



Established 1837



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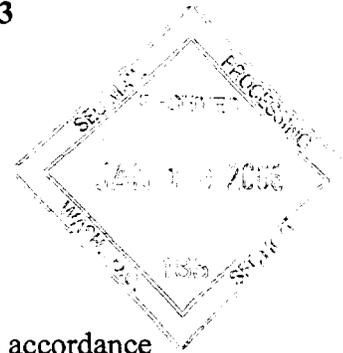
Incorporated by Royal Charter
with limited liability
Company Number Z73

11 January 2006

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

SUPPL

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Dear Sirs

Approach from PSA

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**

10 January 2006

The Peninsular & Oriental Steam Navigation Company ("P&O")**Approach from PSA**

The Board of P&O has received an approach from PSA International Pte Ltd ("PSA") which may lead to an offer to acquire the whole of the P&O deferred stock at 470 pence in cash per unit. In addition, PSA also proposes to make an offer for the concessionary stock and the cancellation of the preferred stock on terms similar to the terms being made available by Thunder FZE, a wholly owned subsidiary of Ports, Customs and Free Zone Corporation, Dubai ("DP World").

PSA's proposal does not amount to a firm intention to make an offer and is subject to the following pre-conditions:

- completion of satisfactory due diligence;
- final PSA Board approval;
- the Board of P&O withdrawing its recommendation of the DP World offer and unanimously recommending the PSA offer (if made); and
- confirmation from the trustees of the P&O UK pension scheme that the funding arrangements to be proposed by PSA are acceptable.

These pre-conditions are waivable by PSA.

The Board of P&O has decided to allow PSA a limited period of time to satisfy its pre-conditions and put forward a formal offer. As a result, the Board intends to adjourn the stockholder and court meetings scheduled for 20 January, 2006 for approximately two weeks.

PSA has not approved the release of this announcement. There can be no certainty that an offer will be made (even if the pre-conditions are satisfied or waived) nor as to the terms on which any such offer might be made.

Enquiries**Brunswick Group (Public Relations adviser to P&O)**

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Notes:

1) On 20 December 2005, the Board of P&O wrote to P&O stockholders to explain why the Board was unanimously recommending DP World's acquisition of P&O to be implemented by way of Court sanctioned schemes of arrangement. Under the terms of the acquisition, DP World has offered 443 pence in cash for each unit of deferred stock. Proposals have also been made to preferred and concessionary stockholders.

2) Since the announcement of DP World's recommended acquisition, PSA has increased the size of its holding in P&O deferred stock to 4.1 per cent, having purchased stock at a price of up to 460 pence per unit.

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Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the City Code on Takeovers and Mergers (the "Code"), if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of P&O, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by not later than 3.30 p.m. (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Scheme becomes effective or is withdrawn (or, if applicable, the Takeover Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn) or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of P&O, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all "dealings" in "relevant securities" of P&O, by P&O or the Offeror, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.