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DST SYSTEMS INC
Form 11-K
July 14, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-14036

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

DST SYSTEMS, INC. 401(k) PROFIT SHARING PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

DST SYSTEMS, INC.
333 West 11th Street
Kansas City, Missouri 64105

DST Systems, Inc. 401(k) Profit Sharing Plan
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Schedule H, line 4i - Schedule of Assets (Held At End of Year)

I

Exhibit Index

Signature

* Other schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and the Advisory Committee of the
DST Systems, Inc. 401(k) Profit Sharing Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the DST Systems, Inc. 401(k) Profit Sharing Plan (the "Plan") at December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held At End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described under the heading "restatement" in Note 1 and as further described in Note 5, the Plan's financial statements for the year ended December 31, 2004 have been restated.

/s/ PricewaterhouseCoopers LLP

Kansas City, Missouri
July 12, 2006

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DST Systems, Inc. 401(k) Profit Sharing Plan
Statement of Net Assets Available for Benefits

	December 31,	
	2005	2004
		(restated)
ASSETS		
Cash and cash equivalents	\$ 7	\$ 33,125
Investments:		
Mutual funds	237,228,206	248,926,016
DST common stock	23,406,118	27,256,363
Investment in master trust	340,707,934	317,117,474
Collateral held on loaned securities	21,222,600	10,843,200
Loans to participants	7,528,946	7,295,973
Total investments	630,093,804	611,439,026
Receivables:		
Employer	18,542,367	22,179,626
Participants	908,059	1,029,333
Investment income and other	183,469	562,273
	19,633,895	23,771,232
LIABILITIES		
Due to broker for securities purchased	1,353,122	1,931,307
Payable for collateral on loaned securities	21,222,600	10,843,200
Total liabilities	22,575,722	12,774,507
Net assets available for benefits	\$ 627,151,984	\$ 622,468,876

The accompanying notes are an integral part of these financial statements.

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Statement of Changes in Net Assets Available for Benefits

	Year Ended December 31,	
	2005	2004 (restated)

Additions:		
Investment income:		
Dividends, interest and other income	\$ 4,051,862	\$ 3,440,850
Net appreciation in fair value of investments	18,405,656	27,364,479
Net appreciation in fair value of investment in master trust	34,841,466	27,344,262
	-----	-----
	57,298,984	58,149,591
	-----	-----
Contributions:		
Employer	31,418,775	34,883,324
Participants	35,392,314	32,028,374
	-----	-----
	66,811,089	66,911,698
	-----	-----
Total additions	124,110,073	125,061,289
	-----	-----
Deductions:		
Distributions:		
Benefits to participants	(119,132,651)	(29,573,417)
Administrative expenses	(294,314)	(125,581)
	-----	-----
	(119,426,965)	(29,698,998)
	-----	-----
Net change in net assets available for benefits before plan transfers	4,683,108	95,362,291
Plan transfers:		
Transfer from lock\line, LLC 401(k) retirement plan		1,306,261
Transfer to Rapid Solutions Group profit sharing plan		(10,445,499)
	-----	-----
Net change in net assets available for benefits	4,683,108	86,223,053
Net assets available for benefits:		
Beginning of year	622,468,876	536,245,823
	-----	-----
End of year	\$ 627,151,984	\$ 622,468,876
	=====	=====

The accompanying notes are an integral part of these financial statements.

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DST Systems, Inc. 401(k) Profit Sharing Plan
Notes to Financial Statements

1. DESCRIPTION OF THE PLAN

The DST Systems, Inc. 401(k) Profit Sharing Plan (the "Plan") is a contributory, defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

On June 11, 2004, the lock\line, LLC 401(k) Retirement Plan was merged into the Plan. The net assets available for the lock\line, LLC 401(k) Retirement Plan at June 11, 2004 are shown as a transfer into the Plan on the Plan's financial statements for the year ended December 31, 2004.

On January 26, 2004, the Plan transferred net assets to the Rapid Solutions Group Profit Sharing Plan in connection with the completion of the Janus Capital Group Inc. exchange.

