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P&O NEDLLOYD TO BECOME INDEPENDENT AND LISTED

P&O and Royal Nedlloyd N.V. ("Nedlloyd") announce that agreement has been reached for Nedlloyd to acquire P&O's 50% interest in P&O Nedlloyd Container Line Limited ("PONL"). Nedlloyd will be renamed Royal P&O Nedlloyd N.V. ("Royal P&O Nedlloyd") upon completion of the transaction.

As consideration, P&O will receive approximately €215 million (£147 million) cash and a 25% interest in Royal P&O Nedlloyd post completion of the rights issue referred to below. The total consideration has a value of approximately €485 million (£331 million), based on Royal Nedlloyd's share price at closing of business on 30 January 2004. P&O has agreed to retain its 25% equity stake in Royal P&O Nedlloyd for a minimum of six months following the transaction.

Nedlloyd proposes to fund the cash consideration from an approximately €190 million rights issue with the balance being paid from existing cash resources. The rights issue is fully underwritten by a syndicate of banks subject to, amongst other conditions, satisfactory completion of due diligence.

The transaction is subject to approval by Nedlloyd's and P&O's shareholders, completion of the rights issue, regulatory approvals and admission of the rights issue shares and the shares that are to be issued to P&O for listing on Euronext Amsterdam.

It remains the intention of Nedlloyd to dispose of its 50% interest in Martinair as previously indicated to the market.

Highlights of the transaction

- The status of PONL will effectively be transformed from a joint venture to an independent listing, with its operational headquarters in London.
- PONL will benefit from increased strategic and financial flexibility to grow and develop its position as one of the leading global container shipping companies.
- Royal P&O Nedlloyd will have a simplified corporate governance structure with a one tier board and one class of share capital.
- The transaction meets the objectives of both P&O and Royal Nedlloyd N.V.
- The management team – led by recently appointed CEO Philip Green – will be able to focus on positioning the company to capitalise on the current upswing in the container shipping industry cycle.

New corporate and new management structure

Royal P&O Nedlloyd will consolidate PONL as a 100% subsidiary. PONL will continue to operate using its existing trade name 'P&O Nedlloyd'. The transaction will have no impact on PONL's business, its employees or its day-to-day operations and services provided to its customers. Royal P&O Nedlloyd will have its headquarters in Rotterdam. The current two-tier corporate governance structure of Nedlloyd, consisting of both a Supervisory Board and an Executive Board, will be replaced by a one-tier board.

The board of Royal P&O Nedlloyd will consist of two executive directors and seven non-executive directors. The executive directors will comprise the Chief Executive Officer, Philip Green, and a Chief Financial Officer. The non-executive directors will be Andrew Land (Chairman), Neelie Kroes, Haddo Meijer, Robert Woods, Nick Luff (the latter two being nominated by P&O) and two independent appointees. Lord Sterling and Leo Berndsen, who had jointly established the PONL joint venture, have decided that this is the appropriate time to stand down.

If P&O sells part of its equity interest in Royal P&O Nedlloyd but remains above 15%, then one of the P&O nominated non-executive directors will step down from the Board. If P&O sells its equity interest in Royal P&O Nedlloyd below 15%, then the second P&O nominated director will step down from the Board.

Chairman/Chief Executive comments

Lord Sterling, Chairman of P&O said: "This transaction achieves P&O's key strategic objective and is good news for our stockholders. It is also good news for P&O Nedlloyd which will be able to use its new independence to reinforce its position as one of the world's leading container shipping companies."

Haddo Meijer, Chief Executive Officer of Nedlloyd said: "This is an exciting development for Nedlloyd and its shareholders as through this one-step transformation we will be able to meet the objective of effectively creating an independent listing for P&O Nedlloyd and we strongly recommend to our shareholders to support this transaction."

Andrew Land, Chairman designate of Royal P&O Nedlloyd said: "We are pleased that we and P&O have come to this agreement. We believe that the restructuring of P&O Nedlloyd's ownership is in the best interest of all stakeholders. This new structure will result in a strong independent container shipping company well-positioned for future growth."

Philip Green, Chief Executive Officer designate of Royal P&O Nedlloyd said: "I am very excited for everybody in P&O Nedlloyd and the opportunities it brings. The new Royal P&O Nedlloyd structure will be an ideal platform to build on the considerable achievements of the last few years and will provide flexibility and independence for management to focus on moving the company forward efficiently. This is supported by the favourable industry environment."

P&O Nedlloyd Trading & Outlook

The positive trend indicated in the Q3 2003 press release continued in Q4 2003. At 30 September 2003, the unaudited net assets of PONL were US\$1.2 billion (€1.0 billion). PONL believes that the supply/demand balance in the industry is favourable and hence the outlook is positive.

Timetable

The full year 2003 results for Nedlloyd, P&O and PONL are scheduled to be announced for 4 March 2004. Royal Nedlloyd and P&O will each convene an EGM of their respective shareholders to vote on the proposed transaction. These meetings are expected to be held in March/April. Completion of the transaction and the rights issue is expected in the course of April/May 2004.

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