

DST SYSTEMS INC  
Form DEF 14A  
March 27, 2015

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

**SCHEDULE 14A**

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 under §240.14a-12

**DST Systems, Inc.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- 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:
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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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      - (1) Amount Previously Paid:
      - (2) Form, Schedule or Registration Statement No.:
      - (3) Filing Party:
      - (4) Date Filed:
-

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333 West 11th Street  
Kansas City, MO 64105

**DST SYSTEMS, INC.  
NOTICE AND PROXY STATEMENT**

**Annual Meeting of Stockholders**

**Tuesday, May 12, 2015**

**YOUR VOTE IS IMPORTANT**

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*Farewell and Vote of Thanks*

*Mr. Travis Reed will retire as a director at the conclusion of the 2015 Annual Meeting. The Board wishes to record its thanks and gratitude to Mr. Reed for his extraordinary and committed service to our Company. Travis' leadership and wisdom over the past 13 years have been an invaluable asset to DST.*

*The Board formally extends to Travis and his family  
its very best wishes for his retirement.*

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**You have received information on casting your vote. We began delivering Annual Meeting materials, or Notice of Internet Availability of Proxy Materials, on or about March 27, 2015.**

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**DST Systems, Inc.**  
**333 West 11th Street**  
**Kansas City, Missouri 64105**

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**Proxy Statement**  
**and**  
**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

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We cordially invite you to attend our Annual Meeting of Stockholders.

Place: 333 W. 11th Street, 3rd Floor  
Kansas City, Missouri 64105

Time: 8:00 a.m. Central Daylight Time

Date: Tuesday, May 12, 2015

Stockholders will consider and vote to:

- 1 Elect directors
- 2 Ratify the Audit Committee's Selection of PricewaterhouseCoopers LLP
- 3 Adopt an Advisory Resolution to Approve Named Executive Officer Compensation
- 4 Approve the Company's 2015 Equity and Incentive Plan
- 5 Approve an Amendment to the Company's Certificate of Incorporation to Eliminate Cumulative Voting in Director Elections
- 6 Approve an Amendment to the Company's Certificate of Incorporation to Declassify the Board

The amendment to the Company's Certificate of Incorporation to declassify the Board is contingent upon stockholder approval of the elimination of cumulative voting in director elections.

The record date for determining which stockholders may vote at this meeting or any adjournment is March 19, 2015. We will provide the recordholder list during the Annual Meeting if any stockholder wishes to examine it for any purpose pertaining to the meeting. We will also make the list available during regular business hours at the above address for the ten-day period before the Annual Meeting.

We are distributing our proxy materials to our stockholders primarily via the Internet under the "Notice and Access" rules of the Securities and Exchange Commission ("SEC"). This approach saves printing and mailing costs and reduces the environmental impact of our Annual Meeting, while providing a convenient way to access the materials and vote. On March 27, 2015, we mailed a Notice of Internet Availability of Proxy Materials to stockholders of record at the close of business on March 19, 2015. The Notice contains instructions about how to access our proxy materials and vote online or vote by telephone.

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Please review the instructions on each of your voting options described in this Proxy Statement and in the Notice. Whether or not you plan to attend the Annual Meeting, please vote your shares as soon as possible. If

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you need assistance at the Annual Meeting because of a disability, please let us know by May 1, 2015, at (816) 435-8655.

Thank you for your continued support. If you have any questions or need assistance voting, please contact Innisfree M&A Incorporated, our proxy solicitor assisting us in connection with the Annual Meeting. Stockholders may call toll-free at (888) 750-5835. Banks and brokers may call collect at (212) 750-5833.

By Order of the Board of Directors,

Randall D. Young

*Senior Vice President, General Counsel and Secretary*

The date of this Notice is March 27, 2015.

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**DST Systems, Inc.**  
**333 West 11th Street**  
**Kansas City, Missouri 64105**

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**PROXY STATEMENT**

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## **ABOUT THE PROXY MATERIALS AND ANNUAL MEETING**

We are providing this Proxy Statement to you on the Internet, or upon your request, have delivered a printed version of this Proxy Statement to you by mail, in connection with the solicitation by the Board of Directors of DST Systems, Inc. of proxies to be voted at our 2015 Annual Meeting of Stockholders (including at any adjournment or postponement thereof), which will take place at 8:00 a.m. Central Daylight Time on Tuesday, May 12, 2015, at 333 W. 11th Street, 3rd Floor, Kansas City, Missouri 64105.

These materials were first sent or made available to stockholders on or about March 27, 2015.

These materials include:

the Notice of the Company's 2015 Annual Meeting of Stockholders;

this Proxy Statement; and

the Company's Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the SEC.

If you requested print versions by mail, the materials also include the proxy card or voting instruction form for the Annual Meeting.

Our Board asks that you vote "FOR" the Board nominees for director included in Proposal 1. Our Board also asks that, on a non-binding basis, you vote "FOR" ratification of the Audit Committee's selection of our independent registered public accounting firm set forth in Proposal 2, and vote "FOR" advising the Board that you approve the compensation of the officers named in the "Summary Compensation Table" ("Say-on-Pay") set forth in Proposal 3. Further, our Board asks that you vote "FOR" approval of the Company's 2015 Equity and Incentive Plan set forth in Proposal 4, vote "FOR" approval of an amendment to our Certificate of Incorporation to eliminate cumulative voting set forth in Proposal 5, and vote "FOR" approval of an amendment to our Certificate of Incorporation to declassify the Board set forth in Proposal 6.

### **OUR BOARD URGES YOU TO VOTE FOR ALL OF OUR BOARD'S NOMINEES FOR DIRECTORS AND FOR THE OTHER PROPOSALS.**

We do not know of any other matters on which you will vote at the Annual Meeting. Recordholders may appoint the Proxy Committee as their proxy. The Proxy Committee members are Stephen C. Hooley, Chairman, CEO and President; Gregg Wm. Givens, Senior Vice President, Chief Financial Officer and Treasurer; and Randall D. Young, Senior Vice President, General Counsel and Corporate Secretary. The Proxy Committee will vote your shares as you direct. If you do not specify how your shares are to be voted, your shares will be voted consistently with the Board's recommendations in this Proxy Statement.

This Proxy Statement contains a separate report by each of the Audit Committee and Compensation Committee of our Board. The two Board committee reports are "furnished," not "filed," for Securities Exchange Act of 1934 ("Exchange Act") purposes. Within Board committee reports, "we," "ours," "us" or similar terms mean the committee giving the report. Otherwise, such words or "the Company" mean DST Systems, Inc. ("DST") and its subsidiaries.

This Proxy Statement references the Corporate Governance Guidelines, the Business Ethics and Legal Compliance Policy, and the charters of the Board's Audit Committee, Compensation Committee, Finance Committee, and Corporate Governance/Nominating Committee ("Governance Committee"). You can access

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each of these documents at our website, *www.dstsystems.com*. We will furnish you a copy of any of these documents without charge, if you request in writing to:

DST Corporate Secretary  
333 W. 11<sup>th</sup> Street, 5<sup>th</sup> Floor  
Kansas City, MO 64105

**INFORMATION ABOUT THE MEETING**

**Who Can Vote**

Only holders of record of our common stock, par value \$.01 per share, at the close of business on March 19, 2015, the record date for voting at the Annual Meeting, are entitled to vote at the Annual Meeting. Our common stock, our only class of voting securities ("DST stock"), is listed on the New York Stock Exchange.

**Use of "Notice and Access"**

Pursuant to rules adopted by the SEC, we use the Internet as the primary means of furnishing proxy materials to stockholders. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the "Notice") to our stockholders. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or how to request a printed copy may be found in the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. We encourage stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of our annual meetings, and reduce the cost to the Company associated with the physical printing and mailing of materials.

**How to Vote**

Please follow the easy instructions in the Notice to vote. For additional information about voting, please also see the information contained under "Annual Meeting Matters."

**If You Have Questions or Need Assistance Voting Your Shares**

Thank you for your continued support. If you have any questions or need assistance voting, please contact Innisfree M&A Incorporated, our proxy solicitor assisting us in connection with the Annual Meeting. Stockholders may call toll-free at (888) 750-5835. Banks and brokers may call collect at (212) 750-5833.

Table of Contents**THE BOARD OF DIRECTORS****SERVICE AND QUALIFICATIONS**

**DST and Public Company Board Service.** Stephen C. Hooley is a DST executive officer. We do not employ the other persons named in the below table.

<b>DIRECTORS AND BOARD NOMINEES</b>	<b>Age<sup>1</sup></b>	<b>Dates of Service on DST Board</b>	<b>Annual Meeting at Which Term Expires<sup>2</sup></b>	<b>Current Service on Committees of DST Board</b>	<b>Registered Investment Company Directorships and Public Company Directorships Other Than the Company</b>
A. Edward Allinson	80	September 1995 present April 1977 December 1990	2016	Governance	
Jerome H. Bailey*	62		2017		
Lynn Dorsey Bleil	51	May 2014 present	2017	Audit Compensation Governance	Auspex Pharmaceuticals, Inc.
Lowell L. Bryan* Lead Independent Director Compensation Committee Chairperson	69	May 2012 present	2018	Audit Compensation Finance Governance	
Gary D. Forsee*	64		2017		Great Plains Energy Incorporated Ingersoll-Rand Public Limited Company
Charles E. Haldeman, Jr.*	66	November 2014 present	2018	Audit Compensation Finance Governance	KCG Holdings, Inc. McGraw Hill Financial, Inc.
Stephen C. Hooley Chairman, CEO and President	51	July 2012 present	2016		
Samuel G. Liss* Finance Committee Chairperson Governance Committee Chairperson	58	May 2012 present	2018	Audit Compensation Finance Governance	Verisk Analytics, Inc.
Travis E. Reed <sup>3</sup> Audit Committee Chairperson	80	July 2002 present	2015	Audit Compensation Finance Governance	

\*

Denotes the nominees standing for election at the 2015 Annual Meeting.

1

All ages are as of February 27, 2015.

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2 The term expiration for the nominees for election at the Annual Meeting assumes the nominees are elected.

3 Mr. Reed is retiring from our Board and not standing for re-election at the Annual Meeting.

**Principal Occupations and Qualifications.** The Board has concluded that the nominees for election at the Annual Meeting (the "Board Nominees") and the directors continuing in office are qualified to serve on the Board due to the value of the experiences, qualifications, attributes and skills of each Board Nominee and director continuing in office set forth below.

