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P&O PRINCESS CRUISES PLC
Form S-4/A
March 14, 2003

As filed with the Securities and Exchange Commission on March 14, 2003
Registration No. 333-102442

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2 to
Form S-4/F-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CARNIVAL CORPORATION
P&O PRINCESS CRUISES PLC
(Exact name of Registrant as specified in its charter)

Republic of Panama	4600	59-156976
England and Wales	4600	None
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Carnival Corporation	P&O Princess Cruises plc
3655 N.W. 87th Avenue	77 New Oxford Street
Miami, Florida 33178-2428	London, England WC1A 1PP
(305) 599-2600	+44 20 7805 1200

(Address, including zip code, and telephone number, including area code, of
Registrant's principal executive offices)

Arnaldo Perez, Esq.	Mona Ehrenreich, Esq.
General Counsel	c/o Princess Cruise
Carnival Corporation	Lines, Ltd.
3655 N.W. 87th Avenue	24305 Town Center Drive
Miami, Florida 33178-2428	Santa Clarita, California
(305) 599-2600	91355
	(661) 753-0000

(Name, address, including zip code, and telephone number, including area code,
of agent for service)

Mark S. Bergman, Esq.	Duncan C. McCurrach, Esq.
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London EC2V 7JU	
+44 20 7367 1600	

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Approximate date of commencement of proposed sale to public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed offering share
Carnival Corporation, common stock, par value \$0.01	586,773,138 (1) 199,591 (2)	\$0.7 \$0.7
P&O Princess Cruises plc, special voting share	1 (5)	N/A
Trust shares of beneficial interest in P&O Princess Special Voting Trust	586,972,729 (7)	N/A

Title of each class of securities to be registered	Amount of registration fee
Carnival Corporation, common stock, par value \$0.01	\$41,028.00 (4) \$13.00 (6)
P&O Princess Cruises plc, special voting share	N/A
Trust shares of beneficial interest in P&O Princess Special Voting Trust	N/A

(1) Represents the number of shares of Carnival Corporation common stock, par value \$0.01 per share, outstanding as of January 9, 2003.

(2) Represents the difference between the shares of Carnival common stock, par value \$0.01 per share, outstanding as of March 11, 2003 and such shares outstanding as of January 9, 2003.

(3) Based on the additional value deemed accruing to the holders Carnival common

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stock by reason of the implementation of the dual listed company structure. This is calculated using the "look through" value per share of P&O Princess, based on the closing price of \$26.00 per share of Carnival common stock on October 23, 2002, the last business day before announcement of the dual listed company transaction, of \$7.81 per P&O Princess share (calculated using the exchange ratio of 0.3004 Carnival shares per P&O Princess share), yielding a premium of \$0.76 to the closing middle-market price of \$7.05 (the dollar equivalent of 455 pence per share using the exchange rate of (Pounds)1.00=\$1.5499 in effect on such day) per P&O Princess share on October 23, 2002.

- (4) Computed in accordance with Rule 457(f) under the Securities Act to be \$41,028, which is equal to the product of the maximum aggregate offering price and 0.000092. This fee was previously paid.
- (5) Represents one special voting share of P&O Princess Cruises plc to be issued to a special voting trust, beneficial interests in which in the form of trust shares are to be distributed by way of a dividend to shareholders of Carnival and paired with shares of Carnival common stock.
- (6) Equal to the product of the proposed maximum aggregate offering price and 0.0000809.
- (7) Represents the trust shares to be distributed by way of dividend to shareholders of Carnival and paired with shares of Carnival common stock.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

This registration statement comprises (i) Carnival's proxy statement with respect to the special meeting of Carnival shareholders to be held to approve the dual listed company structure with P&O Princess Cruises plc, (ii) Carnival's registration statement with respect to shares of Carnival common stock required to be registered as a result of the implementation of the dual listed company structure, (iii) P&O Princess Cruises plc's registration statement with respect to its special voting share that will be created as part of the dual listed company structure and (iv) both registrants' registration statement with respect to the trust shares of beneficial interest in the P&O Princess Special Voting Trust.

The information in this proxy statement/prospectus is not complete and may be changed. Nether registrant may sell the shares registered under the registration statement of which this proxy statement/prospectus is a part until the registration statement filed with the SEC is declared effective. This document is not an offer to sell securities, and it is not soliciting an offer to buy securities, in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated March 14, 2003

[LOGO] CARNIVAL
CORPORATION

MICKY ARISON

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Chairman of the Board
Chief Executive Officer

March 17, 2003

Dear Shareholder:

As you may be aware, Carnival Corporation and P&O Princess Cruises plc have agreed to combine their businesses strategically under a dual listed company structure, which we refer to as the Combined Group in the attached proxy statement/prospectus. The Combined Group will be the largest cruise vacation group in the world, based on revenues, passengers carried and available capacity. The Combined Group will operate a combined fleet of 65 cruise ships and will sail to all major cruise destinations outside the Far East. This is a significant transaction for Carnival and an important step in our history.

Under the DLC structure, the businesses of Carnival and P&O Princess will be combined principally through a series of contracts. Each company will continue to retain its separate legal identity, but the two companies will share a single senior executive management team, will have identical boards of directors and will be run as if they were a single economic enterprise. The two companies will pursue a common set of business objectives established by the identical boards and single management team, who will evaluate these strategies and other operational decisions from the perspective of all the shareholders.

Following completion of the transactions necessary to complete the DLC structure, you will continue to own the Carnival shares you currently own, but these shares will effectively reflect your economic interest in the Combined Group as a whole. On most matters that affect all of the shareholders of the Combined Group, you will vote together with the shareholders of P&O Princess on a combined basis. Carnival shares held by you and other current Carnival shareholders will represent at least 74% of the total equity and voting power of the Combined Group. Carnival shares are listed, and will continue to be listed, on the New York Stock Exchange under the symbol "CCL."

Information about the DLC transaction and proposed amendments to Carnival's articles of incorporation and by-laws in connection with the DLC structure is included in the accompanying proxy statement/prospectus. I urge you to read this material carefully and fully. You should also carefully consider the risk factors beginning on page 31.

Carnival's management believes that there will be significant benefits in sharing the best practices of the management teams of Carnival and P&O Princess across the Combined Group. The DLC transaction will allow the Combined Group to offer a wider range of vacation choices for its passengers and will enhance its ability to attract more passengers from land-based vacations. Carnival's board of directors is asking you to approve the Offer and Implementation Agreement and related transactions required to effect the DLC transaction, including necessary amendments to Carnival's articles of incorporation and by-laws, and the additional proposed amendments to Carnival's articles of incorporation and by-laws, as described in more detail in the accompanying proxy statement/prospectus.

We cannot complete the DLC transaction unless you and your fellow shareholders approve it by a vote of a majority of all outstanding Carnival shares. The board of directors of Carnival has unanimously approved the DLC transaction and recommends that you vote FOR the resolutions set out in the notice of the special meeting.

The board of directors has fixed the close of business on March 11, 2003 as the record date for the determination of shareholders entitled to vote at the meeting or any adjournment of the meeting.

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Thank you for your ongoing support and continued interest in Carnival Corporation.

Sincerely,

/s/
Chairman of the Board and
Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the disclosures in this proxy statement/prospectus. Any representation to the contrary is a criminal offence. This document is not an offer to sell securities, and it is not soliciting an offer to buy securities, in any jurisdiction where the offer or sale is not permitted.

This proxy statement/prospectus is dated March 14, 2003 and is first being mailed to the shareholders of Carnival on or about March 17, 2003.

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Carnival and P&O Princess by reference to documents that Carnival and P&O Princess have previously filed with the SEC and that are not included in or delivered with this proxy statement/prospectus. You can obtain documents incorporated by reference, other than certain exhibits to those documents, by requesting them in writing or by telephone from us or P&O Princess at the following addresses:

Carnival Corporation
3655 N.W. 87th Avenue
Miami, Florida 33178-2428
Attention: Corporate Secretary
Telephone: (305) 599-2600, Ext. 18018;

P&O Princess Cruises plc
77 New Oxford Street
London WC1A 1PP, England.
Attention: Company Secretary
Telephone: +44 20 7805-1200.

You will not be charged for any of these documents that your request. In order to ensure timely delivery of the documents, any request should be made by April 7, 2003. See "Where You Can Find More Information."

[LOGO] CARNIVAL
CORPORATION

3655 N.W. 87TH AVENUE
MIAMI, FLORIDA 33178-2428

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

DATE April 14, 2003

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TIME 10:00 a.m.

PLACE Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019

ITEMS OF BUSINESS

1. To consider and approve the Offer and Implementation Agreement, dated January 8, 2003, between Carnival Corporation and P&O Princess Cruises plc and the transactions contemplated by that agreement, as more fully described in the attached proxy statement/prospectus;
2. To consider and approve proposed amendments to the articles of incorporation and by-laws of Carnival Corporation in connection with the transactions contemplated by the Offer and Implementation Agreement, as more fully described in the attached proxy statement/prospectus (as reflected in our proposed Third Amended and Restated Articles of Incorporation and Amended and Restated By-laws, other than amendments covered by Proposals 3, 4, 5 and 6), including the issuance of a certificate of amendment as required by Panamanian law,;
3. To consider and approve a proposed amendment to the articles of incorporation of Carnival Corporation to increase the number of shares of common stock that Carnival Corporation has the authority to issue by 999,999,998 shares, including the issuance of a certificate of amendment as required by Panamanian law;
4. To consider and approve a proposed amendment to the articles of incorporation of Carnival Corporation to reduce the quorum requirement for meetings of the board of directors of Carnival Corporation from a majority, to one-third, of the total number of directors, including the issuance of a certificate of amendment as required by Panamanian law;
5. To consider and approve a proposed amendment to the by-laws of Carnival Corporation to reduce the quorum requirement for meetings of the shareholders of Carnival Corporation from a majority, to one-third, of the total number of shares entitled to be cast at such meeting;
6. To consider and approve a proposed amendment to the by-laws of Carnival Corporation to eliminate the ability of shareholders to act by written consent; and
7. To transact such other business as may

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properly come before the meeting.

