

PRESS RELEASE

FOR IMMEDIATE RELEASE

M&G enters exclusive negotiations with IFDS regarding outsourcing of retail administration service.

London, 6th August, 2002,

M&G has today announced it has entered into exclusive negotiations with IFDS (a State Street and DST Systems joint venture) regarding a full outsource of M&G's retail administration service.

During this year, M&G has conducted a review of its retail IT systems platform and has assessed and tested offers from a range of possible providers. The review covered administration and supporting IT systems but not any areas of customer contact which will remain in-house. If a contract is agreed, all M&G's administration functions would transfer to IFDS and M&G would migrate onto IFDS' FAST platform. Negotiations are expected to be concluded in the fourth quarter of 2002.

Under the Heads of Agreement, IFDS has committed to:

- Buy the M&G properties M&G House and Dorset House, both located in Chelmsford
- Maximise career opportunities for M&G staff, creating jobs for the majority of staff transferring

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

"We are delighted to have reached a Heads of Agreement with IFDS, one of the most established and respected Third Party Administrators in the UK."

"Partnership with IFDS will enable M&G to build on the high quality administration service we currently provide to both customers and intermediaries. IFDS clearly recognises the quality and experience of our retail administration staff and aims to secure a long term future for as many staff as possible."

Charles H Eppinger, Chief Executive Officer of IFDS, commented;

"We are delighted to have been selected by M&G as their service partner to provide administration for their UK-based range of funds. M&G have a reputation as the leaders in the provision of the highest quality service to their investors and advisors, and the decision to outsource their administration to IFDS is further proof that we are the leading provider of services and systems to the UK market."

"IFDS is already a major employer in Essex and the purchase of these two Chelmsford sites further increases our commitment to the area."

"Myself and my colleagues at IFDS look forward to working with the M&G team."

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Notes for Editors:

M&G:

- M&G is Prudential's UK and European fund manager, responsible for managing over £120 billion of funds (at the end of March 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 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 280 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 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 leader in the design, development and operation of proprietary shareholder accounting software systems.

International Financial is today recognised as the worlds leading provider of ASP (Application Service Provision) and BPO (Business Process Outsourcing) solutions to the global collective investment industry. Supporting over 11.5 million accounts for over 50 organisations, and with over 1,200 experienced staff based in three locations (Canada, Luxembourg & United Kingdom).

For more information visit the International Financial web site www.ifdsgroup.com

Or DST's web site www.dstsystems.com

Or State Street's web site www.statestreet.com