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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

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Steam Navigation Company
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1 November 2005

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Incorporated by Royal Charter
with limited liability
Company number Z73

Securities & Exchange Commission
Division of Corporate Finance
Room 3094 (3-6)
450 Fifth Street
Washington
D.C. 20549
USA



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Dear Sirs

RULE 2.10 ANNOUNCEMENT

I enclose a copy of a news release sent to the London Stock Exchange in accordance with our 12g3-2(h) exemption from the Securities Exchange Act of 1934 in connection with our ADR program.

Yours faithfully

Liz Eddington
Company Secretariat

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News Release

1 November 2005

**The Peninsular and Oriental Steam Navigation Company
("P&O" or the "Company")****Rule 2.10 Announcement**

Further to the Company's announcement yesterday and in accordance with Rule 2.10 of the City Code on Takeovers and Mergers, P&O confirms that it has the following securities in issue:

- 749,608,530 deferred stock of £1 each under ISIN code GB0006800485
- 66,638,327 5.5 per cent. concessionary redeemable non-cumulative preferred stock of £1 each under ISIN code GB0006799943
- 3,344,000 5 per cent. cumulative preferred stock of £1 each under ISIN code GB0006800261

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the City Code on Takeovers and Mergers (the 'City Code'), any person who, alone or acting together with any other person(s) pursuant to an agreement or understanding (whether formal or informal) to acquire or control relevant securities of P&O, owns or controls, or becomes the owner or controller, directly or indirectly, of one per cent. or more of any class of securities of P&O is required to disclose, by not later than 12.00 noon (London time) on the London business day following the date of the relevant transaction, dealings in such securities of that company (or in any option in respect of, or derivative referenced to, any such securities) during the period to the date on which the offer becomes or is declared unconditional as to acceptances or lapses or is otherwise withdrawn.

Under the provisions of Rule 8.1 of the City Code, all dealings in relevant securities of P&O by P&O or by any of its 'associates' (within the meaning of the City Code) must also be disclosed.

If you are in any doubt as to the application of Rule 8 to you, please contact an independent financial adviser authorised under the Financial Services and Markets Act 2000, consult the Panel's website at www.thetakeoverpanel.org.uk or contact the Panel on telephone number +44 20 7638 0129; fax +44 20 7236 7013.