SPONSOR

The Plan Sponsor is DST Systems, Inc. ("DST", the "Employer" or the "Sponsor"). Certain of its subsidiaries and affiliates participate in the Plan.

TRUSTEE AND INVESTMENT MANAGER

The trustee of the Plan is Marshall & Ilsley Trust Company N.A. (the "Trustee"). The Trustee holds and administers all assets of the Plan in accordance with the provisions of the Plan agreement. One of the Plan's investments (the Marshall Money Market Fund) is a mutual fund that is managed by an affiliate of the Trustee. Transactions related to this investment, therefore, qualify as party-in-interest transactions.

The investment manager of the DST Systems, Inc. Master Trust ("Master Trust") is Ruane, Cunniff, Goldfarb & Co., Inc. (the "Investment Manager"). For the years ended December 31, 2005 and 2004, the Sponsor paid management fees and expenses to the Investment Manager of \$4,197,554 and \$3,838,946, respectively.

ADMINISTRATION OF THE PLAN

An advisory committee (the "Advisory Committee"), which consists of members who are selected by the Board of Directors of DST, has full power, authority and responsibility to control and manage the operations and administration of the Plan. All expenses of operating the Plan may be paid out of Plan assets, except to the extent the Sponsor decides to pay these expenses. Income from securities lending activities of the Plan and Master Trust is used to offset administrative expenses of the Plan. For the year ended December 31, 2005, securities lending income was sufficient to offset substantially all administrative expenses of the Plan with the remainder being paid by the Sponsor on behalf of the Plan. For the year ended December 31, 2004, the Plan incurred administrative expenses that were paid by the Sponsor in the amount of \$400,392.

ELIGIBILITY

All employees of the Sponsor and participating subsidiaries and affiliates are eligible to participate in the Plan other than members of a collective bargaining unit, leased employees, nonresident aliens, and persons performing services for the Sponsor through an agreement with a third-party. The Plan entry date is the first day of the calendar month following the date an employee, other than seasonal or temporary employee, completes one hour of service. Seasonal and temporary employees must complete one year of service, as defined in the Plan document, prior to entering the Plan.

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DST Systems, Inc. 401(k) Profit Sharing Plan
Notes to Financial Statements

CONTRIBUTIONS

Participant contributions are made through participant salary reductions and rollovers from other eligible retirement plans. Participants can contribute from 1% to 25% of their annual gross salary to the Plan, subject to Internal Revenue Service limitations ("highly compensated employees" may be subject to a lower limitation). Beginning in 2002, participants aged 50 or older may make additional contributions or "catch-up" contributions (subject to Internal Revenue Service limitation) once they have satisfied the annual contribution maximum as set by law or other applicable limitation.

Sponsor contributions consist of a dollar-for-dollar match of the first 3% of participant salary reduction contributions. During the years ended December 31, 2005 and 2004, Sponsor matching contributions were \$13,269,749 and \$13,189,272, respectively.

In addition, the Sponsor may make discretionary profit sharing contributions. Generally, an employee must complete 1,000 hours of service during the Plan year and be employed on December 31 of the Plan year to be eligible to receive an allocation of discretionary profit sharing contributions for that year. During the years ended December 31, 2005 and 2004, Sponsor profit sharing discretionary contributions were \$18,149,026 and \$21,694,052, respectively.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's salary reduction contributions, matching contributions, profit sharing contributions, rollover contributions, forfeitures of terminated participants' non-vested accounts and an allocation of Plan earnings or losses. Allocations of earnings or losses are based on account balances. Discretionary contributions and forfeitures are allocated to participant accounts based on the proportion which the participant's eligible compensation bears to the aggregate eligible compensation of all participants for the year. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

VESTING

Participants are always 100% vested in their own contributions, rollover contributions and catch-up contributions (as adjusted to reflect investment earnings and losses).