***THE BOARD NOMINEES***

**Nominees Whose Terms Will Expire at the 2017 Annual Meeting**

**JEROME H. BAILEY**

Mr. Bailey served as Chief Financial Officer-Institutional Clients Group at Citigroup Inc., a multinational banking and financial services corporation, from August 2011 until his retirement from that position in October 2014. Mr. Bailey served in 2008 and 2009 as Chief Financial Officer and Chief Information Officer of Equiniti Ltd., a UK-based provider of administrative, processing and payment solutions. Mr. Bailey has also served as Chief Operating Officer and Chief Financial Officer of NYMEX (New York Mercantile Exchange), as Chief Financial Officer of Marsh, Inc., as Executive Vice President and Chief Financial Officer at Dow Jones, as Chief Financial Officer at Salomon Inc. and Salomon Brothers, and Controller at Morgan Stanley. Mr. Bailey began his career at Pricewaterhouse in 1974, with progressive responsibilities culminating in a partner role in the National Office managing SEC interaction and related document review for financial services clients.

Mr. Bailey's four decades of experience across the financial services industry qualifies him for Board service. In addition, his extensive background across finance, operations and accounting would be a valuable asset to the Board and the Audit Committee.

**GARY D. FORSEE**

Mr. Forsee was President of the University of Missouri System, a state university system, from December 2007 through January 2011. From 2005 through 2007, he served as Chief Executive Officer of Sprint Nextel Corporation, a telecommunications company. From 2003 to 2005, he was Chairman of the Board and Chief Executive Officer at Sprint Corporation, prior to its merger with Nextel Communications. Prior to that time he had served as Vice Chairman and Chief Operations Officer at the Bell South Corporation, as President of Bell South International, and as Chief Executive Officer of Global One Communications in Brussels, Belgium, a joint venture of France Telcom, Deutsche Telcom, and Sprint. He began his career in 1972 with Southwestern Bell Telephone Company.

Mr. Forsee would bring to our Board his background as a chief executive of large, technologically complex enterprises. He would also bring his experience in strategic development and overseeing compensation programs.

**Nominees Whose Terms Will Expire at the 2018 Annual Meeting**

**LOWELL L. BRYAN**

Mr. Bryan is a former Senior Adviser at McKinsey & Company, a global company in the business of management consulting to companies in numerous industries. He retired in mid-January 2012 from his 27 year role as a Director (i.e., Senior Partner) at McKinsey, where he was a co-founder of the company's financial institutions and strategy practices. Upon retirement from his 36 years of full-time service at McKinsey, he founded L L Bryan

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Advisory, LLC and Bayberry Lane Advisory, Inc. each of which advise management and boards on corporate strategy and organizational issues. He has advised the boards of directors and top management of dozens of financial institution, health care, and industrial clients primarily on issues of strategy and organization. Mr. Bryan brings an independent perspective to our Board as a result of his knowledge of the operation of the global capital markets and the global economy, as well as strategic, organizational, and operations issues faced by our financial and healthcare clients. He is the author of several books on banking, capital markets, strategy and organizational topics, and his knowledge contributes to his effectiveness as our Lead Independent Director and as Chairperson of our Compensation Committee.

CHARLES E. HALDEMAN, JR.

From July 2009 through May 2012, Mr. Haldeman was Chief Executive Officer and Director of Federal Home Loan Mortgage Corporation ("Freddie Mac"), a government-sponsored enterprise that provides mortgage liquidity to the housing market. From 2003 through mid-2009, he held key leadership positions at Putnam Investment Management, LLC, including CEO and President through June 2008 as well as Chairman of the Board in his final year. Mr. Haldeman has held several executive positions in the asset management industry, including as Chairman and CEO of Delaware Investments and as President and Chief Operating Officer of United Asset Management Corporation. Mr. Haldeman is a Chartered Financial Analyst with a Juris Doctorate and M.B.A. from Harvard. He is an effective addition to our Board with his extensive financial services, capital markets, asset management, finance, and financial regulation knowledge gained through more than 40 years of financial services experience. Through his mutual fund leadership experience, he has insight into the strategic challenges faced by our financial services clients.

SAMUEL G. LISS

Mr. Liss has been the managing principal since July 2010 of WhiteGate Partners LLC, an advisory firm focused on the financial and business services sectors. He has also served since April 2014 as an Adjunct Professor of Finance at New York University Stern School of Business. From April 2004 through June 2010, Mr. Liss was Executive Vice President, Travelers Companies, Inc., a provider of property and casualty insurance, and continues to serve as an advisor. He was responsible for corporate strategy, divestitures and acquisitions, and had direct management responsibility for one of Travelers' three operating divisions - Financial, Professional and International Insurance. From February 2003 through March 2004, Mr. Liss was Executive Vice President of The St. Paul Companies. From 1994 through 2001, he served as Managing Director Financial Institutions Banking Group and Managing Director Equity Research at Credit Suisse First Boston, Inc. He began his career at Salomon Brothers. His strong background in financial services, management and capital markets and other public and private board experience contribute to his service on our Board and effectiveness as the Chairperson of our Finance Committee and our Corporate Governance/Nominating Committee.

***DIRECTORS CONTINUING IN OFFICE***

A. EDWARD ALLINSON

Mr. Allinson was Executive Vice President of State Street Bank and Trust Company ("State Street Bank") and Executive Vice President of State Street Corporation ("State Street"), the parent company of State Street Bank, from March 1990 through December 1999. State Street is a financial services corporation that provides banking, trust, investment management, global custody, administration and securities processing services. From December 1999 through his retirement in October 2000, Mr. Allinson served as Chief Executive Officer and Chairman of the Board of EquiServe Limited Partnership, a stock transfer agent for publicly listed corporations which became, for a time, our wholly-owned subsidiary.

Mr. Allinson's extensive background as an executive in the financial services industry, the computer and data processing industry and transfer agency operations is uniquely suited to our businesses. He was one of the

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founders of Boston Financial Data Services, our full service transfer agency joint venture with State Street. He therefore has a deep understanding of our core transfer agency operations and related service and technology offerings, as well as our customer base. He also brings to our Board skills related to our international businesses, which he developed through his experiences at both State Street Bank and another major national bank. His long service as our director and as a director of our previous parent gives him invaluable insights into our history and growth and a unique perspective of the strategic direction of our businesses.

LYNN DORSEY BLEIL

Ms. Bleil was the leader of McKinsey & Company's West Coast Healthcare Practice, and a leader of McKinsey's worldwide Healthcare Practice. She retired in November 2013 as a Senior Partner (Director) in the Southern California Office of McKinsey. During her 25+ years with McKinsey, she worked exclusively within the healthcare sector, advising senior management and boards of leading companies on corporate and business unit strategy, mergers and acquisitions/integration, marketing & sales, public policy, and organization across all segments of the healthcare value chain. Much of Ms. Bleil's recent work has been with companies in the biotechnology/specialty pharma and medical device industries focused on developing corporate strategies, go-to-market/reimbursement strategies, and organizational capabilities to address the rapidly changing payor/provider landscape in the United States and globally. In addition to public company board service in the healthcare field, Ms. Bleil is a trustee of Intermountain's Park City Medical Center Governing Board. Ms. Bleil is a valuable asset to our Board. Her significant expertise in the healthcare industry, which we expect to be a key area of growth and a value driver going forward, helps advance our strategic business plan.

STEPHEN C. HOOLEY

Mr. Hooley became our Chief Executive Officer and President in September 2012, after joining the Board in July 2012 and the Company in July 2009 as our President and Chief Operating Officer. He became Chairman of the Board in July 2014. He was the President and Chief Executive Officer of Boston Financial, our transfer agency joint venture with State Street, from mid-2004 until joining DST.

The Board elected Mr. Hooley as a director in recognition of his distinctive service in all his roles since joining DST. Mr. Hooley's deep financial services industry experience; his extensive knowledge of DST and the interrelationship of our domestic and international diversified business ventures; and his well-established relationships with our customers, associates and partners are valuable assets to the Board as it works to enhance value for stockholders. Mr. Hooley has developed a productive relationship with the Board, collaborating on DST's most important strategic issues.

**COMMITTEES AND MEETINGS**

The Board appoints the members of the four Board committees, and the three committees that met during the year had the following number of meetings:

<b>Committee</b>	<b>Number of Meetings During 2014</b>
Audit	4
Compensation	5
Governance	7

In 2014, the Board met 20 times. Each incumbent director attended at least 75% of all regular and special Board meetings and all meetings of Board committees on which the director served, except for Mr. Haldeman who, due to prior commitments, could only attend a portion of the one in-person set of Board and committee meetings

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(which for purposes of this calculation counts as four meetings) that occurred following his November 10, 2014 appointment to the Board.

Our directors shall, whenever reasonably practicable, attend annual meetings. Seven directors attended the 2014 Annual Meeting. Non-employee directors, all of whom are independent, meet regularly in private session without management. The Lead Independent Director presides over the private sessions of the independent directors.

**LEADERSHIP, EXPECTATIONS, OVERSIGHT**

**Board Leadership Structure.** The Board believes that it is in the best interests of both the Company and its stockholders to maintain a flexible approach to determining the Company's Board leadership structure. Our Bylaws provide that the Board has the discretion but may choose not to appoint a Chairman of the Board. In the absence of such an appointment, the Chief Executive Officer chairs meetings of the Board.

As of the 2014 Annual Meeting, the Board had not elected a Chairman of the Board with the result that our Chief Executive Officer, Stephen C. Hooley, chaired Board meetings and discharged the other duties of Chairman. Given Mr. Hooley's successful leadership in his various roles, the Board appointed Mr. Hooley as Chairman of the Board, effective July 29, 2014.

The Board has determined that the Board and the Company are presently best led by having a combined Chairman and Chief Executive Officer role, as well as having a robust Lead Independent Director role (described below). Having the Chief Executive Officer also serve as the Chairman of the Board provides both accountability to the Board and clear and effective leadership for the Board and the Company, while avoiding any potential for confusion or duplication of efforts between the Chief Executive Officer and a separate Chairman.

**Lead Independent Director.** Our Corporate Governance Guidelines, which are available on our website, [www.dstsystems.com](http://www.dstsystems.com), provide for a strong lead independent director role. The Corporate Governance Guidelines provide that when the Chairman of the Board is also the Chief Executive Officer or is a director who does not otherwise qualify as an independent director, a Lead Independent Director will be selected by the independent directors. Currently, Lowell L. Bryan has been selected as Lead Independent Director. The Lead Independent Director performs the following functions and such other functions as the Board may direct:

Presiding at all meetings of the Board at which the Chairman of the Board (if one is appointed) is not present, including executive sessions of the Board at which only non-management or independent directors are permitted to be present, along with other persons invited to attend such sessions by the Lead Independent Director or by consensus of a majority of the non-management or independent directors.

Serving as liaison between the non-management or independent directors and either the Chairman of the Board (if one is appointed) or the Chief Executive Officer.

Advising the Chairman of the Board (if one is appointed) or the Chief Executive Officer with respect to, and approving, Board agenda items (including items suggested by any non-management director), meeting schedules and information to be provided to the Board.

Serving as a point of contact for stockholders wishing to communicate with the Board other than through the Chairman of the Board (if one is appointed) or the Chief Executive Officer.