The transactions contemplated by the Offer and Implementation Agreement will not be completed and the necessary amendments to Carnival's articles of incorporation and by-laws will not be effected unless the resolutions in respect of Items 1 and 2 are approved by our shareholders and the DLC transaction is approved by the shareholders of P&O Princess Cruises plc.

The resolutions in respect of Items 3, 4, 5 and 6 are conditioned upon passage of the resolutions in respect of Items 1 and 2. If the Offer and Implementation Agreement and related amendments to Carnival's articles of incorporation and by-laws are not approved by Carnival's shareholders, and the DLC transaction is not approved by the shareholders of P&O Princess Cruises plc, Carnival's authorized common stock will not be increased, the quorum requirement for director and shareholder meetings will not be reduced and shareholders will continue to have the ability to act by written consent.

RECORD DATE

You are entitled to vote if you were a shareholder at the close of business on March 11, 2003.

MEETING ADMISSION

Attendance at the meeting is limited to shareholders and one guest each. Each shareholder may be asked to present valid picture identification, such as a driver's license or passport. Shareholders holding shares in brokerage accounts (under a "street name") will need to bring a copy of a brokerage statement reflecting share ownership as of the record date. The meeting will begin promptly at 10:00 a.m.

VOTING BY PROXY

Please submit a proxy as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. For specific instructions, please refer to the Questions and Answers beginning on page 1 of this proxy statement/prospectus and the instructions on the proxy card.

On behalf of the Board of Directors

/s/ ARNALDO PEREZ

ARNALDO PEREZ
Senior Vice President,
General Counsel and Secretary

IMPORTANT

A proxy statement/prospectus and proxy card are enclosed. All shareholders are urged to follow the instructions attached to the proxy card and complete, sign, date and mail the proxy card promptly. The enclosed envelope for return

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of the proxy card requires no postage. Any shareholder attending the meeting may personally vote on all matters that are considered, in which event the signed proxy will be revoked.

IT IS IMPORTANT THAT YOUR SHARES BE VOTED

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ANNEXES

Annex A-1 Offer and Implementation Agreement
Annex A-2 Form of Equalization and Governance Agreement
Annex A-3 Form of SVE Special Voting Deed
Annex A-4 Form of Carnival Third Amended and Restated Articles of Incorporation
Annex A-5 Form of Carnival Amended and Restated By-Laws
Annex A-6 Form of Carnival Deed of Guarantee
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Annex A-8 Form of Carnival Deed
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- Annex B Form of Pairing Agreement
- Annex C Form of Voting Trust Deed
- Annex D Extract: Advice of P&O Princess' Financial Adviser to P&O Princess

QUESTIONS AND ANSWERS

This question-and-answer section highlights important information in this proxy statement/prospectus but does not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the other documents we refer you to for a more complete understanding of the matters being considered at the special meeting.

Unless the context otherwise requires, references in this proxy statement/prospectus to "Carnival", "the Company", "we" or "us" are to Carnival Corporation and its subsidiaries, references to "P&O Princess" are to P&O Princess Cruises plc and its subsidiaries, and references to "the Combined Group" are references to the new enterprise resulting from the DLC transaction between us and P&O Princess.

About the DLC Transaction

Q: Why am I receiving these materials?

A: Our board of directors is providing these materials to you in connection with our special meeting and the DLC transaction referred to below. As a shareholder, you are invited to attend the meeting and are requested to vote on the proposals described in this proxy statement/prospectus.

Q: What am I being asked to vote on?

A: You are being asked to consider and vote upon proposals to implement a dual listed company, or "DLC", structure with P&O Princess, which we refer to in this document as the "DLC transaction". These proposals include approval of an Offer and Implementation Agreement and amendments to our articles of incorporation and by-laws. You are also being asked to approve amendments to our articles of incorporation and by-laws which, although consistent with the amendments relating to the DLC transaction, are not directly related to the DLC transaction.

Q: What is the DLC transaction?

A: The DLC transaction is a means of enabling us and P&O Princess to combine our management and operations as if we were a single economic enterprise, while retaining our separate legal identities. This will be accomplished through contractual arrangements and amendments to each company's governing documents. In addition, the governing documents of the two companies will be harmonized, to the extent practicable and permitted by law, to ensure our and P&O Princess' corporate procedures are substantially similar. As part of the DLC transaction, P&O Princess intends to change its name to Carnival plc at the extraordinary general meeting of P&O Princess shareholders. You will be voting on the changes to our governing documents (our articles of incorporation and by-laws) to give effect to these arrangements, as well as other amendments to our articles of incorporation and by-laws which, although consistent with the amendments relating to the DLC transaction, are not directly related to the DLC transaction.

Q: What votes are required to approve the DLC transaction?

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A: The DLC transaction must be approved by our shareholders and P&O Princess shareholders. Our shareholders must approve the proposals at the special meeting by the affirmative vote of a majority of all outstanding Carnival shares entitled to vote at the special meeting. P&O Princess shareholders must approve the DLC transaction by not less than three-quarters of the votes cast at the P&O Princess extraordinary general meeting. Micky Arison, our Chairman and Chief Executive Officer, other members of the Arison family and trusts for their benefit have entered into undertakings under which they will be

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required to cause shares beneficially owned by them representing approximately 47% of the voting power of Carnival to vote in favor of the resolutions required to implement the DLC structure at the special meeting. These undertakings are irrevocable except in circumstances where the DLC transaction is withdrawn or lapses.

Q: What is P&O Princess?

A: P&O Princess is a global cruise vacation company providing cruises to Alaska, the Caribbean, Europe, the Mediterranean, the Panama Canal and other exotic locations. P&O Princess also has a land-based tour operation division in Alaska. P&O Princess ordinary shares are listed on the London Stock Exchange, which we refer to in this document as the "LSE", and its American Depositary Shares are listed on the New York Stock Exchange, which we refer to in this document as the "NYSE". Both P&O Princess shares and P&O Princess ADSs trade under the symbol "POC" on their respective exchanges. You can learn more about P&O Princess by reading the documents P&O Princess has filed with the SEC. See "Where You Can Find More Information."

Q: Why does Carnival want to implement the DLC transaction?

A: Our board of directors believes that the DLC transaction is advantageous for Carnival and in the best interests of Carnival and its shareholders. Carnival has agreed to enter into the DLC transaction with P&O Princess in order to create the Combined Group. The transaction will allow the Combined Group to offer a wider range of vacation choices for its passengers and is expected to enhance its ability to attract more passengers from land-based vacations.

Q: What is the Combined Group?

A: The Combined Group, which reflects the businesses of Carnival and P&O Princess that will be managed and operated as if they were a single economic enterprise, will be the largest cruise vacation group in the world, based on revenue, passengers carried and available capacity. It will have a wide portfolio of complementary brands, both by geography and product offering, and will include some of the best known cruise brands globally. As of January 31, 2003, Carnival and P&O Princess, together, would have had a combined fleet of 65 cruise ships offering 99,982 lower berths, with 18 additional cruise ships with 42,260 lower berths scheduled to be added over the next three and a half years. The Combined Group will be a leading provider of cruises to all major cruise destinations outside the Far East. Carnival and P&O Princess together carried approximately 4.7 million passengers in fiscal 2002.

Q: Will P&O Princess become a subsidiary of Carnival?

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A: No. P&O Princess will continue to exist as a separate publicly quoted company and its shares will continue to be listed on the LSE. Our board and the P&O Princess board will be identical and the Combined Group will be managed by a single senior executive management team. The two companies will pursue a common set of business objectives established by the identical boards and single management team, who will evaluate these strategies and other operational decisions from the perspective of all the shareholders.

Q: Will there be any transfer of assets between us and P&O Princess in connection with the DLC transaction?

A: No. The implementation of the DLC structure will not involve any transfer of assets between us and P&O Princess. Following completion of the DLC transaction, management of the Combined Group will determine whether assets will be owned by Carnival or P&O Princess as is most efficient and appropriate under the then prevailing circumstances. The

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Combined Group will comprise all of the assets held by P&O Princess and Carnival immediately prior to the implementation of the DLC transaction. No transfer of assets between the two companies will affect the equalization ratio or the relative economic interests of Carnival shareholders and P&O Princess shareholders in the Combined Group.

Q: What will happen to my Carnival shares?

A: Upon completion of the DLC transaction, you will continue to own your Carnival shares and will keep your existing certificates, if you have any. Carnival shares will continue to be listed on the NYSE. In connection with the DLC transaction, Carnival shareholders will receive trust shares of beneficial interests in a special voting entity in the form of a trust that we are creating. Following completion of the DLC transaction, Carnival shares will trade together with the trust shares of beneficial interest in this special voting trust, which we refer to in this proxy statement/prospectus as the "P&O Princess Special Voting Trust". Separate stock certificates will not be issued to represent these trust shares of beneficial interest; instead, certificates representing your Carnival shares will also evidence these trust shares of beneficial interest. You should not turn in your Carnival stock certificates.

