UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 19-cv-21724-BLOOM/MCALILEY

HAVANA DOCKS CORPORATION,

Plaintiff,

vs.

CARNIVAL CORPORATION, d/b/a
Carnival Cruise Lines, a foreign corporation,

Defendant.
_____/

CARNIVAL CORPORATION'S STATEMENT OF MATERIAL FACTS OF WHICH THERE IS NO GENUINE ISSUE OF DISPUTE

Pursuant to Local Rule 56.1, Carnival Corporation ("Carnival") submits its statement of material facts of which there is no genuine issue of dispute as follows:

AirTours plc

1. In April 1996, Carnival acquired a 29.6% minority interest in Airtours plc ("Airtours"), a publicly-traded United Kingdom integrated tour company. Ex. 1, Jul. 2, 1996, Carnival 10-Q.

2. From 1996 to 2001, the year Carnival sold its interest in Airtours, Carnival never held more than a 29.6% minority interest in Airtours. Ex. 2, Jul. 21, 2021, [redacted]; Ex. 3, Jul. 13, 2001, Carnival 10-Q; Ex. 4, Apr. 16, 2001, Carnival 10-Q; Ex. 5, Feb. 28, 2001, Carnival 10-K, Pt. I, Sect. H; Ex. 6, Feb. 28, 2000, Carnival 10-K, n. 1 – General; Ex. 7, Feb. 25, 1999, Carnival 10-K, Pt. 1, Sect. G; Ex. 8, Feb. 27, 1998, Carnival 10-K, Pt. 1, Sect. G; Ex. 9, Feb. 28, 1997, Carnival 10-K, Pt. 1, Sect. A.

3. While Carnival held an interest in Airtours, Howard Frank, the former chairperson of the board of Costa Crociere S.p.A., and Micky Arison, the chairperson of the board of directors for Carnival Corporation & plc, sat on the Airtours' board of directors. *See* Ex. 2, [redacted]

4. While Carnival held an interest in Airtours, an Airtours subsidiary or brand operated cruises to Cuba. *See* Ex. 2, [redacted]

5. Upon information and belief, an Airtours brand or subsidiary used the Havana Cruise Port Terminal. *See* Ex. 2, [redacted]

6. Airtours was an English company and Airtours' cruises to Cuba carried European passengers. *See* Ex. 2, [redacted]

7. Carnival had no involvement in Airtours' cruise operation. *See* [redacted].

Costa Crociere, S.p.A.

8. Costa Crociere S.p.A. ("Costa") is an Italian company, headquartered in Genoa, Italy and, in 1998, was Europe's largest cruise line. *See* Ex. 8, Feb. 27, 1998, Carnival 10-K, Pt. I, Sect. G.

9. In June of 1997, through a joint offer, Carnival and Airtours each acquired a nearly 50% interest in Costa[1] through a series of transactions that resulted in one of Carnival's wholly owned subsidiaries, HAL Buitenland, B.V., owning 50% interest in Il Ponte S.p.A. ("Il Ponte"), Costa's Italian holding company. Ex. 10, [redacted]; Ex. 8, Feb. 27, 1998, Carnival 10-K, Pt. I, Sect. G; Ex. 2, Jul. 21, 2021, [redacted], Jul. 13, 2001, Carnival 10-Q.

10. As a result of the aforementioned transactions, Carnival and Airtours each owned approximately 50% of Costa, with Carnival, through its minority interest in Airtours, indirectly owning 64% of Costa in the fiscal year ending November 20, 1997. *See* Ex. 8, Feb. 28, 1998, Carnival 10-K, Pt. I, Sect. A(2)).

---

[1] A small percentage of shares were excluded from aforementioned transaction, and were retained by individuals other than Carnival and Airtours at this point in time; however, in this Statement of Material Undisputed Facts, Carnival will refer to the interest acquired in Costa in 1997 as a "50% interest" for ease of reference in the following paragraphs. *See* Ex. 2, [redacted].

[2] Citations in this Statement of Undisputed Material Facts to exhibits with the prefix Bates label "HavanaDocks_" are hereinafter represented as "HD_".

11. [redacted]. *See* Ex. 2, [redacted].

12. [redacted]rs. *See* Ex. 2, [redacted].

13. [redacted] *See* Ex. 11, [redacted]; Ex. 2, [redacted].

14. [redacted]. *See* Ex. 2, [redacted].

15. [redacted]. *See* Ex. 2, [redacted]; Ex. 12, [redacted]

16. [redacted]. *See* Ex. 2, [redacted].

17. [redacted]. *See* Ex. 2, [redacted].

18. [redacted]. *See* Ex. 2, [redacted].

19. [redacted]. *See* Ex. 2, [redacted].

20. [redacted] Ex. 13, [redacted]; Ex. 14, [redacted]; Ex. 2, [redacted].

21. [redacted]. Ex. 2, [redacted]; Ex. 12, [redacted].

22. [redacted]. Ex. 2, [redacted].

23. [redacted] Ex. 10, [redacted].

24. [redacted] *See* Ex. 10, [redacted].

25. [redacted] Ex. 10, [redacted].

26. [redacted] *See* Composite Exhibit ("Comp. Ex.") 15, [redacted].

27. [redacted]. *See* Comp. Ex. 15, [redacted]. *See* Ex. 2, [redacted].

28. [redacted]. Ex. 2, [redacted].

29. On September 29, 2000, Carnival acquired the remaining 50% interest in Costa from Airtours at a cost of $511 million. *See* Ex. 16, Feb. 28, 2002, Carnival 10-K; Ex. 17, [redacted]; Ex. 2, [redacted].

30. [redacted]. *See* Ex. 2, [redacted].

31. The cost of Carnival's acquisition of its interest in Costa was approximately $141 million, of which approximately $103 million was paid by Il Ponte and the balance was paid by Carnival. *See* Ex. 8, Feb. 27, 1998, Carnival 10-K, Pt. I, Sect. G.

32. The $103 million paid by Il Ponte was funded through Il Ponte debt that was guaranteed by Carnival. *See* Ex. 8, Feb. 27, 1998, Carnival 10-K, Pt. I, Sect. G.

<u>Carnival Brands' Travels to Havana, Cuba were Lawful and Necessary</u>

33. [redacted]. Comp. Ex. 18, [redacted]; Ex. 19, [redacted]; Ex. 20, [redacted].

34. [redacted]. Ex. 18, [redacted]; Ex. 44, [redacted].

35. [redacted]. Comp. Ex. 22, [redacted]; Ex. 19, [redacted]; Ex. 20, [redacted].

36. [redacted] Ex. 22, [redacted]; Ex. 19, [redacted].

37. [redacted] Comp. Ex. 23, [redacted].

38. [redacted]. Comp. Ex. 24, [redacted]; Ex. 26, [redacted]; Ex. 20, [redacted].

39. [redacted] *See* Comp. Ex. 25, [redacted]; Ex. 20, [redacted] Ex. 12, [redacted]; Ex. 26, [redacted]; Ex. 27, [redacted]; Ex.

28, [redacted].

40. [redacted] Ex. 19, [redacted] Comp. Ex. 22, [redacted].

41. [redacted] Ex. 20, [redacted]; Comp. Ex. 29, [redacted]; [redacted].

42. Carnival offered day-long shore excursions for social and educational enrichment [redacted]. Ex. 28, [redacted]; Comp. Ex. 30, [redacted].

43. Carnival issued public statements and guidelines to its [redacted]. Comp. Ex. 31, [redacted].

44. [redacted]. Ex. 32, [redacted].

45. [redacted]. Ex. 19, [redacted]; Comp. Ex. 22, [redacted]; Ex. 20, [redacted].

46. [redacted]. Ex. 19, [redacted]; Ex. 33, [redacted] Comp. Ex. 34, [redacted].

47. [redacted]

[redacted] Comp. Ex. 35, [redacted].

48. [redacted] Ex. 20, [redacted]; Comp. Ex. 36 [redacted]; Ex. 37, [redacted].

49. [redacted]. Ex. 37, [redacted]; Ex. 19, [redacted]; Comp. Ex. 39, [redacted].

50. [redacted]. Ex. 20, [redacted]; Ex. 28, [redacted]; Ex. 37, [redacted].

51. The Cuban government did not permit Carnival ships to [redacted]. Ex. 19, [redacted]; Comp. Ex. 40, [redacted]; Ex. 37, [redacted]; Ex. 39, [redacted].

52. [redacted]. Ex. 37, [redacted]; Ex. 12, [redacted].

53. [redacted]. Ex. 32, [redacted].

54. [redacted]. Ex. 41, [redacted]; Ex. 40, [redacted]; Ex. 42, [redacted]; Ex. 37, [redacted].

55. [redacted]. Ex. 43, [redacted]; Ex. 20, [redacted]; Comp. Ex. 45, [redacted].

Dated: September 20, 2021

Respectfully submitted,

By: */s/ Stuart H. Singer*

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Attorneys for Carnival Corporation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on all counsel of record via the court's CM/ECF System on September 20, 2021.

By: */s/ Stuart H. Singer*
STUART H. SINGER

Exhibit 1

(July 2, 1996, Carnival 10-Q)

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PUBLIC DOCUMENT COUNT:          4
CONFORMED PERIOD OF REPORT:     19960831
FILED AS OF DATE:               19961011
SROS:                   NYSE

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                CENTRAL INDEX KEY:                      0000815097
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                IRS NUMBER:                             591562976
                STATE OF INCORPORATION:                 DE
                FISCAL YEAR END:                        1130

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                STREET 1:               3655 N W 87TH AVE
                STREET 2:               PO BOX 1347
                CITY:                   MIAMI
                STATE:                  FL
                ZIP:                    33178
                BUSINESS PHONE:         3055992600

        MAIL ADDRESS:
                STREET 1:               3655 N W 87TH AVE
                STREET 2:               PO BOX 1347
                CITY:                   MIAMI
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                      SECURITIES AND EXCHANGE COMMISSION

                            Washington, D.C.  20549
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(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended August 31, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-9610

CARNIVAL CORPORATION
(Exact name of registrant as specified in its charter)

Republic of Panama	59-1562976
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3655 N.W. 87th Avenue, Miami, Florida 33178-2428
(Address of principal executive offices)
(zip code)

(305) 599-2600
(Registrant's telephone number, including area code)

None.
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No__

Indicate the number of shares outstanding of each of the issuers classes of common stock, as of October 9, 1996.

Class A Common Stock, $.01 par value: 239,375,608 shares

Class B Common Stock, $.01 par value: 54,957,142 shares
,

CARNIVAL CORPORATION

I N D E X

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<CAPTION>

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PART I. FINANCIAL INFORMATION
ITEM 1: FINANCIAL STATEMENTS

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

<TABLE>
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ASSETS	August 31, 1996	November 30, 1995
CURRENT ASSETS		
<S>	<C>	<C>
Cash and cash equivalents	$ 85,751	$ 53,365
Short-term investments	18,922	50,395
Accounts receivable	41,008	33,080
Consumable inventories, at average cost	51,267	48,820
Prepaid expenses and other	66,747	70,718
Total current assets	263,695	256,378
PROPERTY AND EQUIPMENT--at cost, less accumulated depreciation and amortization	3,783,549	3,414,823
OTHER ASSETS		
Goodwill, less accumulated amortization of $53,528 in 1996 and $48,292 in 1995	221,335	226,571
Investments in affiliates	391,238	51,794
Long-term notes receivable	28,294	66,488
Other assets	14,985	89,433
	$4,703,096	$4,105,487
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 72,525	$ 72,752
Accounts payable	136,305	90,237
Accrued liabilities	142,485	113,483
Customer deposits	311,765	292,606
Dividends payable	26,488	25,632
Total current liabilities	689,568	594,710
LONG-TERM DEBT	1,014,339	1,035,031
CONVERTIBLE NOTES	45,180	115,000
OTHER LONG-TERM LIABILITIES	16,790	15,873
COMMITMENTS AND CONTINGENCIES (Note 6)		
SHAREHOLDERS' EQUITY		
Class A Common Stock; $.01 par value; one vote per share; 399,500 shares authorized; 239,348 and 229,839 shares issued and outstanding	2,393	2,298
Class B Common Stock; $.01 par value; five votes per share; 100,500 shares authorized; 54,957 shares issued and outstanding	550	550
Paid-in-capital	812,808	594,811
Retained earnings	2,125,374	1,752,140
Less-other	(3,906)	(4,926)
Total shareholders' equity	2,937,219	2,344,873
	$4,703,096	$4,105,487

</TABLE>

The accompanying notes are an integral part of these financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

<TABLE>
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	Nine Months Ended August 31,		Three Months Ended August 31,	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
REVENUES	$1,737,613	$1,545,244	$ 771,989	$672,598
COSTS AND EXPENSES				
Operating expenses	962,435	865,311	396,195	352,135
Selling and administrative	209,221	187,880	68,978	63,634
Depreciation and amortization	107,597	94,753	39,661	32,709
	1,279,253	1,147,944	504,834	448,478
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	458,360	397,300	267,155	224,120
INCOME FROM AFFILIATED OPERATIONS	12,956		12,793	
OPERATING INCOME	471,316	397,300	279,948	224,120
NONOPERATING INCOME (EXPENSE)				
Interest income	17,280	10,311	2,176	3,405
Interest expense, net of capitalized interest	(49,889)	(48,583)	(16,673)	(15,268)
Other income	23,778	18,931	18,709	13,742
Income tax expense	(11,006)	(11,096)	(16,029)	(16,457)
	(19,837)	(30,437)	(11,817)	(14,578)
NET INCOME	$ 451,479	$ 366,863	$ 268,131	$ 209,542
EARNINGS PER SHARE	$1.56	$1.29	$.92	$.74

</TABLE>

The accompanying notes are an integral part of these financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

<TABLE>
<CAPTION>

	Nine Months Ended August 31,	
	1996	1995
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income	$451,479	$366,863
Adjustments:		
Depreciation and amortization	107,597	94,753
Equity in income from affiliates in excess of dividends and other cash payments received	(9,719)	
Loss on sale of Crystal Palace notes receivable	15,835	
Vesting of stock plan shares	2,260	1,309
Other	1,690	3,726
Changes in operating assets and liabilities:		
Increase in receivables	(8,511)	(11,995)
Increase in consumable inventories	(2,447)	(4,661)
Decrease (increase) in prepaid and other	3,829	(7,877)
Increase in accounts payable	46,068	18,743
Increase in accrued liabilities	29,002	17,637
Increase in customer deposits	19,159	44,134

Net cash provided from operations	656,242	522,632
INVESTING ACTIVITIES:		
Decrease in short-term investments, net	31,335	9,962
Additions to property and equipment, net	(514,154)	(401,861)
Proceeds from litigation settlements applied to cost of ships	43,050	19,426
(Additions to) reductions in investments in affiliates	(185,554)	12,443
Decrease (increase) in long-term notes receivable	22,359	(13,213)
Decrease in other non-current assets	74,448	1,658
Net cash used for investing activities	(528,516)	(371,585)
FINANCING ACTIVITIES:		
Principal payments of long-term debt	(683,953)	(341,166)
Proceeds from long-term debt	663,003	239,188
Dividends paid	(77,389)	(63,740)
Issuance of common stock	2,999	48,673
Net cash used for financing activities	(95,340)	(117,045)
Net increase in cash and cash equivalents	32,386	34,002
Cash and cash equivalents at beginning of period	53,365	54,105
Cash and cash equivalents at end of period	$ 85,751	$ 88,107
Supplemental disclosure of non-cash transactions:		
Issuance of Class A Common Stock in connection with investment in Airtours plc	$144,171	$ -
Conversion of 4-1/2% Convertible Notes into Common Stock	$ 70,113	-

</TABLE>

The accompanying notes are an integral part of these financial statements.

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements included herein have been prepared by Carnival Corporation without audit pursuant to the rules and regulations of the Securities and Exchange Commission.

The accompanying consolidated balance sheet at August 31, 1996, and the consolidated statements of operations and cash flows for the nine and three months ended August 31,1996 and August 31, 1995 are unaudited and, in the opinion of management, contain all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation. The operations of Carnival Corporation and its subsidiaries (the "Company") are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

The accompanying financial statements include the consolidated balance sheets and statements of operations and cash flows of the Company and its subsidiaries. All material intercompany transactions and accounts have been eliminated in consolidation. Certain amounts in prior periods have been reclassified to conform with the current period's presentation.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

<TABLE>

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	August 31, 1996	November 30, 1995
	(in thousands)	
<S>	<C>	<C>
Vessels	$3,922,468	$3,467,731
Vessels under construction	240,328	289,661
	4,162,796	3,757,392
Land, buildings and improvements	176,473	132,183
Transportation and other equipment	190,166	174,903
Total property and equipment	4,529,435	4,064,478
Less - accumulated depreciation and amortization	(745,886)	(649,655)
	$3,783,549	$3,414,823

</TABLE>

Interest costs associated with the construction of vessels and buildings, until they are placed in service, are capitalized and amounted to $18.7 million and $13.4 million for the nine months ended August 31, 1996 and August 31, 1995, respectively and $4.9 million and $5.2 million for the three months ended August 31, 1996 and August 31, 1995, respectively.

NOTE 3 - INVESTMENTS IN AFFILIATES

The Company's investment in affiliated companies, which are not majority owned or controlled by the Company, are accounted for using the equity method. Starting in the third quarter of 1996, the Company began reporting equity in income from affiliated operations as a separate line in the statement of operations due to its increasing significance primarily due to the Airtours plc acquisition. The Company's percentage share of the affiliated companies net income as well as any interest income or royalty fee income is recorded as "Income from Affiliated Operations" in the accompanying statement of operations. The Company's investments and advances to affiliates are reported as "Investment in Affiliates" in the accompanying balance sheets.

In April 1996, the Company acquired a 29.5% equity interest in Airtours plc ("Airtours"), a large publicly traded integrated tour company headquartered in the United Kingdom, for approximately $307 million. The Company entered into an unsecured five year $200 million multi-currency revolving credit facility ("Multi-currency Revolving Credit Facility") and funded approximately $163 million of the acquisition cost through this facility. To fund the remaining purchase price, the Company issued 5,301,186 shares of its Class A common stock valued at approximately $144 million. The Company is recording its equity in Airtours' results of operations on a two month lag basis.

NOTE 4 - LONG-TERM DEBT AND CONVERTIBLE NOTES

Long-term debt consists of the following:

<TABLE>
<CAPTION>

	August 31, 1996	November 30, 1995
	(in thousands)	
<S>	<C>	<C>
$750 Million Unsecured Revolving Credit Facility Due 2000	$ 25,000	$ 185,000
Multi-currency Revolving Credit Facility Due 2001	166,000	-
Mortgages and other loans payable bearing interest at rates ranging from 8% to 9.9%, secured by		

vessels, maturing through 1999	164,888	208,078
Unsecured 5.75% Notes Due March 15, 1998	200,000	200,000
Unsecured 6.15% Notes Due October 1, 2003	124,951	124,946
Unsecured 7.20% Debentures Due October 1, 2023	124,870	124,867
Unsecured 7.70% Notes Due July 15, 2004	99,910	99,902
Unsecured 7.05% Notes Due May 15, 2005	99,826	99,811
Other loans payable	81,419	65,179
	1,086,864	1,107,783
Less portion due within one year	(72,525)	(72,752)
	$1,014,339	$1,035,031

</TABLE>

The Multi-currency Revolving Credit Facility bears interest at LIBOR plus 17 basis points ("BPS"), and provides for a facility fee of 6 BPS on the total facility. As of August 31, 1996, the Company had an undrawn balance of $34 million under the facility. As of the same date, the Company also had $725 million available for borrowing under its $750 Million Unsecured Revolving Credit Facility. The Company also has an additional $250 million available under a short-term revolving credit facility. All three credit lines are available to be used for general corporate purposes.

In July 1992, the Company issued $115 million of 4-1/2% Convertible Subordinated Notes Due July 1, 1997 (the "Convertible Notes"). The Convertible Notes are convertible into 57.55 shares of the Company's Class A Common Stock per $1,000 of notes. During the third quarter ended August 31, 1996 approximately $70 million face amount of the Convertible Notes converted into approximately four million shares of the Company's Class A Common Stock. The Convertible Notes remaining outstanding at August 31, 1996 are convertible into a total of approximately 2.6 million shares of Class A Common Stock. The Convertible Notes became redeemable in whole or in part at the Company's option on July 3, 1996.

NOTE 5 - SHAREHOLDERS' EQUITY

The following represents an analysis of the changes in shareholders' equity for the nine months ended August 31, 1996:

<TABLE>
<CAPTION>

	COMMON STOCK $.01 PAR VALUE CLASS A	CLASS B	PAID-IN CAPITAL	RETAINED EARNINGS	OTHER	TOTAL
	(in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance November 30,1995	$2,298	$550	$594,811	$1,752,140	$(4,926)	$2,344,873
Net income for the period				451,479		451,479
Cash dividends				(78,245)		(78,245)
Changes in securities valuation allowance					(139)	(139)
Issuance of common stock related to Airtours acquisition	53		144,118			144,171
Issuance of common stock upon conversion of 4-1/2% Convertible Subordinated Notes	40		70,073			70,113
Issuance of stock to employees under stock plans	2		3,806			3,808
Vested portion of common stock under restricted stock plan					1,159	1,159
Balance August 31, 1996	$2,393	$550	$812,808	$2,125,374	$(3,906)	$2,937,219

</TABLE>
NOTE 6 - COMMITMENTS AND CONTINGENCIES

Capital Expenditures

The following table provides a description of ships currently under contract for construction (in millions of dollars):

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Ship Name	Operating Unit	Expected Service Date	Contract Denomination	Number of Lower Berths	Estimated Total Cost
<S>	<C>	<C>	<C>	<C>	<C>
Carnival Destiny	Carnival Cruise Lines	11/96	Lire	2,640	$ 430
Rotterdam VI	Holland America Line	10/97	Lire	1,320	235
Elation	Carnival Cruise Lines	3/98	U. S. Dollar	2,040	300
Paradise	Carnival Cruise Lines	12/98	U. S. Dollar	2,040	300
HAL Newbuild	Holland America Line	2/99	Lire	1,440	300
Carnival Triumph	Carnival Cruise Lines	7/99	Lire	2,640	415
HAL Newbuild	Holland America Line	9/99	Lire	1,440	300
				13,560	$2,280

</TABLE>

The Company pays for the majority of the cost of the vessels upon delivery from the shipyards which, on the average, occurs approximately six weeks prior to the introduction of the vessel into service.

Contracts denominated in foreign currencies have been fixed into U.S. Dollars through the utilization of forward currency contracts. In connection with the vessels under construction described above, the Company has paid $240 million through August 31, 1996 and anticipates paying approximately $374 million during the twelve month period ended August 31, 1997 and approximately $1.7 billion beyond August 31, 1997.

Litigation

Wartsila Marine Industries Incorporated ("Wartsila") operated a Finnish shipyard and had contracted to build three ships for the Company in the late 1980's. Wartsila filed for bankruptcy in 1989 without completing construction of the vessels, causing the Company to incur incremental costs to complete the ships and to lose profits because of the delay in their delivery. During 1995, the Company received $40 million in cash from the settlement of litigation with Metra Oy, the former parent company of Wartsila, related to losses suffered in connection with the construction of three of the Company's cruise ships. Of the $40 million received, $6.2 million was used to pay related legal fees, $14.4 million was recorded as other income and $19.4 million was used to reduce the cost basis of certain ships which had been the subject of the Company's lawsuit against Metra Oy.

On June 25, 1996, the Company reached an agreement with the trustees of Wartsila and creditors for the bankruptcy which resulted in a cash payment of approximately $80 million. Of the $80 million received, $5 million was used to pay certain costs, $32 million was recorded as other income and $43 million was used to reduce the cost basis of certain ships which had been affected by the bankruptcy.

In April 1996, a complaint was filed in the Circuit Court of the Eleventh Judicial Circuit against Carnival Corporation and a complaint was filed in the Superior Court of Washington against Holland America Line - Westours Inc., a wholly-owned subsidiary of Carnival Corporation (the "Port Charges

Complaints"). The Port Charges Complaints, brought on behalf of a purported class of all persons who traveled on a Company ship within the past four years and paid "Port Charges" to the Company, allege that statements made by the Company in advertising and promotional materials concerning Port Charges were false and misleading. The Port Charges Complaints allege claims of negligent misrepresentation and unjust enrichment and violations of the Washington Consumer Protection Act and seek unspecified compensatory damages on behalf of the purported class (or, alternatively, refunds of Port Charges allegedly in excess of certain charges levied by governmental authorities), attorney's fees and costs and punitive damages and injunctive relief. Two other complaints containing allegations similar to those set forth in the Port Charges Complaints have been filed in the Circuit Court of the Eleventh Judicial Circuit against the Company since the filing of the Port Charges Complaints.

In June and August 1996, respectively, two complaints were filed against the Company and Holland America Line-Westours, Inc. in the Superior Court for the State of California for the County of Los Angeles (the "Travel Agent Complaints"). The Travel Agent Complaints, brought on behalf of a class of all travel agencies who during the past four years booked a cruise with the Company, contain allegations that the Company's advertising practices regarding port charges resulted in an improper and concealed form of commission bypass. The Travel Agent Complaints allege claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud and seek unspecified compensatory damages (or alternatively, the payment by the Company of usual and customary commissions on port charges in excess of certain charges levied by government authorities), attorneys' fees and costs, punitive damages and injunctive relief.

The Port Charges Complaints and the Travel Agent Complaints are in their early stages and it is not now possible to determine the ultimate outcome of the lawsuits. Management of the Company believes that the Company has substantial and meritorious defenses to the claims and intends to vigorously defend the lawsuits. Management understands that purported class action lawsuits similar to the Port Charges Complaints and the Travel Agent Complaints have been filed against five other cruise lines.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such suits which are not covered by insurance would not have a material adverse effect on the Company's financial condition or results of operations.

NOTE 7 - RECENT EVENTS

In September, the Company and Hyundai Merchant Marine ("HMM") signed an agreement to form a 50/50 joint venture to develop the Asian cruise vacation market. The Company and HMM will each contribute $10 million as the initial capital of the joint venture which intends to create a cruise product specifically tailored to the desires and tastes of the growing middle-class market of Asian vacation travelers. In addition, the Company signed an agreement with the joint venture to sell Carnival Cruise Lines' cruise ship Tropicale to the joint venture, subject to financing arrangements and the charter back of the vessel to the Company. The charter agreement between the Company and the joint venture will allow the Company to operate the Tropicale until the joint venture is ready to begin cruise operations in the Asian market in approximately the spring of 1998. The launch of the joint venture is subject to the conclusion of certain ancillary agreements which are expected to be completed in the near future.

<PAGE>

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements under this caption, "Management's Discussion and Analysis of Financial Condition and Results of Operations", constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). See "PART II. OTHER INFORMATION, ITEM 5(a) Forward-Looking Statements".

General

The Company earns its cruise revenues primarily from (i) the sale of passenger tickets, which include accommodations, meals, most shipboard activities and in many cases airfare, and (ii) the sale of goods and services on board its cruise ships, such as casino gaming, liquor sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of HAL Antillen N.V. ("HAL").

The following table presents selected segment and statistical information for the periods indicated:

<TABLE>
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	Nine Months Ended August 31,		Three Months Ended August 31,	
	1996	1995	1996	1995
	(in thousands, except selected statistical information)			
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REVENUES:				
Cruise	$1,549,004	$1,368,806	$617,985	$530,199
Tour	238,550	217,700	197,772	178,852
Intersegment revenues	(49,941)	(41,262)	(43,768)	(36,453)
	$1,737,613	$1,545,244	$771,989	$672,598
OPERATING EXPENSES:				
Cruise	$ 827,894	$742,902	$295,199	$261,584
Tour	184,482	163,671	144,764	127,004
Intersegment expenses	(49,941)	(41,262)	(43,768)	(36,453)
	$ 962,435	$865,311	$396,195	$352,135
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS:				
Cruise	$432,260	$368,134	$227,511	$182,645
Tour	26,100	29,166	39,644	41,475
	$458,360	$397,300	$267,155	$224,120
SELECTED STATISTICAL INFORMATION:				
Passengers Carried	1,350,686	1,138,775	507,243	442,068
Passenger Cruise Days	8,087,977	6,825,026	2,987,080	2,549,285
Occupancy Percentage	109.7%	105.1%	114.5%	114.6%

The following table sets forth statements of operations data expressed as a percentage of total revenues:

</TABLE>
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	Nine Months Ended August 31, 1996	Nine Months Ended August 31, 1995	Three Months Ended August 31, 1996	Three Months Ended August 31, 1995
<S>	<C>	<C>	<C>	<C>
REVENUES	100%	100%	100%	100%
COSTS AND EXPENSES:				
Operating expenses	56	56	51	52
Selling and administrative	12	12	9	10
Depreciation and amortization	6	6	5	5
OPERATING INCOME BEFORE EARNINGS FROM AFFILIATED OPERATIONS	26	26	35	33
Earnings from Affiliated Operations	1	-	1	-
OPERATING INCOME	27	26	36	33
NONOPERATING INCOME (EXPENSE)	(1)	(2)	(1)	(2)
NET INCOME	26%	24%	35%	31%

</TABLE>

The Company's different businesses experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for Carnival Cruise Lines' ("Carnival") ships is moderately seasonal. Historically, demand for Carnival cruises has been greatest during the period from late June through August and lower during the fall months. HAL cruise revenues are more seasonal than Carnival's cruise revenues. Demand for HAL cruises is strongest during the summer months when HAL ships operate in Alaska and Europe for which HAL obtains higher pricing. Demand for HAL cruises is lower during the winter months when HAL ships sail in the more competitive markets. The Company's tour revenues are extremely seasonal with a large majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

In April 1996 the Company made an investment in Airtours plc which it records using the equity basis of accounting. Starting with the Company's quarter ending August 31, 1996, the Company's portion of Airtours' operating results are being recorded by the Company on a two month lag basis. Airtours' earnings are seasonal due to the seasonal nature of the European leisure travel industry. During the last two fiscal years, Airtours' third and fourth fiscal quarters, ending June 30 and September 30, respectively, have been profitable, with the fourth quarter being its most profitable quarter. During this same period, Airtours experienced seasonal losses in its first and second fiscal quarters ending on December 31 and March 31, respectively.

Average capacity is expected to increase 8.2% during the fourth fiscal quarter of 1996 as compared with the same period in 1995 as a result of the introduction into service of the Inspiration in March 1996 and the Veendam in May 1996. See "PART II. ITEM 5. OTHER INFORMATION - Forward Looking Statements".

Nine Months Ended August 31, 1996 Compared
To Nine Months Ended August 31, 1995

Revenues

The increase in total revenues of $192.4 million, or 12.4%, from the first nine months of 1995 to the first nine months of 1996 was primarily comprised of a $180.2 million, or 13.2%, increase in cruise revenues. The increase in cruise revenues was primarily the result of a 13.5% increase in capacity for the period resulting from the addition of the Carnival Cruise Lines' cruise ships Imagination in July 1995 and Inspiration in March 1996 and Holland America Line's cruise ship Veendam in May 1996. Occupancy rates were up 4.4% and gross pricing was down 4.5% resulting in a decrease of .3% in gross yield (total revenue per lower berth). Net yields, i.e., net revenue per lower berth (net revenue is total revenues less travel agent commissions, airfare costs and other less significant cruise costs), increased 1.1% during the first nine months of the year due to improved occupancy rates. Also affecting cruise revenues during 1995 were lost revenues caused by the shipboard incident described under "Nonoperating Income (Expense)" below.

Revenues from the Company's Tour operations increased $20.9 million, or 9.6%, to $238.6 million in 1996 from $217.7 million in 1995. The increase was primarily the result of an increase in tour and transportation revenues due to an increase in the number of tour passengers.

Costs and Expenses

Operating expenses increased $97.1 million, or 11.2%, from the first nine months of 1995 to the first nine months of 1996. Cruise operating costs increased by $85.0 million, or 11.4%, to $827.9 million in the first nine months of 1996 from $742.9 million in the first nine months of 1995, primarily due to additional costs associated with the increased capacity.

Tour operating expenses increased $20.8 million, or 12.7%, from the first nine months of 1995 to the first nine months of 1996 primarily due to an increase in the number of tour passengers.

Selling and administrative costs increased $21.3 million, or 11.4%, mainly due to an increase in advertising expenses and an increase in payroll and related costs associated with the increase in capacity during the first nine months of 1996 as compared with the same period of 1995.

Depreciation and amortization increased by $12.8 million, or 13.6%, to $107.6 million in the first nine months of 1996 from $94.8 million in the first nine months of 1995 primarily due to the addition of the Imagination, Inspiration and the Veendam.

Affiliated Operations

During April 1996, the Company acquired a 29.5% interest in Airtours, plc ("Airtours") and is recording its share of Airtours earnings on a two month lag basis. During the Company's quarter ended August 31, 1996, the Company's share of earnings for Airtours was recorded for Airtours' quarter ended June 30, 1996. The Company also began reporting its equity in income of certain other affiliates.

Nonoperating Income (Expense)

Total nonoperating expense (net of nonoperating income) decreased to $19.8

million for the first nine months of 1996 from $30.4 million in the first nine months of 1995. Interest income increased $7.0 million primarily due to the Company's holding of 13 percent senior secured notes (which were redeemed in April 1996) of Norwegian Cruise Line, Ltd. and, to a lesser degree, increases in cash balances. Cash balances, up to the closing of the Airtours transaction in April 1996, increased due to United Kingdom regulatory requirements applicable to the Company's tender offer to acquire its interest in Airtours (see Note 3 in the accompanying financial statements for more information related to the Airtours acquisition). Gross interest expense (excluding capitalized interest) increased $6.6 million primarily as a result of additional borrowings required in connection with the acquisition of Airtours. Capitalized interest increased $5.3 million due to higher investment levels in vessels under construction.

Other income increased to $23.8 million in the first nine months of 1996 primarily as a result of a $32.0 million gain from settlement of bankruptcy claims against Wartsila (See PART I. FINANCIAL INFORMATION ITEM 1. FINANCIAL STATEMENTS Note 6 - Litigation) less a loss on the sale of the notes receivable generated from the sale of Carnival's Crystal Palace Hotel and Casino of $15.8 million. Other income of $18.9 million in the first nine months of 1995 included a $14.4 million gain from the settlement of litigation with Metra Oy (See PART I. FINANCIAL INFORMATION ITEM 1. FINANCIAL STATEMENTS Note 6 - Litigation) and a gain on the sale of the Company's entire interest in Epirotiki Cruise Line less a loss of $3.0 million from the fire on Carnival Cruise Lines' Celebration as well as other non-related, non-recurring items. In addition, the Company estimated the loss of revenue, net of related variable expense, from the Celebration being out of service due to the fire, reduced operating income and net income by an additional $7.3 million in the third quarter of 1995.