The non-management directors of the Board regularly meet in executive session without management, and at such other times as the Lead Independent Director chooses. At the annual organizational meeting of the Board, and at such other times as the Lead Independent Director chooses, the independent directors may meet in executive session without management and without any non-independent directors.



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Our governance processes, including the Board's involvement in developing and implementing strategy, active oversight of risk, regular review of business results and thorough evaluation of Chief Executive Officer performance and compensation, provide rigorous Board oversight of Mr. Hooley as he fulfills his various responsibilities, including his duties as the Chairman of the Board.

**Stock Ownership Expectations for Non-Employee Directors.** The Board has adopted a guideline that its non-employee directors are expected to beneficially own an amount of DST stock with a fair market value equal to at least five times the annual minimum cash retainer for serving as a Board member. (Retainer information is included under "Non-Employee Director Compensation.") The ownership guideline provides a grace period for achievement of such ownership level after joining the Board. The Board will consider personal circumstances, length of service on the Board, and the effect of market conditions in applying the guideline.

**Board Risk Oversight.** The Board, with the assistance of the Audit Committee, has oversight of the Company's risk assessment and risk management, with particular focus by the Board on material corporate governance and business strategy risks. The Audit Committee assists the Board with oversight of the Company's material financial risk exposures, including without limitation liquidity, credit, operational and investment risks, and the Company's material financial statement and financial reporting risks. The Compensation Committee assists the Board with oversight of whether the Company's compensation policies and practices for all employees, including non-executive officers, create risks that are reasonably likely to have a material adverse effect on the Company, and whether the effect of incentive compensation structures for executive officers may cause inappropriate risk-taking. In each case, the Board or the Audit Committee oversees the steps Company management has taken to monitor and control such exposures.

The Chairman and Chief Executive Officer, by leading Board meetings, facilitates reporting by the Audit and Compensation Committees to the Board of their respective activities in risk oversight assistance. The Lead Independent Director, who serves on both committees, suggests risk management topics to be discussed at Board meetings as he and other non-management directors deem appropriate. He may lead risk management discussions in executive sessions of non-management or independent directors. The Chairman and Chief Executive Officer's collaboration with the Board allows him to gauge whether management is providing adequate information for the Board to understand the interrelationships of our various business risks. He is available to the Board to address any questions from directors regarding executive management's ability to identify and mitigate risks and weigh them against potential rewards.

***INDEPENDENCE AND ACCESSIBILITY***

**Non-Employee Director Independence.** New York Stock Exchange standards, certain securities and tax laws, and our Corporate Governance Guidelines govern the independence of non-employee directors. A majority of our Board must be independent, and directors must be independent for purposes of Board committee service. Our Board has determined the independence for Board service and for service on their respective Board committees of each of Directors Allinson, Bleil, Bryan, Haldeman, Liss and Reed. In addition, our Board has determined that Board Nominees Bailey and Forsee would qualify as independent directors.

As a group, the independent directors constitute a majority of the Board. Mr. Hooley, our Chairman, CEO and President, is the only member of the Board who is also an employee, and is the only director who is not independent under applicable independence standards.

To determine independence for service on the Board and its committees, the Board has adopted categorical independence standards consistent with the New York Stock Exchange Standards and contained in our Corporate Governance Guidelines. The Board has applied these categorical independence standards in determining the independence of each non-employee director and the Board Nominees. It uses the standards to determine whether a non-employee director has a material relationship with us, either directly or as a partner, stockholder or officer of an organization that has a relationship with us.

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Under the Corporate Governance Guidelines, the Board presumes a non-employee director is independent if the director:

during the preceding three years:

has not been our employee and has no immediate family member (as defined in the Corporate Governance Guidelines) whom we have employed as an executive officer, and

has not received, and has no immediate family member who has received, more than \$120,000 in any 12-month period in direct compensation from us (other than in certain allowable circumstances including serving in his or her capacity as a member of the Board or of any Board committee);

is not and has not been within the last three years, and has no immediate family member who is or has been within the last three years, employed as an executive officer by any company on whose compensation committee any one of our current executive officers concurrently serves or served;

is not a current employee, and has no immediate family member who is a current executive officer, of:

the Company,

a company that made payments to or received payments from us for property or services in any of the last three fiscal years in an amount which exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues, as reported in the last completed fiscal year of such company, or

a charitable organization to which we contributed in any of the last three fiscal years more than 2% of such charitable organization's consolidated gross revenues or \$1 million, whichever is greater;

has no immediate family member who is a current partner of a firm that is our internal or external auditor;

has no immediate family member who is a current employee of a firm that is our internal or external auditor and personally works on the Company's audit;

has no immediate family member who was, within the last three years, a partner or employee of such a firm and personally worked on our audit within that time; and

is not a current partner or employee of a firm that is our internal or external auditor, and who was not within the last three years a partner or employee of such a firm and personally worked on our audit within that time.

The Corporate Governance Guidelines explain circumstances in which a director can be independent even though one or more of the above circumstances exist.

The Corporate Governance Guidelines provide that a non-employee director is independent for purposes of serving on the Audit Committee only if he has not received any consulting, advisory or other compensatory fee other than for serving on the Board or a Board committee, and he is not considered an affiliated person of the Company under applicable securities regulations.

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The Corporate Governance Guidelines provide that the Board must consider whether, for purposes of serving on the Compensation Committee, a non-employee director has received any consulting, advisory or other compensatory fee other than for serving on the Board or Board committees or is affiliated with the Company or one of its subsidiaries or affiliates.

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**Interested Party and Stockholder Communication with Directors.** Interested parties and stockholders may communicate in writing with the Board, the Lead Independent Director, any director, or any group of directors such as all non-employee directors or all members of a Board committee. A vendor unaffiliated with DST receives such communications and forwards them to directors. You may direct communications to the directors in care of our vendor:

Clarence M. Kelley and Associates, Inc.  
Attention: Rod Smith/regarding DST  
6840 Silverheel Street  
Shawnee, Kansas 66226

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## **BOARD COMMITTEE MATTERS AND REPORTS**

### **AUDIT COMMITTEE**

We identify Audit Committee members in a table under "The Board of Directors." As described in the Committee's charter, the Committee is responsible for:

appointing, approving the services and overseeing the work of, and receiving reports directly from, the independent registered public accounting firm;

reviewing audited financial statements and various other public disclosures;

assisting the Board in overseeing material financial risk exposures; and

assisting the Board in overseeing our internal audit function and legal and regulatory compliance, as well as the integrity of our financial statements and certain internal controls.

Our Board has determined that Mr. Liss, who is independent under the applicable standards, is an "audit committee financial expert" as defined in securities regulations. Other members of the Committee may also qualify as audit committee financial experts under the regulations. No Committee member serves on more than two other public company audit committees.

### **Audit Committee Report**

*We reviewed and discussed the Company's consolidated financial statements with management and PricewaterhouseCoopers LLP, DST's independent registered public accounting firm. PricewaterhouseCoopers LLP gave us its opinion, and management represented, that the Company prepared its consolidated financial statements in accordance with generally accepted accounting principles in the United States of America. We discussed with the Company's independent registered public accountants the matters that Auditing Standard No. 16 (Communications with Audit Committees), as adopted by the Public Company Accounting Oversight Board ("PCAOB"), requires the Committee and the auditors to discuss.*

*PricewaterhouseCoopers LLP gave us and we reviewed the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with us concerning independence. We also discussed with PricewaterhouseCoopers LLP its independence from management.*

*Based on the above discussions, we recommended to the Board that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.*

#### **THE AUDIT COMMITTEE**

Travis E. Reed, Chairperson

Lynn Dorsey Bleil

Lowell L. Bryan

Charles E. Haldeman, Jr.

Samuel G. Liss

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**COMPENSATION COMMITTEE**

**Committee Structure.** We identify Compensation Committee members in a table under "The Board of Directors." As described in the Committee's charter, the Committee is responsible for:

establishing policies and procedures for compensating executive officers and non-employee directors

retaining independent compensation consultants

determining the structure and objectives of each element of executive officer compensation, and the base salaries, incentive award opportunity levels, and all other components of such compensation

setting incentive compensation goals

approving awards under equity and incentive compensation programs, and exercising administrative authority under benefit plans

evaluating Chief Executive Officer performance and reviewing evaluations of the performance of other executive officers

recommending to the Board the structure of non-employee director compensation

assisting the Board in overseeing compensation risk including determinations regarding the risk of employee compensation practices and policies

approving certain compensation disclosures.

**Executive Officer Compensation Practices.** The processes and procedures for determining executive officer compensation are written and were approved by the Committee. The Committee is responsible for and has the authority under its charter to determine the components of executive officer compensation.

In support of its pay-for-performance philosophy, the Committee ties a significant portion of executive officer compensation to the creation of stockholder value over the long term, structures executive officer compensation so that a significant portion of total compensation is at-risk rather than fixed, and uses balanced performance goals that incent both short- and long-term business results.

The Committee reviews executive officer compensation annually. For each review, the Committee may consider, and decide the weight it will give to, among other things, any combination of the following:

market competitive data

individual responsibilities

individual results against established goals

Company or business unit performance and objectives and other Company financial and strategic information

tax and accounting impact of proposed compensation

retention

effects of a potential severance, change in control or other transaction.

The Committee may request our Chief Executive Officer or Chief Human Resources Officer to recommend compensation package components. Such officers communicate executive hiring and retention concerns to the

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Committee. The Committee may ask the Chief Executive Officer, Chief Human Resources Officer, Chief Financial Officer or General Counsel to provide the Committee with:

- market analysis data
- proposed benefit plan terms and conditions
- financial, accounting and tax information
- legal requirements for benefit plan and award structures
- valuation information regarding outstanding awards and undistributed account balances and other historical Company compensation data
- Company performance data and individual performance evaluations.

The Committee develops the criteria for evaluating Chief Executive Officer performance and annually reviews his performance against such criteria. The Chief Executive Officer periodically discusses with the Committee his view of the performance of the other executive officers.

The 2005 Equity Incentive Plan permits the Committee to delegate certain administrative matters, and the Committee has made administrative delegations to the Chief Executive Officer, Chief Human Resources Officer, and Chief Financial Officer.

The Committee and the Board rely on the Chief Human Resources Officer to implement compensation decisions and adopt appropriate compensation policies, procedures, and internal controls.

**Non-Employee Director Compensation Practices.** The processes and procedures for determining non-employee director compensation are written and were approved by the Committee. The Committee recommends components of non-employee director compensation to the Board. The Board is responsible for and has the authority to determine the components of non-employee director compensation.

**Compensation Consultant Engagements.** The Committee may retain, at Company expense, a compensation consultant to advise the Committee on executive compensation practices and trends and to assist the Committee with determinations it may make. Under its charter, the Committee must consider certain factors regarding the independence of the consultant. The consultant provides to the Committee executive officer and non-employee director compensation alternatives based on market data, but does not determine such compensation. The Committee has engaged Deloitte Consulting LLP ("Deloitte") with respect to executive officer compensation. The fees charged by Deloitte for compensation-related services during 2014 were \$373,129.

