



P&O STRENGTHENS POSITION IN GERMAN CRUISE SECTOR

26th September 2000

P&O announces that it is to acquire the remaining 49% interest in Aida Cruises. Arkona Touristik is exchanging its interest in Aida for shares in the overall cruise business of P&O Princess Cruises.

The consideration to be paid by P&O will be DM115 million plus a further amount depending on the future results of the Aida Cruises and Seetours businesses over the period 2002 to 2005. DM95 million of the consideration will be paid in P&O Princess Cruises plc shares, the company to be created next month by the demerger of P&O's cruise division.

Following the transaction, Seetours International Ltd, already owned by P&O, and Aida Cruises Ltd will be combined into one group. This will accelerate the development and deployment of a new and dynamic generation of innovative products for the German speaking cruise market and build one of the fastest growing cruise businesses in Germany. The two brands together account for approximately 20% of the German cruise sector by number of passengers.

The Aida has firmly established herself in the market very rapidly through her unique concept, which has made her the best-known cruise product in Germany. Two sister vessels following the same concept will be added to the fleet in 2002 and 2003. These are being built at the Aker MTW yard in Wismar.

A new innovative product will be created in 2002 with the Crown Princess renamed, refurbished and operated specifically to meet the needs of a new segment of the German speaking market.

The group also plans to substantially expand its existing river cruise activity to serve the German market on the Rhine, Danube and Rhone rivers with its own tonnage in the medium term. Further activities include a leading general sales agency for cruises within Germany.

Horst Rahe will be Chairman of the Aida Cruises and Seetours businesses, working with the existing executive management team. Lars Clasen has been appointed as President, Michael Thamm will be Senior Vice President, Operations and Richard Vogel will be Senior Vice President, Marketing & Sales.

Commenting on the announcement, P&O Chairman, Lord Sterling, said "Our initial move into Germany through our involvement in Aida Cruises has been very successful. This further move will enable us to develop the Aida Club concept more widely and will lead to major synergies between Aida and Seetours. We have two of the best consumer cruising brands and will be in a strong position to exploit the huge potential of the German market."

Horst Rahe, Chairman of Arkona Touristik, said "Our co-operation with P&O has been a highly positive development on all levels. Participation in the P&O Princess Cruises group, which is now becoming independent, will support the development of the German speaking cruise market. I am convinced that this group will see a successful development in all its markets".

Arkona Touristik was advised by E C Hambro Rabben & Partners Ltd.

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Note to Editors

1. The number of passengers taking ocean going cruises and river cruises in 1999 was 333,000 and 140,000 respectively. Both markets have grown by 11% per annum since 1996.
2. In the year ended 31 October 1999, Aida Cruises generated a profit before tax of approximately DM 20 million, after adjusting for the purchase of the vessel which was acquired in advance of P&O's original investment in the company. On 2 November 1999, the date of P&O's investment in the company, Aida Cruises had net assets of DM 170 million including preference shares held by P&O of DM 129 million.

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