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5 September 2000

THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY

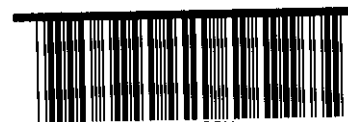
P&O CRUISES LIMITED

AGREEMENT
for the transfer of the issued
share capital of
various subsidiaries

CERTIFIED A TRUE AND CORRECT COPY OF THE ORIGINAL

Freshfields Bruckhaus Deringer

RENEWAL OF SHARE CAPITAL
P&O Cruises
London E.C.4 4YC



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COMPANIES HOUSE

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FRESHFIELDS BRUCKHAUS DERINGER

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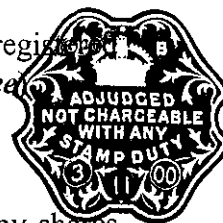
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THIS AGREEMENT is made on 5 September 2000

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BETWEEN

- (1) THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY (company number Z73) whose head office is at 79 Pall Mall, London SW1Y 5EJ (*the Transferor*)
- (2) P&O CRUISES LIMITED (company number 3902746) whose registered office is at 77 New Oxford Street, London WC1A 1PP (*the Transferee*)



WHEREAS

- (A) The companies listed in Schedule 1 are private companies limited by shares (*the Companies*).
- (B) The Transferor is the sole legal and beneficial owner of the entire issued share capital of each of the Companies except Shipping Technical Services International Ltd (of which it owns 50% of the issued share capital directly and 50% through another wholly owned subsidiary) and WF & RK Swan Limited (of which it owns 50% of the ordinary share capital).
- (C) The Transferor has agreed to transfer all of its share holdings in the Companies as listed next to the name of each of the Companies in Schedule 1 (*the Shares*) to the Transferee for the consideration and upon the terms set out in this Agreement.

IT IS AGREED as follows:

TRANSFER OF THE SHARES AND CONSIDERATION

1.1 The Transferor agrees to transfer the Shares and the Transferee agrees to acquire the Shares.

1.2 The total consideration for the transfer of the Shares shall be the issue and allotment by the Transferee to the Transferor of 1 ordinary share of £1 nominal value in the capital of the Transferee (*the Consideration Share*) credited as fully paid up as to both the par value and a premium on the share of the aggregate of £9,834,549 and the Sterling equivalent of US\$85,550, (converted at the spot rate quoted in the Financial Times as the closing mid point rate prevailing on the date of this Agreement) being the aggregate net book value of the Transferor's investment in the Shares as set out in Schedule 1. The Consideration Share shall rank pari passu with the existing ordinary shares of £1 each in the capital of the Transferee.

COMPLETION

2.1 The transfer of the Shares shall be completed immediately after this Agreement is signed, when the events set out in the following provisions of this clause 2 shall take place (*Completion*).

2.2 The Transferor shall deliver or cause to be delivered to the Transferee:

- (a) duly executed transfers into the name of the Transferee in respect of all the Shares (except the shares held in Princess Cruises Corporation Inc.);
- (b) the Transferor's Princess Cruises Corporation Inc. share certificate signed and dated by the Transferor in the presence of a witness and endorsed with the words "For value received, The Peninsular and Oriental Steam Navigation Company hereby sells, assigns and transfers to P&O Cruises Limited all of the shares of the capital stock represented by this certificate"; and
- (c) upon the request of the Transferee, the Certificates of Incorporation, the Common Seals, all minutes books, Share Registers and Share Certificate Books (with any unissued share certificates) and other statutory books of the Companies.

2.3 The Transferee shall, in satisfaction of its obligations under clause 1.2, cause the Consideration Share to be allotted to the Transferor and the Transferor's name to be entered in the register of members in respect thereof (with a relative share certificate being delivered to the Transferor).

ENTIRE AGREEMENT

3. This Agreement sets out the entire agreement and understanding between the parties in respect of the transfer of the Shares. It is agreed that:

3.1 No party has entered into this Agreement in reliance upon any representation, warranty or undertaking of any other party which is not expressly set out or referred to in this Agreement.

