INTERNATIONAL FINANCIAL DATA SERVICES

PRESS RELEASE

FOR IMMEDIATE RELEASE

M&G and IFDS Sign Outsourcing Agreement for Retail Administration Services

London, 26th November, 2002,

M&G and IFDS (International Financial Data Services – a State Street and DST Systems Inc. joint venture) have today reached an outsourcing agreement for IFDS to provide M&G with retail administration services.

During this year, M&G conducted a review of its retail IT systems platform and assessed and tested offers from a range of possible providers. The review covered administration and supporting IT systems. As a result of the agreement, all M&G's administration service functions will be transferred to IFDS and M&G will migrate onto IFDS' FAST platform by the end of the third quarter, 2003. All areas of customer and intermediary contact services will remain in-house.

Under the new agreement, M&G's retail administration team will transfer to IFDS under the Transfer of Undertakings Protection of Employment (TUPE) regulations.

The new contract secures the sale of two of M&G's properties, M&G House and Dorset House, both located in Chelmsford. IFDS is already a major employer in Essex and this purchase will further increase its presence in the area.

Gary Shaughnessy, Chief Executive UK Retail of M&G, comments

"We are delighted to have signed contracts with IFDS, the largest and one of the most respected Third Party Administrators in the UK.

"IFDS recognises the quality and experience of our retail administration staff and this agreement will enable M&G to build on the high quality administration service we currently provide to both customers and intermediaries."

Charles H Eppinger, Chief Executive Officer of IFDS, comments:

"We are excited that we have secured a deal with M&G to provide administration services for its UK-based range of funds. IFDS is committed to providing its partners and customers with the highest quality administrative services and this agreement is testimony that we are the leading provider of services and systems in the UK."

ENDS

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Notes for Editors:

- This announcement follows the press release issued on 6 August 2002 by M&G announcing exclusive negotiations with IFDS regarding outsourcing of retail administration services.
- IFDS will provide a full administration service for M&G's retail funds and Prudential unit trusts

M&G:

- M&G is Prudential's UK and European fund manager, responsible for managing over £116 billion of funds (at the end of June 2002)
- M&G has 578,000 retail customers in the UK (as at 30 September 2002)
- M&G launched the UK's first unit trust in 1931 and has continued this history of innovation over the past 70 years
- M&G pioneered the corporate bond fund market in the UK with the launch of the M&G Corporate Bond Fund in 1994 and The M&G High Yield Corporate Bond Fund in 1998
- M&G offers investors a range of over 45 funds available as an ISA or unit trust/OEIC
- M&G employs 1,300 staff of which 320 are part of Retail Operations
- M&G's customer service centre and staff located at Fairbairn House, Chelmsford, were not included in the review and will remain part of M&G
- M&G's website: www.mandg.co.uk

IFDS:

International Financial Data Services ("International Financial") is a joint venture between affiliates of Boston-based **State Street Corporation** (NYSE: STT), a world leader in financial services providing investment servicing, investment management, trading services and investment research, and **DST Systems Inc**, a Kansas City-based leading provider of shareholder accounting services and proprietary systems.

International Financial is today recognised as the world's leading provider of ASP (Application Service Provision) and BPO (Business Process Outsourcing) solutions to the global collective investment industry, supporting over 12 million accounts for over 50 organisations, and with over 1,300 experienced staff based in three locations (Canada, Luxembourg & United Kingdom).

For more information visit:
International Financial web site www.ifdsgroup.com
or DST's web site www.dstsystems.com
or State Street's web site www.statestreet.com