Three Months Ended August 31, 1996 Compared
To Three Months Ended August 31, 1995

Revenues

The increase in total revenues from the third quarter of 1995 to the third quarter of 1996 was comprised principally of a $87.8 million, or 16.6%, increase in cruise revenues. The increase in cruise revenues was primarily the result of a 17.3% increase in capacity for the period resulting from the addition of Carnival Cruise Lines' cruise ships Imagination in July 1995 and Inspiration in March 1996 and Holland America Line's cruise ship Veendam in May 1996. Occupancy rates were essentially unchanged and gross pricing was down slightly resulting in a small decrease in gross yield (total revenue per lower berth). Net yields, i.e. net revenue per lower berth (net revenue is total revenues less travel agent commissions, airfare costs and other less significant cruise costs), increased slightly due to an improvement in net pricing. Also affecting cruise revenues during 1995 were lost revenues caused by the shipboard incident described under "Nonoperating Income (Expense)" above.

Revenues from the Company's tour operations increased $18.9 million, or 10.6%, to $197.8 million in 1996 from $178.9 million in 1995. The increase was primarily the result of an increase in the number of tour passengers.

Costs and Expenses

Operating expenses increased $44.1 million, or 12.5%, from the third quarter of 1995 to the third quarter of 1996. Cruise operating costs increased by $33.6 million, or 12.9%, to $295.2 million in the third quarter of 1996 from $261.6 million in the third quarter of 1995, primarily due to additional costs associated with the increased capacity.

Tour operating expenses increased $17.8 million, or 14.0%, to $144.8 million in the third quarter of 1996 from $127.0 million in the third quarter of 1995 primarily due to the increase in the number of tour passengers.

Selling and administrative costs increased $5.3 million, or 8.4%, primarily due to an increase in advertising expense and increases in payroll and related costs during the third quarter of 1996 as compared with the same quarter of 1995 mainly resulting from the increase in capacity.

Depreciation and amortization increased by $7.0 million, or 21.3%, to $39.7 million in the third quarter of 1996 from $32.7 million in the third quarter of 1995 primarily due to the addition of the Imagination, the Inspiration and the Veendam.

Nonoperating Income (Expense)

Total nonoperating expense (net of nonoperating income) decreased to $11.8 million for the third quarter of 1996 from $14.6 million in the third quarter of 1995. Interest income decreased $1.2 million primarily due to a decrease in cash balances and notes receivable. Gross interest expense (excluding capitalized interest) increased $1.1 million as a result of additional borrowings required in connection with the acquisition of Airtours and the delivery of the Inspiration and Veendam. This increase was partially offset by a decrease in interest expense due to a lower average borrowing rate. Other income, net of other expense, increased to $18.7 million in the third quarter of 1996 primarily as a result of a $32.0 million gain on settlement of litigation related to the Wartsila bankruptcy (See PART I. FINANCIAL INFORMATION ITEM 1. FINANCIAL STATEMENTS Note 6 - Litigation), less a loss on the sale of the notes receivable from the sale of the Crystal Palace of $15.8 million. Other income of $13.7 million in the third quarter of 1995 included a $14.4 million gain from the settlement of litigation with Metra Oy (See PART I. FINANCIAL INFORMATION ITEM 1. FINANCIAL STATEMENTS Note 6 - Litigation) less the loss from the Celebration fire discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

The Company's business provided $656.2 million of net cash from operations during the nine months ended August 31, 1996, an increase of 25.6% compared to the corresponding period in 1995. The increase between periods was primarily the result of an increase in net income and changes in working capital accounts.

During the nine months ended August 31, 1996, the Company expended approximately $514 million on capital projects, of which $447 million was spent in connection with its ongoing shipbuilding program and $36 million was spent on the expansion of the Company's shore side operations facilities located in Miami, Florida. The remainder was spent on vessel refurbishments, tour assets and other equipment. Amounts expended on the shipbuilding program included final payments related to Carnival Cruise Lines' Inspiration which entered service in March 1996 and Holland America Line's Veendam which entered service in May 1996.

In April 1996, the Company closed on its acquisition of a 29.5% interest in Airtours. The Company paid approximately $163 million in cash and funded the remaining purchase price of approximately $144 million through the issuance of 5,301,186 shares of the Company's Class A Common Stock. See below for a discussion regarding the funding of the cash portion of the acquisition.

The Company made scheduled principal payments totaling approximately $43 million under various individual vessel mortgage loans during the nine months ended August 31, 1996. During this same period, the Company borrowed and repaid $475 million under the $750 Million Revolver primarily for the final payments on the Inspiration and the Veendam. The Company also repaid an additional $160 million of the $750 Million Revolver balance during the nine months ended August 31, 1996.

The Company also borrowed $168 million under a $200 Million Multi-currency Revolving Credit Facility Due 2001 (the "$200 Million Multi-currency Revolver") which was used largely for the Airtours investment described above. Additionally, approximately $70 million of the Company's $115 million of convertible subordinated notes payable were converted into approximately four million shares of the Company's common stock during the nine months ended August 31, 1996.

During the nine months ended August 31, 1996, the Company declared and paid cash dividends of approximately $77 million.

Future Commitments

The Company has contracts for the delivery of seven new vessels over the next three years. The Company will pay approximately $374 million during the twelve month period ending August 31, 1997 relating to the construction and delivery of those new cruise ships and approximately $1.7 billion beyond August 31, 1997. In addition, the Company has $1.1 billion of long-term debt and convertible notes of which $73 million is due during the twelve month period ending August 31, 1997. See Note 4 in the accompanying financial statements for more information regarding the Company's debt. Also, see "PART II. OTHER INFORMATION, ITEM 5(a) Forward-Looking Statements". The Company also enters into forward foreign currency contracts and interest rate swap agreements to hedge the impact of foreign currency and interest rate fluctuations.

Funding Sources

Cash from operations is expected to be the Company's principal source of capital to fund its debt service requirements and ship construction costs. In addition, the Company may fund a portion of the construction cost of new ships from borrowings under its revolving credit facilities and/or through the issuance of long-term debt in the public or private markets. As of August 31, 1996, the Company had $725 million available for borrowing under its $750 Million Revolver, $34 million available under the $200 Million Multi-currency Revolver and an additional $250 million available under a short-term revolving credit facility.

To the extent that the Company should require or choose to fund future capital commitments from sources other than operating cash or from borrowings under its revolving credit facilities, the Company believes that it will be able to secure such financing from banks or through the offering of short-term or long-term debt and/or equity securities in the public or private markets. See "PART II. OTHER INFORMATION, ITEM 5(a) Forward-Looking Statements". In this regard, the Company has filed two Registration Statements on Form S-3 (the "Shelf Registration") relating to a shelf offering of up to $500 million aggregate principal amount of debt or equity securities. Through August 31, 1996, the Company has issued $230 million of debt securities under the Shelf Registration. A balance of $270 million aggregate principal amount of debt or equity securities remains available for issuance under the Shelf Registration. In addition, the Company intends on initiating a $1 billion commercial paper program that is supported by the $750 Million Revolver and the $250 million short-term revolving credit facility.
<PAGE>
PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The discussion of legal proceedings set forth in "PART I. FINANCIAL INFORMATION, Item 1. FINANCIAL STATEMENTS, NOTE 6 - Commitments and Contingencies is incorporated by reference into this Item.

ITEM 5: Other Information

(a) Forward-Looking Statements

Certain statements in this Form 10-Q and in the future filings by the Company with the Securities and Exchange Commission, in the Company's press releases, and in oral statements made by or with the approval of an authorized executive officer constitute "forward-looking statements" within the meaning of the Reform Act. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; increases in cruise industry capacity in the Caribbean and Alaska; changes in tax laws and regulations(especially any change affecting the Company's status as a "controlled foreign corporation" as defined in Section 957(a) of the Internal Revenue Code of 1986, as amended) (see "Market for the Registrant's Common Equity and Related Stockholders' Matters - Taxation of the Company" in the Company's Annual Report on Form 10-K for the year ended November 30, 1995); the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; weather patterns in the Caribbean; unscheduled ship repairs and drydocking; delivery of new vessels on schedule and at the contracted price, incidents involving cruise vessels at sea; and changes in laws and government regulations applicable to the Company (including the implementation of the "Safety of Life at Sea Convention" and changes in Federal Maritime Commission surety and guaranty arrangements).

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K
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11 Statement Regarding Computation of Per Share Earnings
12 Ratio of Earnings to Fixed Charges
27 Financial Data Schedule

(b) Reports on Form 8-K
None.

<PAGE>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

CARNIVAL CORPORATION

Dated: October 10, 1996 BY/s/ Micky Arison

Micky Arison
Chairman of the Board and Chief
Executive Officer

Dated: October 10, 1996 BY/s/ Howard S. Frank
Howard S. Frank
Vice-Chairman, Chief Financial and
Accounting Officer

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INDEX TO EXHIBITS

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12	Ratio of Earnings to Fixed Charges	
27	Financial Data Schedule	

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EXHIBIT 11

CARNIVAL CORPORATION
STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
(in thousands, except per share data)

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	Nine Months Ended August 31,		Three Months Ended August 31,	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
Net income	$451,479	$366,863	$268,131	$209,542
Adjustments to net income for the purpose of computing fully diluted earnings per share:				
Interest reduction from assumed conversion of 4.5% Convertible Subordinated Notes	4,100	4,155	1,328	1,385
Adjusted net income	$455,579	$371,018	$269,459	$210,927
Weighted average shares outstanding	288,524	283,921	291,171	285,027
Adjustments to weighted average shares outstanding for the purpose of computing fully diluted earnings per share:				

Additional shares issuable upon assumed conversion of 4.5% Convertible Subordinated Notes	6,542	6,618	6,388	6,618
Adjusted weighted average shares outstanding	295,066	290,539	297,559	291,645
Earnings per share:				
Primary	$1.56	$1.29	$.92	$0.74
Fully Diluted*	$1.54	$1.28	$.91	$0.72

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*In accordance with Accounting Principles Board Opinion No. 15, the Company does not present fully diluted EPS in its financial statements because the Company's convertible securities are anti-dilutive or result in a less than 3% dilution for the periods presented.

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EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(in thousands, except ratios)

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	Nine Months Ended August 31,	
	1996	1995
<S>	<C>	<C>
Net Income	$451,479	$366,863
Income tax expense	11,006	11,096
Income before income tax expense	462,485	377,959
Fixed Charges:		
Interest expense, net	49,889	48,583
Interest portion of rental expense (1)	1,626	1,266
Capitalized interest	18,679	13,359
Total Fixed Charges	70,194	63,208
Fixed Charges Not Currently Affecting Income:		
Capitalized interest	18,679	13,359
Earnings before fixed charges	$514,000	$427,808
Ratio of earnings to fixed charges	7.3x	6.8x

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(1) Represents one-third of rental expense, which Company management believes to be representative of the interest portion of rental expense.

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This schedule contains summary financial information extracted from Carnival Corporation's August 31, 1996 Form 10-Q and is qualified in its entirety by reference to such financial statements.

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Exhibit 3

(2001-07-13 Carnival 10-Q)

As filed with the Securities and Exchange Commission on June 13, 2001.

Registration Statement No. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

CARNIVAL CORPORATION
(Exact name of registrant as specified in its charter)

REPUBLIC OF PANAMA	4400	59-1562976
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

3655 N.W. 87TH AVENUE
MIAMI, FLORIDA 33178-2428
(305) 599-2600
(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

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GENERAL COUNSEL
CARNIVAL CORPORATION
3655 N.W. 87TH AVENUE
MIAMI, FLORIDA 33178-2428
(305) 599-2600
(Name, address, including zip code, and telephone number, including area code, of agent for service)

WITH COPIES TO:
JOHN C. KENNEDY, ESQ.
PAUL, WEISS, RIFKIND, WHARTON & GARRISON
1285 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10019-6064
(212) 373-3000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. |_|

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 of the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. |X|

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) 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. |_|

If this Form is a post-effective amendment filed pursuant to Rule 462(c) 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. |_|

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. |_|

CALCULATION OF REGISTRATIO FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
2% Convertible Senior Debentures due 2021....	$600,000,000	100%	$600,000,000	$150,000
Common Stock.....	15,400,000(1)	(2)	-0-(2)	-0-(2)

(1) Includes the shares of common stock initially issuable upon conversion of the debentures at the rate of 25.5467 shares of common stock per $1,000 principal amount of debentures. Pursuant to Rule 416 under the Securities Act, such number of shares of common stock registered hereby shall also include an indeterminate number of additional shares of common stock that may be issued from time to time upon conversion of the debentures by reason of adjustment of the conversion price in certain circumstances outlined in the prospectus. See "Description of Debentures -- Conversion Rights." Also includes such additional shares as may be issued in connection with stock splits, stock dividends and similar transactions.

(2) Pursuant to Rule 457(i) under the Securities Act, there is no filing fee with respect to the shares of common stock issuable upon conversion of the debentures, because no additional consideration will be received in

connection with the exercise of the conversion privilege.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT 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.

The information in this prospectus is not complete and may be changed. The selling securityholders identified in this prospectus may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated June 13, 2001

PROSPECTUS

CARNIVAL CORPORATION

$600,000,000 2% CONVERTIBLE SENIOR DEBENTURES DUE 2021
15,400,000 SHARES OF COMMON STOCK

This prospectus relates to $600,000,000 aggregate principal amount of our 2% convertible senior debentures due 2021 held by certain selling securityholders. The debentures may be sold from time to time by or on behalf of the selling securityholders named in this prospectus or in supplements to this prospectus.

This prospectus also relates to 15,400,000 shares of our common stock issuable upon conversion of the debentures held by certain selling securityholders, plus such additional indeterminate number of shares as may become issuable upon conversion of the debentures by reason of adjustment to the conversion price in certain circumstances.

The selling securityholders may sell all or a portion of the debentures in market transactions or negotiated transactions or otherwise and at prices which will be determined by the prevailing market price for the debentures or in negotiated transactions. The selling securityholders may also sell all or a portion of the shares of common stock from time to time on the New York Stock Exchange, in negotiated transactions or otherwise, and at prices which will be determined by the prevailing market price for the shares or in negotiated transactions. The selling securityholders will receive all of the proceeds from the sale of the debentures and the common stock. We will not receive any proceeds from the sale of debentures or common stock by the selling securityholders.

Our common stock is traded on the New York Stock Exchange under the symbol CCL. On June 11, 2001, the last reported sales price of the common stock was $26.88 per share. There is no public market for the debentures, and we do not intend to apply for listing of them or any securities exchange or to seek approval for quotation of them through any automated quotation system.

WE URGE YOU TO CAREFULLY READ THE "RISK FACTORS" SECTION BEGINNING ON PAGE 10, WHERE WE DESCRIBE SPECIFIC RISKS ASSOCIATED WITH THESE SECURITIES, BEFORE YOU MAKE YOUR INVESTMENT DECISION.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR ANY STATE SECURITIES COMMISSION, HAS APPROVED OR DISAPPROVED OF THESE DEBENTURES OR COMMON STOCK OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is June 13, 2001.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and file reports, proxy statements and other information with the SEC. We have also filed with the SEC a registration statement on Form S-3 to register the debentures and the underlying common stock. This prospectus, which forms part of the registration statement, does not contain all of the information included in that registration statement. For further information about Carnival Corporation and the securities offered in this prospectus, you should refer to the registration statement and its exhibits. You may read and copy any document we file with the SEC at the SEC's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's regional offices in New York (7 World Trade Center, 13th Floor, New York, New York 10048) and Chicago (Citicorp Center, 14th Floor, 500 West Madison Street, Chicago, Illinois 60661). Copies of these reports, proxy statements and information may be obtained at prescribed rates from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. In addition, the SEC maintains a web site that contains reports, proxy statements and other information regarding registrants, such as us, that file electronically with the SEC. The address of this web site is http://www.sec.gov.

You should only rely on the information contained in this prospectus and incorporated by reference therein.

INCORPORATION OF DOCUMENTS BY REFERENCE

We are incorporating by reference into this prospectus the documents listed below and any other filings made by us with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering:

- Our Annual Report on Form 10-K for the fiscal year ended November 30, 2000.

- Our Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2001.

- Our Current Reports on Form 8-K filed on December 21, 2000, February 26, 2001 and April 27, 2001 with the SEC.

Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other document subsequently filed with the SEC which is or is deemed to be incorporated by reference in this prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

We will provide without charge to you, upon your written or oral request a copy of any or all of the documents incorporated by reference in this prospectus (not including the exhibits to these documents, unless such exhibits are specifically incorporated by reference in these documents). Requests for such copies should be directed to Investor Relations, Carnival Corporation, 3655 N.W. 87th Avenue, Miami, Florida 33178-2428. Except as provided above, no other information (including information on our web site) is incorporated by reference into this prospectus.

SUMMARY

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION INCLUDED ELSEWHERE OR INCORPORATED BY REFERENCE INTO THIS PROSPECTUS. BECAUSE THIS IS A SUMMARY, IT MAY NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ THE ENTIRE PROSPECTUS, AS WELL AS THE INFORMATION INCORPORATED BY REFERENCE, BEFORE MAKING AN INVESTMENT DECISION. SOME OF THE STATEMENTS IN THIS "SUMMARY" ARE FORWARD-LOOKING STATEMENTS. PLEASE SEE "SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS" FOR MORE INFORMATION REGARDING THESE STATEMENTS. IN THIS PROSPECTUS, THE TERMS "COMPANY," "WE," "US" AND "OUR" REFER TO CARNIVAL CORPORATION, A PANAMANIAN CORPORATION, AND ITS CONSOLIDATED SUBSIDIARIES.

CARNIVAL CORPORATION

We are the world's largest multiple-night cruise company based on the number of passengers carried, revenues generated and available capacity. We offer a broad range of cruise products, serving the contemporary cruise market through Carnival Cruise Lines and Costa Cruises, the premium market through Holland America Line and the luxury market through Cunard Line, Seabourn Cruise Line and Windstar Cruises. In total, we own and operate 45 cruise ships with an aggregate capacity of 59,520 passengers based on two passengers per cabin. The fifteen Carnival Cruise Lines ships have an aggregate capacity of 31,122 passengers with itineraries primarily in the Caribbean and the Mexican Riviera. The eight Costa ships have an aggregate capacity of 10,222 passengers with itineraries primarily in Europe, the Caribbean and South America. The ten Holland America ships have an aggregate capacity of 13,348 passengers, with itineraries primarily in the Caribbean, Europe and Alaska. Windstar operates four luxury, sail-powered ships with an aggregate capacity of 756 passengers, primarily in the Caribbean, Europe and Central America. The six Seabourn ships have an aggregate capacity of 1,614 passengers and the two Cunard ships have an aggregate capacity of 2,458 passengers, each with worldwide itineraries.

We have signed agreements with three shipyards providing for the construction of additional cruise ships as set forth in the following table:

SHIP	EXPECTED SERVICE DATE (1)	SHIPYARD	PASSENGER CAPACITY (2)	ESTIMATED TOTAL COST ($ IN MILLIONS)(3)
CARNIVAL CRUISE LINES				
Carnival Pride.....	1/02	Masa-Yards (4)	2,124	$ 375
Carnival Legend.....	9/02	Masa-Yards (4)	2,124	375
Carnival Conquest.....	12/02	Fincantieri	2,974	500
Carnival Glory.....	8/03	Fincantieri	2,974	500
Carnival Miracle.....	4/04	Masa-Yards (4)	2,124	375
Carnival Valor.....	11/04	Fincantieri (4)	2,974	500
TOTAL CARNIVAL.....			15,294	2,625
HOLLAND AMERICA				
Zuiderdam.....	11/02	Fincantieri (4)	1,848	410
Oosterdam.....	8/03	Fincantieri (4)	1,848	410
Newbuild.....	2/04	Fincantieri (4)	1,848	410
Newbuild.....	10/04	Fincantieri (4)	1,848	410
Newbuild.....	6/05	Fincantieri (4)	1,848	410
TOTAL HOLLAND AMERICA....			9,240	2,050

SHIP	EXPECTED SERVICE DATE (1)	SHIPYARD	PASSENGER CAPACITY (2)	ESTIMATED TOTAL COST ($ IN MILLIONS)(3)
COSTA				
Newbuild.....	7/03	Masa-Yards (5)	2,112	340
Newbuild.....	1/04	Fincantieri (6)	2,740	395
Newbuild.....	12/04	Fincantieri (6)	2,740	395
TOTAL COSTA.....			7,592	1,130
CUNARD				
Queen Mary 2.....	12/03	Chantiers de l'Atlantique (4)	2,620	780
CUNARD TOTAL.....			2,620	780
TOTAL.....			34,746	$6,585

(1) The expected service date is the date the ship is expected to begin revenue generating activities.

(2) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

(3) Estimated total cost of the completed ship includes the contract price with the shipyard, design and engineering fees, capitalized interest, various owner supplied items and construction oversight costs.

(4) These construction contracts are denominated in either German marks, Italian lira or euros and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

(5) This construction contract is denominated in German marks which has a fixed exchange rate with Costa's functional currency, which is the Italian lira. The unpaid portion of the estimated total cost has been translated into U.S. dollars using the February 28, 2001 exchange rate.

(6) These construction contracts are denominated in Italian lira, and the unpaid portion of the estimated total costs have been translated into U.S. dollars using the February 28, 2001 exchange rate.

We also operate a tour business through Holland America Tours, which markets sightseeing tours both separately and as part of its cruise/tour packages. Holland America Tours operates 13 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 300 motor coaches used for sightseeing and charters in the states of Washington and Alaska and 13 private domed rail cars which are run on the Alaska railroad between Anchorage and Fairbanks.

We were incorporated under the laws of the Republic of Panama in November 1974. Our executive offices are located at 3655 N.W. 87th Avenue, Miami, Florida 33178-2428, telephone number (305) 599-2600.

RECENT DEVELOPMENTS

On June 1, 2001, we sold our 25 percent interest in Airtours plc, for approximately 350 million pounds ($497 million). Proceeds from the sale will be used for general corporate purposes. The sale will result in a one-time nonoperating gain of approximately $100 million ($0.17 per share) in our fiscal third quarter in 2001.

SECURITIES BEING OFFERED

This prospectus covers the sale of $600,000,000 aggregate principal amount of debentures and 15,400,000 shares of our common stock, plus such indeterminate number of additional shares of common stock that may be issued form time to time upon conversion of the debentures by reason of adjustment to the conversion price or upon repurchase or redemption, in each case in certain circumstances described in this prospectus.

We issued and sold $600,000,000 aggregate principal amount of debentures, on April 25, 2001, in a private offering to Merrill Lynch & Co., as the initial purchaser. These debentures were simultaneously resold by the initial purchaser in transactions exempt from registration requirements of the Securities Act to persons reasonably believed by the initial purchaser to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act).

The shares of common stock may be offered by the selling securityholders following the conversion of the debentures.

TERMS OF THE DEBENTURES

Principal	$600,000,000 aggregate principal amount in $1,000 denominations.
Maturity	April 15, 2021.
Interest	2% per year on the principal amount, payable semi-annually in arrears on April 15 and October 15 of each year, beginning October 15, 2001.
Conversion Rights	For each $1,000 principal amount of debenture surrendered for conversion, if specified conditions are satisfied, a holder will receive 25.5467 shares of our common stock. Upon conversion, we will have the right to deliver, in lieu of our common stock, cash or a combination of cash and common stock. If we elect to pay holders cash for their debentures, the payment will be based on the average sale price of our common stock for the five consecutive trading days immediately following either: o the date of our notice of our election to deliver cash, which we must give within two business days after receiving a conversion notice, unless we have earlier given notice of redemption as described in this prospectus; or o the conversion date, if we have given notice of redemption specifying that we intend to deliver cash upon conversion thereafter. The conversion rate may be adjusted for certain reasons specified in the indenture. Upon conversion, a holder will not receive any cash payment representing accrued interest (unless such debenture or portion thereof has been called for redemption on a redemption date that occurs between a regular record date and the third business day after the interest payment date to which it relates). Instead, interest will be deemed paid by the shares of common stock received by the holder on conversion. See "Description of Debentures--Conversion Rights."

Commencing after May 31, 2001, holders may surrender debentures for conversion into shares of common stock in any fiscal quarter (and only during such fiscal quarter), if, as of the last day of the preceding fiscal quarter, the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such preceding fiscal quarter is more than $43.05 (110% of the conversion price) per share of common stock. Our fiscal quarters end on the last day of February, May, August and November. The initial conversion price will equal $39.14 per share (subject to adjustment).

Debentures or portions of debentures in integral multiples of $1,000 principal amount called for redemption may be surrendered for conversion until the close of business on the redemption date, even if the debentures are not otherwise convertible. In addition, if we make a significant distribution to our shareholders or if we are a party to certain consolidations, mergers or binding share exchanges, debentures may be surrendered for conversion as provided in "Description of Debentures--Conversion Rights." The ability to surrender debentures for conversion will expire at the close of business on the business day immediately preceding April 15, 2021, unless they have previously been called for redemption or repurchased. See "Certain Panamanian and United States Federal Income Tax Consequences" and "Description of Debentures--Conversion Rights--Conversion Rights Upon Notice of Redemption."

Ranking.....The debentures will be unsecured and unsubordinated obligations and will rank equal in right of payment to all our existing and future unsecured and unsubordinated indebtedness. However, the debentures will be effectively subordinated to all existing and future obligations of our subsidiaries. As of February 28, 2001, we had approximately $2,360.6 million of total indebtedness outstanding, which includes approximately $1,202.3 million indebtedness of our consolidated subsidiaries. See "Capitalization."

Sinking Fund.....None.

Redemption of Debentures at Our Option.....We may redeem all or a portion of the debentures for cash at any time on or after April 15, 2008 at a price equal to 100% of the principal amount of the debentures to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date. Holders may convert their debentures after they are called for redemption at any time prior to the close of business on the redemption date. Our notice of redemption will inform the holders of our election to deliver shares of our common stock or to pay cash or a combination of cash and common stock. See "Description of Debentures--Redemption of Debentures at Our Option."

Purchase of Debentures by Us at Option of Holder	Holders may require us to purchase all or a portion of the their debentures on any April 15 occurring in the years 2005, 2008 and 2011 at a price equal to 100% of the principal amount of the debentures to be purchased plus accrued and unpaid interest to, but excluding, such purchase date. We may choose to pay the purchase price in cash, shares of common stock or a combination of cash and shares of common stock. After receiving notice of such choice, you may withdraw your election. We may also add additional purchase dates on which holders may require us to purchase all or a portion of their debentures. See "Description of Debentures--Purchase of Debentures by Us at the Option of the Holder."
Change in Control	Upon a change in control (as defined in the indenture governing the debentures) of our company occurring at any time on or before April 15, 2008, each holder may require us to purchase all or a portion of such holder's debentures for cash at a price equal to 100% of the principal amount of the debentures to be purchased plus accrued and unpaid interest to, but excluding, the date of purchase. See "Description of Debentures--Change in Control Permits Purchase of Debentures by Us at the Option of the Holder."
Ownership Limitation on Debentures	In order to permit us to retain our status as a publicly traded corporation under the proposed Treasury regulations to Section 883 of the Code, debentures generally may not be transferred if the transfer would result in ownership, including debentures and other convertible securities on an as-converted basis, by one person or group of related persons by virtue of the attribution provisions of the Code, of more than 4.9% of our common stock. See "Description of Debentures--Ownership Limitation on Debentures."
Use of Proceeds	The selling securityholders will receive all of the proceeds from the sale of the securities sold under this prospectus. We will not receive any of the proceeds from sales by the selling securityholders of the offered securities.
DTC Eligibility	The debentures were issued in book-entry form and are represented by one or more permanent global certificates deposited with a custodian for and registered in the name of a nominee of DTC in New York, New York. Beneficial interests in any such securities are shown on, and transfers are effected only through, records maintained by DTC and its direct and indirect participants and any such interest may not be exchanged for certificated securities, except in limited circumstances. See "Description of Debentures--Book-Entry System."

Shelf Registration Statement.....	Under the registration rights agreement, dated April 25, 2001, between Merrill Lynch & Co. and us, we have agreed to use commercially reasonable efforts to cause a shelf registration statement to become effective within 180 days after the date of original issuance of the debentures. We are required to keep such shelf registration statement effective until the earlier of (i) the sale pursuant to the shelf registration statement of all of the debentures and the shares of common stock issuable upon conversion of the debentures, which together we refer to as "registrable securities," and (ii) the expiration of the holding period applicable to such securities held by non-affiliates of ours under Rule 144(k) under the Securities Act, or any successor provision and (iii) the second anniversary of the effective date of the shelf registration statement, subject to certain permitted exceptions. See "Description of Debentures--Registration Rights." We are permitted to suspend the use of this prospectus under certain circumstances. We agreed to pay predetermined liquidated damages to selling securityholders if this prospectus is unavailable for periods in excess to those described elsewhere in this prospectus. Purchasers of the registrable securities offered by means of this prospectus will not have any rights under the registration rights agreement, although once sold under this registration statement the registrable securities should be freely tradable except by purchasers who are our "affiliates" or are "underwriters" of the registrable securities for purposes of the Securities Act.
Trading Symbol for our Common Stock.....	Our common stock is traded on the New York Stock Exchange under the symbol "CCL."

RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE SPECIFIC RISK FACTORS SET FORTH BELOW AS WELL AS THE OTHER INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS BEFORE DECIDING TO INVEST IN THE DEBENTURES AND OUR COMMON STOCK. SOME FACTORS IN THIS SECTION ARE "FORWARD-LOOKING STATEMENTS." FOR A DISCUSSION OF THOSE STATEMENTS AND OF OTHER FACTORS FOR INVESTORS TO CONSIDER, SEE "SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS."

RISKS RELATING TO OUR CORPORATE STRUCTURE

A CHANGE OF OUR TAX STATUS UNDER THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), MAY HAVE AN ADVERSE EFFECT ON OUR NET INCOME AND SHAREHOLDERS.

We are a foreign corporation engaged in a trade or business in the United States, and our ship-owning subsidiaries are foreign corporations that, in many cases, depending upon the itineraries of their ships, receive income from sources within the United States. To the best of our knowledge, we believe that, under Section 883 of the Code and applicable income tax treaties, our income and the income of our ship-owning subsidiaries, in each case derived from or incidental to the international operation of a ship or ships, is currently exempt from United States federal income tax. We believe that substantially all of our income and the income of our ship-owning subsidiaries, with the exception of the United States source income from the transportation, hotel and tour business of Holland America Tours, is derived from or incidental to the international operation of a ship or ships within the meaning of Section 883 and applicable income tax treaties.

We believe that we and many of our ship-owning subsidiaries currently qualify for the Section 883 exemption since each of us is incorporated in qualifying jurisdictions and our common stock is primarily and regularly traded on an established securities market in the United States. To date, however, no final Treasury regulations or other definitive interpretations of the relevant portions of Section 883 have been promulgated, although regulations have been proposed. See the risk factor immediately below for a discussion of the proposed regulations under Section 883. Those regulations or official interpretations could differ materially from our interpretation of this Code provision and, even in the absence of differing regulations or official interpretations, the Internal Revenue Service might successfully challenge our interpretation. In addition, the provisions of Section 883 are subject to change at any time by legislation. Moreover, changes could occur in the future with respect to the identity, residence, or holdings of our direct or indirect shareholders that could affect our and our subsidiaries' eligibility for the Section 883 exemption. Accordingly, it is possible that we and our subsidiaries will not be exempt from United States federal income tax on United States-source shipping income. If we and our ship-owning subsidiaries were not entitled to the benefit of Section 883, we would be subject to United States federal income taxation on a portion of our income, which would reduce our net income.

We believe that the income of some of our ship-owning subsidiaries currently qualifies for exemption from United States income tax under bilateral income tax treaties. These treaties may be cancelled by either country or replaced with a new agreement that treats shipping income differently than under the agreements currently in force. If these subsidiaries do not qualify for benefits under the existing treaties or the existing treaties are cancelled or materially modified in a manner adverse to our interests and the subsidiaries do not qualify for the Section 883 exemption, the ship-owning subsidiaries would be subject to United States federal income taxation on a portion of their income, which would reduce our net income.

FAILURE TO COMPLY WITH THE PROPOSED TREASURY REGULATIONS COULD HAVE A NEGATIVE IMPACT ON OUR NET INCOME AND STOCK PRICE. ALSO, IN ORDER TO COMPLY WITH PROPOSED TREASURY REGULATIONS, YOUR ABILITY TO ACQUIRE OR TRANSFER OUR COMMON STOCK AND THE DEBENTURES IS RESTRICTED.

On February 8, 2000, the United States Treasury Department issued proposed Treasury regulations to Section 883 of the Code, relating to income derived by foreign corporations from the international operation of ships and aircraft. The proposed regulations provide, in general, that a corporation organized in a qualified foreign country and engaged in the international operation of ships or aircraft shall exclude qualified income from gross

income for purposes of United States federal income taxation provided that the corporation can satisfy certain ownership requirements, including, among other things, that its stock is publicly traded. A publicly traded corporation will satisfy this requirement if more than 50% of its stock is owned by persons who each own less than 5% of the value of the outstanding shares of the corporation's capital stock. To the best of our knowledge, after due investigation, we believe that we currently qualify as a publicly traded corporation under these proposed regulations. However, because various members of the Arison family and certain trusts established for their benefit currently own approximately 46.9% of our common stock, there is the potential that another shareholder could acquire 5% or more of our common stock, which could jeopardize our qualification as a publicly traded corporation. If, in the future, we were to fail to qualify as a publicly traded corporation, we would be subject to United States federal income tax on our income associated with our cruise operations in the United States. In such event, our net income and stock price would be negatively impacted.

As a precautionary matter, we amended our second amended and restated articles of incorporation to ensure that we will continue to qualify as a publicly traded corporation under the proposed regulations. This amendment provides that no one person or group of related persons, other than certain members of the Arison family and certain trusts established for their benefit, may own or be deemed to own by virtue of the attribution provisions of the Code more than 4.9% of our common stock, whether measured by vote, value or number of shares. Any shares of our common stock acquired in violation of this provision will be transferred to a trust and, at the direction of our board of directors, sold to a person whose shareholding does not violate that provision. No profit for the purported transferee may be realized from any such sale. In addition, under specified circumstances, the trust may transfer the common stock at a loss to the purported transferee. Because the debentures are convertible into common stock, the transfer of the debentures will be subject to similar restrictions. See "Description of Debentures--Ownership Limitation on Debentures." These transfer restrictions may also have the effect of delaying or preventing a change in our control or other transactions in which the shareholders might receive a premium for their shares of our common stock over the then prevailing market price or which the shareholders might believe to be otherwise in their best interest.

A GROUP OF PRINCIPAL SHAREHOLDERS EFFECTIVELY CONTROLS US AND HAS THE POWER TO CAUSE OR PREVENT A CHANGE OF CONTROL.

A group of shareholders comprising certain members of the Arison family, including Micky Arison, our chairman and chief executive officer, and trusts established for their benefit, beneficially own, as of the date of this prospectus, a total of approximately 46.9% of our outstanding common stock. As a result, this group of shareholders has the power to substantially influence the election of directors and our affairs and policies without the consent of our other shareholders. In addition, this group has the power to prevent or cause a change in control.

WE ARE NOT A U.S. CORPORATION, AND OUR SHAREHOLDERS MAY BE SUBJECT TO THE UNCERTAINTIES OF A FOREIGN LEGAL SYSTEM IN PROTECTING THEIR INTERESTS.

Our corporate affairs are governed by our second amended and restated articles of incorporation and by-laws and by the corporate laws of Panama. Thus, our public shareholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction.