During 2014, Deloitte affiliates provided services that were not related to compensation consulting. Recipients were DST, DST subsidiaries, including ALPS Holdings, Inc. and its businesses, and investment company clients advised by (and not under the control of) the ALPS businesses. ALPS-related engagements reflect arrangements that were in place prior to our acquisition of ALPS, and thus those arrangements were not initially recommended by members of our management. Our management has determined to continue procuring these services from Deloitte affiliates.

<b>Other Deloitte Services During 2014</b>	<b>Fees (\$)</b>
Internal Control Attest Work for ALPS businesses (including amounts paid by or reflected in fees to clients)	299,619
Audit and audit-related services for ALPS clients	1,159,300
Tax-related services for ALPS clients	321,095
Tax Services for DST executives reimbursed by DST	2,450



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The Committee has reviewed the various services provided by Deloitte and its affiliates and has approved the provision of all such services. The Committee does not believe that any of the non-compensation services impair Deloitte's ability to provide independent advice to the Committee or otherwise pose a conflict of interest.

**Employee Compensation Risk.** The Committee determines whether employee compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Company. The Committee obtains information from the Chief Human Resources Officer regarding corporate, business unit, domestic, international, incentive, equity, sales commission and other programs and considers controls such as benchmarking, setting goals and award limits, and receiving assistance from independent compensation consultants. In February 2015, the Committee determined that our employee compensation practices and policies do not create risks that are reasonably likely to have a material adverse effect on the Company.

**Compensation Committee Report**

*We reviewed and discussed with management the "Compensation Discussion and Analysis" section of this Proxy Statement. Based on such review and discussion, we recommended to the Board that this Proxy Statement include the "Compensation Discussion and Analysis."*

**THE COMPENSATION COMMITTEE**

Lowell L. Bryan, Chairperson  
Lynn Dorsey Bleil  
Charles E. Haldeman, Jr.  
Samuel G. Liss  
Travis E. Reed

***FINANCE COMMITTEE***

We identify Finance Committee members in a table under "The Board of Directors." As described in the Committee's charter, the Committee is responsible for:

assisting the Board in its oversight responsibilities with respect to financial policies, strategies and capital structure

advising the Board and our management on matters of asset and liability management, financial aspects of strategic and operational plans, and other such financial matters as may come before the Committee.

***GOVERNANCE COMMITTEE***

**Committee Functions and Structure.** We identify Governance Committee members in a table under "The Board of Directors." As described in the Committee's charter, the Committee is responsible for:

identifying and recommending to the Board persons to serve as directors and on Board committees

evaluating independence and other qualifications of Board and committee members

recommending corporate governance guidelines to and overseeing evaluations of the Board

adopting and implementing written policies and procedures for reviewing, approving and ratifying transactions of \$120,000 or more in which the persons listed in the Beneficial Ownership section or their immediate families have a direct or indirect material interest

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adopting and performing certain administrative duties with respect to our Business Ethics and Legal Compliance Policy.

**Related Person Transaction Procedures.** Written policies and procedures adopted by the Committee address Committee review of transactions of \$120,000 or more in which the Company participates and a "related person" has a direct or indirect material interest. A "related person" is a director, executive officer, 5% or more stockholder, or immediate family member of any such person. Our management informs the Committee Chairperson whenever it becomes aware that any related person has, or during the relevant period has had, a direct or indirect material interest in a related person transaction and reports any actual or proposed related person transaction to the Committee Chairperson. For each such reported transaction, the Committee considers whether the related person serves on a Board committee and, if so, whether such continued service is appropriate under securities regulations pertaining to such committee. The Committee determines whether to ratify the transaction considering:

the significance of the transaction to the Company

the best interests of our stockholders

our ethics policy requirements

the materiality of the transaction to the related person

whether the transaction is significantly likely to impair any judgments an executive officer or director would make on our behalf.

If the Committee does not approve or ratify a transaction, it discusses with management a strategy for terminating the transaction or modifying the structure of the transaction. In 2014, in light of the materiality of the transactions to the Company, the Board of Directors, rather than the Committee, approved the transactions with the Argyros Group described under "Certain Transactions with Related Persons."

**Director Nomination Matters.** In recommending nominees to the Board, the Committee identifies candidates who meet the current challenges and needs of the Board. The Committee identifies and evaluates nominees through multiple sources including Board and management referrals. The Committee's charter allows it to seek assistance from third-party executive search firms in identifying nominees. The Committee used Russell Reynolds Associates, a leading global executive search firm, to identify potential nominees to be appointed to the Board and/or stand for election at the 2015 Annual Meeting, and the firm identified Mr. Haldeman, who was appointed to the Board in November 2014, and Messrs. Bailey and Forsee, who have been nominated for election at the 2015 Annual Meeting.

The Committee has not adopted a policy for considering whether to designate as a Board nominee a candidate proposed by a stockholder. It does not believe a policy is necessary because it could respond on an ad hoc basis. It will consider director nominees timely proposed by stockholders in a written notice and evaluate stockholder nominees for director in the same manner it evaluates other nominees, which includes considering and giving weight to input about a nominee from management or incumbent directors.

In recommending a director nominee (including an incumbent director), the Committee considers:

whether the nominee has the requisite or appropriate experience, qualifications and skills

the nominee's commitment to prepare for and regularly attend meetings of the Board and committees

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whether, if applicable, the nominee meets the New York Stock Exchange standards for independence and has qualifications and attributes necessary under applicable listing standards and laws and regulations for service on Board committees.

In considering these items, the Committee may contemplate the interplay of the nominee's attributes with those of the other Board members and appraise the extent to which a candidate would be a desirable addition to the Board and, as applicable, its committees. Although the Board does not have a specific policy for Board diversity, the Board may, as stated in the Corporate Governance Guidelines, consider whether the nominee's background would add to the diversity of experiences, qualifications, and skills the various directors may bring to their Board service. Additionally, the Committee considers in recommending an incumbent director for re-election the nominee's prior service on the Board, continued commitment to Board service, whether the nominee possesses the requisite financial and management experience and expertise appropriate for service on the Board and its respective committees, and any changes in employment or other status that are likely to affect such nominee's qualifications to serve.

Based on an amendment to the Corporate Governance Guidelines dated February 24, 2011 ("Restriction Commencement Date"), the Committee generally will not recommend the nomination of individuals who are age 75 or older at the date of nomination ("Age Restriction"). For purposes of assuring transition of productive relationships and necessary skills among directors and to facilitate an appropriate process of succession upon the adoption of the Age Restriction, the restricted age is 80 (rather than 75) for any incumbent director who was age 70 or older at the Restriction Commencement Date. The Board may approve an exception to the Age Restriction under extraordinary circumstances, on a case-by-case basis.

Table of Contents**NON-EMPLOYEE DIRECTOR COMPENSATION**

Only non-employee directors participate in the director compensation program. The Board considered Board and committee members' duties and the Compensation Committee's recommendations in approving the program. The following table shows the compensation program for 2014:

<b>Compensable Event/Position</b>	<b>Fee (\$)</b>
Annual Cash Retainer	40,000
Retainer for Lead Independent Director	30,000
Committee Chairperson Retainer	20,000 Audit 15,000 Compensation 15,000 Finance 12,500 Governance
Board Meeting Fee	5,000 in-person 1,000 by teleconference
Committee Meeting Fee	2,000 in-person 500 by teleconference
Annual Equity Award*	130,000 (fair market value of DST stock)

\*

Grants of DST stock are made pursuant to the 2005 Non-Employee Directors' Award Plan and are paid as soon as practicable following the date of the annual meeting if the non-employee director will continue to serve immediately following such meeting. The number of shares is based on the fair market value (as determined under rules of Compensation Committee) on the date of grant.

In 2014, a working committee of the Board met on numerous occasions related to the secondary offering of Argyros Group stock, as described under "Certain Transactions with Related Persons." The Board approved special fees of \$5,000 per in-person working committee meeting and \$2,000 per working committee teleconference.

To address retirement and tax planning, the Board has allowed non-employee directors to defer their cash compensation under the DST Systems, Inc. Directors' Deferred Fee Plan, a nonqualified deferred compensation plan which is currently suspended. The plan allowed non-employee directors to annually elect deferral of all or a part of any cash compensation earned during the next calendar year. Legacy accounts exist under the plan. We adjust the account monthly by a rate of return on a hypothetical investment the director selects among a limited number of choices including long-term investments, both equity-based and income-oriented. If the non-employee director does not select hypothetical investments for all or a portion of the account, we adjust the account by an interest factor equal to a rate of return the Board selects. Non-employee directors are fully vested in their accounts.

We will distribute a non-employee director's plan account balance after Board service terminates. We pay balances in a lump sum but will pay them in installments not to exceed ten years if the Board allows and the director has timely elected installments pursuant to plan provisions and applicable tax laws and regulations.

We have established a grantor trust in connection with the suspended Directors' Deferred Fee Plan. We may fund the trust equal to the sum of the payout obligations under such plans. If on or after a change in control we fail to honor obligations under such plans to a plan participant, the trust, if funded, is to distribute the required amounts to the plan participants. The trust requires us to be solvent to distribute trust accounts. Trust assets are subject to the claims of our creditors in the event of our bankruptcy. The Compensation Committee may revoke the trust until we have a change in control. The trust uses the same definition of change in control as used in

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executive compensation award agreements, summarized under "Named Executive Officer Award/Account Values for Certain Events."

We held certain fully-vested fees related to Mr. Allinson's prior service on the Board from 1977 to 1990 in a terminated deferred fee plan. On February 26, 2014, the Board determined to liquidate this terminated plan, and payout was made to Mr. Allinson in the second quarter of 2014.

We purchase term life insurance for non-employee directors. The directors name the policy beneficiaries. We provide spousal travel to occasional off-site planning meetings and reimburse family entertainment at such meetings. If we do not incur an incremental cost for an additional passenger, the spouse or significant other of a director may accompany the director to the location at which meetings of the Board or its committees are occurring by traveling on aircraft in which we have an interest.

**2014 NON-EMPLOYEE DIRECTOR COMPENSATION**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards<sup>1</sup> (\$)</b>	<b>All Other Compensation<sup>2</sup> (\$)</b>	<b>Total (\$)</b>
A. Edward Allinson	127,000	130,000	23	257,023
Lynn Dorsey Bleil	78,000	130,000	41	208,041
Lowell L. Bryan	186,000	130,000	15,557	331,557
Charles E. Haldeman, Jr.	28,000	65,000	6	93,006
Samuel G. Liss	164,500	130,000	71	294,571
Travis E. Reed	157,000	130,000	23	287,023
George L. Argyros, Former Director <sup>3</sup>	5,000	0	10	5,010
Lawrence M. Higby, Former Director <sup>3</sup>	37,000	0	29	37,029
Brent L. Law, Former Director <sup>3</sup>	76,000	130,000	29	206,029

1

Each non-employee director continuing service after the 2014 Annual Meeting received 1,440 shares of DST stock as of the date of the 2014 Annual Meeting. We determined the number of shares by dividing \$130,000 by \$90.34, the average of the highest and lowest reported sale price of DST stock on May 13, 2014, the date of the 2014 Annual Meeting. Mr. Haldeman received 688 shares of DST stock as of the date of his initial attendance at a non-telephonic Board meeting. We determined the number of shares by dividing \$65,000 (a pro rata portion of his annual grant) by \$94.51 the average of the highest and lowest reported sale price of DST stock on December 15, 2014.