Q: What are the trust shares of beneficial interest?

A: The trust shares of beneficial interest will represent an interest in the P&O Princess Special Voting Trust. The trustee of the P&O Princess Special Voting Trust will hold the P&O Princess special voting share. This special voting share is the mechanism by which your votes at Carnival shareholders meetings will be given effect at the P&O Princess shareholders meetings for purposes of the joint electorate actions and class rights actions described below. The trust shares of beneficial interest will entitle you to receive any distributions made by the trust. However, as the sole purpose of the trust relates to the holding of the special voting share, it is not expected to make any distributions.

Q: Will I be voting on the issuance of the trust shares?

A: No. The trust shares will be distributed by way of a dividend declared by our board of directors.

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Q: What will happen to my future dividends?

A: After completion of the DLC transaction, dividends declared by us will continue to be paid by us to our shareholders and dividends declared by P&O Princess will continue to be paid by P&O Princess to its shareholders. However, we will not be able to declare or pay a dividend without an equivalent dividend (before taxes and other deductions) being declared or paid by P&O Princess and vice versa. Dividends on both our shares and P&O Princess shares declared after completion of the DLC transaction will be paid at about the same time and in equalized amounts. Our payment of dividends in the future will depend on business conditions, our financial condition and earnings and the financial condition and earnings of the Combined Group, the ability of P&O Princess to pay an equivalent dividend and other factors. It is intended that the first dividend to be paid by the Combined Group will be declared in April 2003, with a record date in May 2003, and a payment date in June 2003.

Q: Will my voting rights change?

A: Yes. On most matters that affect all of the shareholders of the Combined Group, shareholders of Carnival and P&O Princess will effectively vote together as a single decision-making body on matters requiring the approval of shareholders of either

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company. These matters will be specified in the governing documents of each company as "joint electorate actions". Combined voting will be accomplished through a special voting share, one to be issued by Carnival and held by a special voting entity set up by P&O Princess, and one to be issued by P&O Princess that will be held by the special voting entity in the form of a trust formed by Carnival. Certain matters where the interests of the two shareholder bodies may diverge will be specified in the governing documents of each company as "class rights actions". These class rights actions will be voted on separately by the shareholders of each company. If either group of shareholders does not approve a class rights action, that action generally cannot be taken by either company.

Q: Will I be asked to vote at P&O Princess meetings?

A: No. Your vote at Carnival shareholder meetings, for purposes of determining the outcome of combined voting, will automatically be reflected as appropriate at any parallel P&O Princess shareholders meeting through the mechanism of the special voting share.

Q: Who will be the directors and senior executive management team of the Combined Group?

A: We and P&O Princess will be managed and operated as if we were a single economic enterprise. Although we and P&O Princess will continue to exist as separate companies with its own board of directors and senior executive management, the boards and senior executive management of each company will be identical. The proposed directors of Carnival and P&O Princess following implementation of the DLC structure are listed under "Directors and Executive Officers of the Combined Group". In addition to their normal fiduciary duties to the company and obligation to have regard to the interests of its shareholders, the directors of each company will be entitled to have regard to the interests of the other company and its

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shareholders. Micky Arison, our Chairman and Chief Executive Officer, will be the Chairman and Chief Executive Officer of both Carnival and P&O Princess, Howard S. Frank, our Vice-Chairman and Chief Operating Officer, will be the Vice-Chairman and Chief Operating Officer of both Carnival and P&O Princess and Gerald R. Cahill, our Chief Financial Officer and Chief Accounting Officer, will be the Chief Financial Officer and Chief Accounting Officer of both Carnival and P&O Princess. The headquarters of the Combined Group will be in Miami, Florida with a corporate office in London.

Q: How will the directors of Carnival and P&O Princess be elected?

A: Resolutions relating to the appointment, removal and re-election of directors will be considered as a joint electorate action and voted upon by the shareholders of each company effectively voting together as a single decision-making body. No person may be a member of the board of directors of Carnival or P&O Princess without also being a member of the board of directors of the other company.

Q: When will we elect the directors of Carnival and P&O Princess?

A: We and P&O Princess expect to hold our next annual meetings in June 2003 at which the re-election of each of the directors will be considered as joint electorate actions.

Q: What is the Partial Share Offer?

A: In connection with the DLC transaction, we are making a tender offer for up to 20% of P&O Princess' outstanding shares, which we refer to in this proxy statement/prospectus as the "Partial Share Offer." The Partial Share Offer is not being made to you and will not influence whether or not the DLC transaction will proceed. Any P&O Princess shares that we acquire in the

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Partial Share Offer will not give us, or you, additional control over P&O Princess as those shares, under the terms of the agreements implementing the DLC transaction, will not have voting rights.

Q: What percentage of the Combined Group will be controlled by existing Carnival shareholders?

A: If the DLC transaction is approved, existing Carnival shareholders will hold approximately 74% of the equity of the Combined Group following its implementation. However, to the extent that P&O Princess shares are exchanged for Carnival shares under the Partial Share Offer, the percentage of the equity of the Combined Group represented by Carnival shares will increase. If the Partial Share Offer is taken up in full, approximately 79% of the equity of the Combined Group will be held through Carnival shares with the balance of the equity held through P&O Princess shares.

Q: What are the most significant conditions to the DLC transaction?

A: Completion of the DLC transaction is subject to certain conditions being satisfied or waived on or before September 30, 2003. The most important of these include:

- . approval of the shareholders of each of Carnival and P&O Princess;
- . the absence of action, or threatened action, by any governmental

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authority that restrains, enjoins or otherwise prohibits the completion or performance of, or materially adversely affects, the DLC transaction and the other transactions contemplated by the Offer and Implementation Agreement;

- . effectiveness of the revised governing documents;
- . all relevant regulatory consents or approvals having been obtained;
- . the Partial Share Offer becoming unconditional (other than the condition regarding closing of the DLC transaction); and
- . approval by the NYSE of the listing of either the trust shares of beneficial interest or the P&O Princess special voting share, subject in either case only to official notice of issuance.

Q: When do you expect to complete the DLC transaction?

A: We are working to complete the DLC transaction as soon as possible. We hope to complete the DLC transaction as soon as we can following our special meeting and the extraordinary general meeting of P&O Princess shareholders, if the required shareholder approvals are obtained at those meetings. In addition to shareholder approvals, we must satisfy all of the other closing conditions specified in the Offer and Implementation Agreement. Subject to these conditions, we expect completion of the DLC transaction to take place early in the second quarter of 2003.

Q: What are the tax consequences of the DLC transaction?

A: Although there is no U.S. federal income tax authority addressing the tax consequences of a DLC transaction, we believe that the DLC transaction should not give rise to taxable income or gain for Carnival shareholders that are U.S. holders (as we use this term in this proxy statement/prospectus) for U.S. federal income tax purposes. However, the Internal Revenue Service may assert that Carnival shareholders received taxable income as a result of the various voting and equalization provisions necessary to implement the DLC structure, including the trust shares. We believe that such voting and other rights, if any, received by shareholders are expected to have only nominal value and, therefore,

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the receipt of such rights by Carnival shareholders would only result in a nominal amount of income. It is possible, however, that the IRS may disagree with this conclusion.

Holders of Carnival shares should consult their independent professional advisers in the light of their particular circumstances as to the U.S. federal income tax consequences of the DLC transaction, as well as to the effect of any state, local or applicable foreign tax law.

Q: What accounting treatment and reporting requirements will be applicable to the Combined Group?

A: We expect that under U.S. GAAP the DLC transaction will be accounted for using the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141 "Business Combinations". In accordance with the purchase method of accounting, the P&O Princess U.S. GAAP accounting policies will be conformed to our accounting policies upon

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completion of the DLC transaction.

Following completion of the DLC transaction, P&O Princess will change its fiscal year end from December 31 to November 30 so that it will be the same as our current fiscal year end. The Combined Group intends to publish combined financial statements denominated in U.S. dollars and prepared in accordance with U.S. GAAP. We expect that these combined financial statements will be included in a combined annual report. P&O Princess expects to include summary balance sheet information and summary income statement information prepared in accordance with UK GAAP, without notes, in the annual report.

In addition, we and P&O Princess will file periodic and current reports with the SEC on a joint basis in accordance with the rules applicable to U.S. domestic reporting companies. The financial statements presented in the periodic reports will consist of combined financial statements of the Combined Group prepared in accordance with U.S. GAAP.

Q: What corporate governance requirements will apply to the Combined Group?

A: We and P&O Princess comply with, and the Combined Group will comply with, the applicable corporate governance requirements of the Sarbanes-Oxley Act of 2002 and the NYSE. P&O Princess will also continue to comply with the rules of the UK Listing Authority and the LSE.

Q: Should I vote?

A: Yes. The proposed DLC transaction is an important step in our history and your vote is critical to this process. Your board of directors unanimously believes the DLC transaction is in the best interests of Carnival's shareholders. Because the proposals contained in this proxy statement/prospectus require the approval of a majority of all outstanding shares entitled to vote at the special meeting, and not merely of those shares voted at the special meeting, your vote is all the more important. Please complete and send in the proxy card attached to this proxy statement/prospectus.

Q: Does the Carnival board recommend the DLC transaction?