RISKS RELATED TO OUR BUSINESS

ENVIRONMENTAL AND HEALTH AND SAFETY LEGISLATION COULD INCREASE OPERATING COSTS.

Some environmental groups have lobbied for more stringent regulation of cruise ships. Some groups also have generated negative publicity about the cruise industry and its environmental impact. The United States Environmental Protection Agency is considering new laws and rules to manage cruise ship waste. Stricter environmental and health and safety regulations could increase the cost of compliance and adversely affect the cruise industry.

OVERCAPACITY WITHIN THE CRUISE BUSINESS COULD HAVE A NEGATIVE IMPACT ON OUR NET REVENUE YIELDS.

Cruising capacity has grown in recent years and we expect it to continue to increase over the next five years as all of the major cruise companies are expected to introduce new ships into service. In order to utilize new capacity, the cruise industry must increase its share of the overall vacation market. Any future imbalances between cruise industry supply and demand could have a negative impact on our net revenue yields, which would also have a negative impact on our net income.

DEMAND FOR CRUISES COULD BE REDUCED AND, AS A RESULT, OUR NET REVENUE YIELDS MAY BE ADVERSELY AFFECTED.

Demand for cruises may be affected by a number of factors. For example, our sales are dependent on the underlying economic strength of the countries in which we operate. Adverse economic conditions can reduce the level of disposable income of consumers available for vacations. In addition, armed conflicts or political instability in areas where our ships cruise can adversely affect demand for our cruises to those areas. Finally, adverse incidents involving cruise ships and adverse media publicity concerning the cruise industry in general can impact demand. The operation of cruise ships involves the risk of accidents and other incidents which may bring into question passenger safety and adversely affect future industry performance. While we make passenger safety a high priority in the design and operation of our ships, accidents and other incidents involving cruise ships could adversely affect our future sales and profitability. Any reduction in demand may have a negative impact on our net revenue yields, which would also have a negative impact on our net income.

WE FACE SIGNIFICANT COMPETITION FROM BOTH CRUISE LINES AND OTHER VACATION OPERATORS.

We operate in the vacation market. We compete for consumer disposable leisure-time dollars with both other cruise operators and a wide array of vacation operators, including numerous land destinations and timeshare vacation operators located throughout the world. The primary methods of competition among these operators are on the basis of pricing, product, differentiated by the nature of the overall vacation experience, and itinerary or location. Our principal competitors include Royal Caribbean Cruise Ltd., which owns Royal Caribbean International and Celebrity Cruises, P&O Princess Cruises plc, which owns Princess Cruises, P&O Cruises and Aida Cruises, and Norwegian Cruise Line and Orient Lines, which are both owned by Star Cruises plc. In the event that we do not compete effectively with other cruise companies and other vacation operators, our market share could decrease and our net revenue yields could be adversely affected.

HIGHER FUEL PRICES COULD RAISE OUR COSTS.

The cost of fuel is subject to many economic and political factors which are beyond our control. An increase in fuel prices could adversely affect our financial results because we may not be able to increase the prices on our cruise vacations to recover any increased costs.

CONDUCTING BUSINESS INTERNATIONALLY MAY RESULT IN INCREASED COSTS.

We operate our business internationally, and we plan to continue to develop our international presence, especially in Europe. Operating internationally exposes us to a number of risks. Examples include currency fluctuations, interest rate movements, increases in duties and taxes, political uncertainty, and changes in laws and policies affecting cruising, vacation or maritime businesses or the governing operations of foreign-based companies. If we are unable to address these risks adequately, our financial results could be adversely affected.

DELAYS OR FAULTS IN SHIP CONSTRUCTION COULD REDUCE OUR PROFITABILITY.

Cruise ships are large and complicated vessels, and building them involves risks similar to those encountered in similar sophisticated construction projects, including delays in delivery and faulty construction. Delays or faults in ship construction may result in delays or cancellations of scheduled cruises, necessitate unscheduled repairs and drydocking of the ship and increase our shipbuilding costs and/or expenses. Industrial action, insolvency of shipyards or other events could also delay or indefinitely postpone the delivery of new ships.

These events, in turn, could, to the extent they are not covered by contractual provisions or insurance, adversely affect our financial results.

THE INABILITY OF QUALIFIED SHIPYARDS TO BUILD OUR SHIPS COULD REDUCE OUR FUTURE PROFITABILITY.

We believe that there are a limited number of shipyards in the world capable of the quality construction of large passenger cruise ships. We currently have contracts with three of these shipyards for the construction of 15 ships to enter service over the next five years. Our primary competitors also have contracts to construct new cruise ships. If we elect to build additional ships in the future, which we expect to do, there is no assurance that any of these shipyards will have the available capacity to build additional new ships for us at the times desired by us or that the shipyards will agree to build additional ships at a cost acceptable to us. Additionally, there is no assurance that ships under contract for construction will be delivered. These events, in turn, could adversely affect our financial results.

RISKS RELATING TO THE DEBENTURES AND OUR COMMON STOCK

AN ACTIVE TRADING MARKET FOR THE DEBENTURES MAY NOT DEVELOP.

The debentures are a new issue of securities for which there is currently no public market and no active trading market might ever develop. If the debentures are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the price of our shares of common stock, our performance and other factors. In addition, we do not know whether an active trading market will develop for the debentures. To the extent that an active trading market does not develop, the liquidity and trading prices for the debentures may be harmed.

WE MAY NOT HAVE THE ABILITY TO RAISE THE FUNDS NECESSARY TO FINANCE THE CHANGE IN CONTROL REPURCHASE OPTION OR THE REPURCHASE AT THE OPTION OF THE HOLDER PROVISION IN THE DEBENTURES.

Upon the occurrence of specific kinds of change in control events occurring on or before April 15, 2008, and on the 2005, 2008 and 2011 purchase dates, we may be required to repurchase all outstanding debentures. However, it is possible that we will not have sufficient funds at such time to make the required repurchase of debentures in cash or that restrictions in our debt instruments will not allow such repurchases. See "Description of Debentures--Purchase of Debentures by Us at the Option of the Holder" and "--Change in Control Permits Purchase of Debentures by the Company at the Option of the Holder."

THE HOLDERS OF OUR COMMON STOCK MAY EXPERIENCE A DILUTION IN THE VALUE OF THEIR EQUITY INTEREST AS A RESULT OF THE ISSUANCE AND SALE OF ADDITIONAL SHARES OF OUR COMMON STOCK.

A substantial number of shares of our common stock were issued by us in private transactions not involving a public offering and are therefore treated as "restricted securities" for purposes of Rule 144 under the Securities Act or are held by our affiliates and, therefore, treated as "restricted securities" or "control securities." Some members of the Arison family and related entities beneficially own approximately 46.9% of our outstanding common stock. No predictions can be made as to the effect, if any, that the issuance and availability for future market sales of shares of our common stock will have on the market price of our common stock prevailing from time to time. Sales of substantial amounts of our common stock (including shares issued upon the exercise of stock options), or the perception that such sales could occur, could materially adversely affect the prevailing market price for our common stock and could impair our future ability to raise capital through an offering of equity securities.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "assume," "believe," "expect," "intend," "plan" and words and terms of similar substance in connection with any discussion of future operating or financial performance. These forward-looking statements, including those which may impact the forecasting of our net revenue yields, involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following:

- general economic and business conditions which may impact levels of disposable income of consumers and the net revenue yields for our cruise products;
- consumer demand for cruises, including the effects on consumer demand of armed conflicts, political instability or adverse media publicity;
- increases in cruise industry capacity;
- cruise and other vacation industry competition;
- changes in tax laws and regulations;
- our ability to implement our shipbuilding program and to continue to expand our business outside the North American market;
- changes in foreign currency rates, food, fuel and commodity prices and interest rates;
- delivery of new ships on schedule and at the contracted prices;
- weather patterns;
- unscheduled ship repairs and drydocking;
- incidents involving cruise ships;
- impact of pending or threatened litigation;
- the ability of unconsolidated affiliates to successfully implement their business strategies; and
- changes in laws and regulations applicable to us.

We caution the reader that these risks may not be exhaustive. We operate in a continually changing business environment, and new risks emerge from time to time. We cannot predict such risks nor can we assess the impact, if any, of such risks on our business or the extent to which any risk, or combination of risks may cause actual results to differ from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the fiscal years ended November 30, 2000, 1999, 1998, 1997 and 1996 and for the three months ended February 28, 2001 and February 29, 2000. Earnings include net income, adjusted for income taxes, minority interest and income from affiliated operations net of dividends received, plus fixed charges and exclude capitalized interest. Fixed charges include gross interest expense, amortization of deferred financing expenses and an amount equivalent to interest included in rental charges. We have assumed that one-third of rental expense is representative of the interest factor.

	THREE MONTHS ENDED FEBRUARY 29/28,		YEARS ENDED NOVEMBER 30,				
	2001	2000	2000	1999	1998	1997	1996
Ratio of earnings to fixed charges.....	4.8x	10.3x	11.5x	11.3x	8.8x	9.0x	6.4x

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock is traded on the New York Stock Exchange under the symbol "CCL". The high and low of our common stock sales prices for the periods indicated were as follows:

	HIGH	LOW
FISCAL 2001		
First Quarter.....	$ 34.938	$ 21.938
Second Quarter.....	$ 33.400	$ 23.600
Third Quarter (through June 11, 2001).....	$ 28.390	$ 26.740
FISCAL 2000		
First Quarter.....	$ 50.563	$ 27.625
Second Quarter.....	$ 28.813	$ 21.875
Third Quarter.....	$ 27.313	$ 18.625
Fourth Quarter.....	$ 25.750	$ 19.688
FISCAL 1999		
First Quarter.....	$ 49.125	$ 34.875
Second Quarter.....	$ 53.500	$ 38.500
Third Quarter.....	$ 50.500	$ 39.750
Fourth Quarter.....	$ 51.875	$ 38.125

As of June 11, 2001, there were approximately 4,657 holders of record of our common stock.

We declared cash dividends on all of our common stock in the amount of $.09 per share in each of the first three quarters of fiscal 1999 and $.105 for each subsequent quarter through and including the first quarter of fiscal 2001. Payment of future dividends on the common stock will depend upon, among other factors, our earnings, financial condition and capital requirements. We may also declare special dividends to all shareholders in the event that members of the Arison family and certain related entities, as a result of any future income tax audit, are required to pay additional income taxes by reason of their ownership of the common stock.

The Republic of Panama does not currently have tax treaties with any other country. Under current law, we believe that distributions to our United States shareholders are not subject to taxation under the laws of the Republic of Panama. Dividends that we pay will be taxable as ordinary income for United States federal income tax purposes to the extent of our current or accumulated earnings and profits, but generally will not qualify for any dividends-received deduction.

The payment and amount of any dividend is within the discretion of our board of directors, and it is possible that the amount of any dividend may vary from the levels discussed above.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data presented below for the fiscal years ended November 30, 2000, 1999, 1998, 1997 and 1996, and as of the end of each such fiscal year are derived from our audited financial statements and should be read in conjunction with those financial statements and the related notes. The selected financial data presented below for the quarters ended February 28, 2001 and February 29, 2000, are derived from our unaudited financial statements and should be read in conjunction with those financial statements and related notes.

	THREE MONTHS ENDED FEBRUARY 28/29,		YEARS ENDED NOVEMBER 30,				
	2001	2000	2000	1999	1998	1997	1996
	(IN THOUSANDS, EXCEPT PER SHARE DATA)						
INCOME STATEMENT AND OTHER DATA(3):							
Revenues	$1,007,606	$ 824,878	$3,778,542	$3,497,470	$3,009,306	$2,447,468	$2,212,572
Operating income before income from affiliated operations	160,004	170,955	945,130	943,941	819,792	660,979	551,461
Operating income	138,941	159,518	982,958	1,019,699	896,524	714,070	597,428
Net income	127,950	171,517	965,458	1,027,240	835,885	666,050	566,302
Earnings per share (1):							
Basic	$ 0.22	$ 0.28	$ 1.61	$ 1.68	$ 1.40	$ 1.12	$ 0.98
Diluted	0.22	0.28	1.60	1.66	1.40	1.12	0.96
Dividends declared per share (1)	0.105	0.105	0.420	0.375	0.315	0.240	0.190
Capital expenditures	120,829	93,046	1,003,348	872,984	1,150,413	497,657	901,905
Passenger cruise days	5,203	3,839	16,750	14,947	13,009	11,908	10,583
Occupancy percentage (2)	105.2%	103.4%	105.4%	104.3%	106.3%	108.3%	107.6%

	AS OF FEBRUARY 28/29,		AS OF NOVEMBER 30,				
	2001(3)	2000	2000(3)	1999	1998	1997	1996
	(IN THOUSANDS)						
BALANCE SHEET DATA:							
Total assets	$10,285,311	$8,332,673	$9,831,320	$8,286,355	$7,179,323	$5,426,775	$5,101,888
Long-term debt (excluding portion due within one year)	1,854,719	865,666	2,099,077	867,515	1,563,014	1,015,294	1,316,632
Total shareholders' equity	5,942,562	6,025,623	5,870,617	5,931,247	4,285,476	3,605,098	3,030,884

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(1) All per share amounts have been adjusted as of such date to reflect a two-for-one stock split effective June 12, 1998.

(2) In accordance with cruise industry practice, occupancy percentage is calculated based upon two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

(3) Since June 1997, we have owned 50% of Costa. On September 29, 2000, we completed the acquisition of the remaining 50% interest in Costa. We accounted for this transaction using the purchase accounting method. Prior to the fiscal 2000 acquisition, we accounted for our 50% interest in Costa using the equity method. Commencing in fiscal 2001, Costa's results of operations will be consolidated on a current month basis in the same manner as our other wholly-owned subsidiaries. Our November 30, 2000 and February 28, 2001 consolidated balance sheets include Costa's balance sheet. See Note 3 to our financial statements for the year ended November 30, 2000.

CAPITALIZATION

The following table sets forth our capitalization as of February 28, 2001 and as adjusted as of such date to give effect to the sale of the debentures and the application of the gross proceeds of that offering.

	AS OF FEBRUARY 28, 2001	
	ACTUAL	AS ADJUSTED
	(in thousands, except per share data)	
Long-term debt:		
Commercial paper, bearing interest at 5.4% at February 28, 2001, due in 2001	$ 324,612	$ --
2% Convertible Senior Debentures due 2021	--	600,000
$200 million multi-currency revolving credit facility drawn in euros, bearing interest at 5.0% at February 28, 2001 (1)(2)	161,283	161,283
Unsecured Debentures and Notes, bearing interest at rates ranging from 6.15% to 7.7%, due through 2028	848,687	848,687
Euro note, secured by one ship, bearing interest at euribor plus 0.5% (5.3% at February 28, 2001), due through 2008 (1)	137,971	137,971
Unsecured euro notes, bearing interest at rates ranging from euribor plus 0.17% to euribor plus 1.0% (4.9% to 5.8% at February 28, 2001), due 2001, 2005 and 2006 (1)(2)	856,163	856,163
Other	31,894	31,894
Total long-term debt	2,360,610	2,635,998
Less portion due within one year	(505,891)	(181,279)
Total long-term debt (excluding portion due within one year)	1,854,719	2,454,719
Shareholders' equity:		
Common Stock; $.01 par value; 960,000 shares authorized; 617,803 shares issued	6,178	6,178
Additional paid-in capital	1,778,260	1,778,260
Retained earnings	4,950,578	4,950,578
Unearned stock compensation	(14,532)	(14,532)
Accumulated other comprehensive loss	(72,785)	(72,785)
Treasury stock; 33,087 shares at cost	(705,137)	(705,137)
Total shareholders' equity	5,942,562	5,942,562
Total capitalization (excluding portion of long-term debt due within one year)	$ 7,797,281	$ 8,397,281

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(1) Euro denominated notes have been translated to U.S. dollars at the exchange rate in effect as of February 28, 2001.

(2) On March 22, 2001, we repaid the outstanding amount drawn under our $200 million credit facility and an unsecured euro note of approximately $105 million from the proceeds received from $266 million of unsecured euro notes, bearing interest at an effective rate of 5.57%, due in 2006. Since the debt outstanding at February 28, 2001 was repaid with long-term debt, the outstanding balances have been classified as long-term in the February 28, 2001 capitalization table.

USE OF PROCEEDS

The selling securityholders will receive all of the proceeds from the sale of the securities sold under this prospectus. We will not receive any of the proceeds from sales by the selling securityholders of the offered securities.

SELLING SECURITYHOLDERS

The following table provides, as of June 7, 2001, the name of each selling securityholder, the principal amount of debentures held by such selling securityholder, the number of shares of common stock owned by such securityholder prior to its purchase of debentures and the common stock issuable upon conversion of the debentures (based upon the initial conversion price). This information has been obtained from the selling securityholders. Selling securityholders representing an amount of up to an additional $482,750,000 aggregate principal amount of debentures will be added to the table prior to the effectiveness of the registration statement of which this prospectus is a part.

(1) SELLING SECURITYHOLDER	(2) PRINCIPAL AMOUNT OF DEBENTURES BENEFICIALLY OWNED AND OFFERED	(3) PERCENT OF TOTAL OUTSTANDING DEBENTURES	(4) COMMON STOCK ISSUABLE UPON CONVERSION OF THE DEBENTURES	(5) COMMON STOCK OWNED PRIOR TO CONVERSION OF DEBENTURES
First Union Securities, Inc.	$29,500,000	4.92%	757,167	0
White River Securities L.L.C.	$ 1,500,000	0.25%	38,500	0
Bear Stearns & Co. Inc.	$ 1,500,000	0.25%	38,500	0
Nomura Securities International, Inc.	$15,000,000	2.50%	385,000	497,292
CIBC World Markets	$ 5,000,000	0.83%	128,333	0
JMG Triton Offshore Fd Ltd.	$21,000,000	3.50%	539,000	0
OZ Master Fund, Ltd.	$ 4,534,000	0.76%	116,373	0
Lexington (IMA) Limited	$ 139,000	0.02%	3,568	0
Absolute Return Fund, Ltd.	$ 327,000	0.05%	8,393	0
TD Securities (USA) Inc.	$ 9,500,000	1.58%	243,833	0

(1) SELLING SECURITYHOLDER	(2) PRINCIPAL AMOUNT OF DEBENTURES BENEFICIALLY OWNED AND OFFERED	(3) PERCENT OF TOTAL OUTSTANDING DEBENTURES	(4) COMMON STOCK ISSUABLE UPON CONVERSION OF THE DEBENTURES	(5) COMMON STOCK OWNED PRIOR TO CONVERSION OF DEBENTURES
Peoples Benefit Life Insurance Company TEAMSTERS	$ 5,000,000	0.83%	128,333	0
Retail Clerks Pension Trust #2	1,500,000	0.25%	38,500	0
GM Employees Global Group Pension Trust (Abs Return Portfolio)	1,500,000	0.25%	38,500	0
St. Albans Partners Ltd.	5,000,000	0.83%	128,333	0
Yield Strategies Fund II, LP	3,250,000	0.54%	83,417	0
Bank America Pension Plan	3,000,000	0.50%	77,000	0
Circlet (IMA) Limited	2,000,000	0.33%	51,333	0
Duckbill & Co.	1,750,000	0.29%	44,917	0
General Motors Welfare Benefit Trust (VEBA)	3,000,000	0.50%	77,000	0

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* Assuming the sale of all debentures and common stock issuable upon conversion of the debentures, selling securityholders will not hold any debentures and will hold the number of our common stock set forth in column (5) "Common Stock Owned Prior to Conversion of Debentures". At that time, no selling securityholder will hold more than 1% of our outstanding common stock.

Except as described below, none of the selling securityholders listed above has, or within the past three years had, any position, office or any material relationship with us or any of our affiliates. Because the selling securityholders may offer all or some portion of the above-referenced securities under this prospectus or otherwise, no estimate can be given as to the amount of percentage that will be held by the selling securityholders upon termination of any sale. In addition, the selling securityholders identified above may have sold, transferred or otherwise disposed of all or a portion of such securities since April 25, 2001 in transactions exempt from the registration requirements of the Securities Act.

Mr. Uzi Zucker, one of our directors, is a Senior Managing Director of Bear, Stearns & Co. Inc. ("Bear Stearns"). Bear Stearns was one of the investment banking firms serving as our agent in connection with our common stock repurchase program. It is expected that Bear Stearns may continue to provide us with investment banking and consulting services when we so request it.

Generally, only selling securityholders identified in the foregoing table who beneficially own the securities set forth opposite their respective names in columns (2) and (5) may sell offered securities under the registration statement of which this prospectus forms a part. We may from time to time include additional selling securityholders in supplements to this prospectus.

PLAN OF DISTRIBUTION

The debentures and underlying common stock, which we will refer to as offered securities, are being registered to permit the resale of such securities by the holders of them from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling securityholders of the debentures and common stock. We will bear the fees and expenses incurred in connection with our obligation to register the debentures and underlying common stock. These fees and expenses include registration and filing fees, printing and duplication expenses, fee and disbursement of our counsel, as well as reasonable fees and disbursement of the indenture's trustee, its counsel and the registrar and transfer agent. However, the selling securityholders will pay all underwriting discounts and selling commissions, if any, and their own legal expenses.

The selling securityholders may sell the debentures and common stock from time to time, at market prices prevailing at the time of sale, at prices related to market prices, at fixed prices, prices subject to change or at negotiated prices, by a variety of methods including the following:

- in market transactions;
- in privately negotiated transactions;
- through broker-dealers, which may act as agents or principals;
- in a block trade in which a broker-dealer will attempt to sell a block of securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- if we agree to it prior to the distribution, through one or more underwriters on a firm commitment or best-efforts basis;
- directly to one or more purchasers;
- through agents;
- in any combination of the above; or
- by any other legally available means.

In effecting sales, brokers or dealers engaged by the selling securityholders may arrange for other brokers or dealers to participate. Broker-dealer transactions may include:

- purchases of the debentures and common stock by a broker-dealer as principal and resales of them by the broker-dealer for its account pursuant to this prospectus;
- ordinary brokerage transactions; or
- transactions in which the broker-dealer solicits purchasers.
- If a material arrangement with any underwriter, broker, dealer or other agent is entered into for the sale of any debentures and common stock through a secondary distribution or a purchase by a broker or dealer, or if other material changes are made in the plan of distribution of the debentures and common stock, a prospectus supplement will be filed, if necessary, under the Securities Act disclosing the material terms and conditions of such arrangement. The underwriter or underwriters with respect to an underwritten offering of debentures and common stock and the other material terms and conditions of the underwriting will be set forth in a prospectus supplement relating to such offering and, if an underwriting syndicate is used, the managing

underwriter or underwriters will be set forth on the cover of the prospectus supplement. In connection with the sale of debentures and common stock, underwriters will receive compensation in the form of underwriting discounts or commissions and may also receive commissions from purchasers of debentures and underlying common stock for whom they may act as agent. Underwriters may sell to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent.

The selling securityholders and any underwriters, broker-dealers or agents participating in the distribution of the securities may be deemed to be "underwriters" within the meaning of the Securities Act, and any profit on the sale of the debentures and/or common stock by the selling securityholders and any commissions received by any such underwriters, broker-dealers or agents may be deemed to be underwriting commissions under the Securities Act.

The selling securityholders and any other person participating in the distribution will be subject to applicable provisions of the Exchange Act and the rules and regulations under the Exchange Act, including without limitation, Regulation M, which may limit the timing of purchases and sales of any of the debentures and common stock by the selling securityholders and any other relevant person. Furthermore, Regulation M may restrict the ability of any person engaged in the distribution of the debentures and common stock to engage in market-making activities with respect to the particular debentures and common stock being distributed. All of the above may affect the marketability of the debentures and common stock and the ability of any person or entity to engage in market-making activities with respect to the debentures and common stock.

Under the securities laws of certain states, the debentures and underlying common stock may be sold in those states only through registered or licensed brokers or dealers. In addition, in certain states the debentures and common stock may not be sold unless the debentures and common stock have been registered or qualified for sale in the state or an exemption from registration or qualification is available and is complied with.

We have agreed to indemnify the selling securityholders against certain civil liabilities, including certain liabilities arising under the Securities Act, and the selling securityholders will be entitled to contribution from us in connection with those liabilities. The selling securityholders will indemnify us against certain civil liabilities, including liabilities arising under the Securities Act, and will be entitled to contribution from the selling securityholders in connection with those liabilities.

We are permitted to suspend the use of this prospectus under certain circumstances relating to pending corporate developments, public filings with the SEC and similar events for a period not to exceed 60 days in any three-month period and not to exceed an aggregate of 90 days in any 12-month period. However, if the duration of such suspension exceeds any of the periods above-mentioned, we have agreed to pay liquidated damages. Please refer to the section entitled "Description of Debentures -- Registration Rights."

The outstanding common stock is listed for trading on the New York Stock Exchange under the symbol "CCL." We do not intend to apply for listing of the debentures on any securities exchange or for quotation through the National Association of Securities Dealers Automated Quotation System. Accordingly, we cannot assure you about the development of liquidity or any trading market for the debentures. Please refer to the section entitled "Risk Factors."

DESCRIPTION OF DEBENTURES

We have issued the debentures pursuant to the indenture dated as of April 25, 2001, between us and US Bank Trust National Association, as trustee, as supplemented by a first supplemental indenture dated April 25, 2001, governing the debentures. We refer to the indenture, as so supplemented, as the "indenture."

The following summary does not purport to be complete, and is subject to, and is qualified in its entirety by reference to, all of the provisions of the debentures and the indenture. We urge you to read the indenture and the form of the debentures, which you may obtain from us upon request. As used in this description, all references to "our company" or to "we," "us" or "our" mean Carnival Corporation, excluding, unless otherwise expressly stated or the context otherwise requires, its subsidiaries.

GENERAL

The debentures:

- were issued only in registered form without coupons in denominations of $1,000 and any integral multiple of $1,000 above that amount;
- were limited to $600,000,000 aggregate principal amount;
- mature on April 15, 2021; and
- accrue interest at a rate of 2.00% per year from April 25, 2001 or from the most recent interest payment date to which interest has been paid or duly provided, payable semi-annually in arrears on April 15 and October 15 of each year, beginning October 15, 2001.

Interest is paid to the person in whose name a debenture is registered at the close of business on April 1 or October 1, as the case may be, immediately preceding the relevant interest payment date. Interest on the debentures is computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date, maturity date, redemption date or purchase date of a debenture falls on a day that is not a business day, the required payment of principal and interest is made on the next succeeding business day as if made on the date that the payment was due and no interest will accrue on that payment for the period from and after that interest payment date, maturity date, redemption date or purchase date, as the case may be, to the date of that payment on the next succeeding business day. The term "business day" means, with respect to any debenture, any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close.

The debentures are redeemable prior to maturity only on or after April 15, 2008, as described below under "--Redemption of Debentures at Our Option" and do not have the benefit of a sinking fund. Principal of and interest on the debentures will be payable at the office of the paying agent, which initially will be an office or agency of the trustee, or an office or agency maintained for such purpose, in the Borough of Manhattan, The City of New York. If certain conditions have been satisfied, the debentures may be presented for conversion at the office of the conversion agent, and for registration of transfer or exchange at the office of the registrar, each such agent initially being the trustee. No service charge is made for any registration of transfer or exchange of debentures, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Maturity, conversion, purchase by us at the option of a holder or redemption of a debenture will cause interest to cease to accrue on such debenture. We may not reissue a debenture that has matured or been converted, purchased by us at the option of a holder, redeemed or otherwise cancelled, except for registration of transfer, exchange or replacement of such debenture.

RANKING OF DEBENTURES

The debentures are unsecured and unsubordinated obligations. The debentures rank equal in right of payment to all of our existing and future unsecured and unsubordinated indebtedness. However, the debentures are effectively subordinated to all existing and future obligations of our subsidiaries.

As of February 28, 2001, we had approximately $2,360.6 million of total indebtedness outstanding, which includes approximately $1,202.3 million indebtedness of our consolidated subsidiaries. See "Capitalization."

CONVERSION RIGHTS

The initial conversion rate is 25.5467 shares of common stock per $1,000 principal amount of debentures, subject to adjustment upon the occurrence of certain events described below. A holder of a debenture otherwise entitled to a fractional share will receive cash in an amount equal to the value of such fractional share based on the sale price, as defined below, on the trading day immediately preceding the conversion date. Upon a conversion, we will have the right to deliver cash or a combination of cash and common stock, as described below.

CONVERSION RIGHTS BASED ON COMMON STOCK PRICE. Commencing after May 21, 2001, holders may surrender debentures for conversion into shares of common stock in any fiscal quarter (and only during such fiscal quarter), if, as of the last day of the preceding fiscal quarter, the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such preceding fiscal quarter is more than $43.05 (110% of the conversion price per share of common stock). Our fiscal quarters end on the last day of February, May, August and November. The initial conversion price per share equals $39.14, subject to adjustment as described below.

"Trading Day" means a day during which trading in securities generally occurs on the New York Stock Exchange or, if the common stock is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which the common stock is then listed or, if the common stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System or, if the common stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the common stock is then traded.

CONVERSION RIGHTS UPON NOTICE OF REDEMPTION. A holder may surrender for conversion a debenture called for redemption at any time prior to the close of business on the redemption date, even if it is not otherwise convertible at such time. A debenture for which a holder has delivered a purchase notice or a change in control purchase notice as described below requiring us to purchase the debenture may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

CONVERSION RIGHTS UPON OCCURRENCE OF CERTAIN CORPORATE TRANSACTIONS. If we are party to a consolidation, merger or binding share exchange pursuant to which our shares of common stock would be converted into cash, securities or other property, the debentures may be surrendered for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual date of such transaction and, at the effective time, the right to convert a debenture into shares of common stock will be changed into a right to convert it into the kind and amount of cash, securities or other property of our company or another person which the holder would have received if the holder had converted the holder's debenture immediately prior to the transaction. If such transaction also constitutes a change in control, the holder will be able to require us to purchase all or a portion of such holder's debentures as described under "--Change in Control Permits Purchase of Debentures by Us at the Option of the Holder."

In the event we elect to make a distribution described in the third or fourth bullet of the paragraph under the caption, "--Conversion Rate Adjustment" below describing adjustments to the conversion rate which, in the case of the fourth bullet, has a per share value equal to more than 15% of the sale price of our shares of common stock on the day preceding the declaration date for such distribution, we will be required to give notice to the holders of debentures at least 20 days prior to the ex-dividend date for such distribution and, upon the giving of

such notice, the debentures may be surrendered for conversion at any time until the close of business on the business day prior to the ex-dividend date or until we announce that such distribution will not take place.

Notwithstanding anything to the contrary, no debentures may be surrendered for conversion pursuant to the first paragraph under this caption and no corporate transaction requiring an adjustment to the conversion price will be deemed to have occurred by reason of the completion of a merger, consolidation or other transaction effected with one of our affiliates for the purpose of:

- changing our jurisdiction of organization; or
- effecting a corporate reorganization, including, without limitation, the implementation of a holding company structure.

On conversion of debentures, a holder will not receive any cash payment of interest (unless such debentures or portions thereof have been called for redemption on a redemption date that occurs between a regular record date and the third business day after the interest payment date to which it relates). Our delivery to the holder of the full number of shares of common stock into which the debenture is convertible, together with any cash payment for such holder's fractional shares, or cash or a combination of cash and common stock in lieu thereof, will be deemed:

- to satisfy our obligation to pay the principal amount at maturity of the debenture; and
- to satisfy our obligation to pay accrued interest attributable to the period from the most recent interest payment date through the conversion date.

As a result, interest is deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the above, if debentures are converted after a record date but prior to the next succeeding interest payment date, holders of such debentures at the close of business on the record date will receive the interest payable on such debentures on the corresponding interest payment date notwithstanding the conversion. Such debentures, upon surrender for conversion, must be accompanied by funds equal to the amount of interest payable on the principal amount of debentures so converted, unless such debentures have been called for redemption on a redemption date that occurs between a regular record date and the third business day after the interest payment date to which it relates, in which case no such payment shall be required.

A certificate for the number of full shares of common stock into which any debentures are converted, together with any cash payment for fractional shares, will be delivered through the conversion agent as soon as practicable following the conversion date. For a discussion of the tax treatment of a holder receiving shares of common stock upon conversion, see "Certain Panamanian and United States Federal Income Tax Consequences--Sale or Exchange of Debentures or Shares of Common Stock" and "--Conversion of Debentures."

In lieu of delivery of shares of our common stock upon notice of conversion of any debentures (for all or any portion of the debentures), we may elect to pay holders surrendering debentures an amount in cash per debenture (or a portion of a debenture) equal to the average sale price of our common stock for the five consecutive trading days immediately following (a) the date of our notice of our election to deliver cash as described below if we have not given notice of redemption, or (b) the conversion date, in the case of conversion following our notice of redemption specifying that we intend to deliver cash upon conversion, in either case multiplied by the conversion rate in effect on that date. We will inform the holders through the trustee no later than two business days following the conversion date of our election to deliver shares of our common stock or to pay cash in lieu of delivery of the shares, unless we have already informed holders of our election in connection with our optional redemption of the debentures as described under "--Redemption of Debentures at Our Option." If we elect to deliver all of such payment in shares of our common stock, the shares will be delivered through the conversion agent no later than the fifth business day following the conversion date. If we elect to pay all or a

portion of such payment in cash, the payment, including any delivery of our common stock, will be made to holders surrendering debentures no later than the tenth business day following the applicable conversion date. If an event of default, as described under "--Events of Default; Waiver and Notice" below (other than a default in a cash payment upon conversion of the debentures), has occurred and is continuing, we may not pay cash upon conversion of any debentures or portion of the debenture (other than cash for fractional shares).

To convert a debenture into shares of common stock, a holder must:

- complete and manually sign the conversion notice on the back of the debenture or complete and manually sign a facsimile of the conversion notice and deliver the conversion notice to the conversion agent;
- surrender the debenture to the conversion agent;
- if required by the conversion agent, furnish appropriate endorsements and transfer documents; and
- if required, pay all transfer or similar taxes.

Pursuant to the indenture, the date on which all of the foregoing requirements have been satisfied is the conversion date.

CONVERSION RATE ADJUSTMENT. The conversion rate will be adjusted for:

- dividends or distributions on our shares of common stock payable in shares of our common stock or other capital stock;
- subdivisions, combinations or certain reclassifications of shares of our common stock;
- distributions to all holders of shares of common stock of certain rights to purchase shares of common stock for a period expiring within 60 days at less than the sale price at the time; and
- distributions to all holders of our shares of common stock of our assets (including shares of capital stock, of or similar equity interests in, subsidiary or other business unit of ours) or debt securities or certain rights to purchase our securities (excluding cash dividends or other cash distributions from current or retained earnings other than, with respect to any consecutive 12-month period, the amount, if any, by which the aggregate amount of all cash dividends on the common stock occurring during such 12-month period exceeds on a per share basis 7.5% of the sale price of the shares of common stock on the day preceding the date of declaration of such dividend or other distribution).

In the event that we pay a dividend or make a distribution on shares of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average sale prices of those securities for the 10 trading days commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such dividend or distribution on the New York Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted.