3.2 A party shall have no claim or remedy under this Agreement in respect of misrepresentation (whether negligent or otherwise, and whether made prior to, and/or in, this Agreement) or untrue statement made by any other party.

3.3 This clause shall not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

COUNTERPARTS

4. This Agreement may be entered into in any number of counterparts and by the parties to it on separate counterparts, each of which is an original, but all of which together constitute one and the same instrument.

FURTHER ASSURANCE

5. The Transferor and Transferee agree to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as the other party may reasonably require, whether on or after Completion, to implement and/or give effect to this Agreement and the transaction contemplated by it and for the purpose of vesting in the Transferee the full benefit of the assets, rights and benefits to be transferred to the Transferee under this Agreement.

SEVERABILITY

6. If any provision of this Agreement is held to be invalid or unenforceable, then such provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement. The parties shall then use all reasonable endeavours to replace the invalid or unenforceable provision by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision.

VARIATION

7. No variation of this Agreement (or of any of the documents referred to in this Agreement) shall be valid unless it is in writing and signed by or on behalf of each of the parties to it. The expression "variation" shall include any variation, supplement, deletion or replacement however effected.

NO RIGHTS UNDER CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

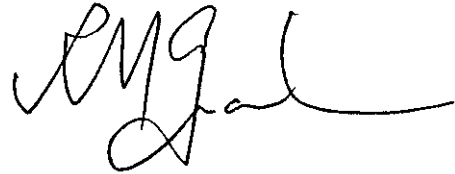
8. A person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

GOVERNING LAW


9. This Agreement and the relationship between the parties shall be governed by, and interpreted in accordance with, English Law.

IN WITNESS whereof this Agreement has been signed by and on behalf of the parties on the day and year first before written.

SIGNED by RICHARD MICHAEL GRADON)
for and on behalf of)
THE PENINSULAR AND)
ORIENTAL STEAM)
NAVIGATION COMPANY)

A handwritten signature in dark ink, appearing to read 'RM Gradon', with a long horizontal flourish extending to the right.

SIGNED by NICHOLAS JOHN MONTEITH)
for and on behalf of)
P&O CRUISES LIMITED)

A handwritten signature in dark ink, appearing to read 'N Monteith', with a stylized, cursive script.

SCHEDULE 1
THE COMPANIES

Company Name	Shares Held	Net Book Value US\$	Net Book Value £
Princess Cruises Ltd	50,000 ord shares of £1 each	85,550	100
P&O Holidays Ltd	10,020,000 ord shares of £1 each		11,000,000
P&O Cruises (Bermuda) Ltd	12,000 ord shares of US\$1 each		7,371
P&O Travel Ltd	100,000 ord shares of £1 each		99,484
Flag Travel Ltd	10,000 ord shares of £1 each		15,000
P&O Cruises Air Services Ltd	10,000 5% pref shares of £1 each 10,000 ord shares (class A) of 1p each 9,900 ord shares (class B) of £1 each		(178,860)
Airport Assistance Ltd	100 ord shares of £1 each		(127,954)
Canberra Cruises Ltd	2 ord shares of £1 each		2
P&O Cruises (UK) Ltd	100 ord shares of £1 each		100
P&O Cruise Line Ltd	45,000 ord shares of £1 each		45,000
P&O Group Purchasing and Supplies Ltd	297,957 ord shares of £1 each		-
POSH Cruise Club Ltd	17,000 ord shares of £1 each		(46,750)
Princess Cruises Corporation Inc (Panama)	2,500 shares of US\$10 each		(945,714)
Princess Voyages Ltd	906 ord shares of £1 each		(14,927)
Shipping Technical Services International Ltd	1 ord share of £1 each		-
Swan Hellenic Ltd	100 ord shares of £1 each		100
WF&RK Swan Ltd	1 ord share of £1		(18,402)
	Aggregate	<u>US\$85,550</u>	<u>£9,834,550</u>