2

For all directors, amounts in Column C include term life insurance premiums. Only Mr. Bryan had perquisites in an amount of at least \$10,000, so Column C does not include any perquisite amounts for the other directors. Mr. Bryan was allowed one personal use of aircraft during 2014, at an incremental cost of \$13,514 (calculated based on the hourly charge for the flight, the fuel charge for the flight, and the ground transportation charge). We did not include in the incremental cost any portion of our monthly aircraft management fee, which we would have paid regardless of the personal use, or depreciation on the plane, which does not vary based on use. The personal use arose as a result a weather-related cancellation of a Board meeting and the re-arranging of travel plans as a result of the cancellation. Mr. Bryan incurred taxable income as a result of the use, which was not grossed-up for taxes. The remainder of Mr. Bryan's perquisites were for non-business expenses at offsite planning meetings.

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3

Messrs. Argyros and Higby completed their Board service on May 13, 2014, and Mr. Law completed his Board service on May 14, 2014. John W. Clark also served briefly on the Board in 2014 but did not receive any compensation. Additional information pertaining to termination of service by Messrs. Law and Clark is under "Certain Transactions with Related Persons 2014 Argyros Agreements."

Directors may participate in our charitable match program. Under the program, the Company, through a donor-advised fund at a community charitable foundation, will match contributions by the director to qualified not-for-profit organizations in an annual amount equal to three times the contribution but not to exceed \$30,000. Matching amounts to the foundation were approximately \$30,000 for each of the directors other than Mr. Haldeman, who joined the Board in November 2014. We have not included matching amounts in compensation as we do not believe the contribution directly or indirectly affects the director personally.

Under the Board's Education Policy, directors may receive reimbursement for participation in director education programs and activities as they deem appropriate to stay abreast of developments in corporate governance, Board duties, and other topics relevant to their service on the Board and their respective Board committees. Reimbursement is limited as provided in the policy and requires approval of the Lead Independent Director.

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**PROPOSAL 1  
ELECT DIRECTORS**

Our Certificate of Incorporation and Bylaws divide our Board into three classes with class terms of three years, expiring each year in rotation. Our Certificate of Incorporation and Bylaws also require that each class of directors be as nearly equal in number as reasonably possible.

Generally, at each annual meeting, stockholders elect one class of directors for a full three-year term. However, recent changes to our Board's composition have resulted in our Board currently being comprised of four directors with terms expiring at the 2015 Annual Meeting, two directors with terms expiring at the 2016 Annual Meeting, and one director with a term expiring at the 2017 Annual Meeting. In order to fill vacancies in our Board and divide the three classes of directors such that each class is as nearly equal in number as possible, at this Annual Meeting, the Board is asking you to elect two Board Nominees (Messrs. Bailey and Forsee) for two-year terms expiring at the 2017 Annual Meeting and three Board Nominees (Messrs. Bryan, Haldeman and Liss) for three-year terms expiring at the 2018 Annual Meeting, or, in each case, until their successors are duly elected and qualified. Each of the Board Nominees is willing to serve as a director.

The Board applied the nominating processes described under "Board Committee Matters and Reports." It considered the Board Nominees' backgrounds and experiences described under "The Board of Directors."

If any Board Nominee should become unavailable for election, the Proxy Committee will vote for another nominee whom the Governance Committee will propose. Alternatively, the Board may reduce the number of directors to be elected at the meeting.

Although our Board is currently divided into three classes as described above, we are proposing an amendment to our Certificate of Incorporation to declassify our Board. Under this proposed amendment, declassification of the Board would be phased-in beginning with the 2016 Annual Meeting. The phase-in would allow directors elected at or prior to the 2015 Annual Meeting to complete their respective terms. For additional information, please see "Proposal 6 Approval of an Amendment to the Company's Certificate of Incorporation to Declassify the Board."

**Vote Required.** Stockholders elect directors by a plurality of the voted shares, which we determine by reference to the number of votes for each candidate. For the 2015 Annual Meeting, stockholders will elect the five candidates with the highest number of affirmative votes. You may vote cumulatively for directors. In other words, you may cast a number of votes equal to the number of shares of DST stock held on the record date multiplied by the number of directors to be elected. You may cast all such votes for a single nominee or distribute them among the nominees as you choose. You may cast your vote in favor of a director or withhold it. We disregard withheld votes in determining a plurality. Broker non-votes are disregarded and will not affect the determination of a plurality.

***OUR BOARD RECOMMENDS THAT  
YOU VOTE "FOR" THE ELECTION OF THE BOARD NOMINEES***

Table of Contents**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**Engagement.** PricewaterhouseCoopers LLP served as our independent registered public accounting firm as of and for the year ended December 31, 2014. PricewaterhouseCoopers LLP performed professional services in connection with the audit of our consolidated financial statements and internal control over financial reporting and the review of reports we filed with the Securities and Exchange Commission. It also reviewed control procedures of our mutual fund processing services and provided us certain other accounting, auditing and tax services.

PricewaterhouseCoopers LLP's fees for services related to 2014 and 2013 were as follows:

<b>Type of Fees</b>	<b>2014(\$)</b>	<b>2013(\$)</b>
Audit Fees	4,806,779	5,061,733
Audit-Related Fees <sup>1,2</sup>	2,633,750	2,845,298
Tax Fees <sup>1,3</sup>	2,870,092	3,085,689
All Other Fees <sup>1,4</sup>	0	10,048

1

The Audit Committee has determined that the provision of these services is compatible with maintaining the independence of PricewaterhouseCoopers LLP.

2

\$2,472,685 of the 2014 amount and \$2,668,200 of the 2013 amount was for attest services relating to SSAE 16 reports and other controls reviews; \$88,500 of the 2014 amount and \$69,500 of the 2013 amount was for financial statement audits of employee benefit plans; and \$72,565 of the 2014 amount and \$107,598 of the 2013 amount was for projects related to agreed upon procedures, due diligence and a reasonable assurance.

3

\$549,241 of the 2014 amount and \$609,690 of the 2013 amount was for U.S. federal, state and local tax, and international compliance; and \$2,320,851 of the 2014 amount and \$2,475,999 of the 2013 amount was for other tax services.

4

Of the 2013 amount, \$10,048 was for United Kingdom revenue recognition software training.

**Engagement Procedures.** Audit Committee procedures prohibit the Committee from engaging an independent registered public accounting firm to perform any service it may not perform under the securities laws. The Audit Committee must pre-approve the independent registered public accounting firm's annual audit of our consolidated financial statements. The procedures require the Committee or its Chairperson to pre-approve or reject any other audit or non-audit services the independent registered public accounting firm is to perform. The Committee has directed that its Chairperson, with the assistance of our Chief Financial Officer, present and describe at regularly scheduled Audit Committee meetings all pre-approved services. The Committee has required management to present services for pre-approval within a specified period in advance of the date the services are to commence. The Committee regularly examines whether the fees for audit services exceed estimates. Securities regulations waive pre-approval requirements for certain non-audit services if their aggregate amount does not exceed specified amounts we pay to the independent registered public accounting firm. The procedures require the Committee or its Chairperson to approve, prior to completion of the audit, any services subject to this waiver. The Committee has not applied the waiver to a non-audit service. The Audit Committee pre-approved all services PricewaterhouseCoopers LLP rendered to us and our subsidiaries for 2014.



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**PROPOSAL 2**  
**RATIFY THE AUDIT COMMITTEE'S SELECTION**  
**OF PRICEWATERHOUSECOOPERS LLP**

The Audit Committee has selected PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2015. Our Board requests stockholders to ratify such selection.

PricewaterhouseCoopers LLP will:

audit our consolidated financial statements and internal control over financial reporting

review certain reports we will file with the Securities and Exchange Commission

provide you and our Board with certain reports

provide such other services as determined by the Audit Committee and its Chairperson from time to time.

PricewaterhouseCoopers LLP served as our independent registered public accounting firm for 2014, performing professional services for us. We expect representatives of PricewaterhouseCoopers LLP to attend the Annual Meeting. We will allow them to make a statement if they desire and to respond to appropriate questions.

The Audit Committee is responsible for selecting the Company's independent registered public accounting firm for 2015. Accordingly, stockholder approval is not required to appoint PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm. However, our Board believes that the submission of the Audit Committee's selection to the stockholders for ratification is a matter of good corporate governance. If the Company's stockholders do not ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm, the Audit Committee will review its future selection of an independent registered public accounting firm. The Audit Committee may retain another independent registered public accounting firm at any time during the year if it concludes that such change would be in your best interest.

**Vote Required.** Ratification of the Audit Committee's selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm requires the affirmative vote of the holders of a majority of the shares of DST stock present and entitled to vote at the meeting. Abstentions will have the same effect as votes against the ratification.

***OUR BOARD RECOMMENDS THAT  
YOU VOTE "FOR" THE RATIFICATION OF  
THE AUDIT COMMITTEE'S SELECTION OF  
PRICEWATERHOUSECOOPERS LLP***

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## COMPENSATION DISCUSSION AND ANALYSIS

This section of the Proxy Statement (the "CD&A") explains how the Compensation Committee of our Board (the "Committee") oversees our executive compensation programs, and it discusses the compensation earned by our Named Executive Officers ("NEOs"), as presented in the Summary Compensation Table and other related compensation tables. The Committee is responsible for policies and decisions regarding the compensation and benefits for Named Executive Officers (who are the five officers listed in the Summary Compensation Table and other related compensation tables). This CD&A is an overview of the policies and decisions underlying the design of 2014 NEO compensation.

### Executive Summary

During 2014 we continued to align NEO compensation with the strategic and financial success of the Company. We aligned interests between our NEOs and stockholders by tying a large portion of total compensation to key short- and long-term Company goals and delivering a significant portion of total compensation in the form of DST stock.

### 2014 Financial Highlights

During 2014, the Company:

Generated higher consolidated revenues and operating income, as compared to 2013.

Increased non-GAAP diluted EPS by 21.4% as compared to 2013, through improved operating results.

Decreased debt by \$130.1 million or 19.1% as compared to December 31, 2013.

Completed the sale of our Global Solutions investment management software business resulting in a pretax gain of \$100.5 million.

Continued monetization of non-operating assets, resulting in \$431.5 million of pretax proceeds.