No adjustment to the conversion rate or the ability of a holder of a debenture to convert will be made if we provide that holders of debentures will participate in the transaction without conversion or in certain other cases.

The indenture permits us to increase the conversion rate from time to time.

In the event of:

- a taxable distribution to holders of shares of common stock which results in an adjustment of the conversion rate; or

- an increase in the conversion rate at our discretion,

the holders of the debentures may, in certain circumstances, be deemed to have received a distribution subject to federal income tax as a dividend. See "Certain Panamanian and United States Federal Income Tax Consequences--Constructive Dividends."

Upon determination that debenture holders are or will be entitled to convert their debentures into shares of common stock in accordance with the foregoing provisions, we will issue a press release and publish such information on our website on the World Wide Web.

REDEMPTION OF DEBENTURES AT OUR OPTION

Prior to April 15, 2008, the debentures will not be redeemable at our option. Beginning on April 15, 2008, we may redeem the debentures for cash at any time as a whole, or from time to time in part, at a price equal to 100% of the principal amount of the debentures to be redeemed plus accrued and unpaid interest to, but excluding, the date of redemption. We will give not less than 30 days nor more than 60 days notice of redemption by mail to holders of the debentures. The notice of redemption will inform the holders of our election to deliver shares of our common stock or to pay cash or a combination of cash and common stock.

If we decide to redeem fewer than all of the outstanding debentures, the trustee will select the debentures to be redeemed in principal amounts of $1,000 or integral multiples of $1,000. In this case, the trustee may select the debentures by lot, pro rata, or by another method the trustee considers fair and appropriate.

If the trustee selects a portion of your debentures for partial redemption and you convert a portion of your debentures, the converted portion will be deemed to be the portion selected for redemption.

PURCHASE OF DEBENTURES BY US AT THE OPTION OF THE HOLDER

You have the right to require us to purchase your debentures on any April 15 occurring in the years 2005, 2008 and 2011. We are required to purchase, at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest to, but excluding, the purchase date, any outstanding debenture for which a written purchase notice has been properly delivered by the holder to the paying agent and not withdrawn, subject to certain additional conditions. We may also add additional dates on which you may require us to purchase all or a portion of your debentures. However, we cannot assure you that we will add any purchase dates. You may submit your debentures for purchase to the paying agent at any time from the opening of business on the date that is 20 business days prior to the purchase date until the close of business on the purchase date. Also, our ability to satisfy our purchase obligations may be affected by the factors described in "Risk Factors" under the heading "We may not have the ability to raise the funds necessary to finance the change in control repurchase option or the repurchase at the option of the holder provision in the debentures."

We may, at our option, elect to pay the purchase price in cash or shares of common stock, or any combination thereof. For a discussion of the tax treatment of a holder receiving cash, shares of common stock or any combination thereof, see "Certain Panamanian and United States Federal Income Tax Considerations."

We are required to give notice on a date not less than 20 business days prior to the purchase date to all holders at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, stating among other things:

- whether we will pay the purchase price of the debentures in cash or shares of common stock or any combination thereof, and specifying the percentages of each;

- if we elect to pay in shares of common stock, the method of calculating the market price of the common stock; and

- the procedures that holders must follow to require us to purchase their debentures.

Your purchase notice electing to require us to purchase your debentures must state:

- if certificated debentures have been issued, the debenture certificate numbers, or if not, such information as may be required under appropriate DTC procedures;

- the portion of the principal amount of debentures to be purchased, in integral multiples of $1,000;

- that we are to purchase the debentures pursuant to the applicable provisions of the debentures and the indenture; and

- in the event we elect, pursuant to the notice that we are required to give, to pay the purchase price in shares of common stock, in whole or in part, but the purchase price is ultimately to be paid to the holder entirely in cash because any of the conditions to payment of the purchase price or portion of the purchase price in shares of common stock is not satisfied prior to the close of business on the purchase date, as described below, whether the holder elects:

  1. to withdraw the purchase notice as to some or all of the debentures to which it relates; or

  2. to receive cash in respect of the entire purchase price for all debentures or portions of debentures subject to such purchase notice.

If you fail to indicate your choice with respect to the election described in the final bullet point above, you will be deemed to have elected to receive cash in respect of the entire purchase price for all debentures subject to the purchase notice in these circumstances. For a discussion of the tax treatment of a holder receiving cash instead of shares of common stock, see "Certain Panamanian and United States Federal Income Tax Considerations--Sale or Exchange of Debentures or Shares of Common Stock" and "--Conversion of Debentures."

You may withdraw any purchase notice by a written notice of withdrawal delivered to the paying agent prior to the close of business on the purchase date. The notice of withdrawal must state:

- the principal amount of the withdrawn debentures;

- if certificated debentures have been issued, the certificate numbers of the withdrawn debentures, or if not, such information as may be required under appropriate DTC procedures; and

- the principal amount, if any, of debentures that remain subject to your purchase notice.

If we elect to pay the purchase price, in whole or in part, in shares of common stock, the number of shares to be delivered by us will be equal to the portion of the purchase price to be paid in shares of common stock divided by the market price of one share of common stock. We will pay cash based on the market price for all fractional shares in the event we elect to deliver shares of common stock in payment, in whole or in part, of the purchase price.

The "market price" means the average of the sale prices of the common stock for the five trading day period ending on the third business day (if the third business day prior to the purchase date is a trading day or, if not, then on the last trading day prior to the third business day) prior to the purchase date, appropriately adjusted

to take into account the occurrence, during the period commencing on the first of such trading days during such five trading day period and ending on such purchase date, of certain events with respect to the common stock that would result in an adjustment of the conversion rate.

The "sale price" of the common stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on which the common stock is traded or, if the common stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated.

Because the market price of the common stock is determined prior to the purchase date, holders of debentures bear the market risk with respect to the value of the common stock to be received from the date such market price is determined to the purchase date. We may pay the purchase price or any portion of the purchase price in shares of common stock only if the information necessary to calculate the market price is published in a daily newspaper of national circulation or is otherwise readily publicly available.

Upon determination of the actual number of shares of common stock to be issued for each $1,000 principal amount of debentures in accordance with the foregoing provisions, we will publish such information on our Web site on the World Wide Web or through such other public medium as we may use at that time.

Our right to purchase debentures, in whole or in part, with shares of common stock is subject to our satisfying various conditions, including:

- the listing of such shares of common stock on the principal United States securities exchange on which the common stock is then listed or, if not so listed, on Nasdaq;

- the registration of the shares of common stock under the Securities Act and the Exchange Act, if required; and

- any necessary qualification or registration under applicable state securities law or the availability of an exemption from such qualification and registration.

If such conditions are not satisfied with respect to a holder prior to the close of business on the purchase date, we will pay the purchase price of the debentures of the holder entirely in cash. See "Certain Panamanian and United States Federal Income Tax Considerations--Sale, Exchange, Conversion or Redemption." We may not change the form or components or percentages of components of consideration to be paid for the debentures once we have given the notice that we are required to give to holders of debentures, except as described in the first sentence of this paragraph.

Our ability to purchase debentures with cash may be limited by the terms of our then existing borrowing agreements. The indenture prohibits us from purchasing debentures for cash in connection with the holders' purchase right if any event of default under the indenture has occurred and is continuing, except a default in the payment of the purchase price with respect to the debentures.

A holder must either effect book-entry transfer or deliver the debentures to be purchased, together with necessary endorsements, to the office of the paying agent after delivery of the purchase notice to receive payment of the purchase price. You will receive payment in cash on the later of the purchase date or the time of book-entry transfer or the delivery of the debenture. If the paying agent holds money or securities sufficient to pay the purchase price of the debenture on the business day following the purchase date, then, immediately after the purchase date:

- the debenture will cease to be outstanding;

- interest will cease to accrue; and

- all other rights of the holder will terminate.

This is the case whether or not book-entry transfer of the debenture is made or whether or not the debenture is delivered to the paying agent.

We will comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act that may be applicable at the time. We will file Schedule TO or any other schedule under the Exchange Act required in connection with any offer by us to purchase the debentures at your option.

CHANGE IN CONTROL PERMITS PURCHASE OF DEBENTURES BY US AT THE OPTION OF THE HOLDER

In the event of a change in control, which occurs on or before April 15, 2008, you will have the right, at your option, subject to the terms and conditions of the indenture, to require us to purchase for cash any or all of your debentures in integral multiples of $1,000 principal amount. We will purchase the debentures at a price equal to 100% of the principal amount of the debentures to be purchased plus accrued and unpaid interest to, but excluding, the change in control purchase date.

We are required to purchase the debentures as of the date that is 35 business days after the occurrence of such change in control (a "change in control purchase date").

A change of control occurs in the following situations:

- any person or group, other than our subsidiaries, any of our or their employee benefit plans or permitted holders, after the first issuance of debentures files a Schedule TO or a Schedule 13D (or any successors to those Schedules) stating that it has become and actually is the beneficial owner of our voting stock representing more than 50% of the total voting power of all of our classes of voting stock entitled to vote generally in the election of the members of our board of directors; or

- permitted holders file a Schedule TO or a Schedule 13D (or any successors to those Schedules) stating that they have become and actually are beneficial owners of our voting stock representing more than 80%, in the aggregate, of the voting power of all of our classes of voting stock entitled to vote generally in the election of the members of our board of directors; or

- we consolidate with or merge with or into another person (other than a subsidiary), we sell, convey, transfer or lease our properties and assets substantially as an entirety to any person (other than a subsidiary), or any person (other than a subsidiary) consolidates with or merges with or into our company, and our outstanding common stock is reclassified into, exchanged for or converted into the right to receive any other property or security, provided that none of these circumstances will be a change in control if the persons that beneficially own our voting stock immediately prior to a transaction beneficially own, in substantially the same proportion, shares with a majority of the total voting power of all outstanding voting securities of the surviving or transferee person that are entitled to vote generally in the election of that person's board of directors.

For purposes of this provision, a "permitted holder" means each of Marilyn B. Arison, Micky Meir Arison, Shari Arison, Michael Arison or their spouses, children or lineal descendants of Marilyn B. Arison, Micky Meir Arison, Shari Arison, Michael Arison or their spouses, any trust established for the benefit of any Arison family member mentioned in this paragraph, or any "person" (as such term is used in Section 13(d) or 14(d) of the Exchange Act), directly or indirectly, controlling, controlled by or under common control with any Arison family member mentioned in this paragraph or any trust established for the benefit of any such Arison family member or any charitable trust or non-profit entity established by a permitted holder.

Notwithstanding anything to the contrary, the completion of a merger, consolidation or other transaction effected with one of our affiliates for the purpose of:

- changing our jurisdiction of organization; or
- effecting a corporate reorganization, including, without limitation, the implementation of a holding company structure

shall not be deemed to be a "change of control."

Within 15 business days after the occurrence of a change in control, we are obligated to mail to the trustee and to all holders of debentures at their addresses shown in the register of the registrar and to beneficial owners as required by applicable law a notice regarding the change in control, stating, among other things:

- the events causing a change in control;
- the date of such change in control;
- the last date on which the purchase right may be exercised;
- the change in control purchase price;
- the change in control purchase date;
- the name and address of the paying agent and the conversion agent;
- the conversion rate and any adjustments to the conversion rate;
- that debentures with respect to which a change in control purchase notice is given by the holder may be converted only if the change in control purchase notice has been withdrawn in accordance with the terms of the debentures and the indenture; and
- the procedures that holders must follow to exercise these rights.

To exercise this right, you must deliver a written notice to the paying agent prior to the close of business on the business day immediately before the change in control purchase date. The required purchase notice upon a change in control must state:

- if certificated debentures have been issued, the debenture certificate numbers, or if not, must comply with appropriate DTC procedures;
- the portion of the principal amount of debentures to be purchased, in integral multiples of $1,000; and
- that we are to purchase such debentures pursuant to the applicable provisions of the debentures and the indenture.

You may withdraw any change in control purchase notice by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day before the change in control purchase date. The notice of withdrawal must state:

- the principal amount of the withdrawn debentures, in integral multiples of $1,000;

- if certificated debentures have been issued, the certificate numbers of the withdrawn debentures, or if not, must comply with appropriate DTC procedures; and

- the principal amount, if any, of debentures that remain subject to your change in control purchase notice.

A holder must either effect book-entry transfer or deliver the debentures to be purchased, together with necessary endorsements, to the office of the paying agent after delivery of the change in control purchase notice to receive payment of the change in control purchase price. You will receive payment in cash on the change in control purchase date or the time of book-entry transfer or the delivery of the debenture. If the paying agent holds money or securities sufficient to pay the change in control purchase price of the debenture on the business day following the change in control purchase date, then, immediately after the change in control purchase date:

- the debenture will cease to be outstanding;

- interest will cease to accrue; and

- all other rights of the holder will terminate.

This will be the case whether or not book-entry transfer of the debenture is made or whether or not the debenture is delivered to the paying agent.

We will comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act that may be applicable at the time. We will file Schedule TO or any other schedule under the Exchange Act required in connection with any offer by us to purchase the debentures at your option.

The change in control purchase feature of the debentures may in certain circumstances make more difficult or discourage a takeover of us. The change in control purchase feature, however, is not the result of our knowledge of any specific effort:

- to accumulate shares of common stock;

- to obtain control of us by means of a merger, tender offer, solicitation or otherwise; or

- by management to adopt a series of anti-takeover provisions.

Instead, the terms of the change in control purchase feature resulted from negotiations between Merrill Lynch and us.

We could, in the future, enter into certain transactions, including certain recapitalizations, that would not constitute a change in control with respect to the change in control purchase feature of the debentures but that would increase the amount of our (or our subsidiaries') outstanding indebtedness.

No debentures may be purchased by us at the option of holders upon a change in control if there has occurred and is continuing an event of default with respect to the debentures, other than a default in the payment of the change in control purchase price with respect to the debentures.

For purposes of defining a change of control:

- the term "person" and the term "group" have the meanings given by Sections 13(d) and 14(d) of the Exchange Act or any successor provisions;

- the term "group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act or any successor provision; and

- the term "beneficial owner" is determined in accordance with Rules 13d-3 and 13d-5 under the Exchange Act or any successor provision, except that a person will be deemed to have beneficial ownership of all shares that person has the right to acquire irrespective of whether that right is exercisable immediately or only after the passage of time.

OWNERSHIP LIMITATION ON DEBENTURES

In order to permit us to retain our status as a publicly traded corporation under the proposed Treasury Regulations to Section 883 of the Code, debentures may not be transferred if the transfer would result in ownership by one person or group of related persons by virtue of the attribution provisions of the Code, other than certain members of the Arison family and certain trusts established for their benefit, of more than 4.9% of our common stock, whether measured by vote, value or number of shares. The calculation of a holder's stockholdings assumes the conversion of the debentures and other convertible securities issued by us held by that person or group. See "Description of Capital Stock--Common Stock--Transfer Restrictions" for a discussion of the attribution provisions. If a person attempts to acquire debentures in violation of the 4.9% ownership limitation, the putative transfer to that person would be void, and the intended transferee would acquire no rights to the debentures. For purposes of this 4.9% limitation, a "transfer" will include any sale, transfer, gift, assignment, devise or other disposition, whether voluntary or involuntary, whether of record, constructively or beneficially, and whether by operation of law or otherwise.

If a prohibited transfer of debentures results in the ownership of debentures and shares of common stock by any shareholder in violation of the 4.9% limit or causes us to be subject to United States federal shipping or aircraft income tax, those debentures the ownership of which is in excess of the 4.9% limit or would cause us to be subject to United States federal shipping or aircraft income tax will automatically be designated as "excess debentures."

Our board of directors may waive the 4.9% limit or transfer restrictions in any specific instance if evidence satisfactory to our board of directors and our tax counsel is presented that such ownership will not jeopardize our status as exempt from United States income taxation on gross income from the international operation of a ship or ships, within the meaning of Section 883 of the Code. The board of directors may also terminate the limit and transfer restrictions generally at any time for any reason.

Excess debentures will be transferred to a trust. The trustee of the trust will be appointed by us and will be independent of us and the purported holder of the excess debentures. The beneficiary of such trust will be one or more charitable organizations selected by the trustee of such trust. The trust will be deemed to own the debentures for the beneficiary of such trust on the day prior to the date of the putative violative transfer.

At the direction of our board of the directors, the trustee of such trust will transfer the excess debentures held in trust to a person or persons (including us) whose ownership of such excess debentures will not violate the 4.9% limit or otherwise cause us to become subject to United States shipping income tax within 180 days after the later of the transfer or other event that resulted in such excess debentures or we become aware of such transfer or event. If such a transfer is made, the interest of the charitable beneficiary will terminate, the designation of such shares as excess debentures will cease and the prohibited holder of the excess debentures will receive the payment that reflects a price per debenture for such excess debentures equal to the lesser of (i) the price received by the trustee of such trust for the sale or other disposition of the debentures held in trust, and (ii) the price paid by the prohibited transferee for the debentures, or, if the prohibited transferee did not give value for such debentures, the market price of the debentures on the date of the event that resulted in the excess debentures. A prohibited transferee or holder of the excess debentures will not be permitted to receive an amount that reflects any appreciation in the excess debentures during the period that such excess debentures were outstanding. Any

amount received in excess of the amount permitted to be received by the prohibited transferee or holder of the excess debentures must be turned over to the charitable beneficiary of the trust.

If the foregoing restrictions are determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the intended transferee or holder of any excess debentures may be deemed, at our option, to have acted as an agent on our behalf in acquiring or holding such excess debentures and to hold such excess debentures on our behalf.

We have the right to purchase any excess debentures held by the trust for a period of 90 days from the later of (i) the date the transfer or other event resulting in excess debentures has occurred and (ii) the date the board of directors determines in good faith that a transfer or other event resulting in excess debentures has occurred. The price per excess debenture to be paid by us will be equal to the lesser of (i) the price per debenture paid in the transaction that created such excess debentures (or, in the case of certain other events, the market price per debenture for the excess debentures on the date of such event), or (ii) the lowest market price for the excess debentures at any time after their designation as excess debentures and prior to the date we accept such offer.

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

The indenture provides that we may not consolidate with or merge into any other entity or convey or transfer our properties and assets substantially as an entirety to any entity, unless:

- the successor or transferee entity is a corporation, limited liability company trust or partnership organized under the laws of the United States or any State of the United States or the District of Columbia or the Republic of Panama or any other country recognized by the United States and all political subdivisions of such countries;

- the successor or transferee entity, if other than us, expressly assumes by a supplemental indenture executed and delivered to the trustee, in form reasonably satisfactory to the trustee, the due and punctual payment of the principal of, any premium on and any interest on, all the outstanding debentures and the performance of every covenant in the indenture to be performed or observed by us and provides for conversion rights in accordance with applicable provisions of the indenture;

- immediately after giving effect to the transaction, no Event of Default, as defined in the indenture, and no event which, after notice or lapse of time or both, would become an Event of Default, has happened and is continuing; and

- we have delivered to the trustee an officers' certificate and an opinion of counsel, each in the form required by the indenture and stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with the foregoing provisions relating to such transaction.

In case of any such consolidation, merger, conveyance or transfer, the successor entity will succeed to and be substituted for us as obligor on the debentures, with the same effect as if it had been named in the indenture as our company.

EVENTS OF DEFAULT; WAIVER AND NOTICE

An event of default is defined in the indenture as:

(a) default for 30 days in payment of any interest on the debentures or in payment of any Liquidated Damages under the registration rights agreement described below;

(b) default in payment of principal of or any premium on the debentures at maturity, redemption price, purchase price or change in control purchase price, when the same becomes due and payable;

(c) default in the payment (after any applicable grace period) of any indebtedness for money borrowed by our company or a Subsidiary in excess of $30 million in aggregate principal amount (excluding such indebtedness of any Subsidiary other than a Significant Subsidiary, all the indebtedness of which Subsidiary is nonrecourse to our company or any other Subsidiary) or default on such indebtedness that results in the acceleration of such indebtedness prior to its express maturity, if such indebtedness is not discharged, or such acceleration is not annulled, by the end of a period of 30 days after written notice to us by the trustee or to us and the trustee by the holders of at least 25% in principal amount of the outstanding debentures;

(d) default by us in the performance of any other covenant contained in the indenture for the benefit of the debentures that has not been remedied by the end of a period of 60 days after notice is given as specified in the indenture; and

(e) certain events of bankruptcy, insolvency and reorganization of our company or a Significant Subsidiary.

When we refer to a "Significant Subsidiary," we mean any Subsidiary, the Net Worth of which represents more than 10% of the Consolidated Net Worth of our company and our Subsidiaries. The terms "Subsidiary," "Net Worth" and "Consolidated Net Worth" are defined in the indenture.

The indenture provides that:

- if an event of default described in clause (a), (b), (c) or (d) above has occurred and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the debentures may declare the principal of the debentures and the interest accrued thereon to be due and payable immediately;

- upon certain conditions such declarations may be annulled and past defaults (except for defaults in the payment of principal of, any premium on or interest on, the debentures and in compliance with certain covenants) may be waived by the holders of a majority in aggregate principal amount of the debentures then outstanding.

- if an event of default described in clause (e) occurs and is continuing, then the principal amount of all debentures issued under the indenture and then outstanding and all accrued interest thereon shall become and be due and payable immediately, without any declaration or other act by the trustee or any other holder.

Under the indenture the trustee must give to the holders of debentures notice of all uncured defaults known to it with respect to the debentures within 90 days after such a default occurs (the term default to include the events specified above without notice or grace periods); provided that, except in the case of default in the payment of principal of, any premium on or interest on, any of the debentures, the trustee will be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of the holders of the debentures.

No holder of any debentures may institute any action under the indenture unless:

- such holder has given the trustee written notice of a continuing event of default with respect to the debentures;

- the holders of not less than 25% in aggregate principal amount of the debentures then outstanding have requested the trustee to institute proceedings in respect of such event of default;

- such holder or holders have offered the trustee such reasonable indemnity as the trustee may require;

- the trustee has failed to institute an action for 60 days thereafter; and

- no inconsistent direction has been given to the trustee during such 60-day period by the holders of a majority in aggregate principal amount of debentures.

The holders of a majority in aggregate principal amount of the debentures affected and then outstanding will have the right, subject to certain limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the debentures. The indenture provides that, if an event of default occurs and is continuing, the trustee, in exercising its rights and powers under the indenture, will be required to use the degree of care of a prudent man in the conduct of his own affairs. The indenture further provides that the trustee shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the indenture unless it has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is reasonably assured to it.

We must furnish to the trustee within 120 days after the end of each fiscal year a statement of our company signed by one of the officers of our company to the effect that a review of our activities during such year and of our performance under the indenture and the terms of the debentures has been made, and, to the knowledge of the signatories based on such review, we have complied with all conditions and covenants of the indenture or, if we are in default, specifying such default.

For the purposes of determining whether the holders of the requisite principal amount of debentures have taken any action herein described, the principal amount of debentures will be deemed to be the portion of such principal amount that would be due and payable at the time of the taking of such action upon a declaration of acceleration of maturity thereof.

MODIFICATION OF THE INDENTURE

We and the trustee may, without the consent of the holders of the debt securities issued under the indenture, enter into supplemental indentures for, among others, one or more of the following purposes:

- to evidence the succession of another corporation to our company, and the assumption by such successor of our obligations under the indenture and the debentures;

- to add covenants of our company, or surrender any rights of our company, or add any rights for the benefit of the holders of debentures;

- to cure any ambiguity, omission, defect or inconsistency in such indenture;

- to establish the form or terms of any other series of debt securities, including any subordinated securities;

- to evidence and provide for the acceptance of any successor trustee with respect to the debentures or one or more other series of debt securities or to facilitate the administration of the trusts thereunder by one or more trustees in accordance with such indenture; and

- to provide any additional events of default.

With certain exceptions, the indenture or the rights of the holders of the debentures may be modified by us and the trustee with the consent of the holders of a majority in aggregate principal amount of the debentures

then outstanding, but no such modification may be made without the consent of the holder of each outstanding debenture affected thereby that would:

- o change the maturity of any payment of principal of, or any premium on, or any installment of interest on any debenture, or reduce the principal amount thereof or the rate of interest or any premium thereon, or change any place of payment where, or the coin or currency in which, any debenture or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the maturity thereof (or, in the case of redemption or repayment, on or after the redemption date or the repayment date, as the case may be) or adversely affect the conversion or repurchase provisions in the indenture;

- o reduce the percentage in principal amount of the outstanding debentures, the consent of whose holders is required for any such modification, or the consent of whose holders is required for any waiver of compliance with certain provisions of the indenture or certain defaults thereunder and their consequences provided for in the indenture; or

- o modify any of the provisions of certain sections of the indenture, including the provisions summarized in this paragraph, except to increase any such percentage or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding debenture affected thereby.

DISCHARGE OF THE INDENTURE

We may satisfy and discharge our obligations under the indenture by delivering to the trustee for cancellation all outstanding debentures or by depositing with the trustee, the paying agent or the conversion agent, if applicable, after the debentures have become due and payable, whether at stated maturity, or any redemption date, or any purchase date, or a change in control purchase date, or upon conversion or otherwise, cash or common stock (as applicable under the terms of the indenture) sufficient to pay all of the outstanding debentures and paying all other sums payable under the indenture by our company.

GOVERNING LAW

The indenture and the debentures are governed by and construed in accordance with the laws of the State of New York.

BOOK-ENTRY SYSTEM

The debentures that were sold to qualified institutional buyers are evidenced by global securities, which were deposited with, or on behalf of, DTC and registered in the name of Cede & Co. as DTC's nominee. Except as set forth below, the global securities may be transferred, in whole or in part, only to another DTC nominee or to a successor of DTC or its nominee.

After a sale of debentures under this shelf registration statement, debentures that were held as beneficial interests in the global securities with DTC will remain as beneficial interests in the global securities.

Persons may hold their interests in the global securities directly through DTC if they are participants in DTC, or indirectly through organizations that are participants in DTC. Transfers between participants will be effected in accordance with DTC rules and will be settled in clearing house funds.

Persons who are not DTC participants may own interests in the global securities only through DTC participants or certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a DTC participant. So long as Cede & Co., as the nominee of DTC, is the registered owner of the global securities, we will consider Cede & Co. for all purposes to be the sole holder of the global securities. Except as provided in this section or as described in "Exchange of Beneficial Interests in the Global

Securities for Certificated Debentures," owners of beneficial interests in the global securities will not have certificates registered in their names, will not receive physical delivery of certificates in definitive registered form, and will not be considered the holders of the debentures.

We will pay interest on and the redemption price or repurchase price of the global securities to Cede & Co., as the registered owner, by wire transfer of immediately available funds on each interest payment, redemption or repurchase date. We and the trustee have no responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global securities.

DTC has informed us that its practice is to credit participants' accounts on the payment date with payments in amounts proportionate to their beneficial interests in the global securities, unless it has reason to believe that it will not receive payment. Only the DTC participants are responsible for payments to owners of beneficial interests held through them.

Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, a person having a beneficial interest in the principal amount represented by the global securities may be unable to pledge its interest to persons or entities that do not participate in the DTC system, due to the lack of a physical certificate evidencing its interest.

We are not responsible for the performance by DTC or its participants or indirect participants of their obligations. The trustee is also not responsible for such performance. DTC has advised us that it will take any action permitted to be taken by a holder of debentures, only at the direction of one or more participants with an interest in a global security, and only with respect to the principal amount as to which the participants have given it a direction.

DTC has advised us that it is a limited purpose trust company organized under the laws of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered under the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations such as the initial purchasers of the debentures. Certain participants (or their representatives), together with other entities, own DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through, or maintain a custodial relationship with, a participant, either directly or indirectly.

Although DTC has agreed to the foregoing procedures to facilitate transfers of interests in global security among participants, it has no obligation to perform or continue to perform these procedures. These procedures may be discontinued at any time.

EXCHANGE OF BENEFICIAL INTERESTS IN THE GLOBAL SECURITY FOR CERTIFICATED DEBENTURES

A global security is exchangeable for definitive convertible debentures in registered certificated form if DTC notifies us that it is unwilling or unable to continue as depositary for the global security and we fail to appoint a successor depositary within 90 days or if we, at any time and in our sole discretion, decide not to have the debentures represented by global securities.

PAYMENT OF ADDITIONAL AMOUNTS

Any amounts payable on the debentures will be paid without deduction or withholding for any taxes, levies, imposts or other governmental charges imposed, assessed, levied or collected by or for the account of the Republic of Panama or any of its political subdivisions or taxing authorities or by or for the account of the jurisdiction of incorporation (other than the United States) of a successor corporation to us, to the extent that such taxes first become applicable as a result of the successor corporation becoming the obligor on the debentures

("foreign taxes"). In addition, if deduction or withholding of any foreign taxes is ever required by the Republic of Panama or any of its political subdivisions or taxing authorities (or the jurisdiction of incorporation (other than the United States) of a successor corporation to us), we will (if the holders or beneficial owners of the relevant debentures comply with any relevant administrative requirements) pay any additional amounts ("additional amounts") required to make the net amounts paid to the holders of the debentures or the trustee under the indenture, as the case may be, after such deduction or withholding, equal to the amounts of principal, premium, if any, interest, if any, and sinking fund or analogous payments, if any, to which those holders or the trustee are entitled. We are not required to pay additional amounts in respect of the following taxes ("excluded taxes"):

- any present or future foreign taxes which would not have been so imposed, assessed, levied or collected if the holder or beneficial owner of the relevant debenture were not or had not been a domiciliary, national or resident of, or engaging or having been engaged in business or maintaining or having maintained a permanent establishment or being or having been physically present in, the Republic of Panama (or the jurisdiction of incorporation of a successor corporation to us) or any such political subdivision of such jurisdiction or otherwise having or having had some connection with any such jurisdiction other than holding or owning a debenture, or collecting principal and interest, if any, on, or the enforcement of, a debenture;

- any present or future foreign taxes which would not have been so imposed, assessed, levied or collected but for the fact that, where presentation is required, the relevant debenture was presented more than thirty days after the date the payment became due or was provided for, whichever is later; or

- any present or future foreign taxes which would not have been so imposed, assessed, levied or collected but for the failure to comply with any certification, identification or other reporting requirements concerning the nationality, residence, identity or connection with the Republic of Panama (or the jurisdiction of incorporation of a successor corporation to us) or any of its political subdivisions of the holder or beneficial owner of the relevant debenture, if compliance is required by statute or by rules or regulations of any such jurisdiction as a condition to relief or exemption from foreign taxes.

We or any successor to us, as the case may be, will indemnify and hold harmless each holder of the debentures and upon written request reimburse each holder for the amount of:

- any foreign taxes levied or imposed and paid by the holder of the debentures (other than excluded taxes) as a result of payments made with respect to the debentures;

- any liability (including penalties, interest and expenses) arising from or in connection with the levying or imposing of any foreign taxes; and

- any foreign taxes levied or imposed with respect to payment of additional amounts or any reimbursement pursuant to this list.

We or our successor, as the case may be, will also (1) make such withholding or deduction and (2) remit the full amount deducted or withheld, to the relevant authority in accordance with applicable law. We or any successor to us, as the case may be, will furnish the trustee within 30 days after the date the payment of any foreign taxes is due, certified copies of tax receipts evidencing the payment by us or any successor to us, as the case may be. The trustee will forward copies of the tax receipts to the holders of the debentures.

At least 30 days prior to each date on which any payment under or with respect to the debentures is due and payable, if we will be obligated to pay additional amounts with respect to those payments, we will deliver to the trustee an officers' certificate stating that additional amounts will be payable, stating the amounts that will be payable, and setting forth any other information necessary to enable the trustee to pay the additional amounts to holders of the debentures on the payment date.

REDEMPTION OR ASSUMPTION OF DEBENTURES UPON CHANGES OR AMENDMENTS TO LAWS

If as the result of any change in or any amendment to the laws, including any regulations and any applicable double taxation treaty or convention, of the Republic of Panama (or any jurisdiction of incorporation of a successor corporation to us other than the United States), or of any of its political subdivisions or taxing authorities affecting taxation, or any change in an application or interpretation of those laws, which change, amendment, application or interpretation becomes effective on or after the original issuance date of the debentures (or, in certain circumstances, the later date on which a corporation becomes a successor corporation to us), we determine based upon an opinion of independent counsel of recognized standing that (i) we would be required to pay additional amounts on the next succeeding date for the payment thereof, or (ii) any taxes would be imposed (whether by way of deduction, withholding or otherwise) by the Republic of Panama (or the jurisdiction of incorporation, other than the United States, of a successor corporation to us) or by any of its political subdivisions or taxing authorities, upon or with respect to any principal, premium, if any, interest, if any, or sinking fund or analogous payments, if any, then we may, at our option, on giving not less than 30 nor more than 60 days irrevocable notice, redeem the debentures in whole at any time at a redemption price equal to 100% of the principal amount plus accrued interest to the date fixed for redemption. No notice of redemption may be given more than 90 days prior to the earliest date on which we would be obligated to pay the additional amounts or the tax would be imposed, as the case may be. Also, at the time that the notice of redemption is given, the obligation to pay additional amounts or tax, as the case may be, must be in effect.

In the event that the debentures are called for redemption pursuant to the terms of this provision, the holders of debentures shall have all rights, including rights to conversion and to the receipt of interest upon conversion, which such holders would have had if the debentures had been called for redemption by us pursuant to our rights to redeem the debentures at any time on or after April 15, 2008.

REGISTRATION RIGHTS

The summary herein of certain provisions of the registration rights agreement is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, which is incorporated by reference into the registration statement of which this prospectus forms a part. We entered into a registration rights agreement with Merrill Lynch pursuant to which we agreed to file with the SEC, at our expense and for the benefit of the holders, a shelf registration statement covering resale of the debentures and the shares of common stock issuable upon conversion of the debentures, within 90 days after the date of original issuance of the debentures. We will use reasonable best efforts to cause the shelf registration statement to become effective as promptly as practicable but in any event within 180 days of such date of original issuance, and to keep the shelf registration statement effective until the earlier of (i) the transfer pursuant to Rule 144 under the Securities Act or the sale pursuant to the shelf registration statement of all the securities registered thereunder, (ii) the expiration of the holding period applicable to such securities held by persons that are not affiliates of ours under Rule 144(k) under the Securities Act or any successor provision and (iii) the second anniversary of the effective date of the registration statement, subject to certain permitted exceptions. We are permitted to suspend the use of this prospectus under certain circumstances relating to pending corporate developments, public filings with the SEC and similar events for a period not to exceed 60 days in any three-month period and not to exceed an aggregate of 90 days in any 12-month period. We agreed to pay predetermined liquidated damages as described herein ("Liquidated Damages") to holders of transfer restricted debentures and holders of transfer restricted common stock issued upon conversion of the debentures, if a shelf registration statement is not timely filed or made effective or if the prospectus is unavailable for the periods in excess of those permitted above. Such Liquidated Damages shall accrue until such failure to file or become effective or unavailability is cured, (i) in respect of any debentures at a rate per year equal to 0.25% for the first 90 day period after the occurrence of such event and 0.50% thereafter of the principal amount thereof and, (ii) in respect of any shares of common stock issued upon conversion, at a rate per year equal to 0.25% for the first 90 day period and 0.50% thereafter of the then Applicable Conversion Price (as defined below). So long as the failure to file or become effective or unavailability continues, we will pay Liquidated Damages in cash on April 15 and October 15 of each year to the holder of record of the transfer restricted debentures or shares of common stock on the immediately preceding

April 1 or October 1. When such registration default is cured, accrued and unpaid Liquidated Damages will be paid in cash to the record holder as of the date of such cure.