Generally, participants will become vested in Sponsor matching contributions and Sponsor profit sharing contributions (as adjusted to reflect investment earnings and losses) in accordance with the following schedule:

Years of Service	Percentage Vested
-----	-----
less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 or more	100%

INVESTMENT OPTIONS

Participants may direct their salary reduction contributions, catch-up

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contributions, matching contributions and rollover contributions into a variety of mutual fund investment options as made available by the Advisory Committee or into the DST Company Stock Fund, a unitized fund consisting primarily of DST common stock. The investment options contain different degrees of risks. Participants should refer to the respective fund prospectus for a more complete description of the investment

DST Systems, Inc. 401(k) Profit Sharing Plan
Notes to Financial Statements

objectives of each fund. The Advisory Committee reserves the right to change the available investment options from time to time.

Participants may change their investment options daily.

All profit sharing contributions are invested by the Trustee as advised by the Investment Manager.

FORFEITURES

Forfeitures of unvested accounts are generally first used for the restoration of reemployed participants' forfeited amounts and then added to the profit sharing contribution and allocated accordingly. For the years ended December 31, 2005 and 2004, forfeitures of unvested accounts totaled \$1,814,112 and \$2,117,456, respectively.

DISTRIBUTION OF BENEFITS

Benefit distributions generally will be made in the event of retirement, death, disability, resignation or dismissal. A participant's normal retirement age is 59 1/2.

Unless the terminated participant otherwise elects, balances not exceeding \$1,000 will be automatically distributed to the participant as a lump sum and balances ranging in value from \$1,001 to \$5,000 will be automatically distributed as an IRA rollover with Marshall & Ilsley Bank as soon as administratively practicable. Balances exceeding \$5,000 (excluding rollover contributions and related earnings or losses) will be distributed upon participant election as soon as administratively practicable but no later than April 1 of the Plan year following the Plan year in which age 70 1/2 is attained. Such distributions may be elected as a lump sum or paid in monthly, quarterly or annual installments. Distributions shall be made in cash or, at the option of the Participant, in cash plus the number of whole shares of DST Common Stock allocated to the Participant's account. Participants under the age of 62 with balances exceeding \$5,000 (excluding rollover contributions and related earnings or losses) must consent to any distribution.

Upon death, all sums credited to the participant's account will be paid to the beneficiary or beneficiaries designated by the participant.

Distributions may also be made in the event of financial hardship of the participant. Certain restrictions apply.

During 2005, DST sold its wholly-owned subsidiaries, DST Innovis, Inc., DST Interactive, Inc., and Equiserve, Inc. (comprising approximately 2,200 employees). Benefits to participants were higher in 2005 as a result of the sale of these businesses and the termination of these employees.

PARTICIPANT LOANS Participants may borrow the lesser of \$50,000 or 50% of their

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vested participant-directed accounts (subject to certain Plan and Internal Revenue Service limitations). Generally, loans must be repaid within five years. Loans bear a fixed rate of interest, which is set at loan origination using the Prime rate as published in the Wall Street Journal plus 1%. At December 31, 2005 and 2004, interest rates on participant loans ranged from 4.0% to 10.5%.

PLAN TERMINATION

The Sponsor believes the Plan will continue without interruption; however, it reserves the right to terminate the Plan at any time subject to the provisions of ERISA. In the event of Plan termination,

DST Systems, Inc. 401(k) Profit Sharing Plan
Notes to Financial Statements

participants will become fully vested in any unvested balances from Sponsor contributions and their respective account balances will be distributed in accordance with the Plan document.

RESTATEMENT

The accompanying financial statements of the Plan as of and for the year ended December 31, 2004 have been restated to reflect the effect of the Plan's and Master Trust's securities lending transactions. The effect of the restatement is as follows:

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS	Amounts Previously Reported	As Restated
Collateral held on loaned securities	\$	\$ 10,843,200
Payable for collateral on loaned securities		10,843,200
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	Amounts Previously Reported	As Restated
Dividends, interest and other income	\$ 3,436,234	\$ 3,440,850
Net appreciation in fair value of investment in master trust	27,317,554	27,344,262
Administrative expenses	94,257	125,581

The adjustments in the table above had no effect on the Plan's net assets available for benefits at December 31, 2004. Also, as described in Notes 3 and 5, the Plan has restated its disclosures as of and for the year ended December 31, 2004 related to its investment in the Master Trust to present the Master Trust's securities lending transactions on a gross basis. The Plan's securities lending activities are described more fully in Notes 4 and 5 to these financial statements.