A: Yes. Our board of directors unanimously recommends that you vote your shares FOR the proposals necessary to effect the DLC transaction. As of March 11, 2003, our directors and executive officers and their affiliates beneficially own an aggregate of 234,661,927 Carnival shares, which represents 39.8% of Carnival's outstanding shares. Our directors and executive officers intend to vote their Carnival shares FOR the proposals at the special meeting.

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Q: Does the P&O Princess board recommend the DLC transaction?

A: Yes. The board of directors of P&O Princess has recommended that P&O Princess shareholders vote in favor of the DLC transaction. The directors and executive officers of P&O Princess beneficially own approximately 0.2% of P&O Princess' outstanding shares. The P&O Princess directors and executive officers intend to vote their shares in favor of the resolution to approve, among other matters, the DLC transaction at the P&O Princess extraordinary general meeting.

About the Special Meeting

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Q: When and where is the special meeting?

A: The special meeting is scheduled to be held as follows:

Date: April 14, 2003

Time: 10:00 a.m.

Place: Paul, Weiss, Rifkind, Wharton
& Garrison LLP
1285 Avenue of the Americas
New York, NY 10019

Q: Who can attend the meeting?

A: All shareholders of record as of March 11, 2003, or their duly appointed proxies, may attend the meeting, and each may be accompanied by one guest. Seating, however, is limited. Admission to the meeting will be on a first come, first served basis. Each shareholder may be asked to present valid picture identification, such as a driver's license or passport.

If you hold your shares through a stockbroker or other nominee, you will need to provide proof of ownership by bringing either a copy of the voting instruction card provided by your broker or a copy of a brokerage statement showing your share ownership as of March 11, 2003 together with proof of identification. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

Q: What vote will be required to approve the proposals?

A: Approval of the Offer and Implementation Agreement and the amendments to our articles of incorporation and by-laws will require the vote of the holders of a majority of our outstanding shares of common stock entitled to vote on these proposals.

Q: What class of shares are entitled to be voted?

A: We have only one class of common stock outstanding. Each share of our common stock outstanding as of the close of business on March 11, 2003, the Record Date, is entitled to one vote at the special meeting. On the Record Date, we had approximately 586,972,729 shares of common stock issued and outstanding.

Q: What is the quorum requirement for the meeting?

A: The quorum requirement for holding the meeting and transacting business is a majority of the outstanding shares entitled to be voted. The shares may be present in person or represented by proxy at the meeting. Abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum. Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote such shares.

Q: What shares owned by me can be voted?

A: All shares owned by you as of March 11, 2003, the Record Date, may be voted by

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you. These shares include those (1) held directly in your name as the shareholder of record, including shares purchased through our Dividend Reinvestment Plan and our Employee Stock Purchase Plan and (2) held for you as the beneficial owner through a stockbroker, bank or other nominee.

At the close of business on that day, 586,972,729 shares of our common stock were outstanding.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: Most of our shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record

If your shares are registered directly in your name with our transfer agent, SunTrust Bank, you are considered, with respect to those shares, the shareholder of record, and this proxy statement/prospectus is being sent directly to you by us. As the shareholder of record, you have the right to grant your voting proxy directly to the persons named in the proxy or to vote in person at the meeting. We have enclosed a proxy card for you to use.

Beneficial Owner

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker on how to vote and are also invited to attend the meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the meeting. Your broker or nominee has enclosed a voting instruction card for you to use.

Q: How can I vote my shares in person at the meeting?

A: Shares held directly in your name as the shareholder of record may be voted in person at the special meeting. If you choose to do so, please bring the enclosed proxy card and proof of identification.

Even if you plan to attend the special meeting, we recommend that you also submit your proxy as described below so that your vote will be counted if you later decide not to attend the meeting. Shares held in street name may be voted in person by you only if you obtain a signed proxy from the record holder giving you the right to vote the shares. Please refer to the voting instruction card included by your broker or nominee.

Q: How can I vote my shares without attending the meeting?

A: Whether you hold shares directly as the shareholder of record or beneficially in street name, you may direct your vote without attending the meeting. You may vote by granting a proxy or, for shares held in street name, by submitting voting instructions to your broker or nominee. For shareholders of record, you may do this by signing your proxy card and mailing it in the enclosed envelope. If you provided specific voting instructions, your shares will be voted as you instruct. If you sign but do

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not provide instructions, your shares will be voted as described below in "How are votes counted?".

In most instances, where your shares are held in street name, you will be able to do this over the Internet at www.carnivalcorp.com, by telephone or by mail. Please refer to the voting instruction card included by your broker or nominee.

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Q: Can I change my vote?

A: You may change your proxy instruction at any time prior to the vote at the special meeting. For shares held directly in your name, you may accomplish this by granting a new proxy bearing a later date (which automatically revokes the earlier proxy) or by attending the special meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. For shares owned beneficially by you, you may accomplish this by submitting new voting instructions to your broker or nominee.

Q: What happens if I do not vote?

A: Your vote is important. We cannot complete the DLC transaction unless the holders of a majority of the outstanding shares of Carnival common stock vote 'FOR' the proposals.

Q: Do I have any appraisal rights if I oppose the proposals?

A: No. Shareholders do not have the right to an appraisal of the value of their shares in connection with the proposals.

Q: How are votes counted?

A: You may vote "FOR", "AGAINST" or "ABSTAIN" from voting on the proposals set out in the notice of meeting. If you "ABSTAIN", it has the same effect as a vote "AGAINST". If you sign your proxy card or broker voting instruction card with no further instructions, your shares will be voted "FOR" the proposals set out in the notice of meeting.

Q: What does it mean if I receive more than one proxy or voting instruction card?

A: It means your shares are registered differently or are in more than one account. Please provide voting instructions for all proxy and voting cards you receive.

Q: Where can I find the voting results of the meeting?

A: We will announce preliminary voting results at the meeting and publish final results via press release.

Q: What happens if additional proposals are presented at the meeting?

A: Other than the proposals described in this proxy statement/prospectus, we do not expect any matters to be presented for a vote at the special meeting. If you grant a proxy, the persons named as proxy holders, Micky Arison, our Chairman of the Board and Chief Executive Officer, and Arnaldo Perez, our Senior Vice President, General Counsel and Secretary, will have the

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discretion to vote your shares on any additional matters properly presented for a vote at the meeting.

Q: Who will count the vote?

A: A representative of SunTrust Bank, our transfer agent, will tabulate the votes and act as the inspector of elections.

Q: Is my vote confidential?

A: Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within Carnival or to third parties except (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, or (3) to facilitate a successful proxy solicitation by our board of directors. Occasionally, shareholders provide written comments on their proxy card which are then forwarded to management.

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Q: Who will bear the cost of soliciting votes for the meeting?

A: We will pay the entire cost of preparing, assembling, printing, mailing and distributing this proxy statement/prospectus and soliciting votes for the meeting. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy materials to shareholders.

Q: What do I need to do now?

A: You should thoroughly read this proxy statement/prospectus and indicate on your proxy card how you want to vote your shares of common stock. You should sign and mail your proxy card in the enclosed envelope as soon as possible so that your shares of common stock may be represented at the special meeting on April 14, 2003. If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be counted as a vote "FOR" the proposals. If you abstain, your failure to vote will have the effect of a vote against the proposals.

On behalf of the Board of Directors

Arnaldo Perez
Senior Vice President,
General Counsel and Secretary

Dated: March 17, 2003

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SUMMARY TERM SHEET FOR THE DLC TRANSACTION

This summary contains selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the DLC transaction fully and to obtain a more complete description

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of its terms, you should carefully read this entire document, including the Annexes, and the documents to which we refer you. See "Where You Can Find More Information".

The DLC transaction is a means of enabling us and P&O Princess to combine our management and operations as if we were a single economic enterprise, while retaining our separate legal identities. This will be accomplished through contractual arrangements (addressed in Proposal 1) and amendments to each company's governing documents. In addition, the governing documents of the two companies will be harmonized, to the extent practicable and permitted by law, to ensure our and P&O Princess' corporate procedures are substantially similar. You will be voting on the changes to our governing documents (our articles of incorporation and by-laws) to give effect to these arrangements (addressed in Proposal 2) as well as other amendments to our articles of incorporation and by-laws which, although consistent with the amendments relating to the DLC transaction are not directly related to the DLC transaction (Proposals 3, 4, 5 and 6).

Proposals To Be Voted On

Proposal 1--Approval of the Offer and Implementation Agreement (Page 104)

You are being asked to approve the Offer and Implementation Agreement, which is attached as Annex A-1, and related transactions required to effect the DLC transaction. The affirmative vote of the holders of a majority of all outstanding Carnival shares entitled to vote at the special meeting is required to approve the Offer and Implementation Agreement.

The Offer and Implementation Agreement sets forth the conditions which must be satisfied or waived by us and P&O Princess prior to completion of the DLC transaction and outlines the transactions to be effected at the closing of the DLC transaction. These include:

- .. amendments to our governing documents and the governing documents of P&O Princess;
- .. entry into the Equalization and Governance Agreement between us and P&O Princess, which will govern the future relationship of Carnival and P&O Princess under a dual listed company structure;
- .. issuance by each of us and P&O Princess of special voting shares; and
- .. election of the same individuals as members of the board of directors of each of Carnival and P&O Princess.

Our board of directors unanimously recommends a vote FOR the approval of the Offer and Implementation Agreement and related transactions.