A holder who sells debentures or shares of common stock issued upon conversion of the debentures pursuant to the shelf registration statement must complete and deliver to us a notice and questionnaire, at least 10 business days prior to any distribution of the securities so offered. A holder generally is required to be named as a selling securityholder in the prospectus or in any Supplements to such prospectus, at the time of effectiveness, deliver a prospectus to purchasers and be bound by certain provisions of the registration rights agreement that are applicable to such holder, including certain indemnification provisions, and will be subject to certain civil liability provisions under the Securities Act. If the holder of offered securities is not a named selling securityholder in this prospectus at the time of effectiveness of the shelf registration statement, we will prepare and file, if required, as promptly as practicable after the receipt of such holder's questionnaire, amendments to the shelf registration statement and/or supplements to the prospectus as are necessary to permit such holder to deliver this prospectus, including any supplements, to purchasers of the offered securities, subject to our right to suspend the use of this prospectus as described above. We will pay all of our expenses relating to the shelf registration statement, provide copies of such prospectus to each holder that has notified us of its acquisition of debentures or shares of common stock issued upon conversion of the debentures, notify each such holder when the shelf registration statement has become effective and take certain other actions as are required to permit, subject to the foregoing, unrestricted resales of the debentures and the shares of common stock issued upon conversion of the debentures.

The term "Applicable Conversion Price" means, as of any date of determination, the principal amount of each debenture as of such date of determination divided by the conversion rate in effect as of such date of determination or, if no debentures are then outstanding, the conversion rate that would be in effect were debentures then outstanding.

DESCRIPTION OF CAPITAL STOCK

GENERAL

Our authorized capital stock consists of 960,000,000 shares of common stock and 40,000,000 shares of preferred stock. On June 11, 2001, there were 589,009,249 shares of common stock and no shares of preferred stock outstanding. The following description is qualified in all respects by reference to our second amended and restated articles of incorporation.

COMMON STOCK

VOTING. Holders of common stock vote as a single class on all matters submitted to a vote of the shareholders, with each share of common stock entitled to one vote. In the annual election of directors, the holders of common stock are not entitled to vote cumulatively.

DIVIDENDS. The holders of the common stock are entitled to receive such dividends, if any, as may be declared by our board of directors in its discretion out of funds legally available to be paid as dividends. Panamanian law permits the payment of dividends to the extent of our retained earnings.

TRANSFER RESTRICTIONS. On February 8, 2000, the United States Treasury Department issued proposed Treasury Regulations to Section 883 of the Code relating to income derived by foreign corporations from the international operation of a ship or ships (which includes certain cruise ship and aircraft income). The proposed regulations provide, in general, that a foreign corporation organized in a qualified foreign country and engaged in the international operation of ships and aircraft shall exclude such income from gross income for purposes of federal income taxation provided that the corporation can satisfy certain ownership requirements, including, among other things, that its stock be publicly traded. A corporation's stock that is otherwise publicly traded will fail to satisfy this requirement if it is closely held, i.e., that 50% or more of its stock is owned by persons who each own 5% or more of the value of the outstanding shares of the corporation's stock.

To the best of our knowledge, after due investigation, we currently qualify as a publicly traded corporation under the proposed regulations. However, because certain members of the Arison family and certain trusts established for their benefit own approximately 46.9% of our common stock, there is the potential that another shareholder could acquire 5% or more of our common stock which could jeopardize our qualification as a publicly traded corporation. If we in the future were to fail to qualify as a publicly traded corporation, we would be subject to United States income tax on income associated with our cruise operations in the United States. As a precautionary matter, in 2000, we amended our articles of incorporation to ensure that we will continue to qualify as a publicly traded corporation under the proposed regulations.

Our articles have been amended to provide that no one person or group of related persons, other than certain members of the Arison family and certain trusts established for their benefit, may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 4.9% of our common stock, whether measured by vote, value or number. In addition, the articles generally restrict the transfer of any shares of our common stock if such transfer would cause us to be subject to United States shipping income tax. In general, the attribution rules under the Code applicable in determining whether a person is a 5% shareholder under the proposed regulations attribute stock:

- among specified members of the same family,
- to shareholders owning 50% or more of a corporation from that corporation,
- among corporations that are members of the same controlled group,
- among grantors, beneficiaries and fiduciaries of trusts, and

- to partners of a partnership from that partnership.

For purposes of this 4.9% limit, a "transfer" will include any sale, transfer, gift, assignment, devise or other disposition, whether voluntary or involuntary, whether of record, constructively or beneficially, and whether by operation of law or otherwise. The 4.9% limit will not apply to certain members of the Arison family and certain trusts established for their benefit. These shareholders will be permitted to transfer their shares of our common stock without complying with the limit so long as transfer does not cause us to be subject to United States income tax on shipping operations.

Our second amended and restated articles of incorporation provide that the board of directors may waive the 4.9% limit or transfer restrictions (in any specific instance) if evidence satisfactory to our board of directors and our tax counsel is presented that such ownership will not jeopardize our status as exempt from United States income taxation on gross income from the international operation of a ship or ships, within the meaning of Section 883 of the Code. The board of directors may also terminate the limit and transfer restrictions generally at any time for any reason.

If a purported transfer or other event (including owning shares of common stock in excess of the 4.9% limit on the effective date of the proposed amendment) results in the ownership of common stock by any shareholder in violation of the 4.9% limit (or causes us to be subject to United States income tax on shipping operations), such shares of common stock in excess of the 4.9% limit or which would cause us to be subject to United States shipping income tax will automatically be designated as "excess shares" to the extent necessary to ensure that the purported transfer or other event does not result in ownership of common stock in violation of the 4.9% limit (or causes us to become subject to United States income tax on shipping operations) and any proposed transfer that would result in such an event would be void. Any purported transferee or other purported holder of excess shares will be required to give us written notice of a purported transfer or other event that would result in excess shares. The purported transferee or holders of such excess shares shall have no rights in such excess shares, other than a right to the payments described below.

Excess shares will not be treasury stock but rather will continue to be issued and outstanding shares of our common stock. While outstanding, excess shares will be transferred to a trust. The trustee of such trust will be appointed by us and will be independent of us and the purported holder of the excess shares. The beneficiary of such trust will be one or more charitable organizations selected by the trustee. The trustee will be entitled to vote the excess shares on behalf of the beneficiary. If, after the purported transfer or other event resulting in excess shares and prior to the discovery by us of such transfer or other event, dividends or distributions are paid with respect to such excess shares, such dividends or distributions will be repaid to the trustee upon demand for payment to the charitable beneficiary. All dividends received or other income declared by the trust will be paid to the charitable beneficiary. Upon our liquidation, dissolution or winding up, the purported transferee or other purported holder will receive a payment that reflects a price per share for such excess shares generally equal to the lesser of (i) in the case of excess shares resulting from a purported transfer, the price per share paid in the transaction that created such excess shares (or, in the case of certain other events, the market price per share for the excess shares on the date of such event), or (ii) in the case of excess shares resulting from an event other than a purported transfer, the market price for the excess shares on the date of such event.

At the direction of the board of the directors, the trustee will transfer the excess shares held in trust to a person or persons (including us) whose ownership of such excess shares will not violate the 4.9% limit or otherwise cause us to become subject to United States shipping income tax within 180 days after the later of the transfer or other event that resulted in such excess shares or we become aware of such transfer or event. If such a transfer is made, the interest of the charitable beneficiary will terminate, the designation of such shares as excess shares will cease and the purported holder of the excess shares will receive the payment described below. The purported transferee or holder of the excess shares will receive a payment that reflects a price per share for such excess shares equal to the lesser of (i) the price per share received by the trustee and (ii) the price per share such purported transferee or holder paid in the purported transfer that resulted in the excess shares (or, if the purported transferee or holder did not give value for such excess shares (through a gift, devise or other event) a price per share equal to the market price on the date of the purported transfer or other event that resulted in the excess

shares). A purported transferee or holder of the excess shares will not be permitted to receive an amount that reflects any appreciation in the excess shares during the period that such excess shares were outstanding. Any amount received in excess of the amount permitted to be received by the purported transferee or holder of the excess shares must be turned over to the charitable beneficiary of the trust.

If the foregoing restrictions are determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the intended transferee or holder of any excess shares may be deemed, at our option, to have acted as an agent on our behalf in acquiring or holding such excess shares and to hold such excess shares on our behalf.

We will have the right to purchase any excess shares held by the trust for a period of 90 days from the later of (i) the date the transfer or other event resulting in excess shares has occurred and (ii) the date the board of directors determines in good faith that a transfer or other event resulting in excess shares has occurred. The price per excess share to be paid by us will be equal to the lesser of (i) the price per share paid in the transaction that created such excess shares (or, in the case of certain other events, the market price per share for the excess shares on the date of such event), or (ii) the lowest market price for the excess shares at any time after their designation as excess shares and prior to the date we accept such offer.

These provisions in our second amended and restated articles of incorporation could have the effect of delaying, deferring or preventing a change in our control or other transaction in which our shareholders might receive a premium for their shares of common stock over the then-prevailing market price or which such holders might believe to be otherwise in their best interests. To the extent that the proposed regulations are either not adopted or are adopted in form which, in the opinion of our board of directors, does not require the proposed amendment to ensure that we will maintain its income tax exemption for its shipping income, our board of directors may determine, in its sole discretion, to terminate the 4.9% limit and the transfer restrictions in the amendment.

TRANSFER AGENT AND REGISTRAR. The transfer agent and registrar for our common stock is First Union National Bank.

OTHER PROVISIONS. Upon liquidation or dissolution, the holders of shares of common stock are entitled to receive on a proportionate basis all of our assets remaining for distribution to common stockholders. The common stock has no preemptive or other subscription rights and there are no other conversion rights or redemption or sinking fund provisions with respect to the shares. All shares of common stock that are currently outstanding are fully paid for and may not be assessed.

Neither Panamanian law nor our by-laws limit the right of non-resident or foreign owners to hold or vote shares of the common stock. While no tax treaty currently exists between the Republic of Panama and the United States, under current law we believe that distributions to our shareholders are not subject to taxation under the laws of the Republic of Panama.

Under Panamanian law, our directors may vote by proxy.

PREFERRED STOCK

Our board of directors may issue, without further authorization from our stockholders, up to 40,000,000 shares of preferred stock in one or more series. Our board of directors may determine, at the time of creating each series, the distinctive designation of, and the number of shares in, the series, its dividend rate, the number of votes, if any, allocated to each share of the series, the price and terms on which the shares may be redeemed, the terms of any applicable sinking fund, the amount payable upon liquidation, dissolution or winding up, the conversion rights, if any, and any other rights, preferences and priorities of the shares as our board of directors may be permitted to fix under the laws of the Republic of Panama in effect at the time the series is created. The issuance of preferred stock could adversely affect the voting power of holders of common stock and could delay, defer or prevent a change in control.

CERTAIN PANAMANIAN AND UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

PANAMA

Under current Panamanian law, because we conduct all of our operations outside of Panama, no Panamanian taxes or withholding will be imposed on payments to holders of our securities.

UNITED STATES

The following is a general summary of certain United States federal income tax consequences that may be relevant to an investment in the debentures but does not purport to be a complete analysis of all of the potential tax considerations that you may need to consider before investing based on your particular circumstances. This discussion is based on existing provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, judicial decisions and administrative rulings and practice, all of which are subject to change with possible retroactive effect. This summary applies to you only if you hold the debentures and common stock as capital assets within the meaning of the Code. This summary does not discuss any estate, gift, state, local or foreign tax considerations and does not address all federal income tax consequences applicable to all categories of investors, some of which may be subject to special rules, such as life insurance companies, tax-exempt organizations, dealers in securities or currency, regulated investment companies, banks or other financial institutions, partnerships, S corporations and other flow-through entities for federal income tax purposes, holders subject to the alternative minimum tax, expatriates, investors whose functional currency is not the U.S. dollar and investors who hold the debentures as part of a hedge, straddle or conversion transaction. In addition, this summary deals only with debentures acquired in this offering at their original issue price within the meaning of Section 1273 of the Code and does not discuss the tax considerations applicable to subsequent purchasers of the debentures, including the "market discount" and "acquisition premium" rules of the Code. We have not obtained, nor do we intend to obtain, any ruling from the Internal Revenue Service (the "IRS") with respect to the statements made and the conclusions reached in the following summary, and we can not assure you that the IRS will agree with these statements and conclusions. The summary assumes that the debentures will be treated as indebtedness and as securities for federal tax purposes. This summary does not discuss the consequences to you of any transaction that would constitute a Change in Control, as defined in "Description of Debentures" above, including but not limited to the tax consequences of adjustments to the debentures in the event of a consolidation, merger or other corporate transaction.

IF YOU ARE CONSIDERING THE PURCHASE OF THE DEBENTURES, YOU SHOULD CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE UNITED STATES FEDERAL TAX LAWS TO YOUR PARTICULAR SITUATION AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

This summary applies to you if you are a U.S. Holder. For purposes of this summary, the term "U.S. Holder" means a beneficial owner of debentures or common stock that is:

- a citizen or resident of the United States;
- a corporation, partnership or other entity created or organized in or under the laws of the United States or any State thereof (including the District of Columbia) or a partnership otherwise treated as a United States person under applicable Treasury Regulations;
- an estate the income of which is subject to United States federal income taxation regardless of its source; and
- a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and (b) one or more persons have the authority to control all substantial

decisions of the trust; or an electing trust in existence on August 20, 1996 to the extent provided in Treasury Regulations.

If a partnership holds debentures or common stock, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in that partnership, you should consult your own tax advisor.

INTEREST ON DEBENTURES. You generally will be required to recognize ordinary income when interest on the debentures is paid or accrued, in accordance with your regular method of tax accounting, for United States federal income tax purposes. In certain circumstances. we may be obligated to pay you amounts in excess of stated interest or principal on the debentures. For example, we would have to pay liquidated damages to you in certain circumstances described in "Description of the Debentures--Registration Rights of Holders of the Debentures." According to Treasury Regulations, the possibility of liquidated damages being paid to you will not affect the amount of interest income you recognize, in advance of the payment of any liquidated damages, if there is only a remote chance as of the date the debentures were issued that you will receive liquidated damages. We believe that the likelihood that we will pay liquidated damages is remote. Therefore, we do not intend to treat the potential payment of liquidated damages as part of the yield to maturity of any debentures. Our determination that these contingencies are incidental or remote is binding on you unless you disclose your contrary position in the manner required by applicable Treasury Regulations. Our determination is not, however, binding on the IRS. In the event a contingency occurs, it would affect the amount and timing of the income that you must recognize. If we pay liquidated damages on the debentures, you will be required to recognize additional interest income.

CONSTRUCTIVE DIVIDENDS. Certain corporate transactions, such as distributions of assets to holders of our common stock, may be treated as deemed distributions to you if the conversion price of the debentures is adjusted to reflect those transactions. Other adjustments to the conversion price of the debentures may also be treated as deemed distributions to you. Such deemed distributions will be taxable as a dividend, return of capital or capital gain in accordance with the rules discussed below under "Dividends on Common Stock" and you may recognize income as a result even though you receive no cash or property.

SALE OR EXCHANGE OF DEBENTURES OR SHARES OF COMMON STOCK. You generally will recognize gain or loss upon the sale, exchange, redemption, retirement or other disposition of debentures (other than a conversion) measured by the difference between (i) the amount of cash proceeds and the fair market value of any property you receive (except to the extent attributable to accrued interest, which will generally be taxable as ordinary income), and (ii) your adjusted tax basis in the debentures. In general, if you hold common stock into which the debentures have been converted, you will recognize gain or loss upon the sale, exchange or other disposition of the common stock measured by the difference between (i) the amount of cash and the fair market value of any property you receive, and (ii) your adjusted basis in the common stock. (For a discussion of the basis and holding period of shares of common stock, see "--Conversion of Debentures," below.) Gain or loss on the disposition of debentures or common stock will generally be capital gain or loss and will be long-term gain or loss if the debentures or shares of common stock have been held for more than one year at the time of such disposition.

CONVERSION OF DEBENTURES. You generally will not recognize gain or loss on the conversion of the debentures solely into common stock, except with respect to cash received in lieu of fractional shares and except for common stock attributable to accrued interest which may be taxable as interest as discussed above. Except for common stock attributable to any accrued interest, your tax basis in the shares of common stock received upon conversion of the debentures will be equal to your adjusted tax basis in the debentures exchanged therefor (less any portion thereof allocable to cash received in lieu of a fractional share of common stock). Except for common stock attributable to any accrued interest, the holding period of the common stock will generally include the period during which you held the debentures prior to conversion. Under the current ruling policy of the IRS, cash received in lieu of a fractional share of common stock should generally be treated as a payment in exchange for such fractional share rather than as a dividend. You generally will recognize gain or loss on the receipt of cash paid in lieu of such fractional shares equal to the difference between the amount of cash received and the amount of tax basis allocable to the fractional shares. To the extent that the common stock you receive on conversion is attributable to accrued interest on the debentures, you will recognize ordinary income in accordance with your

regular method of accounting for federal income tax purposes. Your tax basis in the common stock attributable to accrued interest generally should equal the value of the common stock on the date of conversion and your holding period in the common stock will not include the period during which you held the debentures prior to conversion.

DIVIDENDS ON COMMON STOCK. Distributions on shares of our common stock will constitute dividends and be taxed as ordinary income for United States federal income tax purposes to the extent of our current or accumulated earnings and profits as determined under United States federal income tax principles. Dividends paid to those of you that are United States corporations will not qualify for the dividends-received deduction. To the extent that you receive distributions on shares of common stock that would otherwise constitute dividends for United States federal income tax purposes but that exceed our current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing your adjusted tax basis in the shares of common stock. Any such distributions in excess of your adjusted tax basis in the shares of common stock will generally be treated as capital gain.

A failure to fully adjust the conversion price of the debentures to reflect a stock dividend or other event increasing the proportionate interest of holders of our common stock in our earnings and profits or assets could, in some circumstances, be deemed to result in the payment of a taxable dividend to the holders of our common stock.

NON-U.S. HOLDERS

If you are not a U.S. holder, payments to you of interest on the debentures generally will not be subject to U.S. federal withholding tax if the interest qualifies as "portfolio interest." Interest on the debentures paid to you generally will qualify as portfolio interest if:

- the interest is not contingent interest;
- you do not actually or constructively own 10 percent or more of the total voting power of all of our voting stock and are not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of the Code; and
- you certify under penalty of perjury on an appropriate form that you are not a U.S. person.

The gross amount of payments of interest on a debenture that do not qualify for the portfolio interest exception and that are not effectively connected with your conduct of a trade or business in the United States will be subject to withholding tax at the rate of 30 percent unless a tax treaty applies to reduce or eliminate that withholding. If payments of interest are effectively connected with your conduct of a trade or business in the United States, the interest will be subject to the U.S. federal income tax that applies to U.S. persons generally (and with respect to corporate holders under certain circumstances, the branch profits tax). In order to claim the benefit of a tax treaty or to claim exemption from withholding because the income is effectively connected with your conduct of a trade or business in the United States, you must provide a properly executed IRS Form W-8BEN or W-8ECI (or such successor form as the IRS designates), as applicable, prior to the payment of interest. These forms must be periodically updated. If you wish to claim a treaty benefit for a payment made after December 31, 2000, you may be required to obtain a U.S. taxpayer identification number and to provide certain documentary evidence issued by non-U.S. governmental authorities in order to prove your residence in the foreign country.

Subject to the discussion below of information reporting and backup withholding, if you are not a U.S. holder, any gain you realize on a sale or exchange of a debenture will not be subject to U.S. federal income tax, including withholding tax, unless (i) such gain is effectively connected with your conduct of a trade or business in the United States or (ii) if you are an individual, you are present in the United States for 183 days or more in the taxable year of sale, and you meet certain other conditions.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Information reporting and backup withholding may apply to payments of interest or dividends on or the proceeds of the sale or other disposition of the debentures or shares of common stock made by us with respect to certain noncorporate U.S. Holders. If you are a noncorporate U.S. Holder, you generally will be subject to backup withholding at a rate of 31% unless you supply a taxpayer identification number, certified under penalties of perjury, as well as certain other information, or otherwise establish, in the manner prescribed by law, an exemption from backup withholding. Any amount withheld under backup withholding is allowable as a credit against federal income tax, upon furnishing the required information.

THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON YOUR PARTICULAR SITUATION. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES TO YOU OF THE OWNERSHIP AND DISPOSITION OF THE DEBENTURES AND COMMON STOCK, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN UNITED STATES OR OTHER TAX LAWS.

EXPERTS

The financial statements incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended November 30, 2000 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent certified public accountants, given on the authority of said firm as experts in auditing and accounting.

LEGAL MATTERS

The validity of the offered debentures has been passed upon by Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. The validity of the shares of the offered common stock has been passed upon by Tapia Linares y Alfaro, Panama City, Republic of Panama.

James M. Dubin, a partner of Paul, Weiss, Rifkind, Wharton & Garrison and one of our directors, is the sole stockholder of three corporations which act as trustees or protectors of various trusts established for the benefit of members of the Arison family. In this capacity, Mr. Dubin has shared voting or dispositive rights for approximately 25.3% of our outstanding common stock. Paul, Weiss, Rifkind, Wharton & Garrison also serves as counsel to Micky Arison, our chairman and chief executive officer, Shari Arison, one of our directors, and other Arison family members and trusts.

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the various expenses payable in connection with the issuance and distribution of the debentures and underlying common stock being registered hereby, other than underwriting discounts and commissions (which will be described in the applicable prospectus supplement). All the amounts shown are estimates, except the SEC registration fee. All of such expenses are being borne by us.

SEC Registration Fee	$150,000
New York Stock Exchange Listing Fee	*
Accounting Fees and Expenses	*
Legal Fees and Expenses	*
Printing and Engraving Expenses	*
Miscellaneous Fees and Expenses	*
Total	$*

* To be filed by amendment.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Our second amended and restated articles of incorporation and by-laws provide, subject to the requirements set forth therein, that with respect to any person who was or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, we shall indemnify such person by reason of the fact that he is or was one of our director or an officer, and may indemnify such person by reason of the fact that he is or was one of our employees or agents or is or was serving at our request as a director, officer, employee or agent in another corporation, partnership, joint venture, trust or other enterprise, in either case against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. We have entered into indemnity agreements with Shari Arison, Maks L. Birnbach, Richard G. Capen, Jr., Arnold W. Donald, James M. Dubin, Modesto Maidique, Stuart Subotnick, Sherwood M. Weiser, Meshulam Zonis and Uzi Zucker providing essentially the same indemnities as are described in the our second amended and restated articles of incorporation.

Under a registration rights agreement among us and certain irrevocable trusts (the "Trusts"), the Trusts have agreed to indemnify us, our directors and officers and each person who controls us within the meaning of the Exchange Act, against certain liabilities. Finally, under a registration agreement between us and the selling securityholders, the selling securityholders have agreed to indemnify us, our directors and officers and each person who controls us within the meaning of the Exchange Act against certain liabilities.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

4.1	Second Amended and Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit No. 3 to the Registrant's registration statement on Form S-3, File No. 333-68999, filed with the Securities and Exchange Commission).
4.2	Amendment to Second Amended and Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's quarterly report on Form 10-Q for the quarter ended May 31, 1999, filed with the Securities and Exchange Commission).
4.3	Certificate of Amendment of Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's quarterly report on Form 10-Q for the quarter ended May 31, 2000, filed with the Securities and Exchange Commission).
4.4	Form of By-laws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's registration statement on Form S-1, File No. 33-14844, filed with the Securities and Exchange Commission).
4.5	Indenture, dated as of April 25, 2001, between Carnival Corporation and U.S. Bank Trust National Association, as trustee, relating to unsecured and unsubordinated debt securities.
4.6	First Supplemental Indenture, dated as of April 25, 2001, between Carnival Corporation and U.S. Bank Trust National Association, as trustee, creating a series of securities designated 2% Convertible Senior Debentures due 2021.
4.7	Registration Rights Agreement, dated as of April 25, 2001, between Carnival Corporation and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated.
5.1*	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison.
5.2*	Opinion of Tapia Linares y Alfaro.
12.1	Ratios of Earnings to Fixed Charges (incorporated by reference to Exhibit 12 to the Registrant's quarterly report on Form 10-Q for the quarter ended February 28, 2001, filed with the Securities and Exchange Commission).
12.2	Ratios of Earnings to Fixed Charges (incorporated by reference to Exhibit 12 to the Registrant's annual report on Form 10-K for the fiscal year ended November 30, 2000, filed with the Securities and Exchange Commission).
23.1	Consent of PricewaterhouseCoopers LLP.
23.2*	Consent of Paul, Weiss, Rifkind, Wharton & Garrison (included in Exhibit 5.1).
23.3*	Consent of Tapia Linares y Alfaro (included in Exhibit 5.2).
24	Power of Attorney (See signature page).
25.1	Statement of Eligibility under the Trust Indenture Act of 1939 on Form T-1 of U.S Bank Trust National Association to act as Trustee under the Indenture, dated as of April 25, 2001, as supplemented by the First Supplemental Indenture, dated as of April 25, 2001.

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* To be filed by amendment.

ITEM 17. UNDERTAKINGS

The Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of a prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement; provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;

(4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(5) To file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act of 1939 in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Trust Indenture Act of 1939.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be filed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, State of Florida, on the 8th day of June, 2001.

CARNIVAL CORPORATION

By: /s/ Micky Arison
Name: Micky Arison
Title: Chairman of the Board of Directors and Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Micky Arison, Howard S. Frank and Gerald R. Cahill, such person's true and lawful attorney-in-fact and agents, with full power of substitution and revocation, for such person and in such person's name, place and stead, in any and all capacities to sign any and all amendments (including post-effective amendments) to this Registration Statement or any Registration Statement filed pursuant to Rule 462 under the Securities Act of 1933, and to file the same with all exhibits thereto, and the other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and things requisite and necessary to be done, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Micky Arison Micky Arison	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	June 8, 2001
Howard S. Frank	Vice Chairman of the Board, Chief Operating Officer and Director	June 8, 2001
/s/ Gerald R. Cahill Gerald R. Cahill	Senior Vice President-Finance and Chief Financial and Accounting Officer	June 8, 2001
/s/ Shari Arison Shari Arison	Director	June 8, 2001
Marks L. Birnbach	Director	June 8, 2001
/s/ Richard G. Capen, Jr. Richard G. Capen, Jr.	Director	June 8, 2001
Robert H. Dickinson	Director	June 8, 2001
/s/ Arnold W. Donald Arnold W. Donald	Director	June 8, 2001

SIGNATURE	TITLE	DATE
/s/ James M. Dubin James M. Dubin	Director	June 8, 2001
/s/ A. Kirk Lanterman A. Kirk Lanterman	Director	June 8, 2001
/s/ Modesto A. Maidique Modesto A. Maidique	Director	June 8, 2001
/s/ Stuart Subotnick Stuart Subotnick	Director	June 8, 2001
/s/ Sherwood M. Weiser Sherwood M. Weiser	Director	June 8, 2001
Meshulam Zonis	Director	June 8, 2001
/s/ Uzi Zucker Uzi Zucker	Director	June 8, 2001

EXHIBIT INDEX

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4.3	Certificate of Amendment of Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's quarterly report on Form 10-Q for the quarter ended May 31, 2000, filed with the Securities and Exchange Commission).
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4.5	Indenture, dated as of April 25, 2001, between Carnival Corporation and U.S. Bank Trust National Association, as trustee, relating to unsecured and unsubordinated debt securities.
4.6	First Supplemental Indenture, dated as of April 25, 2001, between Carnival Corporation and U.S. Bank Trust National Association, as trustee, creating a series of securities designated 2% Convertible Senior Debentures due 2021.
4.7	Registration Rights Agreement, dated as of April 25, 2001, between Carnival Corporation and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated.
5.1*	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison.
5.2*	Opinion of Tapia Linares y Alfaro.
12.1	Ratios of Earnings to Fixed Charges (incorporated by refernce to Exhibit 12 to the Registrant's quarterly report on Form 10-Q for the quarter ended February 28, 2001, filed with the Securities and Exchange Commission).
12.2	Ratios of Earnings to Fixed Charges (incorporated by reference to Exhibit 12 to the Registrant's annual report on Form 10-K for the fiscal year ended November 30, 2000, filed with the Securities and Exchange Commission).
23.1	Consent of PricewaterhouseCoopers LLP.
23.2*	Consent of Paul, Weiss, Rifkind, Wharton & Garrison (included in Exhibit 5.1).
23.3*	Consent of Tapia Linares y Alfaro (included in Exhibit 5.2).
24	Power of Attorney (See signature page).
25.1	Statement of Eligibility under the Trust Indenture Act of 1939 on Form T-1 of U.S Bank Trust National Association to act as Trustee under the Indenture, dated as of April 25, 2001, as supplemented by the First Supplemental Indenture, dated as of April 25, 2001.

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* To be filed by amendment.

Exhibit 4.5

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CARNIVAL CORPORATION

AND

U.S. BANK TRUST NATIONAL ASSOCIATION,
TRUSTEE

INDENTURE

DATED AS OF APRIL 25, 2001

UNSECURED AND UNSUBORDINATED DEBT SECURITIES

==========

CARNIVAL CORPORATION
CROSS REFERENCE SHEET*

THIS CROSS REFERENCE SHEET SHOWS THE LOCATION IN THE INDENTURE OF THE PROVISIONS INSERTED PURSUANT TO SECTION 310-318(A), INCLUSIVE, OF THE TRUST INDENTURE ACT OF 1939.

TRUST INDENTURE ACT	SECTIONS OF INDENTURE
310(a)(1)(2)	6.9
(3)(4)	Inapplicable
(5)	6.9
310(b)	6.8 and 6.10
(b)(1)(A)(C)	Inapplicable
310(c)	Inapplicable
310(a)(b)	6.13 and 7.3
(c)	Inapplicable
313(a)(1)(2)(3)(4)(5)(7)	7.3
(6)	Inapplicable
(b)(1)	Inapplicable
(2)	7.3
(c)(d)	7.3
314(a)	7.4
(b)	Inapplicable
(c)(1)(2)	1.2
(3)	Inapplicable
(d)	Inapplicable
(e)	1.2
315(a)(c)(d)	6.1
(b)	6.2
(e)	5.14
316(a)(1)	5.12 and 5.13
(2)	Inapplicable
(b)	5.8
(c)	5.15
317(a)	5.3 and 5.4
(b)	10.3
318(a)(c)	1.5
(b)	Inapplicable

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* The Cross Reference Sheet is not part of the Indenture.

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INDENTURE, dated as of the 25th day of April, 2001, between CARNIVAL CORPORATION, a corporation duly organized and existing under the laws of the Republic of Panama (hereinafter sometimes called the "Company"), party of the first part, and U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America (hereinafter sometimes called the "Trustee"), party of the second part.

WHEREAS, for its lawful corporate purposes, the Company deems it necessary to issue its securities and has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured and unsubordinated debentures, notes or other evidences of indebtedness (herein called the "Securities"), to be issued in one or more series as in this Indenture provided.

WHEREAS, all things necessary to constitute these presents a valid indenture and agreement according to its terms have been done and performed by the Company, and the execution of this Indenture has in all respects been duly authorized by the Company, and the Company, in the exercise of legal right and power in it vested, executes this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Securities are made, executed, authenticated, issued and delivered, and in consideration of the premises, of the purchase and acceptance of Securities by the Holders thereof and of the sum of One Dollar to it duly paid by the Trustee at the execution of these presents, the receipt whereof is hereby acknowledged, the Company and the Trustee covenant and agree with each other, for the equal and proportionate benefit of the respective Holders from time to time of the Securities or of series thereof, as follows:

ARTICLE I.

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.1 CERTAIN TERMS DEFINED. The terms defined in this Section 1.1 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.1. All other terms used in this Indenture which are defined in the Trust Indenture Act of 1939 or which are by reference therein defined in the Securities Act of 1933, as amended (except as herein otherwise expressly provided or unless the context otherwise requires), shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of this Indenture as originally executed.

Certain terms, used principally in Article 6, are defined in that Article.

ACT

The term "Act", when used with respect to any Holder, shall have the meaning specified in Section 1.4.

AFFILIATE; CONTROL

The term "Affiliate" of any specified Person shall mean any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

AUTHORIZED NEWSPAPER

The term "Authorized Newspaper" shall mean a newspaper printed in the English language and customarily published at least once a day on each business day in each calendar week and of general circulation in the Borough of Manhattan, the City and State of New York, whether or not such newspaper is published on Saturdays, Sundays and legal holidays.

BOARD OF DIRECTORS

The term "Board of Directors" or "Board", when used with reference to the Company, shall mean the Board of Directors of the Company or any duly authorized committee of such Board.

BOARD RESOLUTION

The term "Board Resolution" shall mean a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

BUSINESS DAY

The term "business day", when used with respect to any Place of Payment, shall mean any day other than a Saturday or a Sunday or a day on which banking institutions in the Place of Payment are authorized or obligated by law or regulation to close.

COMMISSION

The term "Commission" shall mean the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, as amended, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act of 1939, then the body performing such duties at such time.

COMPANY

The term "Company" shall mean Carnival Corporation, a Panama corporation, and, subject to the provisions of Article 8, shall also include its successors and assigns.

COMPANY REQUEST; COMPANY ORDER

The term "Company Request" or "Company Order" shall mean a written request or order signed in the name of the Company by its Chairman or Vice Chairman of the Board, its President, an Executive Vice President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Controller, an Assistant Controller, its Secretary or an Assistant Secretary, and delivered to the Trustee.

CORPORATE TRUST OFFICE

The term "Corporate Trust Office" or other similar term shall mean the principal office of the Trustee in the City of St. Paul, the State of Minnesota, at which at any particular time its corporate trust business shall be administered, which office at the date of this Indenture is located at 180 East Fifth Street, St. Paul, Minnesota 55101.

CORPORATION

The term "corporation" includes corporations, associations, companies and business trusts.

DEFAULTED INTEREST

The term "Defaulted Interest" shall have the meaning specified in Section 3.7.

DEPOSITORY

The term "Depository" shall mean, with respect to Securities of any series for which the Company shall determine that such Securities will be issued as a Global Security, The Depositary Trust Company, another clearing agency or any successor registered under the Securities and Exchange Act of 1934, as amended, or other applicable statue or regulation, which in each case, shall be designated by the Company pursuant to either Section 2.5 or 3.1.

EVENT OF DEFAULT

The term "Event of Default" shall have the meaning specified in Section 5.1.

GLOBAL SECURITY

The term "Global Security" shall mean, with respect to any series of Securities, a Security executed by the Company and authenticated and delivered by the Trustee to the Depository or pursuant to the Depository's instruction, all in accordance with this Indenture and pursuant to a Company Order, which (i) shall be registered in the name of the Depository or its

nominee and (ii) shall represent, and shall be denominated in an amount equal to the aggregate principal amount of, all of the Outstanding Securities of such series.