Facilitated a registered secondary offering of \$450 million of DST stock by the Argyros Group and also repurchased \$200 million of DST common stock beneficially owned by the Argyros Group (collectively, the Argyros Group Transaction, as described under "Certain Transactions with Related Persons 2014 Argyros Agreements").

### Pay for Performance Design

Our actions for 2014 compensation link executive compensation and overall Company performance:

**We required that a significant portion of overall compensation be at-risk.**

Two-thirds of the grant date fair value of long-term equity incentives was in the form of long-term performance-vesting equity (Performance Stock Units or PSUs).

**We focused on long-term results.**

We continued to utilize a three-year performance goal for PSUs so that no vesting occurs prior to completion of the three-year performance period.

**We used a combination of financial performance goals for variable compensation plans.**

We used performance goals that, in combination, appropriately balance the Company's short- and long-term revenue growth, operating improvements and profitability objectives.

Annual short-term cash incentive payouts were based 60% on Adjusted Earnings Per Share and 40% on Adjusted Operating Revenue, while PSUs will vest based on cumulative three-year Adjusted EBITDA.

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**For performance-vesting equity (PSUs), we used a 'performance curve'**

The number of units that will vest decreases or increases based on varying levels of goal achievement (target, threshold and maximum). No shares will vest unless a threshold level of performance is achieved. If maximum performance is achieved, 150% of the target amount vests.

**Named Executive Officers**

For 2014, the following executive officers are our NEOs.

Stephen C. Hooley	<i>Chairman, Chief Executive Officer and President</i>
Gregg W. Givens	<i>Senior Vice President, Chief Financial Officer and Treasurer</i>
Randall D. Young	<i>Senior Vice President, General Counsel and Secretary</i>
Jonathan J. Boehm	<i>Executive Vice President and Head of Healthcare Businesses</i>
Steven J. Towle	<i>Executive Vice President and Head of Financial Services</i>

**2014 Executive Compensation Philosophy**

Our executive compensation philosophy is designed to motivate and reward executives for growing our business and delivering sustainable long-term value to our stockholders.

We use the following principles to determine our executive compensation program:

***Attract, Retain and Motivate High-Performing Executives:*** Our executive base salaries and target incentive compensation opportunities are designed to be market competitive so that we can attract, retain and motivate individuals who will drive superior business performance.

***Pay for Performance:*** We seek to build and support a performance-driven culture by incorporating an at-risk component into a significant portion of each executive's pay. The at-risk component varies based on individual responsibility levels as well as organizational and, as applicable, business unit performance results.

***Align with Shareholder Interests:*** The majority of NEO compensation is tied to organizational and, as applicable, business unit performance and therefore 'at risk'. We incorporate into our program two performance-based compensation vehicles that align executive compensation with creation of shareholder value.

***Annual Short-Term Cash Incentive:*** This annual opportunity rewards performance as measured by achievement against pre-set annual financial goals.

***Long-Term Equity Incentive:*** Our equity grants (including the metrics in PSUs, our performance-vesting grants) align executive and shareholder interests in long-term stock appreciation.

***Integrate with our corporate values:*** Our compensation is designed to motivate and inspire behavior that fosters a high performance culture while upholding our corporate governance standards and avoiding unreasonable risk.

Since talent is critical to our long-term success, we seek to pay executives at levels that are competitive with other employers with whom we compete for talent. Our goal is to target executive compensation, on average, to be at the median of the market, with the opportunity to earn above-market compensation for superior performance within any given year or performance period. Our program incorporates several features that seek

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to drive business performance over both the short- and long-term. A higher percent of total compensation is 'at-risk' for the most senior levels in order to reflect the additional responsibilities associated with these positions.

**Peer Group**

Benchmarking data is gathered and presented to the Committee by its independent compensation consultant, Deloitte Consulting LLP ("Deloitte"). Deloitte supplements peer group data with published survey data from general industry and computer and data processing companies of a similar financial size. The Committee has developed an industry peer group of similarly sized companies in the data processing and software services industries in order to assess competitive market compensation levels for the NEOs. The following seventeen companies comprised the compensation benchmarking industry peer group for 2014:

Alliance Data Systems Corporation	Broadridge Financial Solutions, Inc.
Convergys Corporation	Corelogic, Inc.
CSG Systems International, Inc.	Euronet Worldwide, Inc.
Fiserv, Inc.	Fidelity National Information Services, Inc.
Global Payments Inc.	Heartland Payment Systems, Inc.
Jack Henry & Associates, Inc.	Lender Processing Services, Inc.
MoneyGram International, Inc.	NCR Corporation
Teletch Holdings Inc.	Total Systems Services, Inc.
Verifone Systems, Inc.	

**Role of the Compensation Consultant**

Deloitte provided various data, analyses and advice to the Committee on executive compensation matters during 2014. Deloitte reports directly to the Committee and attends Committee meetings as requested.

The Committee welcomes the CEO's input as it designs NEO compensation programs and sets the compensation of the other NEOs. However, the CEO is not present during Committee discussions at Committee meetings or between the Committee and Deloitte regarding his compensation.

The Committee alone makes decisions about the amounts and forms of NEO compensation, and its decisions may reflect factors and considerations other than information and advice from the CEO, Deloitte and members of management.

**Flexibility in Determining Compensation**

So that total compensation opportunity can be tailored to reflect individual factors, the Committee considers market benchmark compensation data for individual positions and also obtains additional information from management when setting pay levels, including:

the responsibilities of each individual NEO position

the compensation levels we believe are necessary to incent and retain individual NEOs

the performance of individual NEOs, including but not limited to the ability to meet business challenges strategically, plan long-range, achieve short-term financial results, lead and develop a team for which the officer is responsible, prudently steward our business and operational resources, and promote legal and ethical compliance.

The Committee does not follow precise formulas when determining NEO compensation levels. Rather, it considers whether the various components of our compensation programs justify the cost to the Company and provide value to our stockholders.

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**Components of Compensation**

*Base Salaries*

Base salaries are the fixed compensation component. Base salaries are intended to help attract and retain high caliber executive talent. The Committee targets NEO base salaries at the median of the industry peer group benchmark data, but also take into account each NEO's responsibilities, leadership, tenure, and retention risk. Base salaries for the NEOs are reviewed annually for potential adjustments.

*Annual Short-Term Cash Incentives*

The annual cash incentive plan is an at-risk, performance-based compensation program designed to align the interests of executives and stockholders by providing compensation based on the achievement of pre-determined annual financial goals.

For 2014, 60% of annual incentive performance was based on Adjusted EPS performance, with the remaining 40% tied to Adjusted Operating Revenue. Threshold, target and maximum goals (provided in this CD&A) were established in early 2014, with payout opportunities ranging from 0% to 150% of target.

*Long-Term Equity Incentives*

Equity grants are designed to align NEO and stockholder interests through the appreciation of stock price over the vesting period. The Company utilizes a combination of at-risk Performance Stock Units (PSUs) and time-vesting Restricted Stock Units (Time RSUs) in order to provide NEOs with a balanced retention and performance incentive opportunity.

In keeping with our pay for performance philosophy, we apportioned the aggregate grant date fair value to each NEO so that two-thirds is in the form of PSUs, and one-third is in the form of Time RSUs. PSUs vest based on performance against a pre-determined three-year cumulative Adjusted EBITDA goal. Threshold, target and maximum goals were established in early 2014, with payout opportunities for PSUs ranging from 0% to 150% of target. Time RSUs vest in equal one-third increments on the anniversary of the grant date.

**Compensation Mix**

*Short-Term versus Long-Term Incentive Compensation*

For our CEO and other NEOs, the ratio of incentive compensation that is short-term (annual cash incentives) versus long-term (equity grants in the form of Time RSUs and PSUs) further illustrates our commitment to long-term stockholder value creation.

**CEO Target Short- vs. Long-Term  
Incentive Compensation**

**Other NEO Target Short- vs. Long-Term  
Incentive Compensation**

Table of Contents*At-risk Compensation*

The portion of the compensation of the CEO and other NEOs that is considered at-risk, i.e., tied to Company performance over the short- and/or long-term, far exceeds the fixed portion. The at-risk elements of NEO compensation are the annual cash incentive and the PSUs. We set goals based on growth objectives, our mix of businesses, projections and competitive outlooks. We believe our emphasis on at-risk compensation supports our pay for performance philosophy by aligning Company and stockholder objectives.

We believe the additional emphasis on at-risk and long-term compensation for the CEO (when compared to the other NEOs) reflects his additional responsibility and overall contribution to Company performance.

**CEO Target Fixed vs. At Risk Compensation****Other NEO Target Fixed vs. At Risk Compensation****2014 Compensation Details***Annual Base Salaries*

The following table shows the base salaries of each NEO named in the 2014 Annual Meeting Proxy Statement and summarizes their 2014 base salary increases. Increases shown below were based on a general assessment of increases in the industries from which we draw talent and on retention considerations.

	<b>2013 Base Salary</b>	<b>Increase</b>	<b>2014 Base Salary</b>
Stephen C. Hooley	\$800,000	3.13%	\$825,000
Jonathan J. Boehm	\$440,274	2.21%	\$450,000
Steven J. Towle	\$466,798	7.12%	\$500,000

New NEOs, not named in last year's proxy statement, are Gregg Givens and Randall Young, and their 2014 base salaries were \$400,000 and \$425,000, respectively.

*Annual Short-Term Cash Incentives*

The following table summarizes the 2014 annual cash incentive opportunity levels for the CEO and other NEOs as a percentage of base salary.

	<b>2014 Target Bonus (% of Base Salary)</b>
CEO	150%
Other NEOs	100%

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The following table summarizes the 2014 annual incentive payout 'curve' as a percentage of target goal achievement and states the corresponding weighted financial goals.

	<b>Weighting</b>	<b>Threshold 50%</b>	<b>Target 100%</b>	<b>Maximum 150%</b>
Adjusted EPS Goals <sup>1,3</sup>	60%	\$4.75	\$5.00	\$5.25
Adjusted Operating Revenue Goals <sup>2,3</sup>	40%	\$1.9B	\$1.97B	\$2.025B

1 Adjusted EPS is defined as diluted EPS for the reporting period as reflected in the audited financial statements, adjusted for the effect of shares repurchased and further adjusted as described in note (3).

2 Adjusted Operating Revenue is defined as consolidated operating revenue for the reporting period as reflected in the audited financial statements, adjusted as described in note (3).

3 Pre-determined adjustments are made to the level of goal achievement if a subsidiary or joint venture is sold, non-operating assets are sold or impaired, private equity fund distributions occur, enacted income tax rates change, or GAAP changes, or for other special events pre-determined by the Committee, such as the exclusion of expenses in connection with the Argyros Group Transaction.

