

PRE-CLOSE PERIOD STATEMENT

6 December 2002

P&O's Preliminary Results for the year ending 31 December will be announced on 6 March 2003. Prior to the commencement of the close period preceding the announcement, P&O will be providing analysts with an opportunity to meet senior management.

P&O will confirm that trading remains consistent with the comments made in the third quarter trading update for P&O's Ports, Logistics and Ferries businesses and the third quarter trading and financial results for P&O Nedlloyd, which were both announced on 14 November.

Subsequent to the third quarter update, progress with the proposals for the introduction of a new organisational structure within P&O Ferries is being achieved more rapidly than expected. Potential annualised cost savings of at least £15 million by the end of 2003 have been identified. The one-off cost of restructuring to achieve those savings is estimated at approximately £15 million. Under the requirements of UK GAAP it is likely that approximately £5 million of these costs will be required to be included within the 2002 Ferries result and the remainder in 2003. However, with respect to the cash flow, almost all of the costs will fall in 2003.

With respect to Property, the majority of the business comprises development property. As noted at the half year, this has an inherently uneven profit profile as it is dependent on the timing of specific disposals. Several disposals that were anticipated in the latter part of the year have not been completed. This has resulted in a re-phasing of planned property disposals into subsequent years with a likely impact on the Property result for the full year of up to £5 million.

P&O will also highlight the strategic progress being achieved within its Ports, Ferries and Logistics businesses. This includes expansion of the Ports business, consolidation and reorganisation of the Ferry business and achievement of market leadership in the Cold Logistics business. The potential disposal of Trans European is proceeding as planned. The Group continues to be fully committed to further performance improvement and to achieving its other strategic objectives.

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