HOLDER

The term "Holder" shall mean a Person in whose name a Security is registered in the Security Register.

INDENTURE

The term "Indenture" shall mean this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of the or those particular series of Securities established as contemplated by Section 3.1; provided, however, that if at any time more than one Person is acting as Trustee under this instrument, "Indenture" shall mean, with respect to any one or more series of Securities for which one Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of the or those particular series of Securities for which such Person is Trustee established as contemplated by Section 3.1, exclusive, however, of any provisions or tenor which relate solely to other series of Securities for which such Person is not Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such Person had become such Trustee but to which such Person, as such Trustee, was not a party.

INTEREST

The term "interest", when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, shall mean interest payable after Maturity.

INTEREST PAYMENT DATE

The term "Interest Payment Date", when used with respect to any Security, shall mean the Stated Maturity of an installment of interest on such Security.

MATURITY

The term "Maturity", when used with respect to any Security, shall mean the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

NATIONAL BANKRUPTCY ACT

The term "National Bankruptcy Act" shall mean the Bankruptcy Act or title 11 of the United States Code.

OFFICERS' CERTIFICATE

The term "Officers' Certificate" shall mean a certificate signed by the Chairman or Vice Chairman of the Board, the President, an Executive Vice President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee. Each such certificate shall include (except as otherwise provided in this Indenture) the statements provided for in Section 1.2, if and to the extent required by the provisions thereof.

OPINION OF COUNSEL

The term "Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or of counsel to the Company, and delivered to the Trustee. Each such opinion shall include the statements provided for in Section 1.2, if and to the extent required by the provisions thereof.

ORIGINAL ISSUE DISCOUNT SECURITY

The term "Original Issue Discount Security" shall mean any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.2.

OUTSTANDING

The term "Outstanding", when used with respect to Securities, shall mean, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except

(i) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities or portions thereof for whose payment, redemption or repayment at the option of the Holder money is the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor reasonably satisfactory to the Trustee has been made; and

(iii) Securities which have been paid pursuant to Section 3.6 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture;

PROVIDED, HOWEVER, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, (i) the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that

would be due and payable as of the date of such determination upon acceleration of the Maturity thereof pursuant to Section 5.2, (ii) the principal amount of a Security denominated in one or more foreign currencies or currency units shall be the U.S. dollar equivalent, determined in the manner provided as contemplated by Section 3.1 on the date of original issuance of such Security of the principal amount (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the date of original issuance of such Security of the amount determined as provided in (i) above) of such Security, and (iii) Securities owned by the Company or any other obligor on the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding for the purposes of such determination, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor on the Securities or any Affiliate of the Company or of such other obligor.

PAYING AGENT

The term "Paying Agent" shall mean any Person authorized by the Company to pay the principal of (and premium, if any, on) or interest on any Securities on behalf of the Company.

PERSON

The term "Person" shall mean any individual, corporation, limited liability company partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

PLACE OF PAYMENT

The term "Place of Payment", when used with respect to the Securities of any series, shall mean the place or places where the principal of (and premium, if any, on) and interest on the Securities of that series are payable as specified as contemplated by Section 3.1.

PREDECESSOR SECURITY

The term "Predecessor Security" of any particular Security shall mean every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 3.6 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

REDEMPTION DATE

The term "Redemption Date" shall mean, when used with respect to any Security to be redeemed, in whole or in part, the date fixed for such redemption by or pursuant to this Indenture.

REDEMPTION PRICE

The term "Redemption Price" shall mean, when used with respect to any Security to be redeemed, the price at which it is to be redeemed by or pursuant to this Indenture.

REGULAR RECORD DATE

The term "Regular Record Date" for the interest payable on any Interest Payment Date on the Securities of any series shall mean the date specified for that purpose as contemplated by Section 3.1.

REPAYMENT DATE

The term "Repayment Date" shall mean, when used with respect to any Security to be repaid at the option of the Holder, the date fixed for such repayment by or pursuant to this Indenture.

REPAYMENT PRICE

The term "Repayment Price" shall mean, when used with respect to any Security to be repaid at the option of the Holder, the price at which it is to be repaid by or pursuant to this Indenture.

RESPONSIBLE OFFICER

The term "responsible officer" when used with respect to the Trustee shall mean the Chairman or Vice Chairman of the Board of Directors, the Chairman or Vice Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, any Vice President, any Second Vice President, the Cashier, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, any Corporate Trust Officer, any Assistant Trust Officer, or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

SECURITIES

The term "Securities" shall have the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture;. PROVIDED, HOWEVER, that if at any time there is more than one Person acting as Trustee under this Indenture, "Securities" with respect to the series as to which such Person is Trustee shall have the meaning stated in the first recital of this Indenture and shall more particularly mean Securities authenticated and delivered under this Indenture, exclusive, however, of Securities of any series as to which such Person is not Trustee.

SECURITY REGISTER; SECURITY REGISTRAR

The terms "Security Register" and "Security Registrar" shall have the respective meanings set forth in Section 3.5.

SPECIAL RECORD DATE

The term "Special Record Date" for the payment of any Defaulted Interest shall mean a date fixed by the Trustee pursuant to Section 3.7.

STATED MATURITY

The term "Stated Maturity", when used with respect to any Security or any installment of principal thereof or interest thereon, shall mean the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

SUBSIDIARY OF THE COMPANY

The term "subsidiary of the Company" shall mean a corporation a majority of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more subsidiaries of the Company, or by the Company and one or more subsidiaries of the Company.

As used under this heading, the term "voting stock" means stock having ordinary voting power to elect a majority of the directors irrespective of whether or not stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency.

TRUSTEE

The term "Trustee" shall mean U.S. Bank Trust National Association and, subject to the provisions of Article 6, shall also include its successors and assigns, and, if at any time there is more than one Person acting as Trustee hereunder, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

TRUST INDENTURE ACT OF 1939

The term "Trust Indenture Act of 1939" (except as herein otherwise expressly provided) shall mean the Trust Indenture Act of 1939, as amended, as in force at the date of this Indenture as originally executed.

SECTION 1.2 COMPLIANCE CERTIFICATES AND OPINIONS. Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by

any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than certificates provided pursuant to Section 7.4(d)) shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 1.3 FORM OF DOCUMENTS DELIVERED TO TRUSTEE. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer actually knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care (but without having made an investigation specifically for the purpose of rendering such opinion) should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.4 ACTS OF HOLDERS. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of the Outstanding Securities of all series or one or more series, as the case may be, may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise

expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section 1.4.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient and in accordance with such reasonable rules as the Trustee may determine.

(c) The Company may, in the circumstances permitted by the Trust Indenture Act of 1939, fix any date as the record date for the purpose of determining the Holders of Securities of any series entitled to give or take any request, demand, authorization, direction, notice, consent, waiver or other action, or to vote on any action, authorized or permitted to be given or taken by Holders of Securities of such series. If not set by the Company prior to the first solicitation of a Holder of Securities of such series made by any person with respect of any such action, or, in the case of any such vote, prior to such vote, the record date for any such action or vote shall be the 30th day (or, if later, the date of the most recent list of Holders required to be provided pursuant to Section 7.1) prior to such first solicitation or vote, as the case may be. With regard to any record date, only the Holders of Securities of such series on such date (or their duly designated proxies) shall be entitled to give or take, or vote on, the relevant action.

(d) The ownership of Securities shall be proved by the Security Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, entitled or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

SECTION 1.5 CONFLICT WITH TRUST INDENTURE ACT OF 1939. If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act of 1939 that is required under such Act to be part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act of 1939 that may be so modified or excluded, the latter provision shall be deemed either to apply to thin Indenture so modified or to be excluded, as the case may be.

SECTION 1.6 EFFECT OF HEADINGS AND TABLE OF CONTENTS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.7 SEPARABILITY CLAUSE. In case any provision in this Indenture or in any Security shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.8 BENEFITS OF INDENTURE. Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.9 LEGAL HOLIDAYS. In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity; provided that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

ARTICLE II.

SECURITY FORMS

SECTION 2.1 FORMS GENERALLY. The Securities of each series shall be in substantially the form set forth in this Article, or in such other form or forms as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. If the from or forms of Securities of any series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 3.3 for the authentication and delivery of such Securities.

The Trustee's certificates of authentication shall be in substantially the form set forth in this Article.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 2.2 FORM OF FACE OF SECURITY. [INSERT ANY LEGEND REQUIRED BY THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER.](1)

CARNIVAL CORPORATION

$ No.

CARNIVAL CORPORATION, a corporation duly organized and existing under the laws of the Republic of Panama (herein called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to , or registered assigns, the principal sum of Dollars on [IF THE SECURITY IS TO BEAR INTEREST PRIOR TO MATURITY, INSERT --, and to pay interest thereon from or from the most recent Interest Payment Date on which interest has been paid or duly provided for, semi-annually on and in each year, commencing , at the rate of % per annum, until the principal hereof is paid or made available for payment [IF APPLICABLE, INSERT --, and (to the extent that the payment of such interest shall be legally enforceable) at the rate of % per annum on any overdue principal and premium and on any overdue installment of interest]. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the or (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or, one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice thereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture].

[IF THE SECURITY IS NOT TO BEAR INTEREST PRIOR TO MATURITY, INSERT --. The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption, upon repayment at the option of the Holder or at Stated Maturity and in such case the overdue principal of this Security shall bear interest at the rate of % per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such default in payment to the date payment of such principal has been made or duly provided for. Interest on any overdue principal shall be payable on demand. Any

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(1) All legends should be reviewed by a tax lawyer.

such interest on any overdue principal that is not so paid on demand shall bear interest at the rate of % per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such demand for payment to the date payment of such interest has been made or duly provided for, and such interest shall also be payable on demand.]

Payment of the principal of (and premium, if any, on) and [IF APPLICABLE, INSERT -- any such] Interest on this Security will be made at the office or agency of the Company maintained for that purpose in either the City of _____, the State of _____, or the City of St. Paul, the State of Minnesota, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts [IF APPLICABLE, INSERT --; PROVIDED, HOWEVER, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register].

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, Carnival Corporation has caused this Instrument to be signed by its Chairman of the Board, or its President, or one of its Vice Presidents, and by its Treasurer or one of its Assistant Treasurers, manually or in facsimile.

Dated:

CARNIVAL CORPORATION

By

By

SECTION 2.3 FORM OF REVERSE OF SECURITY. This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of ____ (herein called the "Indenture"), between the Company and U.S. Bank Trust National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture with respect to the series of which this Security is a part), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the tame upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the Series designated on the face hereof [, limited in aggregate principal amount to $].

[The Company will pay to the Holders such Additional Amounts in respect of Panamanian taxes as may become payable under Section 10.5 of the Indenture.]

[IF APPLICABLE-INSERT-The Securities may be converted pursuant to the terms herein into [ ] if:[detail terms of conversion]. The Securities in respect of which a Holder has delivered [form of conversion notice] exercising the option of such Holder to require the Company to purchase such Security.]

[IF APPLICABLE, INSERT -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, [IF APPLICABLE, INSERT -- (1) on in any year commencing with the year and ending with the year at a Redemption Price equal to % of the principal amount, and (2)] at any time [on or after , 20], as a whole or in part, at the election of the Company, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed [on or before , %, and if redeemed] during the 12-month period beginning of the years indicated,

YEAR	REDEMPTION PRICE	YEAR	REDEMPTION PRICE

and thereafter at a Redemption Price equal to % of the principal amount, together in the case of any such redemption with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior so such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Regular Record Dates referred to on the face hereof, all as provided in the Indenture.]

[The Securities will also be subject to redemption as a whole, but not in part, at the option of the Company at any time at 100% of the principal amount, together with accrued interest thereon to the Redemption Date, in the event the Company has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any Additional Amounts as a result of certain changes affecting Panamanian withholding taxes which are specified in the Indenture.]

[IF APPLICABLE - INSERT - The Securities may be converted pursuant to the terms herein into [ ] if: [detail terms of conversion]. The Securities in respect of which a Holder has delivered [form of conversion notice] exercising the option of such Holder to require the Company to purchase such Security.]

[IF APPLICABLE, INSERT -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, (1) on in any year commencing with the year and ending with the year through operation of the sinking fund for this series at the Redemption Prices for redemption through operation of the sinking fund (expressed as pages of the principal amount) set forth in the table below, and (2) at any time [on or after], as a

whole or in part, at the election of the Company, at the Redemption Prices for redemption otherwise than through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below: If redeemed during the 12-month period beginning _____ of the years indicated,

YEAR	REDEMPTION PRICE FOR REDEMPTION THROUGH OPERATION OF THE SINKING FUND	REDEMPTION PRICE FOR REDEMPTION OTHERWISE THAN THROUGH OPERATION OF THE SINKING FUND

and thereafter at a Redemption Price equal to % of the principal amount, together is the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Regular Record Dates referred to on the face hereof, all as provided in the Indenture.]

[Notwithstanding the foregoing, the Company may not, prior to , redeem any Securities of this series as contemplated by [Clause (2) of] the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Company (calculated in accordance with generally accepted financial practice) of less than % per annum.]

[The sinking fund for this series provides for the redemption on in each year beginning with the year and ending with the year of [not less than] $ [("mandatory sinking fund") and not more than $] aggregate principal amount of Securities of this series. Securities of this series acquired or redeemed by the Company otherwise than through [mandatory] sinking fund payments may be credited against subsequent [mandatory] sinking fund payments otherwise required to be made in the [describe order] order in which they became due.]

[In the event of redemption or repayment of this Security in part only, a new Security or Securities of this series for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.]

[IF APPLICABLE, INSERT -- The Securities of this series are subject to repayment in whole [or in part] [but not in part], in integral multiples of $, on [and] at the option of the Holder hereof at a Repayment Price equal to % of the principal amount thereof [to be repaid], together with interest thereon accrued to the Repayment Date, all as provided in

the Indenture [; PROVIDED, HOWEVER, that the principal amount of this Security may not be repaid in part if, following such repayment, the unpaid principal amount of this Security would be less than [$] [the minimum authorized denomination for Securities of this series]]. To be repaid at the option of the Holder, this Security, with the "Option to Elect Repayment" form duly completed by the Holder hereof, must be received by the Company at its office or agency maintained for that purpose in either the City of _____, the State of _____, or the City of St. Paul, the State of Minnesota [, which will be located initially at the office of the Trustee at _____], not earlier than 30 days nor later than 15 days prior to the Repayment Date. Exercise of such option by the Holder of this Security shall be irrevocable unless waived by the Company.]

[IF THE SECURITY IS NOT AN ORIGINAL ISSUE DISCOUNT SECURITY -- If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

[IF THE SECURITY IS AN ORIGINAL ISSUE DISCOUNT SECURITY -- If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to -- INSERT FORMULA FOR DETERMINING THE AMOUNT. Upon payment (i) of the amount of principal so declared due sad payable and (ii) of interest on any overdue principal; and overdue interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal of and interest, if any, on the Securities of this series shall terminate.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the holders of a majority in principal amount of the Outstanding Securities of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Outstanding Securities of each series, on behalf of the Holders of all Outstanding Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the amount of principal of (and premium, if any, on) and interest on this Security herein provided, and at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of

(and premium, if any, on) and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of $ and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of like tenor of different authorized denominations as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

[IF APPLICABLE, INSERT--

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably requests and instructs the Company to repay the within Security [(or the portion thereof specified below)], pursuant to its terms, on the "Repayment Date" first occurring after the date of receipt of the within Security as specified below, at a Repayment Price equal to ____% of the principal amount thereof, together with interest thereon accrued to the Repayment Date, to the undersigned at:

- ----------

- ----------
(Please Print or Type Name and Address of the Undersigned.)

FOR THIS OPTION TO ELECT REPAYMENT TO BE EFFECTIVE, THIS SECURITY WITH THE OPTION TO ELECT REPAYMENT DULY COMPLETED MUST BE RECEIVED NOT EARLIER THAN 30 DAYS PRIOR TO THE REPAYMENT DATE AND NOT LATER THAN 15 DAYS PRIOR TO THE REPAYMENT DATE BY THE COMPANY AT ITS OFFICE OR AGENCY EITHER IN THE CITY OF _____, THE STATE OF _____, OR THE CITY OF ST. PAUL, THE STATE OF MINNESOTA [, WHICH WILL BE LOCATED INITIALLY AT THE OFFICE OF THE TRUSTEE AT _____].

(If less than the entire principal amount of the within Security is to be repaid, specify the portion thereof (which shall be $ or an integral multiple thereof) which is to be repaid: $. The principal amount of this Security may not be repaid in part if, following such repayment, the unpaid principal amount of this Security would be less than [$ [the minimum authorized denomination for Securities of this series].]

[If less than the entire principal amount of the within Security is to be repaid, specify the denomination(s) of the Security(ies) to be issued for the unpaid amount: ($ or any integral multiple of $): $.]

Dated:

Note: The signature to this Option to Elect Repayment must correspond with the name as written upon the face of the within Security in every particular without alterations or enlargement or any change whatsoever.]

SECTION 2.4 FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION. This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

---,
As Trustee

By

AUTHORIZED OFFICER

SECTION 2.5 SECURITIES ISSUABLE IN THE FORM OF A GLOBAL SECURITY. (a) If the Company shall establish pursuant to Section 3.1 that the Securities of a particular series are to be issued as a Global Security, then the Company shall execute and the Trustee shall, in accordance with Section 3.3 and the Company Order delivered to the Trustee thereunder, authenticate and deliver, a Global Security which (i) shall represent, and shall be denominated in an amount equal to the aggregate principal amount of, all of the Outstanding Securities of such series, (ii) shall be registered in the name of the Depository or its nominee, (iii) shall be delivered by the Trustee to the Depository or pursuant to the Depository's instruction and (iv) shall bear a legend substantially to the following effect: "Except as otherwise provided in Section 2.5 of the Indenture, this Security may be transferred, in whole but not in part, only to another nominee of the Depository or to a successor Depository or to a nominee of such successor Depository."

(b) Notwithstanding any other provision of this Section 2.5 or of Section 3.5, but subject to the provisions of paragraph (c) below, the Global Security of a series may be transferred, in whole but not in part and in the manner provided in Section 3.5, only to another nominee of the Depository for such series, or to a successor Depository for such series selected or approved by the Company or to a nominee of such successor Depository.

(c) If at any time the Depository for a series of Securities notifies the Company that it is unwilling or unable to continue as Depository for such series or if at any time the Depository for such series shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Depository for such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, this Section 2.5 shall no longer be applicable to the Securities of such series and the Company will execute, and the Trustee will authenticate and deliver, Securities of such series in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Security of such series in exchange for such Global Security. In addition, the Company may at any time determine that the Securities of any series shall no longer be represented by a Global Security and that the provisions of this Section 2.5 shall no longer apply to the Securities of such series. In such event the Company will execute and the Trustee, upon receipt of an Officers' Certificate evidencing such determination by the Company, will authenticate and deliver Securities of such series in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Security of such series in exchange for such Global Security. Upon the exchange

of the Global Security for such Securities in definitive registered form without coupons, in authorized denominations, the Global Security shall be canceled by the Trustee. Such Securities in definitive registered form issued in exchange for the Global Security pursuant to this Section 2.5(c) shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered, but without any liability on the part of the Company or the Trustee for the accuracy of the Depository's instructions.

ARTICLE III.

THE SECURITIES

SECTION 3.1 AMOUNT UNLIMITED; ISSUABLE IN SERIES. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is not limited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution and set forth in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series, any or all of the following as applicable:

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(2) the limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Sections 2.5, 3.4, 3.5, 3.6, 9.5, 11.7 or 12.5, and except for any Securities which, pursuant to Section 3.3, are deemed never to have been authenticated and delivered hereunder);

(3) the date or dates on which the principal of the Securities of the series is payable or the manner in which such dates are determined;

(4) the rate or rates at which the Securities of the series shall bear interest, or the manner in which such rates are determined, the date or dates from which such interest shall accrue, or the manner in which such dates are determined, the Interest Payment Dates on which such interest shall be payable and the Regular Record Dates, if any, for the interest payable on any Interest Payment Date;

(5) the place or places where the principal of (and premium, if any, on) and any interest on Securities of the series shall be payable;

(6) the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company;

(7) the obligation of the Company to redeem, purchase or repay Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation;

(8) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Securities of the series shall be issuable;

(9) if other than the Trustee, the identity of the Security Registrar and/or Paying Agent;

(10) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 5.2;

(11) if other than such coin or currency of the United States of America as at the time of payment is legal tender for payment of public or private debts, the coin or currency or currency unit in which payment of the principal of (and premium, if any) or interest on the Securities of the series shall be payable;

(12) if the amount of payment of principal of (and premium, if any) or interest on the Securities of the series may be determined with reference to an index, formula or other method based on a coin currency or currency unit other than that in which the Securities are stated to be payable, the manner in which such amounts shall be determined;

(13) if the principal of (and premium, if any) or interest on the Securities of the series are to be payable, at the election of the Company or a Holder thereof, in a coin or currency or currency unit other than that in which the Securities are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;

(14) whether the Securities of the series are issuable as a Global Security and, in such case, the identity of the Depository for such series; and

(15) any other terms, conditions, rights and preferences (or limitations on such rights and preferences) relating to the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such Board Resolution and set forth in such Officers' Certificate or in any indenture supplemental hereto. Not all Securities of any one series need be issued at the same time, and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, such Board Resolution and the Officers' Certificate setting forth the terms of the

series shall be delivered to the Trustee at or prior to the delivery of the Company Order for authentication and delivery of Securities of such series.

SECTION 3.2 DENOMINATIONS. The Securities of each series shall be issuable in definitive registered form without coupons and, except for any Global Security, in such denominations as shall be specified as contemplated by Section 3.1. In the absence of any such provisions with respect to the Securities of any series, the Securities of such series, other than a Global Security, shall be issuable in denominations of $1,000 and any integral multiple thereof.

SECTION 3.3 EXECUTION, AUTHENTICATION, DELIVERY AND DATING. The Securities shall be signed on behalf of the Company by its Chairman of the Board, its President or one of its Vice Presidents and its Treasurer or one of its Assistant Treasurers. Such signatures upon the Securities may be the manual or facsimile signatures of the present or any future such authorized officers and may be imprinted or otherwise reproduced on the Securities.

Securities bearing the manual or facsimile signatures of individuals who were at the time they signed such Securities the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

(a) At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities. If not all the Securities of any series are to be issued at one time and if the Board Resolution or supplemental indenture establishing such series shall so permit, such Company Order may set forth procedures acceptable to the Trustee for the issuance of such Securities and determining terms of particular Securities of such series such as interest rate, maturity date, date of issuance and date from which interest shall accrue. In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 6.1) shall be fully protected in relying upon, an Opinion of Counsel stating that all conditions precedent of the Indenture to the authentication and delivery of such Securities have been complied with and that such Securities, when completed by appropriate insertions and executed and delivered by the Company to the Trustee for authentication in accordance with this Indenture, authenticated and delivered by the Trustee in accordance with this Indenture and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute the legal, valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting the enforcement of creditors' rights, to general equitable principles and to such other qualifications as such counsel shall conclude do not materially affect the rights of Holders of such Securities.

Notwithstanding the provisions of Section 3.1 and of the preceding paragraph, if not all the Securities of any series are to be issued at one time, it shall not be necessary to deliver an Opinion of Counsel at the time of issuance of each Security, but such opinion with appropriate modifications shall be delivered at or before the time of issuance of the first Security of such series.

The Trustee shall not be required to authenticate and deliver any such Securities if the Trustee, being advised by counsel, determines that such action (i) may not lawfully be taken or (ii) would expose the Trustee to personal liability to existing Holders of Securities.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

SECTION 3.4 TEMPORARY SECURITIES. Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of the same series of authorized denominations. Until so exchanged the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as the definitive Securities of such series.

SECTION 3.5 REGISTRATION; REGISTRATION OF TRANSFER AND EXCHANGE. The Company shall cause to be kept at the office or agency of the Company maintained pursuant to Section 10.2 a register (the register maintained in such office and in any other office or agency of the Company in a Place of Payment being herein sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall, subject to the provisions of Section 2.5, provide for the registration of Securities and transfers of Securities. The Trustee is hereby appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Subject to the provisions of Section 2.5, upon surrender for registration of transfer of any definitive Security of any series at the office or agency in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new definitive Securities of the same series of any authorized denominations and of a like aggregate principal amount.

Subject to the provisions of Section 2.5, at the option of the Holder, definitive Securities of any series may be exchanged for other definitive Securities of the same series, of any authorized denominations and of a like aggregate principal amount, upon surrender of the definitive Securities to be exchanged at such office or agency. Whenever any definitive Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the definitive Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer, in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

The Company shall not be required (i) issue or register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the selection for redemption of Securities of that series under Section 11.3 and ending at the close of business on the day of the mailing of notice of redemption, (ii) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part, or (iii) to issue or register the transfer of or exchange any Security which has been surrendered for repayment at the option of the Holder, except the portion, if any, of such Security not to be so repaid.

SECTION 3.6 MUTILATED, DESTROYED, LOST OR STOLEN SECURITIES. If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding, or, in case any such mutilated Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a

bona fide purchaser, the Company shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding or, in case any such destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 3.7 PAYMENT OF INTEREST; INTEREST RIGHTS PRESERVED. Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 10.2; PROVIDED, HOWEVER, that each installment of interest on any Security may at the Company's option be paid by mailing a check for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 3.8, to the address of such Person as it appears on the Security Register.

Any interest on any Security of any series which is payable but is not punctually paid or duly provided for on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the

date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities of such series at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 3.8 PERSONS DEEMED OWNERS. Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any, on) and (subject to Section 3.7) interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 3.9 CANCELLATION. All Securities surrendered for payment, redemption, repayment at the option of the Holder, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be destroyed by it and the Trustee shall deliver its certificate of such destruction to the Company, unless by a Company Order the Company directs their return to it.

SECTION 3.10 COMPUTATION OF INTEREST. Except as otherwise specified as contemplated by Section 3.1 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE IV.

SATISFACTION AND DISCHARGE

SECTION 4.1 SATISFACTION AND DISCHARGE OF INDENTURE. This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.6 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 10.3) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this indenture have been complied with.

In the event there are Securities of two or more series hereunder, the Trustee shall be required to execute an instrument acknowledging satisfaction and discharge of this Indenture only if requested to do so with respect to Securities of all series as to which it is Trustee and if the other conditions thereto are met. In the event there are two or more Trustees hereunder, then the effectiveness of any such instrument shall be conditioned upon receipt of such instruments from all Trustees hereunder.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 6.7 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 4.2 and the last paragraph of Section 10.3 shall survive.

SECTION 4.2 APPLICATION OF TRUST MONEY. Subject to the provisions of the last paragraph of Section 10.3, all money deposited with the Trustee pursuant to Section 4.1 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

SECTION 4.3 REPAYMENT OF MONEYS HELD BY PAYING AGENT. In connection with the satisfaction and discharge of this Indenture all moneys then held by any Paying Agent (other than the Trustee, if the Trustee be a Paying Agent) under the provisions of this Indenture shall, upon demand of the Company, be repaid to it or paid to the Trustee and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

SECTION 4.4 REPAYMENT OF MONEYS HELD BY TRUSTEE. Any moneys deposited with the Trustee or any Paying Agent for the payment of the principal of (or premium, if any, on) or interest on any Security of any series and not applied but remaining unclaimed by the Holders for two years after the date upon which the principal of (or premium, if any, on) or interest on such Security shall have become due and payable, shall be repaid to the Company by the Trustee or such Paying Agent on demand; and the Holder of any of the Securities entitled to receive such payment shall thereafter look only to the Company for the payment thereof and all liability of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease; PROVIDED, HOWEVER, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be mailed to each such Holder or published once a week for two successive weeks (in each case on any day of the week) in an Authorized Newspaper, or both, a notice that said moneys have not been so applied and that after a date named therein any unclaimed balance of said moneys then remaining will be returned to the Company. It shall not be necessary for more than one such publication to be made in the same newspaper.

ARTICLE V.

REMEDIES

SECTION 5.1 EVENTS OF DEFAULT. "Event of Default," wherever used herein with respect to Securities of any series, shall mean any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of (or premium, if any, on) any Security of that series at its Maturity; or

(3) default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series, and continuance of such default for five business days; or

(4) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of series of Securities other than that series), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, or

(5) a default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company, whether such indebtedness now exists or shall hereafter be created, which default shall constitute a failure to pay the principal of indebtedness in excess of $20,000,000 when due and payable after the expiration of any applicable grace period with respect thereto or shall have resulted in indebtedness in excess of $20,000,000 becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within a period of 30 days after there shall have been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in an principal amount of the Outstanding Securities a written notice specifying such default and requiring the Company to cause such indebtedness to be discharged or cause such acceleration to be rescinded or annulled and stating that such notice is a "Notice of Default" hereunder; PROVIDED, HOWEVER, that, subject to the

provisions of Sections 6.1 and 6.2, the Trustee shall not be deemed to have knowledge of such default unless either (A) a Responsible Officer of the Trustee shall have actual knowledge of such default or (B) the Trustee shall have received written notice thereof from the Company, from any Holder, from the holder of any such indebtedness or from the trustee under any such mortgage, indenture or other instrument; or

(6) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under the National Bankruptcy Act or any other similar Federal or State law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(7) the commencement by the Company of a voluntary case or proceeding under the National Bankruptcy Act or any other similar Federal or State law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company is an involuntary case or proceeding under the National Bankruptcy Act or any other similar Federal or State law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due; or

(8) any other Event of Default provided with respect to Securities of that series.

SECTION 5.2 ACCELERATION OF MATURITY; RESCISSION AND ANNULMENT. If an Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if the Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all of the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities of that series,

(B) the principal of (and premium, if any, on) and any sinking fund payments with respect to any Securities of that series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is enforceable under applicable law, interest upon overdue interest to the date of such payment or deposit at the rate or rates prescribed therefor in such Securities or, if no such rate or rates are so prescribed, at the rate borne by the Securities during the period of such default, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13.

No such waiver or rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

SECTION 5.3 COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE. The Company covenants that (1) in case default shall be made in the payment of any installment of interest on any Security of any series, as and when the same shall become due and payable, and such default shall have continued for a period of 30 days, or (2) in case default shall be made in the payment of the principal of (and premium, if any, on) any Security of any series on its Maturity and such default shall have continued for a period of five business days then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the Holders of such Securities of such series, the whole amount that then shall have become due and payable on all such Securities for principal (and premium, if any) or interest, or both, as the case may be, with interest upon the overdue principal and (to the extent that payment of such interest is enforceable under applicable law) upon overdue installments of interest at the rate borne by the Securities during the period of such default; and, in addition thereto, such further amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce is rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall

deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 5.4 TRUSTEE MAY FILE PROOFS OF CLAIM. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee, irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest, shall be emitted and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.7.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 5.5 TRUSTEE MAY ENFORCE CLAIMS WITHOUT POSSESSION OF SECURITIES. All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 5.6 APPLICATION OF MONEY COLLECTED. Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if

any) or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 6.7;

SECOND: To the payment of the amounts then due and unpaid for principal of (and premium, if any, on) and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal (and premium, if any) and interest, respectively; and

THIRD: To the payment of the remainder, if any, to the Company, its successors or assigns or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

SECTION 5.7 LIMITATION ON SUITS. No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders shall have offered to the Trustee reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceeding; and

(5) no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 5.12 during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable and common benefit of all of such Holders.

SECTION 5.8 UNCONDITIONAL RIGHT OF HOLDERS TO RECEIVE PRINCIPAL, PREMIUM AND INTEREST. Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any, on) and (subject to Section 3.7) interest on such Security on the Stated Maturity

or Maturities expressed in such Security (or, in the case of redemption or repayment at the option of the Holder, on the Redemption Date or Repayment Date, as the case may be) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 5.9 RESTORATION OF RIGHT AND REMEDIES. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 5.10 RIGHTS AND REMEDIES CUMULATIVE. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 3.6, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11 DELAY OR OMISSION NOT WAIVER. No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 5.12 CONTROL BY HOLDERS. The Holders of a majority in aggregate principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series; PROVIDED, HOWEVER, that

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,

(3) such direction is not unduly prejudicial to the rights of Holders not taking part in such direction, and

(4) such direction would not involve the Trustee in personal liability, as the Trustee, upon being advised by counsel, shall reasonably determine.

SECTION 5.13 WAIVER OF PAST DEFAULTS. The Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of any series may on behalf of the holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of (or premium, if any, on) or interest on any Security of such series, or

(2) in respect of a covenant or provision hereof which under Article 9 cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, and the Company, the Trustee and Holders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 5.14 UNDERTAKING FOR COSTS. All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any, on) or interest on any Security on or after the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

SECTION 5.15 WAIVER OF STAY OR EXTENSION LAWS. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VI.

THE TRUSTEE

SECTION 6.1 CERTAIN DUTIES AND RESPONSIBILITIES. (a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of any series, determined as provided in Section 5.12, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities of such series; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any personal financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 6.2 NOTICE OF DEFAULTS. Within 90 days after the occurrence of any default hereunder with respect to the Securities of any series, the Trustee shall transmit by mail to all Holders of Securities of such series, as their names and addresses appear in the Security Register, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; PROVIDED, HOWEVER, that, except in the case of a default in the payment of the principal of (or premium, if any, on) or interest on any Security of such series or in the payment of any sinking fund installment with respect to Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Securities of such series; and PROVIDED, FURTHER, that in the case of any default of the character specified in Section 5.1(4) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default (not including periods of grace, if any) with respect to Securities of such series.

SECTION 6.3 CERTAIN RIGHTS OF TRUSTEE. Subject to the provisions of Section 6.1:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon and in accordance therewith;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) except during the continuance of an Event of Default, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 6.4 TRUSTEE NOT RESPONSIBLE FOR RECITALS IN INDENTURE OR IN SECURITIES. The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligations hereunder and that the statements made by it in a Statement of Eligibility on Form T-1 supplied to the Company are true and accurate, subject to the qualifications set forth therein. The Trustee shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 6.5 MAY HOLD SECURITIES. The Trustee, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 6.8 and 6.13, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar or such other agent.

SECTION 6.6 MONEY HELD IN TRUST. Subject to the provisions of Section 4.4, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee stall pay such interest on any moneys received by it hereunder as it may agree with the Company to pay thereon. So long as no Event of Default shall have occurred and be continuing, all interest allowed on any such moneys shall be paid from time to time upon the receipt of a Company Order with respect thereto.

SECTION 6.7 COMPENSATION AND REIMBURSEMENT. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it hereunder (which stall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and, except as otherwise expressly provided, the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents, attorneys and counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Company also covenants to indemnify the Trustee for, and to hold

it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

SECTION 6.8 DISQUALIFICATION; CONFLICTING INTEREST. (a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section, with respect to the Securities of any series:

(1) then, within 90 days after ascertaining that it has such conflicting interest, and if the Event of Default to which such conflicting interest relates has not been cured or duly waived or otherwise eliminated before the end of such 90-day period, the Trustee shall either eliminate such conflicting interest or, except as otherwise provided below in this Section, resign, and the Company shall take prompt steps to have a successor appointed in the manner provided in Section 6.10;

(2) in the event that the Trustee shall fail to comply with the provisions of clause (i) of this Subsection, the Trustee shall, within 10 days after the expiration of such 90-day period, transmit notice of such failure to the Holders of the Securities of the applicable series in the manner and to the extent provided in Section 7.3(c); and

(3) subject to the provisions of Section 5.14, unless the Trustee's duty to resign is stayed as provided below in this Section, any Holder of the Securities of the applicable series who has been a bona fide Holder of such Securities for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee, and the appointment of a successor, if the Trustee fails, after written request thereof by such Holder to comply with the provisions of clause (1) of this Subsection.