Proposal 2--Approval of Amendments to Carnival's Articles of Incorporation and By-laws (Page 119)

You are also being asked to approve proposed amendments to our articles of association and by-laws (as reflected in our proposed Third Amended and Restated Articles of Incorporation and Amended and Restated By-laws, other than the amendments covered by Proposals 3, 4, 5 and 6). Our proposed Third Amended and Restated Articles of Incorporation and Amended and By-laws are attached as Annexes A-4 and A-5 to this proxy statement/prospectus. The affirmative vote of the holders of a majority of all outstanding shares of our common stock entitled to vote at the special meeting is required to approve the amendments to our articles of incorporation and by-laws.

Amendments to certain provisions of our existing articles of incorporation and

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by-laws are necessary in order to harmonize the governing documents of Carnival and P&O Princess. Upon completion of the

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DLC transaction, equivalent changes will be made to the governing documents of P&O Princess. These proposed amendments depart from our existing articles of incorporation and by-laws in areas such as the election and removal of directors, calling of shareholders' meetings and the vote required to approve certain matters. We are also eliminating the requirement that our annual meeting be held in March or April of each year so that we may hold our annual meeting at the same time P&O Princess holds its annual meeting.

We are proposing to increase our authorized capital stock to 2,000,000,000 shares, of which 1,959,999,998 are shares of common stock and 40,000,000 are shares of preferred stock. In connection with the DLC transaction, we will also have one share of special voting stock, which we refer to in this proxy statement/prospectus as a special voting share, and one share of special stock, which we refer to in this proxy statement/prospectus as the equalization share. You are being asked to vote separately on the proposal to increase in the number of shares of common stock that we have the authority to issue (Proposal 3), other than the increase of two shares (the special voting share and the equalization share), which are covered by Proposal 2 as they are directly related to the DLC transaction.

If approved, our Third Amended and Restated Articles of Incorporation would become effective when filed with the Public Registry Office of the Republic of Panama, which is planned to occur upon completion of the DLC transaction. The Amended and Restated By-laws would become effective at the same time. Approval of this proposal is a condition to the parties' obligation to complete the DLC transaction.

Our board of directors unanimously recommends a vote FOR the amendments to our articles of incorporation and by-laws.

The transactions contemplated by the Offer and Implementation Agreement will not be completed and the amendments to our articles of incorporation and by-laws in connection with the DLC transaction will not be effected unless Proposal 1 and Proposal 2 are approved by our shareholders and the DLC transaction is approved by the shareholders of P&O Princess.

Proposal 3 - Approval of Amendment to Carnival's Articles of Incorporation to Increase the Number of Shares of Common Stock Authorized for Issuance (Page 125) You are also being asked to approve an amendment to our articles of incorporation to increase the number of shares of common stock that we have the authority to issue by 999,999,998 shares. The affirmative vote of the holders of a majority of all outstanding shares of our common stock is required to approve this amendment to our articles of incorporation.

Our board of directors unanimously recommends a vote FOR the amendment to our articles of incorporation to increase the number of shares of common stock that we have the authority to issue by 999,999,998 shares.

Proposal 4 - Approval of Amendment to Carnival's Articles of Incorporation to Reduce the Quorum Requirement for Board Meetings (Page 125)

You are also being asked to approve an amendment to our articles of incorporation to add a provision to reduce the quorum requirement for meetings of the board of directors from a majority, to one-third, of the total number of directors. The affirmative vote of the holders of a majority of all outstanding shares of our common stock is required to approve this amendment to our articles of incorporation.

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Our board of directors unanimously recommends a vote FOR the amendment to our articles of incorporation to reduce the quorum requirement for meetings of the board of directors from a majority, to one-third, of the total number of directors.

Proposal 5--Approval of Amendment to Carnival's By-Laws to Reduce the Quorum Requirement for Shareholder Meetings (Page 126)

You are also being asked to approve an amendment to our by-laws to reduce the quorum requirement for meetings of our shareholders from a majority, to one-third, of the total number of shares entitled to be cast at such meeting. The affirmative vote of the holders of a majority of all outstanding shares of our common stock entitled to vote at the special meeting is required to approve this amendment to our by-laws.

Proposal 6--Approval of Amendment to Carnival's By-Laws to Remove the Ability of Shareholders to Act by Written Consent (Page 126)

You are also being asked to approve an amendment to our by-laws to remove the ability of shareholders to act by written consent. The affirmative vote of the holders of a majority of all outstanding shares of our common stock entitled to vote at the special meeting is required to approve this amendment to our by-laws.

Proposals 3, 4, 5 and 6 are conditioned upon the approval of Proposals 1 and 2 by our shareholders. If the Offer and Implementation Agreement and related amendments to our articles of incorporation and by-laws are not approved by our shareholders, and the DLC transaction is not approved by the shareholders of P&O Princess, our authorized common stock will not be increased, the quorum requirement for director and shareholder meetings will not be reduced and shareholders will continue to have the ability to act by written consent. If any or all of Proposal 3, Proposal 4, Proposal 5 or Proposal 6 are not approved, such disapproval will have no effect on the DLC transaction.

Parties to the DLC Transaction

Carnival (Page 58)

We are a global cruise vacation and leisure travel company. We offer a broad range of cruise brands serving the vacation market through Carnival Cruise Lines, Holland America Line, Costa Cruises, Cunard Line, Seabourn Cruise Line and Windstar Cruises. Our various brands operate 45 cruise ships, offering a total of 67,282 lower berths, in Alaska, Australia, Bahamas, Bermuda, Canada, the Caribbean, Europe, the Hawaiian Islands, the Mediterranean, the Mexican Riviera, New England, the Panama Canal, South America and other exotic destinations worldwide. We have 13 additional cruise ships on order, which will offer a further 30,580 lower berths. These ships are expected to enter service over the next three and a half years. In addition to our cruise operations, we operate a tour business through Holland America Tours which markets sightseeing tours both separately and as a part of its cruise/tour packages. Holland America Tours operates 13 hotels in Alaska and the Canadian Yukon, two luxury day boats and a fleet of over 300 motorcoaches and 13 railcars. Our business strategy is to use this wide, diverse range of vacation options to attract passengers from other land-based vacation choices.

We were incorporated under the laws of the Republic of Panama in November 1974. Our common stock is listed on the NYSE under the symbol "CCL". Our principal executive offices are located at Carnival Place, 3655 N.W. 87th Avenue, Miami, Florida 33178-2428. The telephone number of our principal executive offices is (305) 599-2600.

P&O Princess (Page 59)

P&O Princess is a global cruise vacation company operating under the following brand names: Princess Cruises in North America; P&O Cruises, Ocean Village and Swan Hellenic in the UK; AIDA and A'ROSA in Germany; and P&O Cruises in Australia. P&O Princess provides cruises to Alaska, the Caribbean, Europe, the Mediterranean, the Panama Canal and other exotic destinations. As of January 31, 2003, P&O Princess had a fleet of 20 ocean cruise ships and two river boats offering a total of 33,100 lower berths, with five additional ocean cruise ships and two river boats on order as of that date, offering a further 12,080 lower berths. The new ships are expected to be delivered over the next two years. P&O Princess' tour division, Princess Tours, is a tour operator in Alaska with five riverside lodges, a fleet of motorcoaches and Midnight Sun Express rail cars.

P&O Princess was incorporated and registered in England and Wales in July 2000. P&O Princess ordinary shares are listed on the LSE and P&O Princess ADSs are listed on the NYSE. Both P&O Princess shares and P&O Princess ADSs trade under the symbol "POC" on their respective exchanges. P&O Princess' principal executive offices are located at 11-12 Charles II Street, London SW1Y 4QU, England. The telephone number of P&O Princess' principal executive offices is +44 20 7805-1200.

Reasons for the DLC Transaction (Page 48)

We and P&O Princess have agreed to enter into the DLC transaction in order to create the Combined Group, which will reflect the businesses of Carnival and P&O Princess that will be managed and operated as if they were a single economic enterprise. The Combined Group will be the largest cruise vacation group in the world, based on revenue, passengers carried and available capacity. The DLC transaction will allow the Combined Group to offer a wider range of vacation choices for its passengers and will enhance its ability to attract more passengers from land-based vacations. As of January 31, 2003, Carnival, together with P&O Princess, would have had a combined fleet of 65 cruise ships offering 99,982 lower berths. The Combined Group will be a leading provider of cruises to all major destinations outside the Far East.

The DLC Structure (Page 50)

After giving effect to the DLC transaction, we and P&O Princess each will remain as a separate publicly quoted company, although we and P&O Princess will be managed and operated as if we were a single economic enterprise. Our board and the P&O Princess board will be identical and the Combined Group will be managed by a single senior executive management team. The two companies will pursue a common set of business objectives established by the identical boards and single management team, who will evaluate these strategies and other operational decisions from the perspective of all the shareholders. Some key features of the DLC structure are listed below.

- .. Our shares and, for the foreseeable future, P&O Princess American Depositary Shares, or ADSs, will continue to be listed on the NYSE and P&O Princess shares will continue to have their primary listing on the LSE.
- .. The implementation of the DLC structure will not involve any transfer of assets between us and P&O Princess. Following completion of the DLC transaction, management of the Combined Group will determine whether assets will be owned by Carnival or P&O Princess as is most efficient and

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appropriate under the then prevailing circumstances. The Combined Group will comprise all of the assets held by P&O Princess and Carnival immediately prior to the implementation of the DLC transaction. No transfer of assets between the two companies will affect the equalization ratio or the relative economic interests of Carnival shareholders and P&O Princess shareholders in the Combined Group.