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2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements are presented on the accrual basis of accounting, except for benefits to participants which are recorded upon distribution. Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Short-term liquid investments with a maturity of three months or less are considered cash equivalents. Due to the short-term nature of these investments, carrying value approximates market value.

DST Systems, Inc. 401(k) Profit Sharing Plan
Notes to Financial Statements

INVESTMENT VALUATION AND SECURITY TRANSACTIONS

Investments are recorded at fair value as determined by quoted prices in active markets. Investments in mutual funds and the DST Company Stock Fund are valued at net asset value representing the value at which shares of the fund may be purchased or redeemed. Purchases and sales of securities are recorded on a trade-date basis. Dividend income is accrued on the ex-dividend date. The Plan presents in the Statement of Changes in Net Assets Available for Benefits, the net appreciation in the fair value of its investments which consists of realized gains or losses and net unrealized appreciation or depreciation on those investments. The investments of the Master Trust are recorded at fair value as determined by quoted prices in active markets. Mutual funds held in the Master Trust are valued at net asset value representing the value at which shares of the fund may be purchased or redeemed. Common and preferred stocks held in the Master Trust are stated at fair value as determined by quoted prices on the last business day of the Plan year. Investment income of the Master Trust is allocated daily to participating plans based upon the fair value of participating plan interests in the Master Trust at the end of each day. Net assets of the Master Trust are allocated to participating plans based upon the value of the participating plan interests in the Master Trust at the beginning of the quarter plus actual contributions to the Master Trust and allocated investment income less actual distributions from the Master Trust. Loans to participants are valued at the current amount due from participants, which approximates fair value.

3. PLAN INVESTMENTS

The following investments represent 5% or more of net assets available for benefits at year-end:

December 31,	
2005	2004
-----	-----

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Investment in master trust	\$ 340,707,934	\$ 317,117,474
Vanguard Institutional Index Fund		34,355,504

During the years ended December 31, 2005 and 2004, the Plan's participant-directed investments and non-participant directed investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

	Year Ended December 31,		
	2005	2004 (restated)	2004 (amounts previously reported)
Mutual funds	\$ 15,998,860	\$ 21,852,654	\$ 21,852,654
DST common stock	2,406,796	5,511,825	5,511,825
Investment in master trust	34,841,466	27,344,262	27,317,550
	\$ 53,247,122	\$ 54,708,741	\$ 54,682,030

As described in Note 1 "Restatement", the Master Trust information included in the table above has been restated to reflect the effect of the Plan's securities lending transactions as of and for the year ended December 31, 2004.

DST Systems, Inc. 401(k) Profit Sharing Plan
Notes to Financial Statements

4. SECURITIES LENDING TRANSACTIONS

The Plan engages in securities lending activities related to DST common stock. The Trustee serves as the lending agent for the Plan and loans these securities to approved brokers (the "Borrower"). The terms of the lending agreements require that loans are secured, initially by collateral (cash or U.S. government securities) having a market value equal to or greater than 102% of the market value of securities on loan. The market value of the securities on loan and of the collateral received is monitored daily. If at any time the value of the collateral falls below 100% of the market value of securities on loan, the borrower may be required to deliver additional collateral necessary to restore the 102% ratio. If the value of the collateral increases above 102% of the market value of securities on loan, the collateral in excess of the 102% ratio may be returned to the borrower. The Plan retains any income earned on the securities while on loan to the broker. In the event of default by the Borrower, the Trustee shall indemnify the Plan by purchasing replacement securities equal to the number of unreturned loaned securities or, if replacement securities are not able to be purchased, the Trustee shall credit the Plan for the market value of the unreturned securities. In each case, the Trustee would apply the proceeds from the collateral for such a loan to make the Plan whole. The collateral received pursuant to securities lending transactions is reflected on the Statements of Net Assets Available for Benefits as both an asset and a liability, and has no effect on the net assets available for benefits of the

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Plan. As of December 31, 2005 and 2004, the Plan had DST common stock on loan with a market value of \$20,623,575 and \$10,481,760, respectively. Securities lending income for the Plan amounted to \$6,016 and \$4,616 for the years ended December 31, 2005 and 2004, respectively. Securities lending income is classified as interest income in the Statements of Changes in Net Assets Available for Benefits.