For the 2014 performance year, the annual incentive goal result was as follows:

	<b>Actual Performance</b>	<b>Performance as a % of Target</b>	<b>Weighting</b>	<b>Weighted Payout</b>
Adjusted EPS Goals <sup>1,3</sup>	\$6.57	150%	60%	150%
Adjusted Operating Revenue Goals <sup>2,3</sup>	\$2.049B	150%	40%	150%
<b>Total</b>				<b>150%</b>

1 The following pre-determined adjustments affected the level of achievement:

- Effect of repurchased shares
- Sale or impairment of non-operating assets real estate and securities
- Private equity fund distributions
- Sale of an operating business DST Global Solutions
- Expenses related to the completion of the Argyros Group Transaction

2 The following pre-determined adjustments affected the level of achievement:

- Sale of non-operating assets real estate
- Sale of an operating business DST Global Solutions

3

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Additional information regarding the adjustments can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 in Item 6 (Selected Financial Data), the Consolidated Statement of Changes in Equity, and the Equity footnote to the Consolidated Financial Statements. The adjustments contained in Item 6 are listed in the non-GAAP reconciliation table under 'Net gains on securities and other investments,' 'Net gain on sale of business,' and 'Business development/advisory expenses.'



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The following table summarizes the annual cash incentives awarded and paid for the 2014 performance period:

	<b>2014 Target Bonus</b>	<b>Actual Performance Level</b>	<b>Actual Bonus Total</b>
Stephen C. Hooley	\$ 1,237,500	150%	\$ 1,856,250
Gregg W. Givens	\$ 400,000	150%	\$ 600,000
Randall D. Young	\$ 425,000	150%	\$ 637,500
Jonathan J. Boehm	\$ 450,000	150%	\$ 675,000
Steven J. Towle	\$ 500,000	150%	\$ 750,000

*Long-Term Equity Incentives Time RSUs and PSUs*

We determined that two-thirds of 2014 equity grants should be in the form of PSUs, with vesting based on performance against pre-determined cumulative Adjusted EBITDA goals at the end of the three-year (2014-2016) period, while the remaining one-third should be in the form of Time RSUs, vesting in equal one-third increments on the anniversary of the grant date.

In order to recognize the outstanding contributions of the CFO (Mr. Givens) and General Counsel (Mr. Young) in helping negotiate and complete the Argyros Group Transaction, the Committee granted each of them a one-time special award of 3,000 Time RSUs.

The first row of the following table for each NEO pertains to the annual long-term incentive grant and shows the aggregate grant date fair value of the grant and the allocation of the awards between PSUs and Time RSUs. The second row for Messrs. Givens and Young pertains to the special recognition grant of Time RSUs.

	<b>Aggregate Grant Date Fair Value<sup>1</sup></b>	<b>Aggregate Annual Units<sup>2</sup> (#)</b>	<b>Time RSUs (#)</b>	<b>PSUs (at Target Number Granted) (#)</b>
Stephen C. Hooley	\$ 4,086,233	37,121	12,250	24,871
Gregg W. Givens	\$ 817,215	7,424	2,450	4,974
	\$ 279,015		3,000	
Randall D. Young	\$ 758,915	6,894	2,275	4,619
	\$ 279,015		3,000	
Jonathan J. Boehm	\$ 1,050,806	9,546	3,150	6,396
Steven J. Towle	\$ 1,400,997	12,727	4,200	8,527

1

Based on the accounting assumptions described in the Consolidated Financial Statements in the Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

2

The grant date fair value shown in the first row for each individual was divided by the average of the highest and lowest reported sale price of DST stock on February 25, 2014, which was \$94.2850. The grant date fair value shown in the second row for Messrs. Givens and Young was divided by the average of the highest and lowest reported sale price of DST stock on July 29, 2014, which was \$93.005. Fractional shares were rounded up to a whole share.

In order to further align payout levels with long-term financial performance, we incorporated a performance curve for the 2014 PSU awards. Vesting of PSUs is based on performance against pre-determined Adjusted EBITDA

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goals at the end of the three-year (2014-2016) performance period. The following table summarizes the vesting as a percentage of the target number of units for all NEOs as well as the corresponding financial goals.

	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>
PSU Vesting as a Percentage of Target	50%	100%	150%

EBITDA is defined as cumulative earnings before interest, taxes, depreciation, amortization and equity, as reflected in the audited financial statements for the three-year performance period ending December 31, 2016. Adjusted EBITDA for these purposes reflects pre-determined adjustments that are to be made to the level of EBITDA goal achievement if a subsidiary or joint venture is sold, non-operating assets are sold or impaired, private equity fund distributions occur, or GAAP changes, or for other special events pre-determined by the Committee, such as the exclusion of expenses in connection with the Argyros Group Transaction.

Equity awards are made at the first regularly scheduled Compensation Committee meeting of the year. Any subsequent grants for onboarding, promotions, or special rewards are also made at regularly scheduled Committee meetings.

**Chief Executive Officer Matters***Employment Agreement*

Mr. Hooley's legacy employment agreement is dated June 30, 2009 and does not provide for employment through a set date. Prior to approving the agreement, we reviewed leading market and industry practice regarding appropriate and common provisions for executives in senior leadership positions. The agreement:

provides for separation benefits (base salary, life/health premium reimbursements) in the event of a termination without cause based on a 24-month period and a pro-rated annual incentive award for the year of termination based on actual goal achievement, subject to Mr. Hooley's execution of a release of claims

protects Mr. Hooley for a three-year period following a change in control in the event of a termination without cause or resignation for good reason; these "double trigger events" (change in control followed by the qualifying termination) would cause payouts, based on the remainder of the three-year period, of base salary, life/health premium reimbursements and annual incentives, calculated as described under "Named Executive Officer Award/Account Values for Certain Events"

prohibits Mr. Hooley from soliciting employees, soliciting customers for the benefit of a competitor, acquiring an interest in a competitor other than an insignificant interest in a public company, or becoming employed by or consulting on behalf of a competitor for three years following any type of termination of employment.

Although the agreement contains an excise tax gross-up provision, we have committed not to include golden parachute excise tax gross-up provisions in future executive employment agreements.

The agreement is further summarized under "Named Executive Officer Compensation" and "Named Executive Officer Award/Account Values for Certain Events."

*Stock Ownership Guidelines*

To further align CEO and stockholder interests, we have guidelines that the CEO must maintain stock ownership of at least six times his base salary. Under the guidelines, Mr. Hooley has five years from his September 12, 2012 appointment as CEO to attain the requisite level of stock ownership. Mr. Hooley has reached the ownership threshold, although he is still in the grace period for achieving the guideline. (The non-employee director stock ownership requirements are described under "The Board of Directors").

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**Miscellaneous Benefits**

*Severance Benefits*

NEOs without an employment agreement (Messrs. Givens, Boehm and Towle) participate in our Executive Severance Plan, which provides severance benefits for terminations of employment by DST for reasons other than cause, death or disability (as those are defined in the Executive Severance Plan). DST's obligation to provide payments and benefits under the Executive Severance Plan is conditioned upon the executive providing and not revoking a release of claims and complying with the applicable non-competition, non-solicitation and non-disclosure covenants. Messrs. Hooley and Young are parties to employment agreements with the Company which provide for severance benefits. For additional detail on the Executive Severance Plan and the severance benefits under the employment agreements, see "Named Executive Officer Award/Account Values for Certain Events."

*Perquisites*

We provide NEOs with a modest level of perquisites to promote convenience in the performance of duties for the Company. In 2014, we allowed Mr. Hooley limited personal use of aircraft in which we own fractional interests. The Compensation Committee monitors personal use through receipt of reports from our CFO at least four times per year. NEOs may also receive estate planning services, tax return services, paid parking and, through 2014, personal use of a Company car or a car allowance. We reimburse spouse or guest travel to, and family entertainment at, offsite planning meetings at which NEOs and their spouses or guests interact with each other and with members of the Board and their spouses or guests. We do not gross-up NEO perquisites for tax liabilities.

*Retirement Benefits*

Each NEO is eligible to participate in the 401(k) Profit Sharing Plan on the same basis as other associates, and is eligible to receive discretionary profit sharing contributions and matching contributions with respect to their salary deferral contributions. Accounts generally vest based on years of service. The 401(k) portion of each account is credited with earnings, gains or losses based on the participant's direction from among various investment options available under the plan. The profit sharing portion of each account is credited with earnings, gains or losses based on Company-directed investments. Accounts are distributable upon separation from service for any reason, financial hardship, or reaching age 59½.

*Accelerated Award Vesting Benefits*

We allow full or partial accelerated vesting of equity awards and legacy deferred cash accounts upon death, disability, retirement and in other limited termination of employment circumstances as described under "Named Executive Officer Award/Account Values for Certain Events." These benefits aid NEOs in the event of health crises, aid their families in the event of their deaths, help NEOs plan for retirement, and balance the Board's flexibility in making management changes or effecting transactions which could result in an NEO's involuntary termination of employment.

*Insurance Benefits*

NEOs participate in group health, vision and dental insurance plans on the same basis as other associates. We provide NEOs with individual variable life insurance policies in lieu of participation in our employee group life policy. The policies are portable and allow NEOs to accrue cash surrender value. We provide NEOs with a long-term disability policy to allow a similar income replacement percentage of salary as is available to associates in general. We also provide NEOs coverage under a group excess liability insurance policy. These benefits aid NEOs in health crises and aid their families in the event of their deaths.

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*Double Trigger Change in Control Protections*

Our award agreements provide generally for full vesting of unvested deferred cash and equity awards upon a "double trigger" i.e., a change in control followed by a qualifying termination of employment. We believe these protections promote stability during a change in control by encouraging our executives to cooperate with and achieve a change in control approved by the Board without being distracted by the possibility of termination or demotion following the transaction. All NEOs are entitled to severance benefits for certain terminations within a limited period of time following a change in control, either as a result of their employment agreements (Messrs. Hooley and Young) or their participation in the Executive Severance Plan (Messrs. Givens, Boehm and Towle), as further described under "Named Executive Officer Award/Account Values for Certain Events."

**Say-on-Pay**

At the 2014 Annual Meeting, the percentage of the votes cast in favor of the Say-on-Pay proposal was 97.5%, indicating shareholder confidence in our pay for performance philosophy. The Committee considered the strong support of our stockholders in continuing the current design of the executive compensation program.

**Clawback Policy**

To mitigate the risk that incentives would be based on erroneous financial results, each NEO's incentive compensation is subject to our clawback policy. The policy mandates Company recoupment of various award amounts in the event of certain accounting restatements. Such a restatement would trigger the return (or clawback) of incentive compensation for 2014 performance resulting from the Company's material noncompliance with financial reporting requirements under the securities laws. The amount to be returned would equal the portion of a covered annual and/or long-term incentive award in excess of what would have been paid if the results as stated in the restated financials had applied to the award determination. If a clawback is triggered, NEOs would be required to return the value of their covered awards, or a portion thereof, regardless of whether their individual conduct contributed to the financial restatement. The policy also allows the Compensation Committee, in its discretion, to clawback incentive compensation in the event either of a significant ethics policy violation or of non-compliance with a restrictive covenant such as a non-disclosure, non-competition, or non-solicitation obligation, or an obligation to protect and take other actions with respect to Company intellectual property.