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- .. Carnival shareholders will continue to hold their Carnival shares and P&O Princess shareholders will continue to hold their P&O Princess shares, unless P&O Princess shareholders elect to exchange their P&O Princess shares (up to a maximum of 20% of the outstanding shares of P&O Princess) for Carnival shares in the Partial Share Offer. If the full 20% is tendered in the Partial Share Offer, approximately 79% of the equity of the Combined Group will be held through Carnival shares and the balance will be held through P&O Princess shares.
- .. The economic and voting interests represented by an individual share in each company will be equalized based on a ratio, which we refer to in this proxy statement/prospectus as the "equalization ratio." The equalization ratio will initially be 0.3004 Carnival shares for each P&O Princess share and P&O Princess ADS. Upon completion of the DLC transaction, P&O Princess will reorganize and consolidate its share capital so that the equalization ratio will be one Carnival share for each P&O Princess share.
- .. The equalization ratio is subject to adjustment in a limited number of circumstances, as described in the section of this proxy statement/prospectus entitled "The Equalization and Governance Agreement--Equalization Ratio."
- .. As a result of the 1:1 equalization ratio, one Carnival share will have the same rights to distributions of income and capital and voting rights as one P&O Princess share. Carnival and P&O Princess shareholders initially will receive equal quarterly dividends. If the equalization ratio is adjusted to a value other than 1:1, Carnival and P&O Princess shares will no longer have equivalent rights, as described in the section of this proxy statement/prospectus entitled "The Equalization and Governance Agreement--Equalization Ratio."
- .. On most matters that affect all shareholders of the Combined Group, Carnival and P&O Princess shareholders will vote together as a single body. These matters are called joint electorate actions.
- .. On specified matters where the interests of Carnival shareholders may differ from the interests of P&O Princess shareholders, each shareholder body will vote separately as a class. These matters are called class rights actions and include, among others:
 - . transactions primarily designed to amend or unwind the DLC structure;
 - . adjustments to the equalization ratio not in accordance with the Equalization and Governance Agreement; and
 - . amendments to tax related provisions in Carnival's articles of incorporation.

No class rights action generally may be implemented unless approved by both shareholder bodies, which means that each shareholder body generally has a veto with respect to class rights actions.

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- .. We and P&O Princess each will continue to have separate boards of directors, but the boards and senior executive management of both companies will be identical. In addition to their normal fiduciary duties to the company and obligation to have regard to the interests of its shareholders, the directors of each company will be entitled to have regard to the interests of the other company and its shareholders.
- .. We and P&O Princess will execute cross-guarantees regarding all debt incurred after implementation of the DLC structure by either company as if we and P&O Princess were a single economic enterprise.
- .. Takeover restrictions will be in place so that, generally, no person will be able to obtain control over the Combined Group without making an offer to the shareholders of both companies on equivalent terms.
- .. Neither Carnival nor P&O Princess will be able to issue any shares carrying voting rights to the other, except on a pre-emptive basis to all shareholders, for two years following the date on which

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the DLC structure is implemented. After expiration of the initial two-year period, for each of the subsequent three years neither Carnival nor P&O Princess may issue shares carrying voting rights to the other company, except on a pre-emptive basis to all shareholders, in excess of 5% per year of the issued or outstanding shares (calculated as at the first day in such annual period). Thereafter, there will be no restriction on the issuance of shares carrying voting rights to the other company or any of that company's subsidiaries. These restrictions may be varied by a class rights action.

- .. Shares held by one company in the other will not have voting rights unless such company holds 90% or more of the outstanding shares of the other.

Highlights of the Combined Group (Page 60)

The Combined Group will be the leading global cruise vacation operator with brands appealing to the widest target audience, focused on sourcing passengers from developed vacation markets where cruising is one of the largest and fastest growing vacation alternatives. We expect to market certain of the Combined Group's brands to enter into and expand developing vacation markets. In pursuit of this strategy, the companies of the Combined Group will seek to:

- .. Build on brand strengths

The Combined Group will have some of the most widely recognized cruise brands in North America, Europe, South America (primarily Brazil and Argentina) and Australia and will be a leading provider of cruise vacations to all of the key cruise destinations outside the Far East. We expect the Combined Group to continue to grow its brands and broaden and develop the range of its destinations, itineraries, tours and vacation alternatives.

- .. Increase global presence

The Combined Group will be one of the leading cruise vacation companies in the UK, Germany and southern Europe, which are three of the largest vacation markets outside of North America. We believe that the brand offering and diversified fleet of the Combined Group will enable it to accelerate the entry of cruising into existing and new geographical vacation markets.

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- .. Maximize growth through strategic deployment of its brands and fleet

The Combined Group expects to strategically deploy its diversified fleet in order to increase its global reach and enter new and developing markets. Such strategic deployment is expected to allow the Combined Group to appeal to the largest target audience with brands, products and itineraries with the widest appeal in a particular geographic region.

- .. Realize cost savings

Carnival and P&O Princess expect that the Combined Group will generate significant cost savings, estimated to be at least \$100 million on an annualized basis, commencing in the first full fiscal year following completion of the DLC transaction. Carnival and P&O Princess expect that these cost savings will be generated principally through the dissemination of best practices between the companies, economies of scale and the rationalization of certain shoreside operations. One-time cash costs of achieving these cost savings are expected to be approximately \$30 million.

Conditions to the DLC Transaction (Page 105)

Completion of the DLC transaction is subject to certain conditions being satisfied or waived on or before September 30, 2003. The most important of these include:

- .. approval of the shareholders of each of Carnival and P&O Princess;
- .. the absence of action, or threatened action, by any governmental authority that restrains, enjoins or otherwise prohibits the completion or performance of, or materially adversely affects, the DLC transaction and the other transactions contemplated by the Offer and Implementation Agreement;

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- .. effectiveness of the revised governing documents of each of Carnival and P&O Princess;
- .. clearance of the DLC transaction under the European Commission merger regulation and all other relevant regulatory consents or approvals having been obtained;
- .. the Partial Share Offer becoming unconditional (other than the condition regarding completion of the Offer and Implementation Agreement); and
- .. approval by the NYSE of the listing of either the trust shares of beneficial interest or the P&O Princess special voting share, subject in either case only to official notice of issuance.

Termination of the Offer and Implementation Agreement (Page 108)

The Offer and Implementation Agreement may be terminated, and the DLC transaction abandoned, before the DLC transaction is scheduled to be completed if the P&O Princess board and Carnival board mutually agree to do so. In addition, the Offer and Implementation Agreement may be terminated, and the DLC transaction abandoned by action of either the Carnival board or the P&O Princess board, as applicable, if:

- .. the DLC transaction is not completed by September 30, 2003;

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- .. any governmental authority of competent jurisdiction has issued a final, non-appealable order permanently restraining, enjoining or otherwise prohibiting completion of the DLC transaction or materially adversely affecting the DLC transaction;
- .. the shareholders of either party fail to approve the DLC transaction at the relevant shareholders' meeting called for the purpose of considering and voting upon the DLC transaction and other transactions necessary to complete the DLC transaction;
- .. the board of directors of the other party, at any time prior to the relevant shareholders' meeting, withdraws or adversely modifies its approval or recommendation of the DLC transaction or has resolved to take such action, or has failed to reconfirm such approval or recommendation at the request of the other party;
- .. the board of directors of the other party has recommended a superior acquisition proposal to its shareholders; or
- .. the other party materially breaches any representation, warranty, covenant or agreement contained in the Offer and Implementation Agreement that causes the failure of certain conditions to closing and such breach cannot be or has not been cured prior to termination.

Neither party may terminate the Offer and Implementation Agreement if that party has breached in any material respect its obligations under the Offer and Implementation Agreement and such breach contributed to the failure of the DLC transaction to be completed.

Termination Fee

In certain circumstances, if the Offer and Implementation Agreement is terminated, a termination fee of \$49.4 million, representing 1% of P&O Princess' market capitalization at the close of business on January 7, 2003, will be required to be paid by Carnival or P&O Princess.

No Consideration Payable

There is no consideration payable to us or you in connection with the DLC transaction. The consideration exchanged between us and P&O Princess will be the execution and delivery by each company of the agreements required to implement the DLC structure, including certain cross-guarantees regarding future debt of either company.

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Required Vote

Approval of the Offer and Implementation Agreement (Proposal 1) and related transactions required to effect the DLC transaction, including the necessary amendments to our articles of incorporation and by-laws (Proposal 2) and the additional proposed amendments to our articles of incorporation and by-laws (Proposals 3, 4, 5 and 6) requires the affirmative vote of a majority of all outstanding Carnival shares entitled to vote at the special meeting.

Changes in Rights of Carnival Shareholders (Page 86)

In order to harmonize the governing documents of Carnival and P&O Princess and give effect to the DLC structure, it is necessary to amend certain provisions

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of our existing articles of incorporation and by-laws. You are being asked to approve these amendments at the special meeting. The most important of these changes include:

- .. equalizing the economic and voting rights of shareholders of both companies based on the equalization ratio;
- .. providing that Carnival and P&O Princess shareholders vote together as a single body on most matters, except where the interests of the Carnival shareholders diverge from the interests of the P&O Princess shareholders or where the matter is procedural or technical;
- .. authorizing a special voting share as a means to implement the new voting arrangements;
- .. requiring any resolutions, other than resolutions relating to procedural or technical matters, to be voted on by the shareholders of both Carnival and P&O Princess;
- .. authorizing the Carnival board to consider the interests of both Carnival and P&O Princess and their shareholders; and
- .. adding additional takeover provisions so that, generally, no person will be able to obtain control over the Combined Group without making an offer to the shareholders of both companies on equivalent terms. These new takeover provisions are in addition to existing provisions in our articles of incorporation that prevent any person(s) (other than the Arison family and its permitted transferees) from acquiring more than 4.9% of the beneficial ownership of our shares. While both the mandatory offer protection and 4.9% ownership threshold remain in place, no third party other than the Arison family and trusts for their benefit will be able to acquire control of the Combined Group.

