including Japanese.

STMS was specifically developed to manage the customer experience and billing activities for DirecTV, Inc., the largest DBS provider in the U.S.

HiAffinity is a sophisticated customer management and open billing system for the utility and energy industries worldwide.

Collabrent is the latest product offering which will provide architecturally superior, feature rich, next-generation capabilities to the video/broadband, telephony and satellite market. The product is being rolled out initially to the satellite market, followed by video/broadband, then telephony. Collabrent will ultimately replace STMS, DDP/SQL and certain chosen implementations of Intelecable. Collabrent will utilize and advance the capabilities of AWD and products and services offered by DST Output and other products and services offered by the Company.

Internet solutions offered include CyberCSR, High Speed Data Services ("HSDS") and TechConnect. These products use the Internet to create an interactive experience for the customer, decrease operational costs and expand the functionality of the billing system.

CyberCSR is a customizable Web interface to DDP/SQL and Intelecable, allowing customers to handle their own customer service tasks and provision services immediately.

HSDS enables provisioning, billing, customer care and troubleshooting for either national Internet service providers or clients' internal Internet access service.

TechConnect is designed to increase the productivity of installers and technicians in the field by providing access to job and customer information via the Internet.

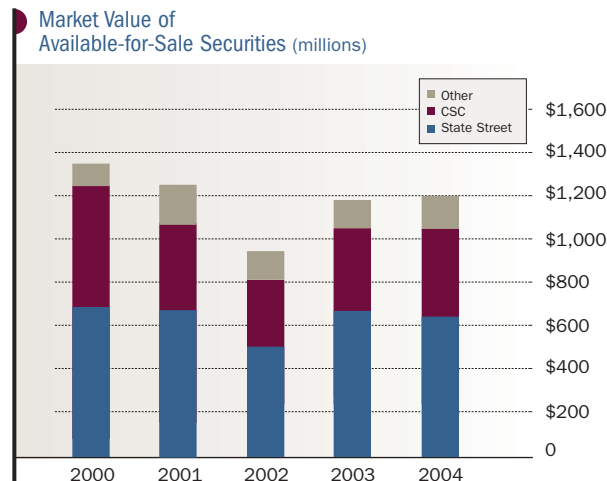
### Customer Relationship Management through AWD and Decision Support

Integrating proprietary billing platforms with AWD offers clients a seamless workflow and customer relationship management product. AWD's ability to integrate multiple back-office systems to present a single view of the customer is a valuable tool to the broadband industry, where many clients utilize multiple service providers resulting from industry consolidation.

StarGate is a data warehouse and decision support tool that extracts important information from the customer database to predict buying behavior and forecast the market. The reporting element of StarGate allows clients to analyze their businesses, such as defining operational strengths and weaknesses.

# INVESTMENTS AND OTHER

In addition to DST's three operating Segments, DST's Investments and Other Segment is comprised of investments in equity securities and certain financial interests and its real estate subsidiaries and affiliates. DST's investments in equity securities totaled approximately \$1.2 billion at December 31, 2004, principally from investments in State Street Corporation and Computer Sciences Corporation.



## State Street Corporation

DST owns approximately 12.8 million shares, or 4%, of State Street with a market value of \$628 million at December 31, 2004. DST received shares in State Street as consideration for the sale of its 50% interest in Investors Fiduciary Trust Company to State Street in 1995 and for the sale of its Portfolio Accounting Systems business in 2001. State Street is a financial holding company that provides custody, accounting, daily pricing and administration; master trust and master custody; investment management; trusteeship and recordkeeping; foreign exchange; securities lending; cash management; trading; and information services to clients worldwide.

## Computer Sciences Corporation ("CSC")

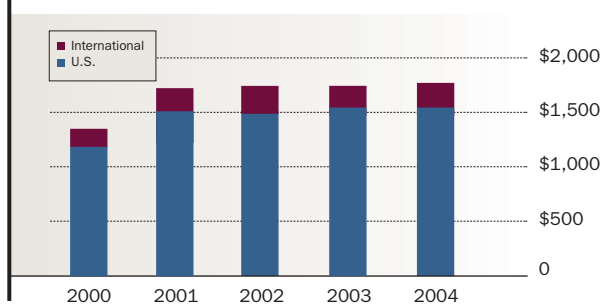
DST owns approximately 7.1 million shares, or 4%, of CSC with a market value of \$402 million at December 31, 2004. DST received shares in CSC through CSC's merger with The Continuum Company in 1996, of which DST owned approximately 23%. CSC is a global provider of information technology services to commercial and government markets specializing in management consulting, information systems consulting and integration and outsourcing.

# FINANCIAL INFORMATION

## Operating Revenues

DST's operating revenues (which excludes reimbursable out-of-pocket expenses) have grown from almost \$1.4 billion in 2000 to more than \$1.7 billion in 2004, reflecting a compound annual growth rate of 6.2%. U.S. operating revenues have grown from \$1.2 billion in 2000 to more than \$1.5 billion in 2004, reflecting a compound annual growth rate of 6.0%. This is primarily attributable to the acquisition of lockline and increases in U.S. mutual fund servicing. DST's international operating revenues have increased from \$152.7 million in 2000 to \$205.9 million in 2004, a 7.8% compound annual growth rate. International businesses now represent 11.9% of operating revenues.