To the extent that a loan of securities is secured by cash collateral, such collateral is invested in an investment collateral pool managed by the Trustee. The investment collateral pool invests primarily in investment grade instruments including, but not limited to, money market type instruments. At no time shall the weighted average maturity of the investment collateral pool investments exceed the weighted average term of the pool of loans by more than 15 days. In addition, the overall maturity of the investment collateral pool cannot exceed 30 days. Any income earned on investments in the investment collateral pool in excess of agency fees to the Trustee and of a rebate to the Borrower is earned by the Plan and is recorded as investment income.

DST Systems, Inc. 401(k) Profit Sharing Plan
Notes to Financial Statements

5. MASTER TRUST

The Master Trust was established for the investment of assets of the Plan and other DST sponsored plans. Each participating plan has an undivided interest in the Master Trust. The investment in Master Trust is non-participant directed and is managed by the Investment Manager. At December 31, 2005 and 2004, the Plan's percentage ownership in the Master Trust is 76.5% and 75.7%, respectively. The following Master Trust disclosures represent 100% of the balances in the Master Trust.

As described in Note 1 "Restatement", the Master Trust information included below has been restated to reflect the effect of the Plan's securities lending transactions as of and for the year ended December 31, 2004.

The Master Trust's net assets by general type at year-end are as follows:

	December 31,		
	2005	2004	2004
		(restated)	(amounts previously reported)
Assets			
Mutual funds	\$ 5,925,860	\$ 44,308,641	\$ 44,308,6
Common stocks	403,883,934	374,216,667	374,216,6
Government securities	26,773,562	1,634	1,6
Preferred stocks	8,480,305		
Collateral held on loaned securities	262,584,067	83,966,302	
Other receivables	489,404	334,018	334,0

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Total assets	708,137,132	502,827,262	418,860,9
Liabilities			
Payable for collateral on loaned securities	262,584,067	83,966,302	
Other liabilities	49,465	37,406	37,4
Total liabilities	262,633,532	84,003,708	37,4
Net Assets	\$ 445,503,600	\$ 418,823,554	\$ 418,823,5

As more fully described in Note 4, the Plan engages in securities lending activities. In addition to DST common stock, the Plan allows the Trustee to loan common stock held in the Master Trust to the Borrower. The terms and conditions of the Plan's securities lending arrangements described in Note 4 are identical to the securities lending arrangements for securities held in the Master Trust. The collateral received pursuant to securities lending transactions is reflected as both an asset and a liability of the Master Trust, and has no effect on the net assets of the Master Trust. As of December 31, 2005 and 2004, the Master Trust had common stocks on loan with a market value of \$255,508,799 and \$81,616,441, respectively. Securities lending income for the Master Trust amounted to \$268,141 and \$35,142 for the

DST Systems, Inc. 401(k) Profit Sharing Plan
Notes to Financial Statements

years ended December 31, 2005 and 2004, respectively. Securities lending income is classified as interest income.

