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P&O PRINCESS CRUISES PLC

Form 6-K

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P&O Princess receives Federal Trade Commission clearance

Intends to have talks with Carnival

Highlights

\* Today the United States Federal Trade Commission announced that it would not oppose either the DLC combination with Royal Caribbean or Carnival's takeover proposal.

\* The Board continues to believe that the agreed DLC combination with Royal Caribbean will accelerate the creation of value for P&O Princess shareholders, and the Board continues to recommend that transaction.

\* Now that one of its key original concerns, deliverability on the regulatory front, has been removed, the Board has re-examined the Carnival offers and focused on Carnival's proposal to enter into a DLC combination as an alternative to its share exchange offer.

\* The Board considers the Carnival DLC alternative to be more attractive than Carnival's share exchange offer because many P&O Princess UK institutional shareholders would be unwilling or unable to hold Carnival's US shares. For these shareholders, the Carnival share exchange offer would be, in effect, a forced cash sale at a time when the price they would receive might not adequately reflect the full value of the company's future prospects.

\* After consulting with its advisers, the Board has concluded that a DLC combination with Carnival is both feasible and financially more attractive than the agreed DLC combination with Royal Caribbean.

\* Accordingly, as permitted by its agreement with Royal Caribbean, the Board has decided to enter into talks with Carnival to discuss Carnival's DLC proposal.

\* In the meantime, P&O Princess is taking the necessary steps to reconvene the adjourned EGM before November 16, the termination date of the Royal Caribbean agreement.

\* Together with Royal Caribbean, P&O Princess is examining ways of changing their agreement so that their combination can be approved by a simple majority vote, putting the Royal Caribbean merger and the Carnival share exchange offer on a more equal footing so far as shareholder approval is concerned.

Peter Ratcliffe, Chief Executive of P&O Princess said today:

"We are pleased that the regulatory position is now clear.

"One of our principal concerns about the Carnival proposal - namely deliverability on the regulatory front - has now been removed. We have decided that we can and should begin talking to them about their DLC proposal.

"We are focussing on the Carnival DLC alternative as many of our shareholders are unable to hold the Carnival US shares which they would receive in a share exchange offer and might

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not get full value when they are forced to sell those shares.

"Although we will be talking to Carnival, we continue to believe that the agreed combination with Royal Caribbean will accelerate the creation of value for our shareholders. We have kept Royal Caribbean informed as to the Board's deliberations and are working with them to reconvene the EGM, ideally with a shareholder approval threshold on an equal footing with the Carnival proposal.

"We are determined to do everything we can to ensure the best possible future for P&O Princess and its employees and to create the best value for our shareholders."

This summary should be read in conjunction with the full text of this announcement which is set out below.

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An interview with Peter Ratcliffe, Chief Executive Officer is available in video, audio and text on [www.cantos.com](http://www.cantos.com)