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BOARD APPOINTMENTS

In conjunction with the announcement of P&O's Preliminary Results for 2002, P&O Chairman, Lord Sterling, today issued the following statement.

"Sir Bruce MacPhail, our Group Managing Director, plans to step down from the Board at the end of this year. Sir Bruce will be 65 next year and, having been Group Managing Director of P&O for nearly 20 years, wishes to reduce his commitments. I am delighted, however, that on a part-time basis he has agreed to retain responsibility for winding down the property portfolio.

Sir Bruce has been my closest colleague and friend for well over 30 years since joining me when I founded Sterling Guarantee Trust. He is an exceptionally able businessman who has made a huge contribution to P&O. I am pleased that we will continue to benefit from his detailed knowledge of our property business.

Robert Woods will become Chief Executive, taking over from Sir Bruce, from the end of this year. It will be with great pleasure that I welcome Robert to this role. Robert joined P&O in 1971 and has been a member of the Board since 1996. He has had wide experience of the Group, particularly in ports and container shipping. When he becomes Chief Executive, Robert will retain direct executive responsibility for Ports but will relinquish his position as Group Managing Director of P&O Nedlloyd Container Line.

I am very pleased to announce that we intend to appoint Nick Luff as our new Chief Financial Officer. Nick is currently Chief Financial Officer of P&O Princess Cruises plc and, assuming the proposed transaction with Carnival Corporation proceeds as expected, he will be leaving P&O Princess Cruises shortly after completion. Prior to the demerger of P&O Princess Cruises in October 2000 Nick was of course Finance Director of P&O. He therefore knows the Group well and I am sure he will make a strong contribution when he joins us full time from the beginning of June.

We previously announced that our current Finance Director, Jo Curin, planned to step down from the Board. She has now done so. I am grateful to Jo for all that she has done for the Group, with enthusiasm and commitment. We wish her well for the future.

To ensure continuity following the appointment of our new Chief Executive and Chief Financial Officer, the Board has invited me to stand for re-election at our AGM in May 2003. Going forward, I intend to devote as much time as need be to strategic matters and pursuing P&O's interests with governments and high level contacts here and abroad. Otherwise I will leave the day to day running of the company to the executive team. I then propose to stand down from the Board after the AGM in 2005."

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Notes to editors:

1. Sir Bruce MacPhail, 63, joined the P&O Board in 1983 and was appointed Managing Director in 1985. After graduating from Balliol College, Oxford with a mathematics degree in 1961 he joined Price Waterhouse & Co becoming an Associate of the Institute of Chartered Accountants in 1965 and latterly a Fellow. Sir Bruce was awarded an MBA from the Harvard University Graduate School of Business Administration in 1967 before joining the Corporate Finance Division of Hill Samuel & Co. He joined Sterling Guarantee Trust in 1969 becoming Managing Director in 1976. In 1985, Sterling Guarantee Trust merged with P&O. Sir Bruce was knighted in the Queen's Birthday Honours in 1992. He currently holds a number of directorships and trusteeships including: non-executive director of Chelsfield Plc; Chairman of the Business Advisory Forum of the Said Business School, University of Oxford; Trustee of Balliol College, Oxford and Life Governor and Member of Council Haileybury.
2. Robert Woods, 56, joined the P&O Board in 1996. He has been Group Managing Director of P&O Nedlloyd Container Terminal Line Ltd since 2000 and Executive Chairman of P&O Ports since 2002. Robert was educated at Cambridge University graduating in economics and history. He joined P&O in 1971 and has held a number of senior positions in the container and port divisions working in Japan, the Middle East and in the UK. In 1990 he became Managing Director of P&O Containers Limited and was appointed Managing Director of P&O Nedlloyd Limited on the announcement of the merger with Nedlloyd Lines Bv in 1996. He is Chairman of Tilbury Container Service and Southampton Container Terminal. He is also currently chairman of the Chamber of Shipping and a non-executive director of John Swire & Sons.
3. Nick Luff, 36, has been Chief Financial Officer of P&O Princess Cruises plc since its demerger from P&O in October 2000. Nick read mathematics at Oxford University and then trained as a chartered accountant with KPMG. He joined P&O in the Corporate Finance department in 1991. He moved to Treasury in 1993, becoming Group Treasurer in 1994 and then combined this role with Head of Corporate Finance from 1996. He joined the P&O Board as Finance Director in 1999.

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