

P&O Princess Cruises  
Diamond Princess - update

10 October 2002

As previously reported, the Diamond Princess, which is currently under construction in Mitsubishi Heavy Industries' Nagasaki shipyard, suffered a major fire earlier this month.

Mitsubishi Heavy Industries and P&O Princess Cruises have now had discussions following a preliminary assessment of the damage. Both parties confirm that they wish to continue with the construction of the Diamond Princess although there will be a significant delay to the scheduled delivery date.

Princess Cruises will today be announcing the cancellation of the cruise program of the Diamond Princess for the period to February 28 2004. It will take the yard several weeks to complete the examination of the ship and to determine the full extent of the damage and agree a final delivery date.

P&O Princess reconfirms that the company has in place contractual arrangements with the yard and insurance policies that it believes will be sufficient to ensure that there will be no significant economic impact on the Group nor any adverse impact on its 2003 earnings.

- Ends -

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P&O Princess

P&O Princess Cruises plc is a leading international cruise company with some of the strongest cruising brand names: Princess Cruises in North America; P&O Cruises, Swan Hellenic and Ocean Village in the UK; AIDA and A'ROSA in Germany; and P&O Cruises in Australia. It is a leading provider of cruises to Alaska, the Caribbean, Europe, the Panama Canal and other Exotic destinations. The current complement of 19 ships and two river boats offering 31,130 berths is set to grow in the next two years with six new ocean cruise ships and two river boats on order.

P&O Princess Cruises has approximately 20,000 employees worldwide and carried over one million passengers in 2001, generating a revenue of approximately \$2.5 billion (approximately GBP1.7 billion). Headquartered in London, P&O Princess Cruises' ordinary shares are quoted on the London Stock Exchange and as ADSs on the New York Stock Exchange (under the symbol "POC").