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DST SYSTEMS INC  
Form 8-K  
August 10, 2005

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):  
August 10, 2005 (August 9, 2005)

DST SYSTEMS, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

1-14036 43-1581814  
(Commission File Number) (I.R.S. Employer Identification No.)

333 West 11th Street, Kansas City, Missouri 64105  
(Address of principal executive offices) (Zip Code)

(816) 435-1000  
Registrant's telephone number, including area code

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 (see General Instruction A.2. below):

- 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))

ITEM 2.02 Results of Operations and Financial Condition

See attached as Exhibit 99.1 to this Form 8-K a News Release dated August 9, 2005 concerning a revision to the announcement of unaudited financial results for the quarter ended June 30, 2005.

The information in this Item 2.02, and Exhibit 99.1 to this Current Report on Form 8-K, shall not be deemed "filed" for the purposes of or otherwise subject to the liabilities under Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Unless expressly incorporated into a filing of DST under the Securities Act of 1933, as amended (the "Securities

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Act"), or the Exchange Act made after the date hereof, the information contained in this Item 2.02 and Exhibit 99.1 hereto shall not be incorporated by reference into any filing of DST, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

### ITEM 9.01 Financial Statements and Exhibits

(c). Exhibits.

#### Exhibit

Exhibit Number	Description
99.1	News Release dated August 9, 2005

#### 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 on this 10th day of August, 2005.

DST SYSTEMS, INC.

By: /s/ Kenneth V. Hager  
Name: Kenneth V. Hager  
Title: Vice President, Chief Financial Officer, Treasurer

Exhibit 99.1

#### DST SYSTEMS, INC. ANNOUNCES REVISION TO SECOND QUARTER 2005 FINANCIAL RESULTS

KANSAS CITY, MO. (August 9, 2005) - DST Systems, Inc. (NYSE: DST) previously announced financial results for the three and six month periods ended June 30, 2005 on July 25, 2005. In that announcement, DST described a \$154.4 million gain recorded upon completion of the sale of EquiServe to Computershare Ltd. (AUS: CPU) on June 17, 2005. In addition, DST described a \$34 million charge related to Fairway software, which was recorded as depreciation and amortization expense when the EquiServe transaction was closed. DST has determined that the \$34 million of Fairway software should be considered in determining the overall gain on the sale of EquiServe rather than be recorded as depreciation and amortization expense. Under the terms of the acquisition agreement, DST provided a perpetual sourcecode license for Fairway to CPU and agreed to restrict DST's use of the software. Upon the closing of this transaction, Fairway software was redesignated from software that was developed for internal use in the Company's stock transfer business to software that will be for external use, in accordance with SOP 98-1, "Accounting for the Costs of Software Obtained or Developed for Internal Use". As a result, the \$34 million Fairway software has now been taken into account in the determination of the \$120.4 million pretax gain (the net gain was approximately \$70 million after taxes, deferrals and other expenses) from the sale of the EquiServe business during the three and six month periods ended June 30, 2005.

The table below presents the effect of the \$34 million reclassification on the consolidated statement of income for the three and six months ended June 30, 2005, as compared to amounts reported in the second quarter earnings release on July 25, 2005 (amounts in millions, except per share amounts):

For the Three Months ended June 30, 2005		For the Six Months ended June 30, 2005	
As previously	As	As previously	As

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	reported	revised	reported	revised
Depreciation and amortization	\$ 72.4	\$ 38.4	\$ 108.2	\$ 74.2
Income from operations	48.1	82.1	124.9	158.9
Gain on sale of business	154.4	120.4	154.4	120.4
Income before income taxes	286.6	286.6	362.4	362.4
Net income	170.3	170.3	219.5	219.5
Diluted earnings per share	\$ 2.11	\$ 2.11	\$ 2.71	\$ 2.71

The revision described above only affects the Financial Services Segment. The revision does not change consolidated revenue, pretax income, net income, or basic and diluted earnings per share. The revision does not affect the consolidated balance sheet or net cash provided by operating activities. Attached to this release is a revised condensed consolidated statement of income that reflects this revision.

\* \* \* \* \*

The information and comments above may include forward-looking statements respecting DST and its businesses. Such information and comments are based on DST's views as of today, and actual actions or results could differ. There could be a number of factors affecting future actions or results, including those set forth in DST's latest periodic financial report (Form 10-K or 10-Q) filed with the Securities and Exchange Commission. All such factors should be considered in evaluating any forward-looking comment. The Company will not update any forward-looking statements in this press release to reflect future events.

DST SYSTEMS, INC.  
CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(In millions, except per share amounts)  
(Unaudited)

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	2005	2004	2005	2004
Operating revenues	\$ 469.2	\$ 425.5	\$ 906.3	\$ 855.5
Out-of-pocket reimbursements	201.1	167.8	392.3	347.3
Total revenues	670.3	593.3	1,298.6	1,202.8
Costs and expenses	549.8	475.1	1,065.5	966.3
Depreciation and amortization	38.4	38.7	74.2	75.1
Income from operations	82.1	79.5	158.9	161.4
Interest expense	(18.2)	(13.2)	(34.8)	(26.7)
Other income, net	82.3	8.4	90.0	14.9
Gain on sale of business	120.4		120.4	
Equity in earnings of unconsolidated affiliates	20.0	5.6	27.9	10.7
Income before income taxes	286.6	80.3	362.4	160.3
Income taxes	116.3	28.5	142.9	56.9

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Net income	\$ 170.3	\$ 51.8	\$ 219.5	\$ 103.4
	=====	=====	=====	=====
Average common shares outstanding	78.6	84.3	78.5	84.2
Diluted shares outstanding	80.9	86.8	80.9	86.6
Basic earnings per share	\$ 2.17	\$ 0.61	\$ 2.79	\$ 1.23
Diluted earnings per share	\$ 2.11	\$ 0.60	\$ 2.71	\$ 1.19

DST Systems, Inc.  
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