**Tax Deductibility/Section 162(m)**

The annual and long-term incentive plans are both governed by our 2005 Equity Incentive Plan. We obtained approval of the Plan by our stockholders, which facilitates the deductibility of performance-based compensation under Section 162(m) of the Internal Revenue Code. Our primary focus is applying our executive compensation philosophy in order to attract, retain and incent our NEOs, and we reserve the right to determine whether to utilize the performance-based compensation exemption.

If a non-recurring or unexpected event occurs during a performance period, the Compensation Committee may consider adjustments to be made in calculating goal achievement that were not pre-determined when it set goals ("Non-Predetermined Adjustments"). There were no Non-Predetermined Adjustments for 2014 NEO awards.

To facilitate deductibility under Section 162(m), the Compensation Committee determines NEO participation in the annual short-term cash incentive program, makes PSU grants to NEOs, and sets performance goals for NEO awards within the first ninety days of a performance year. It also determines prior to the end of a performance year whether to make Non-Predetermined Adjustments, and it does not upwardly adjust the calculation of goal achievement for NEOs based on Non-Predetermined Adjustments.

Table of Contents**NAMED EXECUTIVE OFFICER COMPENSATION***SUMMARY COMPENSATION TABLE FOR 2014*

Name and Principal Position	Year	A	B	C	D	E
		Salary (\$)	Stock Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Stephen C. Hooley Chairman, CEO and President	2014	825,000	4,086,233	1,956,481	174,521	7,042,235
	2013	800,000	3,913,043	1,966,074	175,902	6,855,019
	2012	695,082		1,819,713	342,864	2,857,659
Gregg W. Givens Senior Vice President, Chief Financial Officer and Treasurer	2014	400,000	1,096,230	620,260	46,443	2,162,933
Randall D. Young Senior Vice President, General Counsel and Secretary	2014	425,000	1,037,930	660,272	56,189	2,179,391
Jonathan J. Boehm Executive Vice President	2014	450,000	1,050,806	704,146	53,075	2,258,027
	2013	440,274	934,470	689,842	51,340	2,115,926
	2012	427,450		642,921	55,477	1,125,848
Steven J. Towle Executive Vice President	2014	500,000	1,400,997	753,639	47,242	2,701,878
	2013	466,798	934,470	619,284	46,509	2,067,061
	2012	453,000		554,981	40,783	1,048,764

1

The grant date fair values shown in Column B are based on the accounting assumptions described in the Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. The aggregate value shown was allocated between Time RSUs and PSUs as shown in "Compensation Discussion and Analysis." If PSUs had been valued at maximum level of performance, the aggregate grant date fair value for all 2014 awards would have been \$4,672,481 for Mr. Hooley, \$1,213,473 for Mr. Givens, \$1,146,814 for Mr. Young, \$1,201,568 for Mr. Boehm, and \$1,601,996 for Mr. Towle. The Time RSU and PSU vesting terms and conditions are described under "Compensation Discussion and Analysis" and "Named Executive Officer Award/Account Values for Certain Events."

2

Column C shows the sum of the annual incentive award for 2014 and earnings during 2014 on deferred cash balances of annual incentive awards for performance years prior to 2014. The deferred cash vesting terms and conditions are described under "Named Executive Officer Award/Account Values for Certain Events" and are subject to earnings and losses based on hypothetical investment choices as explained following the Nonqualified Deferred Compensation table. We no longer defer any portion of the annual incentive award, as explained in "Compensation Discussion and Analysis."

3

Amounts in Column D are described below in "Elements of All Other Compensation."

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**Elements of All Other Compensation.** In the "Summary Compensation Table," Column D (All Other Compensation) includes amounts for various types of compensation, as shown below.

<b>All Other Compensation</b>	<b>Stephen C. Hooley (\$)</b>	<b>Gregg W. Givens (\$)</b>	<b>Randall D. Young (\$)</b>	<b>Jonathan J. Boehm (\$)</b>	<b>Steven J. Towle (\$)</b>
Matching Contribution to 401(k)-2014 plan year	7,800	7,800	7,800	7,800	7,800
Discretionary Profit Sharing Contribution 2014 plan year	10,400	10,400	10,400	10,400	10,400
Life Insurance Premiums	6,552	7,670	8,424	6,442	8,292
Reimbursement for cost of exercise tracking tool provided to all eligible associates	72	0	47	72	0
Perquisites and Personal Benefits (listed below)	149,697	20,573	29,518	27,050	20,750

The perquisites and personal benefits in the last row of the above table are comprised of the following:

<b>Perquisite or Personal Benefit</b>	<b>Stephen C. Hooley</b>	<b>Gregg W. Givens</b>	<b>Randall D. Young</b>	<b>Jonathan J. Boehm</b>	<b>Steven J. Towle</b>
Paid Parking	X	X	X	X	
Long-Term Disability Premiums	X	X	X	X	X
Excess Liability Insurance Premiums	X	X	X	X	X
Personal Use of Company Car or Car Allowance	X	X	X	X	X
Tax Return Preparation Services	X		X		
Non-Business Events at Offsite Planning Meetings	X	X	X	X	X
Personal Use of Aircraft in which the Company has a Fractional Interest*	X				

\*

Mr. Hooley was allowed personal use of aircraft, as explained in "Compensation Discussion and Analysis." The amount shown for his perquisites includes the incremental cost of aircraft personal use during 2014 of \$115,336 (calculated based on the hourly charge for the flight, the fuel charge for the flight, and the ground transportation charge). We did not include in the incremental cost any portion of our monthly aircraft management fee, which we would have paid regardless of the personal use, or depreciation on the plane, which does not vary based on use. Mr. Hooley incurred taxable income as a result of the use, which was not grossed-up for taxes.

The NEOs also participated in 2014 in a program in which the Company, through a donor-advised fund at a community charitable foundation, will match contributions by the NEOs to qualified not-for-profit organizations in an amount equal to two times the contribution, with a \$30,000 maximum for the Chief Executive Officer under the director match program and a \$20,000 maximum for the other NEOs. Contributions were made on behalf of all associates who chose to participate, and we do not believe the contribution directly or indirectly benefited the NEO personally. As a result, we have not included matching amounts in the "Summary Compensation Table." Matching contributions were \$30,000 for Mr. Hooley, \$200 for Mr. Young, and \$20,000 for the other NEOs.

**Additional Summary Compensation Table Information.** In 2014 we had employment agreements with Mr. Hooley, our Chairman, CEO and President, and with Mr. Young, our Senior Vice President, General Counsel and Secretary. Mr. Hooley's agreement entitles him to a base salary of at least \$550,000. Mr. Young's agreement provides that his base salary in effect as of the date of the agreement is subject to adjustment from time to time as he and DST agree. Both agreements provide that the executive is to receive an incentive program opportunity as determined by the Compensation Committee. Mr. Hooley's agreement is further described under "Compensation Discussion and Analysis" and both agreements are addressed in "Named Executive Officer Award/Account Values for Certain Events."

Table of Contents**NONQUALIFIED DEFERRED COMPENSATION FOR 2014**

**Deferral Activity and Balances.** The following table provides information regarding NEOs' nonqualified deferred compensation accounts. We describe the various forms of nonqualified deferral programs following the table.

Named Executive Officer	Annual Incentive Program Deferred Cash		
	A	B	C
	Aggregate Earnings in 20141	Aggregate Withdrawals/ Distributions in 20142	Aggregate Balance at December 31, 20143,4
	(\$)	(\$)	(\$)
Stephen C. Hooley	100,231	398,614	1,207,636
Gregg W. Givens	20,260	81,359	275,680
Randall D. Young	22,772	88,904	371,914
Jonathan J. Boehm	29,146	82,815	444,267
Steven J. Towle	3,639	124,097	354,197

1

Column A shows for each NEO the aggregate earnings during 2014. The range of 2014 earnings rates on available hypothetical investments for the deferred cash accounts was negative 7.22% to positive 14.85%.

2

Column B shows the distribution during 2014 of an annual incentive deferred cash award for the 2011 performance year.

3

All amounts shown in Column C were unvested as of December 31, 2014 with the exception of \$181,032 for Mr. Young and \$190,236 for Mr. Towle (the portion of their account balances attributable to the 2013 performance year) as a result of their retirement-eligibility. Accelerated vesting would occur as shown in "Named Executive Officer Award/Account Values for Certain Events."

The following is an aggregate of the Column C amounts reported in the Summary Compensation Tables in prior annual meeting proxy statements:

Named Executive Officer	Amounts from Column C Reported In Previous Summary Compensation Tables(\$)	
Stephen C. Hooley		1,207,636
Jonathan J. Boehm		444,267
Steven J. Towle		192,372

4

Mr. Boehm has elected to receive his account balance for the 2013 performance year in a lump sum upon retirement, rather than on the vesting date.

**Nonqualified Deferral Programs.**

***Arrangements for Incentive and Equity Awards.*** For performance years prior to 2014, we mandated deferral of a portion of each year's annual incentive award, and deferred cash awards from the 2012 and 2013 performance years continue to be subject to mandatory deferral. For the awards in deferral, we base earnings on the participants' elections among a limited number of long-term investment choices, both equity-based and income-oriented. The number of choices is administratively manageable but allows participants to diversify their hypothetical earnings and control their level of risk. Earnings and losses are credited or debited at least annually. Prior to 2014, NEOs could, by making an election by June 30 of the performance year, extend the future payout of vested deferred cash awards. The elected periods could either be a number of years or until separation from service. Beginning with awards for 2014 compensation, we discontinued deferral elections.



Table of Contents**GRANTS OF PLAN-BASED AWARDS FOR 2014**

The following table and notes show annual incentive opportunity levels that existed at the beginning of 2014 for, and equity grants during 2014 to, each of the NEOs.

Named Executive Officer	Grant Date	A Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>1</sup> (\$)			B Estimated Future Payouts Under Equity Incentive Plan Awards <sup>2,4</sup> (#)			C All Other Stock Awards; No. of Shares of Stock <sup>3,4</sup> (#)	D Grant Date Fair Value of Stock Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
<b>Stephen C. Hooley</b>									
Annual Incentive	02/25/14	618,750	1,237,500	1,856,250					
PSUs	02/25/14				12,436	24,871	37,307		2,931,242
Time RSUs	02/25/14							12,250	1,154,991
<b>Gregg W. Givens</b>									
Annual Incentive	02/25/14	200,000	400,000	600,000					
PSUs	02/25/14				2,487	4,974	7,461		586,217
Time RSUs	02/25/14							2,450	230,998
Time RSUs	07/29/14							3,000	279,015
<b>Randall D. Young</b>									
Annual Incentive	02/25/14	212,500	425,000	637,500					
PSUs	02/25/14				2,310	4,619	6,929		544,417
Time RSUs	02/25/14								