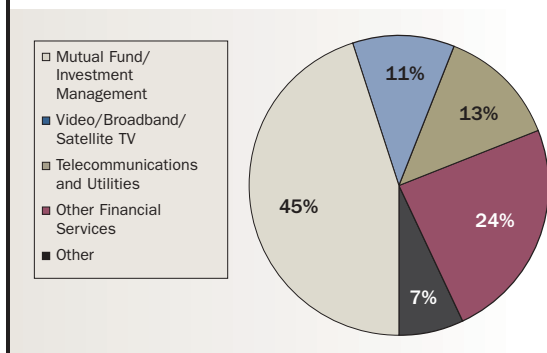
Operating Revenues (millions)



## Sources of Operating Revenues by Industry

This chart depicts the sources of DST's 2004 operating revenues by major industry. The industries listed may be served by more than one of DST's business segments.

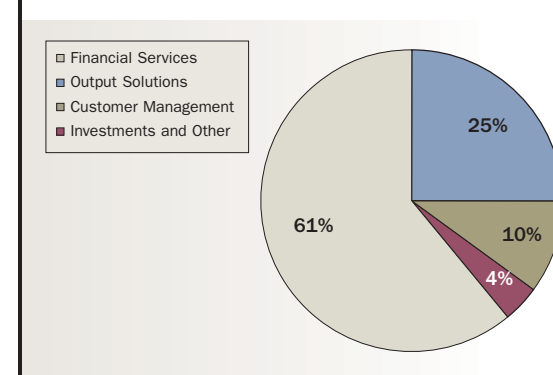
Sources of Operating Revenues by Industry



## Operating Revenues by Business Segment

This chart depicts DST's 2004 operating revenues by business segment before intersegment eliminations.

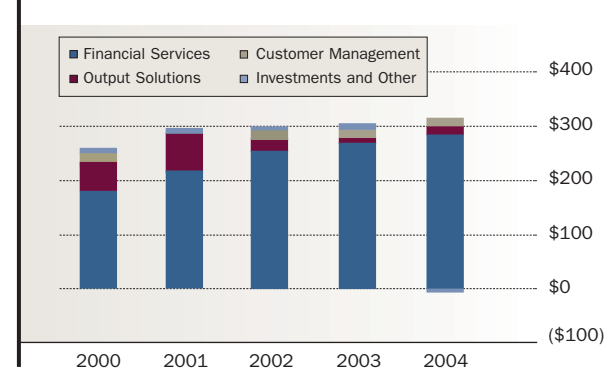
Operating Revenues by Business Segment



## Operating Income by Business Segment

This chart depicts DST's income from operations by business segment before intersegment eliminations.

Operating Income by Segment (millions)



# CORPORATE INFORMATION

## Board of Directors

A. Edward Allinson\*

*Retired Chairman*

*Boston Financial Data Services, Inc. and  
National Financial Data Services, Inc.*

*Retired Chief Executive Officer  
EquiServe Limited Partnership*

Michael G. Fitt\*\*

*Retired Chairman of the Board,  
President and Chief Executive Officer  
Employers Reinsurance Corporation*

William C. Nelson\*\*

*Chairman*

*George K. Baum Asset Management  
Retired Chairman  
Bank of America, N.A. (Mid-West)*

M. Jeannine Strandjord\*\*

*Senior Vice President – Transformation and Process  
Excellence  
Sprint Corporation*

Travis E. Reed\*\*

*President*

*Reed Investment Corporation*

Thomas A. McCullough

*Executive Vice President and Chief Operating Officer  
DST Systems, Inc.*

Thomas A. McDonnell

*President and Chief Executive Officer  
DST Systems, Inc.*

\* *Member of the Audit and Corporate Governance/Nominating Committees*

\*\* *Member of the Audit, Compensation and Corporate Governance/  
Nominating Committees*

## Selected Management of the Company\*\*\*

Thomas A. McDonnell

*President and Chief Executive Officer*

Thomas A. McCullough

*Executive Vice President and Chief Operating Officer*

Donald J. Kenney

*President and Chief Executive Officer  
EquiServe, Inc.*

Charles A. Laue

*President  
DST lock\line, Inc.*

Peter J. Nault

*President, DST Innovis, Inc. and DST Interactive, Inc.*

Steven J. Towle

*President and Chief Executive Officer  
DST Output, LLC*

J. Michael Winn

*Group Chief Executive, DST International*

Jonathan J. Boehm

*Group Vice President*

Gregg Wm. Givens

*Vice President, Chief Accounting Officer*

Kenneth V. Hager

*Vice President, Chief Financial Officer and Treasurer*

Robert M. Hepting

*Vice President*

Mark C. Prasifka

*Vice President, Chief Information Officer*

Robert L. Tritt

*Group Vice President*

Michael A. Waterford

*Group Vice President*

Randall D. Young

*Vice President, General Counsel and Secretary*

\*\*\**This is not the list of executive officers for purposes of Rules  
3b-7 and 14a-3(b)(8) of the Securities Exchange Act of  
1934. The Form 10-K, Part I Item 4, contains such list.*

## Corporate Information

### Common Stock Listing

New York Stock Exchange

Symbol: DST

### Transfer Agent and Registrar

EquiServe Trust Company, N.A.

P.O. Box 43011

Providence, Rhode Island 02940

### Independent Accountants

PricewaterhouseCoopers LLP

1055 Broadway

Kansas City, Missouri 64105

### Annual Meeting of Stockholders

10:30 A.M. Central Time, May 10, 2005

Corporate Offices

DST Systems, Inc.

333 West 11th Street, 3rd Floor

Kansas City, Missouri 64105

### Corporate Offices

333 West 11th Street

Kansas City, Missouri 64105

888.DST.INFO

www.dstsystems.com





**333 West 11th Street**  
**Kansas City, MO 64105**  
**888.DST.INFO**  
**[www.dstsystems.com](http://www.dstsystems.com)**