(b) For the purposes of this Section, a Trustee shall be deemed to have a conflicting interest if an Event of Default exists with respect to the Securities of the applicable series and:

(1) the Trustee is trustee under this Indenture with respect to the Outstanding Securities of any series other than the applicable series or is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Securities issued under this Indenture; PROVIDED, HOWEVER, that there shall be excluded from the operation of this paragraph this Indenture with respect to the Securities of any series other than the applicable series and any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if

(i) this Indenture and such other indenture or indentures are wholly unsecured and ranks equally, and such other indenture or indentures are hereafter qualified under the Trust Indenture Act of 1939, unless the Commission shall have found and declared by order pursuant to

Section 305(b) or Section 307(c) of the Trust Indenture Act of 1939 that differences exist between the provisions of this Indenture with respect to Securities of the applicable series and one or more other series or the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of the applicable series and such other series or under such other indenture or indentures, or

(ii) the Company shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under this Indenture with respect to the Securities of the applicable series and such other series or such other indenture or indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of that series and such other series or under such other indenture or indentures;

(2) the Trustee or any of its directors or executive officers is an underwriter for the Company;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with an underwriter for the Company;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (i) one individual may be a director or an executive officer, or both, of the Trustee and a director or an executive officer, or both, of the Company, but may not be at the same time an executive officer of both the Trustee and the Company; (ii) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director or an executive officer, or both, of the Trustee and a director of the Company; and (iii) the Trustee may be designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depositary, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this Subsection, to act as trustee, whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), (i) 5% or more of the voting securities, or 10% or more of any other class of security, of the Company not including the Securities issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (ii) 10% or more of any class of security of an underwriter for the Company;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Company;

(9) the Trustee owns, on the date of an Event of Default with respect to the Securities of the applicable series or any anniversary of such Event of Default while such Event of Default remains outstanding, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this Subsection. As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after the dates of any such Event of Default with respect to the Securities of the applicable series and annually in each succeeding year that such Event of Default remains outstanding, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such dates. If the Company fails to make payment in full of the principal of (or premium, if any, on) or interest on any of the Securities when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this Subsection; or

(10) except under the circumstances described in paragraphs (1), (3), (4), (5) or (6) of Section 6.13(b), the Trustee shall become a creditor of the Company.

For purposes of paragraph (1) of this Subsection, and of Sections 5.12 and 5.13, the term "series of securities" and "series" means a series, class or group of securities issuable under an indenture pursuant to whose terms holders of one such series may vote to direct the indenture trustee, or otherwise take action pursuant to a vote of such holders, separately from holders of another such series; provided, HOWEVER, that "series of securities" or "series" shall not include any series of securities issuable under an indenture if all such series rank equally and are wholly unsecured.

The specification of percentages in paragraphs (5) to (9), inclusive, of this Subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this Subsection.

For the purposes of paragraphs (6), (7), (8) and (9) of this Subsection only, (i) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (ii) except as expressly provided in paragraph (9) of this Subsection, an obligation shall be deemed to be "in default" when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (iii) the Trustee shall not be deemed to be the owner or holder of (A) any security which it holds as collateral security, as trustee or otherwise, for an obligation which is not in default as defined in clause (ii) above, or (B) security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (C) any security which it holds as agent for collection, or as custodian, escrow agent or depositary, or in any similar representative capacity.

Except as provided in the next preceding paragraph, the word "security" or "securities" as used in this Indenture shall mean any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, pre-organization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights, or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

(c) For the purposes of this Section:

(1) The term "underwriter", when used with reference to the Company, shall mean every person who, within one year prior to the time as of which the determination is made, has purchased from the Company with a view to, or has offered or sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" shall mean any director of a corporation or any individual performing similar functions with respect to any organization, whether incorporated or unincorporated.

(3) The term "person" shall mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "voting security" shall mean any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term "Company" shall mean any obligor upon the Securities.

(6) The term "Event of Default" shall mean an Event of Default pursuant to Section 5.1, but exclusive of any period of grace or requirement of notice.

(7) The term "executive officer" shall mean the president, every vice president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

(d) The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(1) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(2) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(3) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares and the number of units if relating to any other kind of security.

(4) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(i) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(ii) securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and

(iv) securities held in escrow if placed in escrow by the issuer thereof;

PROVIDED, HOWEVER, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(5) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; PROVIDED, HOWEVER, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes; and, PROVIDED, FURTHER, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

SECTION 6.9 CORPORATE TRUSTEE REQUIRED; ELIGIBILITY. There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia or a corporation or other person permitted to act as Trustee by the Commission, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $5,000,000, and subject to supervision or examination by Federal, State or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined-capital and surplus as set forth in its most recent report of condition so published. No obligor upon the Securities or Person directly or indirectly controlling by, or under common control with such obligor shall serve as Trustee hereunder. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in Section 6.10.

SECTION 6.10 RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR. (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.11.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company and by mailing notice thereof to the Holders of Securities of such one or more series, as their names and addresses appear in the Security Register. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such one or more series or any Holder who has been a bona fide holder of a Security or Securities of such one or more series for at least six months may, subject to the provisions of Section 5.14, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

(c) The Trustee may be removed and a successor Trustee appointed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee so removed, to the successor Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 6.8(a) after written request therefor by the Company or by any Holder who has been a bona fide holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 6.9 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Trustee and appoint a successor Trustee with respect to all Securities, one copy of which Board Resolution shall be delivered to the Trustee so removed and one copy to the successor Trustee, or (ii) subject to Section 5.14, any Holder who has been a bona fide holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any

particular series) and shall comply with the applicable requirements of Section 6.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 6.11, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 6.11, any Holder who has been a bona fide holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a Successor Trustee with respect to the Securities of such series.

SECTION 6.11 ACCEPTANCE OF APPOINTMENT BY SUCCESSOR. (a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges pursuant to Section 6.7, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates;

but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

(e) Upon acceptance of appointment by a successor Trustee as provided in this Section, the Company shall mail notice of the succession of such Trustee hereunder to the Holders of the Securities of one or more or all series, as the case may be, to which the appointment of such successor Trustee relates as their names and addresses appear on the Security Register. If the Company fails to mail such notice within 10 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Company.

SECTION 6.12 MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION TO BUSINESS. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities; and in case at that time any of the Securities shall not have been authenticated, any successor Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor Trustee; and in all such cases such certificates shall have the full force which the Securities or this Indenture provide that the certificate of the Trustee shall have; PROVIDED, HOWEVER, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 6.13 PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY. (a) Subject to Subsection (b) of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within three months prior to a default, as defined in Subsection (c) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the Holders and the holders of other indenture securities, as defined in Subsection (c) of this Section:

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such three months' period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this Subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received by the Trustee in respect of any claims as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such three months' period, or an amount equal to the proceeds of any such property, if disposed of, SUBJECT, HOWEVER, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee:

(A) to retain for its own account (i) payments made on account of any such claim by any Person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third Person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the National Bankruptcy Act or any other similar applicable Federal or State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such three months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such three months' period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in Subsection (c) of this Section, would occur within three months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C) and (D), property substituted after the beginning of such three months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or

in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned among the Trustee, the Holders and the holders of other indenture securities in such manner that the Trustee, the Holders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the National Bankruptcy Act or any other similar applicable Federal or State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account, and before crediting to the respective claims of the Trustee, the Holders and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to. the National Bankruptcy Act or any other similar applicable Federal or State law, but after, crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or proceedings for reorganization pursuant to the National Bankruptcy Act or any other similar applicable Federal or State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceedings for reorganization is pending shall have jurisdiction (i) to apportion among the Trustee, the Holders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee, the Holders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee which has resigned or been removed after the beginning of such three months' period shall be subject to the provisions of this Subsection as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such three months' period, it shall be subject to the provisions of this Subsection if and only if the following conditions exist:

(i) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such Trustee had continued as Trustee, occurred after the beginning of such three months' period; and

(ii) such receipt of property or reduction of claim occurred within three months after such resignation or removal.

(b) There shall be excluded from the operation of Subsection (a) of this Section a creditor relationship arising from:

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture, for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advances and of the circumstances surrounding the making thereof is given to the Holders at the time and in the manner provided in Section 7.3 of this indenture;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction, as defined in Subsection (c) of this Section;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; or

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper, as defined in Subsection (c) of this Section.

(c) For the purposes of this Section only:

(1) the term "default" shall mean any failure to make payment in full of the principal of or interest on any of the Securities or upon the other indenture securities when and as such principal or interest becomes due and payable;

(2) the term "other indenture securities" shall mean securities upon which the Company is an obligor (as defined in the Trust Indenture Act of 1939) outstanding under any other indenture (i) under which the Trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of Subsection (a) of this Section, and (iii) under which a default exists at the time of the apportionment of the funds and property held in such special account;

(3) the term "cash transaction" shall mean any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) the term "self-liquidating paper" shall mean any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase processing, manufacturing shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship whit the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation; and

(5) the term "Company" shall mean any obligor upon the Securities.

ARTICLE VII.

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 7.1 COMPANY TO FURNISH TRUSTEE INFORMATION AS TO NAMES AND ADDRESSES OF HOLDERS. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee:

(a) Semi-annually, not later than April 1 and October 1 in each year, commencing October 1, 2001, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of a date not more than 15 days prior to the time such list is furnished and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

PROVIDED, HOWEVER, that so long as the Trustee is the Security Registrar, no such list shall be required to be furnished.

SECTION 7.2 PRESERVATION OF INFORMATION; COMMUNICATIONS TO HOLDERS. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders of Securities (1) contained in the most recent list furnished to it as provided in Section 7.1 and (2) received by it in the capacity of Paying Agent or Security Registrar (if so acting) hereunder.

The Trustee may destroy any list furnished to it as provided in Section 7.1 upon receipt of a new list so furnished.

(b) In case three or more Holders of Securities of any series (hereinafter called "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Security of such series for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders of Securities of the same series or of all series, as the case may be, with respect to their rights under this Indenture or under the Securities of such series or of all

series, as the case may be, and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(1) afford such applicants access to the information preserved a the time by the Trustee in accordance with the provisions of Subsection (a) of this Section 7.2, or

(2) inform such applicants as to the approximate number of Holders of Securities of such series or of all series, as the case may be, whose names and addresses appear in the information preserved at the time by the Trustee in accordance with the provisions of Subsection (a) of this Section 7.2, and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder of Securities of such series or of all series, as the case may be, whose name and address appear in the information preserved at the time by the Trustee in accordance with the provisions of Subsection (a) of this Section 7.2, a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants send file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the Holders of Securities of such series or of all series, as the case may be, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, said Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Holders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any Security Registrar nor any Paying Agent shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with the provisions of Subsection (b) of this Section 7.2, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under said Subsection (b).

SECTION 7.3 REPORTS BY TRUSTEE. (a) On or before October 1, 2001, and on or before October 1 in every year thereafter, so long as required by the Trust Indenture Act of 1939, as then amended, and so long as any Securities are Outstanding hereunder, the Trustee shall transmit to the Holders as hereinafter in this Section 7.3 provided and to the Company a brief

report, dated as of the preceding April 1, with respect to any of the following events which may have occurred within the 12 months prior to the date of such report (but if no such event has occurred within such period no report need be transmitted):

(1) any change to its eligibility under Section 6.9, and its qualification under Section 6.8;

(2) the creation of or any material change to a relationship specified in paragraphs (1) through (10) of Subsection (b) of Section 6.8;

(3) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on any property or funds held or collected by it as Trustee, except the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than one-half of one per cent of the aggregate principal amount of the Outstanding Securities on the date of such report;

(4) the amount, interest rate, and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Securities) to the Trustee in its individual capacity, on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in paragraph (2), (3), (4) or (5) of Subsection (b) of Section 6.13;

(5) any change to the property and funds, if any, physically in the possession of the Trustee (as such) on the date of such report;

(6) any additional issue of Securities which it has not previously reported; and

(7) any action taken by the Trustee in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects the Securities, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 6.2.

(b) The Trustee shall transmit to the Holders, as hereinafter provided, and to the Company a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) since the date of the last report transmitted pursuant to the provisions of Subsection (a) of this Section 7.3 (or if no such report has yet been so transmitted, since the date of execution of this Indenture) for the reimbursement of which it claims or may claim a lien or charge prior to that of the Securities on property or funds held or collected by it as Trustee and which it has not previously reported pursuant to this Subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate ten per cent or less of the aggregate principal amount of the Outstanding Securities not such time, such report to be transmitted within 90 days after such time.

(c) Reports pursuant to this Section 7.3 shall be transmitted by mail to all Holders, as the names and addresses of such Holders appear upon the Security Register.

(d) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any of the Securities are listed and also with the Commission. The Company agrees to notify the Trustee when and as any of the Securities become listed on any stock exchange.

SECTION 7.4 REPORTS BY COMPANY. (a) The Company covenants and agrees to file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as said Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with said Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of such Sections, then to file with the Trustee and said Commission, in accordance with rules and regulations prescribed from time to time by said Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

(b) The Company covenants and agrees to file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such additional information, documents, and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations.

(c) The Company covenants and agrees to transmit to the Holders within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided In Subsection (c) of Section 7.3, such summaries of any information, documents and reports required to be filed by the Company pursuant to Subsections (a) and (b) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

(d) The Company covenants and agrees to furnish to the Trustee, on or within 15 days before October 1, 2001, and on or within 15 days before October 1 in every year thereafter, a brief certificate from the chief executive officer, the chief financial officer or the chief accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Indenture. For purposes of this Subsection, such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture.

ARTICLE VIII.

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

SECTION 8.1 CONSOLIDATIONS AND MERGERS OF COMPANY PERMITTED SUBJECT TO CERTAIN CONDITIONS. The Company shall not consolidate with or merge into any other Person or convey,

transfer or lease its properties and assets substantially as an entirety to any Person, and the Company shall not permit any Person to consolidate with or merge into the Company or convey, transfer or lease its properties and assets substantially as an entirety to the Company, unless:

(a) in case the Company shall consolidate with or merge into another Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest on all the Securities and the performance or observance of every covenant of this Indenture on the part of the Company to be performed or observed and shall have provided for conversion rights in any supplemental indenture hereto;

(b) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 8.2 RIGHTS AND DUTIES OF SUCCESSOR CORPORATION. Upon any consolidation of the Company with, or merger of the Company into, any other Person or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 8.1, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE IX.

SUPPLEMENTAL INDENTURES

SECTION 9.1 SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF HOLDERS. The Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act of 1939 as in force at the date of the execution thereof) for one or more of the following purposes:

(1) to evidence the succession of another corporation or entity to the Company, or successive successions, and the assumption by the successor corporation or

entity of the covenants, agreements and obligations of the Company pursuant to Article Eight hereof;

(2) to add to the covenants of the Company or to add additional rights for the benefit of the Holders of all or any series of Securities (and if such covenants or rights are to be for the benefit of less than all series of Securities, stating that such covenants or rights are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company;

(3) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such Events of Default are to be for the benefit of less than all series of Securities, stating that such Events of Default are expressly being included solely for the benefit of such series); PROVIDED, HOWEVER, that in respect of any such additional Events of Default such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default or may limit the right of the Holders of a majority in aggregate principal amount of that or those series of Securities to which such additional Events of Default apply to waive such default;

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in coupon form, registrable or not registrable as to principal, and to provide for exchangeability of such Securities with Securities issued hereunder in fully registered form;

(5) to change or eliminate any of the provisions of this Indenture, provided that any such change or elimination shall become effective only when there is no Outstanding Security of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision;

(6) to secure the Securities;

(7) to establish the form or terms of Securities of any series as permitted by Sections 2.1 and 3.1;

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 6.11(b);

(9) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture which may be defective or inconsistent with any other provision herein or in any supplemental indenture, or to make such other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interests of the Holders of Securities of any series in any material respect;

(10) to comply with any requirement of the Commission in connection with the qualification of the Indenture under the Trust Indenture Act of 1939;

(11) to make provision with respect to the conversion rights, if any, to holders of the Securities issued pursuant to the requirements any such supplemental indenture.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder.

Any supplemental indenture authorized by the provisions of this Section 9.1 may be executed by the Company and the Trustee without the consent of the Holders of any of the Outstanding Securities, notwithstanding any of the provisions of Section 9.2.

SECTION 9.2 SUPPLEMENTAL INDENTURES WITH CONSENT OF HOLDERS. With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplement indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act of 1939 as in force at the date of execution thereof) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; PROVIDED, HOWEVER, that no such supplemental indenture shall (i) change the Stated Maturity of the principal of (or premium, if any, on), or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon, or reduce the amount of principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption or repayment at the option of the Holder, on or after the Redemption Date or Repayment Date, as the case away be), without the consent of the Holder of each Outstanding Security so affected, (ii) reduce the aforesaid percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, without the consent of the Holders of all the Outstanding Securities of such aeries or (iii) adversely effect the right to convert any Securities as provider in any supplemental indenture, or adversely affect the right of the Company to repurchase any Securities as provided in any supplemental indenture hereto.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

Upon the request of the Company accompanied by a copy of a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the

Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 9.3 EXECUTION OF SUPPLEMENTAL INDENTURES. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 6.1) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.4 EFFECT OF SUPPLEMENTAL INDENTURES. Upon the execution of any supplemental indenture pursuant to the provisions of this Article, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.5 REFERENCE IN SECURITIES TO SUPPLEMENTAL INDENTURES. Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE X.

PARTICULAR COVENANTS OF THE COMPANY

SECTION 10.1 PAYMENT OF PRINCIPAL, PREMIUM AND INTEREST. The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay or cause to be paid the principal of (and premium, if any, on) and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture. Each installment of interest on any Security may at the Company's option be paid by mailing a check for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 3.7, to the address of such Person as it appears on the Security Register. At the option of the Company, all

payments of principal may be paid by official bank check to the registered Holder of the Security or other person entitled thereto against surrender of such Security.

SECTION 10.2 MAINTENANCE OF OFFICE OR AGENCY. The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange as in this Indenture provided and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give notice to the Trustee of the location, and any change in the location, of each such office or agency. In case the Company shall fail to maintain any such required office or agency or shall fail to give notice of the location or of any change thereof, presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee. The Company hereby initially appoints the Trustee as its office or agency for such purpose.

The Company may also from time to time designate one or more other offices or agencies in any location where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; PROVIDED, HOWEVER, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 10.3 MONEY FOR SECURITIES PAYMENTS TO BE HELD IN TRUST. If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of (or premium, if any, on) or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal (or premium, if any) or interest so becoming due until such sums shall be paid no such Persons or otherwise disposed of as herein provided. The Company will promptly notify the Trustee of any failure by the Company to take such action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, on or prior to each due date of the principal of (or premium, if any, on) or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay the principal (or premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities, other than the Trustee, to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (or premium, if any, on) or interest on Securities of that series (whether such sums have been paid to it by

the Company or by any other obligor on the Securities) in trust for the benefit of the Persons entitled thereto;

(2) give the Trustee notice of any failure by the Company (or any other obligor upon the Securities of that series) to make any payment of principal of (or premium, if any, on) or interest on the Securities of that series when the same shall be due and payable; and

(3) at any time during the continuance of any Event of Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held is trust by such Paying Agent.

Anything in this Section to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining satisfaction and discharge of this Indenture, or for any other reason, pay, or by Company Order direct any Paying Agent do pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

SECTION 10.4 STATEMENT BY OFFICERS AS TO DEFAULT. The Company will deliver to the Trustee, on or before a date not more than 120 days after the end of each fiscal year ending after the date hereof, an Officers' Certificate stating, as to each officer signing such certificate, whether or not to the best of his knowledge the Company is in default in the performance and observance of any of the terms, provisions and conditions hereof, and, if the Company shall be in default, specifying all such defaults and the nature thereof of which he may have knowledge.

SECTION 10.5 ADDITIONAL AMOUNTS. The Company hereby agrees that any amounts to be paid by the Company with respect to each Security shall be paid without deduction or withholding for any and all present and future taxes, levies, imposts or other governmental charges whatsoever imposed, assessed, levied or collected by or for the account of the Republic of Panama (or by or for the account of the jurisdiction of incorporation (other than the United States) of a successor corporation to the Company pursuant to Section 8.1, to the extent that such taxes first become applicable as a result of the successor corporation becoming the obligor on the Debt Securities) or any political subdivision or taxing authority thereof or therein ("Panamanian Taxes") or, if deduction or withholding of any Panamanian Taxes shall at any time be required by the Republic of Panama (or the jurisdiction of incorporation (other than the United States) of a successor corporation to the Company pursuant to Section 8.1) or any such subdivision or authority, the Company shall (subject to compliance by the Holder or beneficial owner of the Security with any relevant administrative requirements) pay such additional amounts ("Additional Amounts") in respect of principal, premium, if any, interest, if any, and sinking fund or analogous payments, if any, as may be necessary in order that the net amount paid to the Holder of such Security or the Trustee under this Indenture, as the case may be, after such deduction or withholding, shall equal the respective amounts of principal, premium, if any, interest, if any, and sinking fund or analogous payments, if any, as specified in the Security to which such Holder or the Trustee is entitled; provided, however, that the foregoing shall not apply to (i) any present or future Panamanian Taxes which would not have been so imposed,

assessed, levied or collected but for the fact that the Holder or beneficial owner of such Security being or having been a domiciliary, national or resident of, or engaging or having been engaged in business or maintaining or having maintained a permanent establishment or being or having been physically present in, the Republic of Panama (or the jurisdiction of incorporation of a successor corporation to the Company pursuant to Section 8.1) or such political subdivision or otherwise having or having had some connection with the Republic of Panama (or the jurisdiction of incorporation of a successor corporation to the Company pursuant to Section 8.1) or such political subdivision other than the holding or ownership of a Security, or the collection of principal of and interest, if any, on, or the enforcement of, a Security, (ii) any present or future Panamanian Taxes which would not have been so imposed, assessed, levied or collected but for the fact that, where presentation is required, such Security was presented more than thirty days after the date such payment became due or was provided for, whichever is later, or (iii) any present or future Panamanian Taxes which would not have been so imposed, assessed, levied or collected but for the failure to comply with any certification, identification or other reporting requirements concerning the nationality, residence, identity or connection with the Republic of Panama (or the jurisdiction of incorporation of a successor corporation to the Company pursuant to Section 8.1) or any political subdivision thereof of the Holder or beneficial owner of such Security, if compliance is required by statute or by rules or regulations of the Republic of Panama (or the jurisdiction of incorporation of a successor corporation to the Company pursuant to Section 8.1) or such political subdivision as a condition to relief or exemption from Panamanian Taxes. The provisions described in (i) through (iii) above are referred to herein as "Excluded Taxes." The Company or any successor to the Company, as the case may be, shall indemnify and hold harmless each Holder of the Securities and upon written request reimburse each Holder for the amount of (i) any Panamanian Taxes levied or imposed and paid by such Holder of the Securities (other than Excluded Taxes) as a result of payments made with respect to the Securities, (ii) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, and (iii) any Panamanian Taxes with respect to payment of Additional Amounts or any reimbursement pursuant to this sentence. The Company or any successor to the Company, as the case may be, shall also (1) make such withholding or deduction and (2) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Company or any successor to the Company, as the case may be, shall furnish the Trustee within 30 days after the date the payment of any Panamanian Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by the Company or any successor to the Company, as the case may be, which the Trustee shall forward to the Holders of the Securities.

At least 30 days prior to each date on which any payment under or with respect to the Securities is due and payable, if the Company will be obligated to pay Additional Amounts with respect to such payments, the Company will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable, stating the amounts so payable and setting forth such other information as may be necessary to enable the Trustee to pay such Additional Amounts to Holders of the Securities on the payment date.

Whenever in this Indenture or any Security there is mentioned, in any context, the payment of the principal, premium, if any, or interest, or sinking fund or analogous payment, if any, in respect of such Security or overdue principal or overdue interest or overdue sinking fund or analogous payment, such mention shall be deemed to include mention of the payment of

Additional Amounts provided for herein to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the provisions of this Section and express mention thereof in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made (if applicable).

The obligations of the Company (and any successor corporation to the Company pursuant to Section 8.1) under this Section 10.5 shall survive the termination of this Indenture and the payment of all amounts under or with respect to the Securities.

ARTICLE XI.

REDEMPTION OF SECURITIES

SECTION 11.1 APPLICABILITY OF ARTICLE. Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their term and (except as otherwise specified as contemplated by Section 3.1 for Securities of any series) in accordance with this Article.

SECTION 11.2 ELECTION TO REDEEM; NOTICE TO TRUSTEE. The right of the Company to elect to redeem any Securities of any series shall be set forth in the terms of such Securities of such series established in accordance with Section 3.1. The election of the Company to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of less than all the Securities of any series, the Company shall, at least 45 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Securities of such series to be redeemed and shall deliver to the Trustee such documentation and records as shall enable the Trustee to select the Securities to be redeemed pursuant to Section 11.3. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

SECTION 11.3 SELECTION BY TRUSTEE OF SECURITIES TO BE REDEEMED. If less than all the Securities of any series are to be redeemed, the particular Securities to be redeemed shall be selected not more than 45 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as may be specified by the terms of such Securities or, if no such method is so specified, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal amount of Securities of such series; PROVIDED, HOWEVER, that no such partial redemption shall reduce the portion of the principal amount of such Security not redeemed to less than the minimum authorized denomination for Securities of that series.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 11.4 NOTICE OF REDEMPTION. Notice of redemption shall be given by the Company or, at the Company's request, by the Trustee, in the name and at the expense of the Company, to the Holders of the Securities to be redeemed, by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price,

(3) if less than all the Outstanding Securities of any series are to be redeemed, the identification (and, in the cast of partial redemption, the principal amounts) of the particular Securities to be redeemed,

(4) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(5) the place or places where such Securities are to be surrendered for payment of the Redemption Price, and

(6) that the redemption is for a sinking fund, if such is the case.

SECTION 11.5 DEPOSIT OF REDEMPTION PRICE. On or before any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 10.3) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

SECTION 11.6 SECURITIES PAYABLE ON REDEMPTION DATE. Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; PROVIDED, HOWEVER, that unless otherwise specified as contemplated by Section 3.1, installment of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Regular Record Dates according to their terms and the provisions of Section 3.7.

If any Security called for redemption shall not be so paid upon surrender therefor, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

SECTION 11.7 SECURITIES REDEEMED IN PART. Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

SECTION 11.8 OPTIONAL REDEMPTION OR ASSUMPTION OF SECURITIES UNDER CERTAIN CIRCUMSTANCES. (a) Unless otherwise specified with respect to the Securities of any series, if as the result of any change in or any amendment to the laws, including any regulations thereunder and any applicable double taxation treaty or convention, of the Republic of Panama (or the jurisdiction of incorporation (other than the United States) of a successor corporation to the Company pursuant to Section 8.1), or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in an application or interpretation of such laws, including any applicable double, taxation treaty or convention, which change, amendment, application or interpretation ("Change") becomes effective on or after the original issuance date of such series (or, if such Change is imposed with respect to tax imposed with respect to payments from the jurisdiction in which a successor corporation to the Company pursuant to Section 8.1 is incorporated, such later date on which such successor corporation becomes a successor corporation to the Company pursuant to Section 8.1), it is determined by the Company based upon an opinion of independent counsel of recognized standing that (i) the Company would be required to pay Additional Amounts (as defined in Section 10.5 herein) in aspect of principal, premium, if any, interest, if any, or sinking fund or analogous payments, if any, on the next succeeding date for the payment thereof, or (ii) any taxes would be imposed (whether by way of deduction, withholding or otherwise) by the Republic of Panama (or the jurisdiction of incorporation (other than the United States) of a successor corporation to the Company pursuant to Section 8.1) or by any political subdivision or taxing authority thereof or therein, upon or with respect to any principal, premium, if any, interest, if any, or sinking fund or analogous payments, if any, then the Company may, at its option, on giving not less than 30 nor more than 60 days' notice (which shall be irrevocable) redeem such series of Securities in whole, but not in part, at any time (except in the case of Securities of a series having a variable rate of interest, which may be redeemed only on an Interest Payment Date) at a Redemption Price equal to 100 percent of the principal amount thereof plus accrued interest to the Redemption Date (except in the case of outstanding Original Issue Discount Securities which may be redeemed at the Redemption Price specified by the terms of each series of such Securities); provided, however, that (i) no notice of redemption may be given more than 90 days prior to the earliest date on which the Company would be obligated to pay such Additional Amounts or such tax would be imposed, as the case may be, and (ii) at the time that such notice of redemption is given, such obligation to pay Additional Amounts or such tax, as the case may be, remains in effect.

(b) Prior to any redemption of a series of Securities pursuant to paragraph (a) above, the Company shall provide the Trustee with an opinion of independent counsel of recognized standing which states that the conditions precedent to the right of the Company to redeem such Securities pursuant to this Section shall have occurred. Each such opinion of independent counsel of recognized standing shall be based on the laws in effect on the date of such opinion or to become effective on or before the next succeeding date of payment of principal, premium, if any, interest. if any, and sinking fund or analogous payments, if any. For purposes of this Section, all references to the Company in this paragraph shall include any successor corporation thereto pursuant to Section 8.1.

ARTICLE XII.

REPAYMENT AT OPTION OF HOLDERS

SECTION 12.1 APPLICABILITY OF ARTICLE. Repayment of Securities of any series before their Stated Maturity at the option of Holders thereof shall be made in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 3.1 for Securities of any series) in accordance with this Article.

SECTION 12.2 REPAYMENT OF SECURITIES. Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at a price equal to the principal amount thereof, together with interest thereon accrued to the Repayment Date specified in the terms of such Securities. The Company covenants that on or before the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 10.3) an amount of money sufficient to pay the principal (or, if so provided by the terms of the Securities of any series, a percentage of the principal) of, and (except if the Repayment Date shall be an Interest Payment Date) accrued interest on, all the Securities or portions thereof, as the case may be, to be repaid on such date.

SECTION 12.3 EXERCISE OF OPTION. Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the "Option to Elect Repayment" form on the reverse of such Security duly completed by the Holder, must be received by the Company at the Place of Payment therefor specified in the terms of such Security (or at such other place or places of which the Company shall from time to time notify the Holders of such Securities) not earlier than 30 days nor later than 15 days prior to the Repayment Date. If less than the entire principal amount of such Security is to be repaid in accordance with the terms of such Security, the principal amount of such Security to be repaid, in increments of $1,000 unless otherwise specified in the terms of such Security, and the denomination or denominations of the Security or Securities to be issued to the Holder for the portion of the principal amount of such Security surrendered that is not to be repaid must be specified. The principal amount of any Security providing for repayment at the option of the Holder thereof may not be repaid in part if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be

provided by the terms of any Security providing for repayment at the option of the Holder thereof, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Company.

SECTION 12.4 WHEN SECURITIES PRESENTED FOR REPAYMENT BECOME DUE AND PAYABLE. If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by the terms of such Securities, such Securities or the portions thereof, as the case may be, to be repaid shall become due and payable and shall be paid by the Company on the Repayment Date therein specified, and on and after such Repayment Date (unless the Company shall default in the payment of such Securities on such Repayment Date) interest on such Securities or the portions thereof, as the case may be, shall cease to accrue.

SECTION 12.5 SECURITIES REPAID IN PART. Upon surrender of any Security which is to be repaid in part only, the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge and at the expense of the Company, a new Security or Securities of the same series, of any authorized denomination specified by the Holder, in an aggregate principal amount equal to and in exchange for the portion of the principal of such Security so surrendered which is not to be repaid.

ARTICLE XIII.

SINKING FUNDS

SECTION 13.1 APPLICABILITY OF ARTICLE. The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 3.1 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment," and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment." If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 13.2. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

SECTION 13.2 SATISFACTION OF SINKING FUND PAYMENTS WITH SECURITIES. The Company may (1) deliver to the Trustee Outstanding Securities of a series (other than any previously called for redemption) theretofore purchased or otherwise acquired by the Company and (2) receive credit for Securities of a series which have been previously delivered to the Trustee by the Company or for Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of the same series required to be made pursuant to the terms of such Securities as provided for by the terms of such Series, provided that such Securities have not been previously so credited. Such

Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

SECTION 13.3 REDEMPTION OF SECURITIES FOR SINKING FUND. Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering or crediting Securities of that series pursuant to Section 13.2 (which Securities will, if not previously delivered, accompany such certificate) and whether the Company intends to exercise its right to make a permitted optional sinking fund payment with respect to such series. Such certificate shall be irrevocable and upon its delivery the Company shall be obligated to make the cash payment or payments therein referred to, if any, on or before the next succeeding sinking food payment date. In the case of the failure of the Company to deliver such certificate, the sinking fund payment due on the next succeeding sinking fund payment date for that series shall be paid entirely in cash and shall be sufficient to redeem the principal amount of such Securities subject to a mandatory sinking fund payment without the option to deliver or credit Securities as provided in Section 13.2 and without the right to make any optional sinking fund payment, if any, with respect to such series.

Not more than 60 days before each such sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 11.3 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 11.4. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 11.6 and 11.7.

Prior to any sinking fund payment date, the Company shall pay to the Trustee in cash a sum equal to any interest accrued to the date fixed for redemption of Securities or portions thereof to be redeemed on such sinking fund payment date pursuant to this Section 13.3.

ARTICLE XIV.

IMMUNITY OF INCORPORATORS, SHAREHOLDERS, OFFICERS, DIRECTORS AND EMPLOYEES

SECTION 14.1 EXEMPTION FROM INDIVIDUAL LIABILITY. No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer, director or employee, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations of the Company, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, shareholders, officers, directors or

employees, as such, of the Company or of any successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, shareholders, officer, director or employee, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Securities.

ARTICLE XV.

MISCELLANEOUS PROVISIONS

SECTION 15.1 SUCCESSORS AND ASSIGNS OF COMPANY BOUND BY INDENTURE. All the covenants, stipulations, promises and agreements in this Indenture contained by or in behalf of the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 15.2 ACTS OF BOARD, COMMITTEE OR OFFICER OF SUCCESSOR CORPORATION VALID. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at that time be the successor of the Company.