Special Voting Entities; Special Voting Shares (Page 52)

As a mechanism to effect the new voting arrangements resulting from the DLC structure, two new special voting entities will be formed:

- .. The Carnival Special Voting Entity (which will hold the special voting share to be voted at Carnival shareholders meetings, in order to give effect to the outcome of votes at a parallel P&O shareholders meeting for purposes of joint electorate actions and class rights actions) is a company whose shares will be held legally and beneficially owned by The Law Debenture Trust Corporation p.l.c., an independent trustee company incorporated in England and Wales.
- .. The P&O Princess Special Voting Trust (the trustee of which will hold the special voting share to be voted at the P&O Princess shareholders meetings, in order to give effect to the outcome of votes at a parallel Carnival shareholders meeting for purposes of joint electorate actions and class rights actions) will be a trust established under the laws of the Cayman Islands.

On completion of the DLC transaction, Carnival will issue the Carnival special voting share to the Carnival Special Voting Entity, and the P&O Princess special voting share will be transferred to the trustee of the P&O Princess Special Voting Trust.

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Trust Shares of Beneficial Interest (Page 53)

Trust shares of beneficial interest in the P&O Princess Special Voting Trust will be transferred to Carnival. Immediately following this transfer, Carnival will distribute the trust shares of beneficial interest in the P&O Princess Special Voting Trust by way of a dividend to Carnival shareholders of record at the close of business on April 17, 2003. Separate certificates will not be issued to represent these trust shares of beneficial interest in the P&O Princess Special Voting Trust; instead, the trust shares of beneficial interest will be paired with, and evidenced by, certificates representing Carnival shares pursuant to a pairing agreement to be entered into between Carnival and the P&O Princess Special Voting Trust at closing of the DLC transaction.

Following completion of the DLC transaction, Carnival shares will trade in units consisting of one Carnival share and one trust share of beneficial interest in the P&O Princess Special Voting Trust. The trust shares of beneficial interest in the P&O Princess Special Voting Trust will entitle Carnival shareholders to receive any distributions made by the P&O Princess Special Voting Trust. As the sole purpose of the P&O Princess Special Voting Trust relates to the holding of the P&O Princess special voting share, it is not expected to make any distributions.

The P&O Princess special voting share will be voted based upon the outcome of voting at the relevant parallel meeting of Carnival shareholders, based on the votes cast by Carnival shareholders voting their Carnival shares.

Accounting Treatment (Page 55)

We expect to account for the DLC transaction as a purchase by Carnival of P&O Princess. We also expect that under U.S. GAAP the DLC transaction will be accounted for using the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141 "Business Combinations". In accordance with the purchase method of accounting, the P&O Princess U.S. GAAP accounting policies will be conformed to our accounting policies upon completion of the DLC transaction.

United States Federal Income Tax Consequences (Page 55)

Although there is no U.S. federal income tax authority addressing the tax consequences of a DLC transaction, we believe that the DLC transaction should not give rise to taxable income or gain for U.S. Carnival shareholders that are U.S. holders for U.S. federal income tax purposes. However, the IRS may assert that U.S. Carnival shareholders received taxable income as a result of the various voting and equalization provisions necessary to implement the DLC structure, including the trust shares. We believe that such voting and other rights, if any, received by shareholders are expected to have only nominal value and, therefore, the receipt of such rights by U.S. Carnival shareholders would only result in a nominal amount of income. It is possible, however, that the IRS may disagree with this conclusion.

Holders of Carnival shares should consult their independent professional advisers in the light of their particular circumstances as to the U.S. federal income tax consequences of the DLC transaction, as well as to the effect of any state, local or applicable foreign tax law.

Regulatory Approvals (Page 55)

The DLC transaction is conditioned upon the receipt of certain regulatory approvals and consents. We have received clearance from the U.S. Federal Trade Commission and the European Commission for the DLC transaction, and therefore no further regulatory approvals are required.

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No Appraisal Rights (Page 55)

You have no right to an appraisal of the value of your shares in connection with the DLC transaction.

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Mandatory Exchange (Page 110)

In certain limited circumstances following implementation of the DLC structure, P&O Princess shares, other than those held by us, may be subject to a mandatory exchange for Carnival shares at the then prevailing equalization ratio. A mandatory exchange can occur if there is a change in applicable tax laws, rules or regulations that the board of directors of P&O Princess reasonably determines is reasonably likely to have a material adverse effect on the Combined Group and the exchange is approved by 66 2/3% of the shareholders of P&O Princess and Carnival voting on a joint electorate action. A mandatory exchange can also be triggered if there is a change in the applicable non-tax laws, rules or regulations, as a result of which the board of directors of P&O Princess reasonably determines that it is reasonably likely that all or a substantial portion of the agreements that give effect to the DLC structure are unlawful, illegal or unenforceable. Were either of these changes to occur, we would issue additional shares to deliver to P&O Princess shareholders in accordance with the then prevailing equalization ratio and we would own 100% of P&O Princess. Your Carnival shares will not be subject to any mandatory exchange for P&O Princess shares.

Partial Share Offer

In connection with the DLC transaction, we are making a Partial Share Offer to P&O Princess shareholders to exchange all or part of their P&O Princess shares for Carnival shares, subject to an aggregate maximum of 20% of P&O Princess' outstanding shares. The Partial Share Offer is not being made to you. If the DLC transaction is not completed due to lack of shareholder approval or for any other reason, the Partial Share Offer will not be completed. The Partial Share offer is designed to allow those P&O Princess shareholders who would prefer to hold their interests in the Combined Group through Carnival shares listed on the NYSE to exchange P&O Princess shares for Carnival shares if the DLC transaction is completed. To the extent P&O Princess shares are exchanged in the Partial Share Offer, the aggregate equity interests in the Combined Group held through Carnival shares immediately after completion of the DLC transaction will increase from approximately 74% to a maximum of approximately 79%. In no event will the take up of the Partial Share Offer affect the equalization ratio.

Arison Family and Associates

Micky Arison (our Chairman and Chief Executive Officer, who will also become the Chairman and Chief Executive Officer of P&O Princess following completion of the DLC transaction), other members of the Arison family and trusts for their benefit have entered into undertakings under which they will be required to cause shares beneficially owned by them representing approximately 47% of the voting rights in Carnival to vote in favor of the proposals at the special meeting. These undertakings are irrevocable except in circumstances where the DLC proposal is withdrawn or lapses.

Following completion of the DLC transaction, Micky Arison, other members of the Arison family and trusts for their benefit will beneficially own shares representing approximately 35% of the combined voting power of the outstanding shares of the Combined Group. There are certain restrictions on their ability

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to increase their aggregate holdings beyond 40% of the voting power of the Combined Group, unless they acquire additional shares or voting power by making comparable offers to acquire all the equity of the Combined Group.

We are, and following implementation of the DLC structure the Combined Group will be, capable of carrying on its operations independently of this group of controlling shareholders. Carnival has a policy to ensure that all transactions and relationships between it and its affiliated entities (which would include the controlling shareholders and entities controlled by them) are on an arm's-length basis and also on a normal commercial basis (i.e., it may not engage in business transactions with any affiliate on

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terms and conditions less favourable to Carnival than the terms and conditions available at the time for comparable transactions with unaffiliated persons). On completion of the DLC transaction, P&O Princess will adopt a similar policy on transactions with this group of controlling shareholders so that, following implementation of the DLC structure, any business transactions between the Combined Group and this group of controlling shareholders will be at arm's length and on a normal commercial basis.

Cautionary Note Concerning Factors That May Affect Future Results (Page 40)

Certain statements contained in this proxy statement/prospectus are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us and P&O Princess and therefore, the Combined Group, including certain statements concerning the transactions described in this proxy statement/prospectus, future results, plans and goals and other events which have not yet occurred. You can find many (but not all) of these statements by looking for words like "will," "may," "believes," "expects," "anticipates," "forecasts," "future," "intends," "plans" and "estimates" and for similar expressions.

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause the transactions described in this proxy statement/prospectus not to occur and/or each of our, P&O Princess' and the Combined Group's actual results, performance or achievements to differ materially from those expressed or implied in this proxy statement/prospectus. These factors include, but are not limited to, regulatory and shareholder approvals of the DLC transaction, achievement of expected benefits from the DLC transaction, risks associated with the combination of Carnival's and P&O Princess' businesses by means of a DLC structure and liquidity and index inclusion as a result of the implementation of the DLC structure, including a possible mandatory exchange.

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SELECTED HISTORICAL FINANCIAL AND OPERATING DATA OF CARNIVAL

The selected consolidated financial data presented below for fiscal 1998 through 2002 and as of the end of each such fiscal year are derived from Carnival's audited consolidated financial statements and should be read in conjunction with the audited consolidated financial statements and the related notes, including those incorporated in this proxy statement/prospectus by reference to Carnival's Annual Report on Form 10-K/A for the year ended November 30, 2002. Carnival's consolidated financial statements have been prepared in accordance with U.S. GAAP, using Carnival's accounting policies.