The Master Trust's total investment income by type is as follows:

	Year Ended December 31,		
	2005	2004	2004
		(restated)	(amounts previously reported)
Interest	\$ 1,290,733	\$ 858,026	\$ 822,884
Dividends	2,346,925	2,020,693	2,020,693
Net appreciation	41,654,998	32,484,963	32,484,963
	\$ 45,292,656	\$ 35,363,682	\$ 35,328,540

The Master Trust's net appreciation (depreciation) of investments by type is as follows:

Year Ended December 31,

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	2005	2004
	-----	-----
Common stocks	41,613,075	32,657,865
Preferred stocks	42,314	
Corporate debt		(172,764)
Government securities	(391)	(138)
	-----	-----
	\$ 41,654,998	\$ 32,484,963
	=====	=====

6. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

7. INCOME TAX STATUS OF THE PLAN

The Internal Revenue Service has determined and informed the Sponsor by a letter dated January 18, 2006, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (the "IRC"). The Plan has been amended since receiving the determination. The Advisory Committee believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

DST Systems, Inc. 401(k) Profit Sharing Plan
Notes to Financial Statements

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits according to the financial statements as compared to the Form 5500:

	December 31,	
	2005	2004
	-----	-----
Net assets available for benefits according to the financial statements	\$ 627,151,984	\$ 622,468,876
Amounts allocated to withdrawing participants	(44,451)	(36,929)
	-----	-----
Net assets available for benefits according to the Form 5500	\$ 627,107,533	\$ 622,431,947
	=====	=====

The following is a reconciliation of benefits to participants according to the financial statements as compared to the Form 5500:

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	December 31,

	2005

Benefits to participants according to the financial statements	\$ 119,132,651
Add: Amounts allocated to withdrawing participants at December 31, 2005	44,451
Less: Amounts allocated to withdrawing participants at December 31, 2004	(36,929)

Benefits to participants according to the Form 5500	\$ 119,140,173
	=====

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, but not yet distributed as of that date.

Schedule I

DST Systems, Inc. 401(k) Profit Sharing Plan
EIN 43-1581814 / PIN 004

Schedule H, line 4i -- Schedule of Assets (Held At End of Year)
December 31, 2005

(a)	(b) Identity	(c) Description	(d) Cost
	American Century Value	Mutual Fund	\$ (1)
	American Century Growth	Mutual Fund	(1)
	American Century Select	Mutual Fund	(1)
	American Century Ultra	Mutual Fund	(1)
	American Century International	Mutual Fund	(1)
	Davis NY Venture	Mutual Fund	(1)
	Dodge & Cox Balanced	Mutual Fund	(1)
	Dodge & Cox International	Mutual Fund	(1)
*	DST Systems, Inc.	Common Stock	(1)
*	DST Systems, Inc. Master Trust	Master Trust	204,702,529
	Federated Prime Value Obligations	Mutual Fund	(1)
	Fidelity Advisor Growth	Mutual Fund	(1)
	Janus Fund	Mutual Fund	(1)
	Janus Enterprise	Mutual Fund	(1)
	Janus Mercury	Mutual Fund	(1)
	Janus Overseas	Mutual Fund	(1)
	Laudus Rosenberg International	Mutual Fund	(1)
	Lord Abbett Affiliated Class A	Mutual Fund	(1)
	Lord Abbett Bond Debenture	Mutual Fund	(1)

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	Managers Fund Special Equity	Mutual Fund	(1)
*	Marshall & Ilsley Collateral Pool	Money Market Fund	21,222,600
*	Marshall Money Market Fund	Mutual Fund	(1)
*	Participant Loans (Prime + 1%)	Participant Loans	(1)
	PIMCO Total Return	Mutual Fund	(1)
	Royce Total Return	Mutual Fund	(1)
	Standish Mellon Fixed Income	Mutual Fund	(1)
	T. Rowe Price Mid-cap Growth	Mutual Fund	(1)
	Vanguard Bond Index	Mutual Fund	(1)
	Vanguard Index 500	Mutual Fund	(1)
	Vanguard Value	Mutual Fund	(1)

* Indicates a party-in-interest

(1) In accordance with instructions to the Form 5500, the Plan is not required to disclose the cost component of participant-directed investments.

EXHIBIT INDEX

23.1 Consent of PricewaterhouseCoopers LLP

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

DST SYSTEMS, INC. 401(k) PROFIT SHARING PLAN

July 13, 2006

/s/ Kenneth V. Hager

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Kenneth V. Hager
Vice President, Chief Financial Officer
and Treasurer