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See "Where You Can Find More Information About Carnival ".

	Years Ended November 30,			
	2002	2001	2000	1999
	(U.S. dollars in thousands, except per share and other data)			
Statement of operations data/(a)/:				
Revenues	4,368,269	4,535,751	3,778,542	3,497,470
Operating income	1,042,059	891,731	982,958	1,019,699
Net income/(b)/	1,015,941/(c)/	926,200/(c)/	965,458	1,027,240
Earnings per share/(b)/:				
Basic	1.73	1.58	1.61	1.68
Diluted	1.73	1.58	1.60	1.66
Dividends declared per share	.420	.420	.420	.375
Cash from operations	1,469,032	1,238,936	1,279,535	1,329,724
Capital expenditures	1,986,482	826,568	1,003,348	872,984
Other operating data:				
Available lower berth days/(e)/	21,436	20,685	15,888	14,336
Passengers carried	3,549	3,385	2,669	2,366
Occupancy percentage/(f)/	105.2%	104.7%	105.4%	104.3%
	As of November 30,			
	2002/(a)/	2001/(a)/	2000/(a)/	1999
	(U.S. dollars in thousands)			
Balance sheet and other data:				
Total assets	12,334,848/(g)/	11,563,552/(g)/	9,831,320	8,286,355
Long-term debt, excluding current portion	3,011,969	2,954,854	2,099,077	867,515
Total shareholders' equity	7,417,903	6,590,777	5,870,617	5,931,247
Debt to capital/(h)/	29.9%	31.1%	28.6%	15.3%

(a) From June 1997 through September 28, 2000, Carnival owned 50% of Costa Cruises. On September 29, 2000, Carnival completed the acquisition of the remaining 50% interest in Costa. Carnival accounted for this transaction using the purchase accounting method. Prior to the fiscal 2000 acquisition, Carnival accounted for its 50% interest in Costa using the equity method. Commencing in fiscal 2001, Costa's results of operations have been consolidated in the same manner as Carnival's other wholly-owned subsidiaries. Carnival's November 30, 2000 and subsequent consolidated balance sheets include Costa's balance sheet. All statistical information prior to 2001 does not include Costa. See Notes 5 and 17 in Carnival's 2002 consolidated financial statements, which are incorporated by reference in this proxy statement/prospectus.

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(b) Effective December 1, 2001, Carnival adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", which requires that companies stop amortising goodwill and requires an annual, or when events or circumstances dictate a more frequent, impairment review of goodwill. Accordingly, as of December 1, 2001, Carnival no longer amortises its goodwill. If goodwill had not been recorded for periods prior to December 1, 2001, Carnival's adjusted net income and

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adjusted basic and diluted earnings per share would have been as follows (U.S. dollars in thousands, except per share data):

	Years Ended November 30,			
	2001	2000	1999	1998
-				
Net income	926,200	965,458	1,027,240	835,885
Goodwill amortization	25,480	23,046	20,666	17,074
Adjusted net income	951,680	988,504	1,047,906	852,959
Adjusted earnings per share				
Basic	1.63	1.65	1.71	1.43
Diluted	1.62	1.64	1.70	1.43

- (c) Carnival's net income for fiscal 2001 and 2002 includes an impairment charge of \$140 million and \$20 million, respectively, and fiscal 2001 includes a nonoperating net gain of \$101 million from the sale of Carnival's investment in Airtours. In addition, fiscal 2002 included a \$51 million income tax benefit as a result of a new Italian investment incentive, which allows Costa to receive an income tax benefit based on contractual expenditures during 2002 on construction of new ships. See Notes 4, 5 and 9 in Carnival's 2002 consolidated financial statements, which are incorporated by reference in this document.
- (d) The 1998 per share amounts have been adjusted to reflect a two-for-one stock split effective June 12, 1998.
- (e) Represents the total annual passenger capacity, assuming two passengers per cabin, that Carnival's ships offered for sale, which is computed by multiplying passenger capacity by ship operating days.
- (f) In accordance with cruise industry practice, occupancy percentage is calculated based upon two passengers per cabin even though some cabins can accommodate three or more passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.
- (g) Effective December 1, 2000, Carnival adopted SFAS No. 133, which requires that all derivative instruments be recorded on Carnival's balance sheet. Total assets at November 30, 2001 and 2002 included \$567 million and \$178 million, respectively, which represents the fair value of hedged firm commitments. See Note 2 in Carnival's 2002 consolidated financial statements, which are incorporated by reference in this document.
- (h) Represents the percentage of total debt to the sum of total debt and shareholders' equity.

SELECTED HISTORICAL FINANCIAL DATA OF P&O PRINCESS

The selected financial data of P&O Princess presented below for fiscal 1998 through 2002 and as of the end of each such fiscal year are derived from P&O Princess' audited consolidated financial statements and should be read in conjunction with the audited consolidated financial statements and notes to

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those accounts incorporated by reference in this proxy statement/prospectus.

P&O Princess' consolidated financial statements are presented on the basis that P&O Princess' cruise business and subsidiaries were part of its business and subsidiaries for all years presented or, if not owned by P&O Princess at all times during such period, from the date such businesses and subsidiaries were acquired by P&O Princess and/or until the date on which P&O Princess disposed of them, as applicable.

P&O Princess' consolidated financial statements have been prepared using P&O Princess' accounting policies in accordance with UK GAAP, which differ in some respects from U.S. GAAP. The notes to the P&O Princess audited consolidated financial statements for the year ended December 31, 2002, which are incorporated by reference in this proxy statement/prospectus, provide a description of the principal differences between U.S. GAAP and UK GAAP as they relate to P&O Princess and a reconciliation to U.S. GAAP of certain financial statement items.

	Years ended December 31, (res		
	2002	2001	2000
	(U.S. dollars in millions, except per information)		
-			
Selected profit and loss information:			
UK GAAP			
Turnover	2,526.8	2,451.0	2,423.9
Net operating costs	(2,228.1) / (b) /	(2,089.7)	(2,050.8)
Group operating profit	298.7	361.3	373.1
Share of operating results of joint ventures	--	0.1	0.5
Total operating profit	298.7	361.4	373.6
Non-operating profit/(loss)	1.2	(1.9)	(6.5)
Profit on ordinary activities before interest	299.9	359.5	367.1
Net interest and similar items	(74.0)	(58.0)	(49.1)
Profit on ordinary activities before taxation	225.9	301.5	318.0
Taxation/(c) /	(17.1)	81.7 / (f) /	(57.2)
Profit on ordinary activities after taxation	208.8	383.2	260.8
Equity minority interests	--	(0.1)	(2.6)
Profit for the financial year attributable to shareholders	208.8	383.1	258.2

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	Years ended December 31, (restated) / (c) /			
	2002	2001	2000	1999 / (a) / 1998 / (a) /
-				

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	30.2	55.4/(f)/	38.1	41.7	32.8
Diluted earnings per share (cents)/(g)/	30.0	55.2/(f)/	38.1	41.7	32.8
Basic earnings per ADS (cents)/(g)/	120.8	221.6	152.4	166.8	131.2
Diluted earnings per ADS (cents)	120.0	220.8	152.4	166.8	131.2
Fixed charge cover/(d)/	2.9	3.8	4.8	8.7	6.6
Dividend per share (cents)	12.0	12.0	12.0	--	--
Dividend per ADS (cents)	48.0	48.0	48.0	--	--
U.S. GAAP					
Net income	212.9	425.2/(e) (f)/	253.7	267.7	222.4
Basic earnings per share (cents) (g)	30.7	61.5	37.1	39.3	32.6
Diluted earnings per share (cents) (g)	30.6	61.2	37.1	39.3	32.6
Basic earnings per ADS (cents)	122.8	246.0	148.4	157.1	130.5
Diluted earnings per ADS (cents)	122.4	244.8	148.4	157.1	130.5

- (a) Prior to the de-merger of P&O Princess from The Peninsular and Oriental Steam Navigation Company in 2000, no combined financial statements had been prepared for the companies and businesses comprising P&O Princess. The financial information for fiscal years 1998 and 1999 has been extracted from KPMG Audit Plc's accountants' report on P&O Princess contained in the listing particulars dated September 26, 2000 which were prepared for the de-merger.
- (b) In fiscal 2002, net operating costs under UK GAAP included U.S.\$117.0 million of transaction costs.
- (c) At January 1, 2002, P&O Princess adopted FRS 19. The 2001 balance sheet was restated to reflect full provision for deferred tax, an increase in deferred tax liabilities of \$108.1 million. The tax credit for the year to December 31, 2001 has been increased to reflect the elimination of the majority of future potential tax liabilities upon P&O Princess' election to enter the UK tonnage tax regime by \$96.8 million. The profit and loss account and balance sheet information for each of the three years ended December 31, 2000 have also been restated for the adoption of Financial Reporting Standard 19: Deferred Tax.
- (d) Defined as profit before fixed charges (excluding capitalized interest) and taxation divided by fixed charges. Fixed charges consist of the net interest expense in the profit and loss account, interest capitalized in respect of ships and other fixed assets and an estimate of the interest implicit in operating lease rentals.
- (e) At January 1, 2001, P&O Princess adopted SFAS No. 133. The cumulative effect of the change in this accounting policy at that date was a charge of \$9.0 million, which is included in net income for fiscal 2001. The basic and diluted earnings per share for fiscal 2001 is after the cumulative effect of the c