SECTION 15.3 REQUIRED NOTICES OR DEMANDS. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders to or on the Company may, except as otherwise provided in Section 5.1(4), be given or served by being deposited postage prepaid in a post office letter box in the United States addressed (until another address is filed by the Company with the Trustee), as follows: Carnival Corporation, 3655 N.W. 87th Avenue, Miami, Florida 33178-2428, Attention: Treasurer. Any notice, direction, request or demand by the Company or by any Holder to or upon the Trustee may be given or made, for all purposes, by being deposited postage prepaid in a post office letter box in the United States addressed to the Corporate Trust Office of the Trustee. Any notice required or permitted to be mailed to a Holder by the Company or the Trustee pursuant to the provisions of this Indenture shall be deemed to be properly mailed by being deposited postage prepaid in a post office letter box in the United States addressed to such Holder at the address of such Holder as shown on the Security Register. In any case, where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be flied with the Trustee. but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice of any event to Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

SECTION 15.4 INDENTURE AND SECURITIES TO BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THIS INDENTURE AND EACH SECURITY SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF SAID STATE.

SECTION 15.5 INDENTURE MAY BE EXECUTED IN COUNTERPARTS. This Indenture may be exacted in any number of counterparts, each of which shall be an original, but all of which shal1 together constitute one and the same instrument.

U.S. BANK TRUST NATIONAL ASSOCIATION, the party of the second part, hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

IN WITNESS WHEREOF, CARNIVAL CORPORATION, the party of the first part, has caused this Indenture to be duly signed and acknowledged by its Chairman of the Board or its President or an Executive Vice President or a Vice President or its Treasurer or its Secretary or its Assistant Secretary thereunto duly authorized; and U.S. BANK TRUST NATIONAL ASSOCIATION, the party of the second part, has caused this Indenture to be duly signed and acknowledged by one of its Vice Presidents or Assistant Vice Presidents thereunto duly authorized and the same to be attested by one of its Trust Officers.

CARNIVAL CORPORATION

By:

Name:
Title:

U.S. BANK TRUST NATIONAL ASSOCIATION

By:

Name: Lori-Ann Rosenberg
Title: Assistant Vice President

EXHIBIT 4.6

CARNIVAL CORPORATION

and

U.S. BANK TRUST NATIONAL ASSOCIATION,

As Trustee

FIRST SUPPLEMENTAL INDENTURE

DATED AS OF APRIL 25, 2001

Supplemental to Indenture

DATED AS OF APRIL 25, 2001

Creating a series of Securities
designated
2% Convertible Senior Debentures due 2021

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CARNIVAL CORPORATION

FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE, dated as of April 25, 2001, between Carnival Corporation, a corporation organized and existing under the laws of the Republic of Panama (the "Company"), and U.S. Bank Trust National Association, a national banking association organized and existing under the laws of the United States of America (the "Trustee").

WITNESSETH

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of April 25, 2001 (the "Indenture"), providing for the issuance from time to time of its debentures, notes, bonds or other evidences of indebtedness (hereinafter called "Securities") in one or more fully registered series;

WHEREAS, Section 9.1(7) of the Indenture provides that the Company and the Trustee may from time to time enter into one or more indentures supplemental thereto to establish the form or terms of Securities of a new series;

WHEREAS, Section 3.1 of the Indenture provides that the Company may enter into supplemental indentures to establish the terms and provisions of a series of Securities issued pursuant to the Indenture;

WHEREAS, the Company desires to issue 2% Convertible Senior Debentures due 2021 (the "2021 Debentures"), a new series of Security, the issuance of which was authorized by resolution of the Board of Directors of the Company, dated April 20, 2001;

WHEREAS, the Company, pursuant to the foregoing authority, proposes in and by this First Supplemental Indenture (the "Supplemental Indenture") to supplement and amend in certain respects the Indenture insofar as it will apply only to the 2021 Debentures (and not to any other series); and

WHEREAS, all things necessary have been done to make the 2021 Debentures, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid obligations of the Company, and to make this Supplemental Indenture a valid agreement of the Company, in accordance with their and its terms.

NOW THEREFORE:

In consideration of the premises provided for herein, the Company and the Trustee mutually covenant and agree for the equal and proportionate benefit of all Holders of the 2021 Debentures as follows:

ARTICLE ONE

DEFINITIONS AND OTHER
PROVISIONS OF GENERAL APPLICATION

Section 101 DEFINITIONS. For all purposes of the Indenture and this Supplemental Indenture relating to the series of Securities (consisting of Debentures) created hereby, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Article have the meanings assigned to them in this Article. Each capitalized term that is used in this Supplemental Indenture but not defined herein shall have the meaning specified in the Indenture.

"AGENT MEMBERS" has the meaning specified in Section 201.

"APPLICABLE PROCEDURES" means, with respect to any transfer or exchange of beneficial ownership interests in a Global Security, the rules and procedures of the Depositary that are applicable to such transfer or exchange.

"BENEFICIAL OWNER" has the meaning specified in Section 701(a).

"CAPITAL STOCK" or "CAPITAL STOCK" of any Person means any and all shares, interests, partnership interests, participations, rights or other equivalents (however designated) of equity interests (however designated) issued by that Person.

"CERTIFICATED SECURITY" means a Security that is in substantially the form attached hereto as ANNEX A.

"CHANGE IN CONTROL" has the meaning specified in Section 701.

"CHANGE IN CONTROL PURCHASE DATE" has the meaning specified in Section 701.

"CHANGE IN CONTROL PURCHASE NOTICE" has the meaning specified in Section 701.

"CHANGE IN CONTROL PURCHASE PRICE" has the meaning specified in Section 701.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"COMMON STOCK" means the common stock, par value $0.01 per share, of the Company as it exists on the date of this Supplemental Indenture or any other shares of Capital Stock of the Company into which such common stock is reclassified or changed.

"COMPANY NOTICE DATE" has the meaning specified in Section 603.

"CONSOLIDATED NET WORTH" means, at any time, the Net Worth of the Company and its Subsidiaries on a consolidated basis determined in accordance with GAAP.

"CONVERSION AGENT" shall be the agent specified in Section 201.

"CONVERSION DATE" has the meaning specified in Section 405.

"CONVERSION RATE" has the meaning specified in Section 401

"DEPOSITARY" has the meaning specified in Section 201(a).

"DETERMINATION DATE" has the meaning specified in Section 409(d)(1).

"DTC" has the meaning specified in Section 201(a).

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, or any successor statute.

"EXPIRATION DATE" has the meaning specified in Section 409(d)(2).

"EXPIRATION TIME" has the meaning specified in Section 409(d)(2).

"EXCESS 2021 DEBENTURES" has the meaning specified in Section 214.

"GAAP" means generally accepted accounting principles as in effect on the date of this Supplemental Indenture in the United States.

"GLOBAL SECURITY" means a permanent Global Security that is in substantially the form attached hereto as ANNEX A and that includes the information and schedule called for by footnotes 1, 3 and 4 thereof and which is deposited with the Depositary or the Securities Custodian and registered in the name of the Depositary or its nominee.

"INDENTURE" has the meaning specified in the recitals.

"INSTITUTIONAL ACCREDITED INVESTORS" has the meaning specified in Section 201(b).

"ISSUE DATE" of any 2021 Debenture means the date on which the 2021 Debenture was originally issued or deemed issued as set forth on the face of the 2021 Debenture.

"LIQUIDATED DAMAGES" shall have the meaning set forth in the Registration Rights Agreement.

"MARKET PRICE" has the meaning specified in Section 604.

"NET WORTH" means, at any time with respect to the Company or a Subsidiary thereof, the net worth of the Company or such Subsidiary, as the case may be, determined in accordance with GAAP.

"NYSE" has the meaning specified in Section 409(e).

"OUTSTANDING", when used with respect to Securities or Securities of any series, means, as of the date of determination, all such Securities theretofore authenticated and delivered under this Indenture, except:

(1) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Securities for whose payment, repurchase or redemption money or Common Stock in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(3) Securities which have been cancelled pursuant to Section 3.9 of the Indenture or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company; and

(4) Securities converted into Common Stock pursuant to the terms of the Indenture or such Securities;

PROVIDED, HOWEVER, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"PERMITTED HOLDERS" has the meaning specified in Section 701(a).

"PURCHASED SHARES" has the meaning specified in Section 409(d)(2).

"purchases" has the meaning specified in Section 409(d)(3).

"QIB" has the meaning specified in Section 201(a).

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement, dated as of April 25, 2001, between the Company and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated.

"REPURCHASE DATE" has the meaning specified in Section 601.

"REPURCHASE NOTICE" has the meaning specified in Section 601.

"REPURCHASE PRICE" has the meaning specified in Section 601.

"RESTRICTED CERTIFICATED SECURITY" means a Certificated Security which is a Transfer Restricted Security.

"RESTRICTED GLOBAL SECURITY" means a Global Security that is a Transfer Restricted Security.

"RULE 144" means Rule 144 under the Securities Act or any successor to such Rule.

"RULE 144A" means Rule 144A under the Securities Act or any successor to such Rule.

"SALE PRICE" has the meaning specified in Section 604.

"SECURITIES" has the meaning specified in the preamble of this Supplemental Indenture.

"SECURITIES ACT" means the Securities Act of 1933, as amended, or any successor statute.

"SECURITIES CUSTODIAN" means the Trustee, as custodian with respect to the Securities in global form, or any successor thereto.

"SIGNIFICANT SUBSIDIARY" means any Subsidiary, the Net Worth of which represents more than 10% of the Consolidated Net Worth of the Company and its Subsidiaries.

"SUPPLEMENTAL INDENTURE" has the meanings specified in the recitals.

"TENDER OFFER" has the meaning specified in Section 409(d)(3).

"TENDERED SHARES" has the meaning specified in Section 409(d)(3).

"TRADING DAY" means a day during which trading in securities generally occurs on the New York Stock Exchange or, if the Common Stock is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the other principal market on which the Common Stock is then traded.

"TRANSFER CERTIFICATE" has the meaning specified in Section 202(b)(1).

"TRANSFER RESTRICTED SECURITIES" has the meaning specified in Section 202(f)(1).

"TRIGGER EVENT" has the meaning specified in Section 409(c).

"TRIGGERING DISTRIBUTION" has the meaning specified in Section 409(d)(1).

"2021 DEBENTURES" has the meaning specified in the recitals.

"UNRESTRICTED CERTIFICATED SECURITY" means a Certificated Security which is not a Transfer Restricted Security.

"UNRESTRICTED GLOBAL SECURITY" means a Global Security which is not a Transfer Restricted Security.

"VOTING STOCK" means any class or classes of Capital Stock pursuant to which the holders thereof under ordinary circumstances have the power to vote in the election of the board of directors, managers or trustees of any Person (or other Persons performing similar functions), irrespective of whether or not, at the time, Capital Stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency.

ARTICLE TWO

THE 2021 DEBENTURES

Section 201 DESIGNATION OF 2021 DEBENTURES; ESTABLISHMENT OF FORM.

There shall be a series of Securities designated "2% Convertible Senior Debentures due 2021" of the Company, and the form thereof shall be substantially as set forth in ANNEX A hereto, which is incorporated into and shall be deemed a part of this Supplemental Indenture, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by the Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers of the Company executing such 2021 Debentures, as evidenced by their execution of the 2021 Debentures.

(a) RESTRICTED GLOBAL SECURITIES. All of the 2021 Debentures are initially being offered and sold to qualified institutional buyers as defined in Rule 144A (collectively, "QIBs" or individually a "QIB") in reliance on Rule 144A under the Securities Act and shall be issued initially in the form of one or more Restricted Global Securities, which shall be deposited on behalf of the purchasers of the 2021 Debentures represented thereby with the Trustee, at its Corporate Trust Office, as Securities Custodian for the depositary, The Depository Trust Company ("DTC") (such depositary, or any successor thereto, being hereinafter referred to as the "Depositary'), and registered in the name of its nominee, Cede & Co., duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of a Restricted Global Security may from time to time be increased or decreased by adjustments made on the records of the Securities Custodian as hereinafter provided, subject in each case to compliance with the Applicable Procedures.

(b) INSTITUTIONAL ACCREDITED INVESTOR SECURITIES. Except as provided in this Section 201 or Section 202, owners of beneficial interests in Global Securities will not be entitled to receive physical delivery of Certificated Securities. Securities offered and sold within the United States to institutional accredited investors as defined in Rule 501(a)(1), (2), (3) and (7) under the Securities Act ("Institutional Accredited Investors") shall be issued, initially in the form of Certificated Securities, duly executed by the Company and authenticated by the Trustee as hereinafter provided.

(c) GLOBAL SECURITIES IN GENERAL. Each Global Security shall represent such of the Outstanding 2021 Debentures as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of Outstanding 2021 Debentures from time to time endorsed thereon and that the aggregate principal amount of Outstanding 2021 Debentures represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges, redemptions, purchases or conversions of such 2021 Debentures. Any endorsement of a Global Security to reflect the amount of any increase or decrease in the principal amount of Outstanding 2021 Debentures represented thereby shall be made by the Securities Custodian in accordance with the standing instructions and procedures existing between the Depositary and the Securities Custodian.

Neither any members of, or participants in, the Depositary ("Agent Members") nor any other Persons on whose behalf Agent Members may act shall have rights under this Indenture with respect to any Global Security held in the name of the Depositary or any nominee thereof, or under the Global Security, and the Depositary (including, for this purpose, its nominee) may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and Holder of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall (A) prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or (B) impair, as between the Depositary, its Agent Members and any other Person on whose behalf an Agent Member may act, the operation of customary practices governing the exercise of the rights of a Holder of any 2021 Debenture.

(d) CERTIFICATED SECURITIES. Certificated Securities shall be issued only under the limited circumstances provided in Sections 201(b), 202(a)(1) and 202(b) hereof.

(e) PAYING AGENT AND CONVERSION AGENT. The Company shall maintain an office or agency where 2021 Debentures may be presented for purchase or payment ("Paying Agent") and an office or agency where 2021 Debentures may be presented for conversion ("Conversion Agent"). The Company may have one or more additional paying agents and one or more additional conversion agents.

The Company shall enter into an appropriate agency agreement with any Paying Agent or Conversion Agent (other than the Trustee). The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Paying Agent or Conversion Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 6.7 of the Indenture. The Company or any Subsidiary or an Affiliate of either of them may act as Paying Agent or Conversion Agent.

The Company initially appoints the Trustee as Conversion Agent and Paying Agent in connection with the 2021 Debentures.

Section 202 TRANSFER AND EXCHANGE.

(a) TRANSFER AND EXCHANGE OF GLOBAL SECURITIES.

(1) Except as provided in Section 202(b), Certificated Securities shall be issued in exchange for interests in the Global Securities only if (x) the Depositary notifies the Company that it is unwilling or unable to continue as depositary for the Global Securities or if it at any time ceases to be a "clearing agency" registered under the Exchange Act if so required by applicable law or regulation and a successor depositary is not appointed by the Company within 90 days, or (y) an Event of Default has occurred and is continuing. In either case, the Company shall execute, and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly), authenticate and deliver Certificated Securities in an aggregate principal amount equal to the principal amount of such Global Securities in exchange therefor. Only Restricted Certificated Securities shall be issued in exchange for beneficial interests in Restricted Global Securities, and only Unrestricted Certificated Securities shall be issued in exchange for beneficial interests in Unrestricted Global Securities. Certificated Securities issued in exchange for beneficial interests in Global Securities shall be registered in such names and shall be in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver or cause to be delivered such Certificated Securities to the persons in whose names such Securities are so registered. Such exchange shall be effected in accordance with the Applicable Procedures. Nothing herein shall require the Trustee to communicate directly with beneficial owners, and the Trustee shall in connection with any transfers hereunder be entitled to rely on instructions received through the registered Holder.

In the event that Certificated Securities are issued in exchange for beneficial interests in Global Securities in accordance with the foregoing paragraph and, thereafter, the events or conditions specified in this Section 202(a)(1) which required such exchange shall have ceased to exist, the Company shall mail notice to the Trustee and to the Holders stating that Holders may exchange Certificated Securities for interests in Global Securities by complying with the procedures set forth in this Indenture and briefly describing such procedures and the events or circumstances requiring that such notice be given.

(2) Notwithstanding any other provisions of this Supplemental Indenture other than the provisions set forth in Section 202(a)(1) hereof, a Global Security may not be transferred, except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. Nothing in this Section 202(a)(2) shall prohibit or render ineffective any transfer of a beneficial interest in a Global Security effected in accordance with the other provisions of this Section 202.

(b) RESTRICTIONS ON TRANSFER OF A BENEFICIAL INTEREST IN A GLOBAL SECURITY FOR A CERTIFICATED SECURITY. A beneficial interest in a Global Security may not be exchanged for a

Certificated Security except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a request in the form satisfactory to the Trustee from the Depositary or its nominee on behalf of a person having a beneficial interest in a Global Security to register the transfer of all or a portion of such beneficial interest in accordance with Applicable Procedures for a Certificated Security, together with:

(1) in the case of a request to register the transfer of a beneficial interest in a Restricted Global Security, a certificate (a "TRANSFER CERTIFICATE"), in substantially the form set forth in Exhibit B-1, and a certification in substantially the form set forth in Exhibit B-2, that such beneficial interest in the Restricted Global Security is being transferred to an Institutional Accredited Investor;

(2) written instructions to the Trustee to make, or direct the Security Registrar to make, an adjustment on its books and records with respect to such Global Security to reflect a decrease in the aggregate principal amount of the 2021 Debentures represented by the Global Security, such instructions to contain information regarding the Depositary account to be credited with such decrease; and

(3) if the Company or the Trustee so requests, a customary opinion of counsel, certificates and other information reasonably acceptable to them as to the compliance with the restrictions set forth in the legend described in Section 202(f)(1),

then the Trustee shall cause, or direct the Security Registrar to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Security Registrar, the aggregate principal amount of 2021 Debentures represented by the Global Security to be decreased by the aggregate principal amount of the Certificated Security to be issued, shall authenticate and deliver such Certificated Security and shall debit or cause to be debited to the account of the Person specified in such instructions a beneficial interest in the Global Security equal to the principal amount of the Certificated Security so issued.

(c) TRANSFER AND EXCHANGE OF CERTIFICATED SECURITIES. When Certificated Securities are presented by a Holder to a Security Registrar with a request:

(1) to register the transfer of the Certificated Securities to a person who will take delivery thereof in the form of Certificated Securities only; or

(2) to exchange such Certificated Securities for an equal principal amount of Certificated Securities of other authorized denominations,

such Security Registrar shall register the transfer or make the exchange as requested; PROVIDED, HOWEVER, that the Certificated Securities presented or surrendered for register of transfer or exchange:

(1) shall be duly endorsed or accompanied by a written instrument of transfer in accordance with the fifth paragraph of Section 3.5 of the Indenture; and

(2) in the case of a Restricted Certificated Security, such request shall be accompanied by the following additional information and documents, as applicable:

(A) if such Restricted Certificated Security is being delivered to the Security Registrar by a Holder for registration in the name of such Holder, without transfer, or such Restricted Certificated Security is being transferred to the Company or a Subsidiary of the Company, a certification to that effect from such Holder (in substantially the form set forth in the Transfer Certificate)

(B) if such Restricted Certificated Security is being transferred to a person the Holder reasonably believes is a QIB in accordance with Rule 144A or pursuant to an effective registration statement under the Securities Act, a certification to that effect from such Holder (in substantially the form set forth in the Transfer Certificate); or

(C) if such Restricted Certificated Security is being transferred to an Institutional Accredited Investor, a certification to that effect from such Holder (in substantially the form set forth in the Transfer Certificate), a certification from the Institutional Accredited Investor to whom such Restricted Certificated Security is being transferred in substantially the form set forth in Exhibit B-2, and, if the Company or such Security Registrar so requests, a customary opinion of counsel, certificates and other information reasonably acceptable to them as to the compliance with the restrictions set forth in the legend described in Section 202(f)(1).

(D) if such Restricted Certificated Security is being transferred (i) pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 or (ii) pursuant to an exemption from the registration requirements of the Securities Act (other than pursuant to Rule 144A or Rule 144) and as a result of which, in the case of a Security transferred pursuant to this clause (ii), such Security shall cease to be a "restricted security" within the meaning of Rule 144, a certification to that effect from the Holder (in substantially the form set forth in the Transfer Certificate) and, if the Company or such Security Registrar so requests, a customary opinion of counsel, certificates and other information reasonably acceptable to the Company and such Security Registrar to the effect that such transfer is in compliance with the Securities Act.

(d) TRANSFER OF A BENEFICIAL INTEREST IN A RESTRICTED GLOBAL SECURITY FOR A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL SECURITY. Any person having a beneficial interest in a Restricted Global Security may upon request, subject to the Applicable Procedures, transfer such beneficial interest to a person who is required or permitted to take delivery thereof in the form of an Unrestricted Global Security. Upon receipt by the Trustee of written instructions or such other form of instructions as is customary for the Depositary, from the Depositary or its nominee on behalf of any person having a beneficial interest in a Restricted Global Security and the following additional information and documents in such form as is customary for the Depositary from the Depositary or its nominee on behalf of the person having such beneficial

interest in the Restricted Global Security (all of which may be submitted by facsimile or electronically):

(1) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certification to that effect from the transferor (in substantially the form set forth in the Transfer Certificate); or

(2) if such beneficial interest is being transferred (i) pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 or (ii) pursuant to an exemption from the registration requirements of the Securities Act (other than pursuant to Rule 144A or Rule 144) and as a result of which, in the case of a Security transferred pursuant to this clause (ii), such Security shall cease to be a "restricted security" within the meaning of Rule 144, a certification to that effect from the transferor (in substantially the form set forth in the Transfer Certificate) and, if the Company or the Trustee so requests, a customary opinion of counsel, certificates and other information reasonably acceptable to the Company and the Trustee to the effect that such transfer is in compliance with the Securities Act,

the Trustee, as a Security Registrar and Securities Custodian, shall reduce or cause to be reduced the aggregate principal amount of the Restricted Global Security by the appropriate principal amount and shall increase or cause to be increased the aggregate principal amount of the Unrestricted Global Security by a like principal amount. Such transfer shall otherwise be effected in accordance with the Applicable Procedures. If no Unrestricted Global Security is then outstanding, the Company shall execute and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly), authenticate and deliver an Unrestricted Global Security.

(e) TRANSFERS OF CERTIFICATED SECURITIES FOR BENEFICIAL INTEREST IN GLOBAL SECURITIES. If Certificated Securities are presented by a Holder to a Security Registrar with a request:

(1) to register the transfer of such Certificated Securities to a person who will take delivery thereof in the form of a beneficial interest in a Global Security, which request shall specify whether such Global Security will be a Restricted Global Security or an Unrestricted Global Security; or

(2) to exchange such Certificated Securities for an equal principal amount of beneficial interests in a Global Security, which beneficial interests will be owned by the Holder transferring such Certificated Securities (provided that in the case of such an exchange, Restricted Certificated Securities may be exchanged only for Restricted Global Securities and Unrestricted Certificated Securities may be exchanged only for Unrestricted Global Securities),

the Security Registrar shall register the transfer or make the exchange as requested by canceling such Certificated Security and causing, or directing the Securities Custodian to cause, the aggregate principal amount of the applicable Global Security to be increased accordingly and, if no such Global Security is then outstanding, the Company shall issue and the Trustee shall

authenticate and deliver a new Global Security; provided, however, that the Certificated Securities presented or surrendered for registration of transfer or exchange:

(1) shall be duly endorsed or accompanied by a written instrument of transfer in accordance with the fifth paragraph of Section 3.5 of the Indenture;

(2) in the case of a Restricted Certificated Security to be transferred for a beneficial interest in an Unrestricted Global Security, such request shall be accompanied by the following additional information and documents, as applicable:

(A) if such Restricted Certificated Security is being transferred pursuant to an effective registration statement under the Securities Act, a certification to that effect from such Holder (in substantially the form set forth in the Transfer Certificate); or

(B) if such Restricted Certificated Security is being transferred pursuant to (i) an exemption from the registration requirements of the Securities Act in accordance with Rule 144 or (ii) pursuant to an exemption from the registration requirements of the Securities Act (other than pursuant to Rule 144A or Rule 144) and as a result of which, in the case of a Security transferred pursuant to this clause (ii), such Security shall cease to be a "restricted security" within the meaning of Rule 144, a certification to that effect from such Holder (in substantially the form set forth in the Transfer Certificate), and, if the Company or the Security Registrar so requests, a customary opinion of counsel, certificates and other information reasonably acceptable to the Company and the Trustee to the effect that such transfer is in compliance with the Securities Act;

(3) in the case of a Restricted Certificated Security to be transferred or exchanged for a beneficial interest in a Restricted Global Security, such request shall be accompanied by a certification from such Holder (in substantially the form set forth in the Transfer Certificate) to the effect that such Restricted Certificated Security is being transferred to a person the Holder reasonably believes is a QIB (which, in the case of an exchange, shall be such Holder) in accordance with Rule 144A; and

(4) in the case of an Unrestricted Certificated Security to be transferred or exchanged for a beneficial interest in an Unrestricted Global Security, such request need not be accompanied by any additional information or documents.

(f) LEGENDS.

(1) Except as permitted by the following paragraphs (2) and (3), each Global Security and Certificated Security (and all Securities issued in exchange therefor or upon registration of transfer or replacement thereof and any Common Stock issuable upon conversion thereof) shall bear a legend in substantially the form called for by footnote 2 to ANNEX A hereto (each a "TRANSFER RESTRICTED SECURITY" for so long as such Security or Common Stock issuable upon conversion thereof is required by this Indenture to bear such legend). Each Transfer Restricted Security shall have attached thereto a Transfer Certificate in substantially the form set forth in EXHIBIT B-1 hereto.

(2) Upon any sale or transfer of a Transfer Restricted Security (x) pursuant to Rule 144, (y) pursuant to an effective registration statement under the Securities Act or (z) pursuant to any other available exemption (other than Rule 144A) from the registration requirements of the Securities Act and as a result of which, in the case of a Security transferred pursuant to this clause (z), such Security shall cease to be a "restricted security" within the meaning of Rule 144:

(A) in the case of any Restricted Certificated Security, any Security Registrar shall permit the Holder thereof to exchange such Restricted Certificated Security for an Unrestricted Certificated Security, or (under the circumstances described in Section 202(e) hereof) to transfer such Restricted Certificated Security to a transferee who shall take such Security in the form of a beneficial interest in an Unrestricted Global Security, and in each case shall rescind any restriction on the transfer of such Security; PROVIDED, HOWEVER, that the Holder of such Restricted Certificated Security shall, in connection with such exchange or transfer, comply with the other applicable provisions of this Section 202; and

(B) in the case of any beneficial interest in a Restricted Global Security, the Trustee shall permit the beneficial owner thereof to transfer such beneficial interest to a transferee who shall take such interest in the form of a beneficial interest in an Unrestricted Global Security and shall rescind any restriction on transfer of such beneficial interest; PROVIDED, HOWEVER, that such Unrestricted Global Security shall continue to be subject to the provisions of Section 202(a)(2) hereof, and PROVIDED FURTHER, HOWEVER, that the owner of such beneficial interest shall, in connection with such transfer, comply with the other applicable provisions of this Section 202.

(3) Upon the exchange, registration of transfer or replacement of Securities not bearing the legend described in paragraph (1) above, the Company shall execute, the Trustee shall authenticate and deliver Securities that do not bear such legend and which do not have a Transfer Certificate attached thereto.

(g) TRANSFERS TO THE COMPANY. Nothing in this Supplemental Indenture or in the Securities shall prohibit the sale or other transfer of any Securities (including beneficial interests in Global Securities) to the Company or any of its Subsidiaries, which Securities shall thereupon be canceled in accordance Section 3.9 of the Indenture.

Section 203 AMOUNT.

(a) The Trustee shall authenticate and deliver 2021 Debentures for original issue in an aggregate principal amount of up to $600,000,000 upon a Company Order for the authentication and delivery of 2021 Debentures, without any further action by the Company. The aggregate principal amount of 2021 Debentures that may be authenticated and delivered under the Indenture may not exceed the amount set forth in the foregoing sentence, except for 2021 Debentures authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other 2021 Debentures pursuant to Section 202 of this Supplemental Indenture or Section 2.4, 3.4, 3.5, 3.6 or 11.7 of the Indenture.

(b) The Company may not issue new 2021 Debentures to replace 2021 Debentures that it has paid or delivered to the Trustee for cancellation or that any Holder has converted pursuant to Article Four.

Section 204 INTEREST.

The principal of the 2021 Debentures shall bear interest at the rate of 2% per annum from April 25, 2001 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable semiannually in arrears on April 15 and October 15 of each year, commencing October 15, 2001, to the Persons in whose names the 2021 Debentures are registered at the close of business on the April 1 or October 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Interest on the 2021 Debentures will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Section 205 LIQUIDATED DAMAGES.

Liquidated Damages with respect to the 2021 Debentures shall be payable in accordance with the provisions and in the amounts set forth in the Registration Rights Agreement.

Section 206 DENOMINATIONS.

The 2021 Debentures shall be in fully registered form without coupons in denominations of $1,000 of principal amount or any integral multiple thereof.

Section 207 PLACE OF PAYMENT.

The Place of Payment for the 2021 Debentures and the place or places where the 2021 Debentures may be surrendered for registration of transfer, exchange, repurchase, redemption or conversion and where notices may be given to the Company in respect of the 2021 Debentures is at the office of the Trustee in New York, New York and at the agency of the Trustee maintained for that purpose at the office of the Trustee; PROVIDED, HOWEVER, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register (as defined in the Indenture).

Section 208 REDEMPTION.

(a) There shall be no sinking fund for the retirement of the 2021 Debentures.

(b) The Company, at its option, may redeem the 2021 Debentures on or after April 15, 2008 in accordance with the provisions and at the Redemption Price set forth under the captions "Optional Redemption" and "Notice of Redemption" in the 2021 Debentures and in accordance with the provisions of the Indenture and this Supplemental Indenture, including, without limitation, Article Five.

Section 209 CONVERSION.

The 2021 Debentures shall be convertible in accordance with the provisions and at the Conversion Rate set forth under the caption "Conversion" in the 2021 Debentures and in

accordance with the provisions of the Indenture and this Supplemental Indenture, including, without limitation, Article Four.

Section 210 STATED MATURITY.

The date on which the principal of the 2021 Debentures is due and payable, unless earlier converted, accelerated, redeemed or repurchased pursuant to the Indenture or this Supplemental Indenture, shall be April 15, 2021.

Section 211 REPURCHASE.

(a) The 2021 Debentures shall be repurchased by the Company, at the option of the Holder in accordance with the provisions and at the Repurchase Price set forth under the caption "Repurchase by the Company at the Option of the Holder" in the 2021 Debentures and in accordance with the provisions of the Indenture and this Supplemental Indenture, including, without limitation, Article Six.

(b) The 2021 Debentures shall be purchased by the Company in accordance with the provisions and at the Change in Control Purchase Price set forth under the caption "Purchase of Securities at Option of Holder Upon a Change in Control" in the 2021 Debentures and in accordance with the provisions of this Supplemental Indenture, including, without limitation, Article Seven.

Section 212 DISCHARGE OF LIABILITY ON 2021 DEBENTURES.

The 2021 Debentures may be discharged by the Company in accordance with the provisions of Article Four of the Indenture, as amended by Section 305 hereof.

Section 213 OTHER TERMS OF 2021 DEBENTURES.

Without limiting the foregoing provisions of this Article, the terms of the 2021 Debentures shall be as set forth in the form of the 2021 Debentures set forth in ANNEX A hereto and as provided in the Indenture.

Section 214 OWNERSHIP LIMITATION ON 2021 DEBENTURES

The 2021 Debentures shall have the following ownership limitations, as set forth more fully in Annex B.

No Holder of 2021 Debentures shall effect a transfer of a 2021 Debenture which would result in the ownership, whether direct, indirect or by construction, by any one Person or group of related Persons by virtue of the attribution provisions of the Code, other than Arison holders, of more than 4.9% of the Company's Common Stock, whether measured by vote, value or number of shares. For purposes of calculating a holder's Common Stock holdings, the conversion of the 2021 Debentures and other convertible securities issued by the Company held by such Person or group of Persons shall be deemed effected. If any Person attempts to acquire 2021 Debentures in violation of the 4.9% ownership limitation, the putative transfer to such Person shall be void, and the intended transferee shall acquire no rights to the 2021 Debentures.

For purposes of this 4.9% limitation, a "transfer" will include any sale, transfer, gift, assignment, devise or other disposition, whether voluntary or involuntary, whether of record, constructively or beneficially, and whether by operation of law or otherwise.

Upon any prohibited transfer of 2021 Debentures resulting in the ownership of 2021 Debentures and shares of Common Stock by any person in violation of the 4.9% limit or causing the Company to be subject to United States federal shipping or aircraft income taxation, those debentures the ownership of which is in excess of the 4.9% limit or would cause the Company to be subject to United States federal shipping or aircraft income tax shall automatically be designated as "Excess 2021 Debentures."

The Company may waive such 4.9% limit and related transfer restrictions if evidence satisfactory to the Company's board of directors and tax counsel is presented that such ownership will not jeopardize the Company's exemption from United States income taxation on gross income from the international operation of a ship or ships, within the meaning of Section 883 of the Code. The board of directors may also terminate the 4.9% limit and transfer restrictions generally at any time for any reason.

Excess 2021 Debentures shall be transferred to a trust. The trustee of such trust shall be appointed by the Company and shall be independent of the Company and the purported holder of the Excess 2021 Debentures. The beneficiary of such trust shall be one or more charitable organizations selected by the trustee of such trust. The trust shall be deemed to own the 2021 Debentures on behalf of the beneficiary of such trust on the day prior to the date of the putative violative transfer.

At the direction of the Company's board of the directors, the trustee of such trust shall transfer the Excess 2021 Debentures held in trust to a person or persons (including the Company) whose ownership of such Excess 2021 Debentures shall not violate the 4.9% limit or otherwise cause the Company to become subject to United States shipping income tax within 180 days after the later of the transfer or other event that resulted in such Excess 2021 Debentures or the Company becomes aware of such transfer or event. If such a transfer is made, the interest of the charitable beneficiary will terminate, the designation of 2021 Debentures shares as Excess 2021 Debentures will cease and the holder of the Excess 2021 Debentures will receive the payment that reflects a price per debenture for such Excess 2021 Debentures equal to the lesser of (i) the price received by the trustee of such trust for the sale or other disposition of the 2021 Debentures held in trust, and (ii) the price paid by the prohibited transferee for the 2021 Debentures, or, if the prohibited transferee did not give value for such 2021 Debentures, the market price of the 2021 Debentures on the date of the event that resulted in the Excess 2021 Debentures. A prohibited transferee or holder of the Excess 2021 Debentures will not be permitted to receive an amount that reflects any appreciation in the Excess 2021 Debentures during the period that such Excess 2021 Debentures were outstanding. Any amount received in excess of the amount permitted to be received by the prohibited transferee or holder of the Excess 2021 Debentures shall be turned over to the charitable beneficiary of the trust.

In the event that the foregoing restrictions are determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the intended transferee or holder of any Excess 2021 Debentures may be deemed, at the Company's option, to have acted as an agent on

the Company's behalf in acquiring or holding such Excess 2021 Debentures and to hold such Excess 2021 Debentures on the Company's behalf.

The Company shall have the right to purchase any Excess 2021 Debentures held by the trust for a period of 90 days from the later of (i) the date the transfer or other event resulting in Excess 2021 Debentures has occurred and (ii) the date the Company determines in good faith that a transfer or other event resulting in Excess 2021 Debentures has occurred. The price per Excess 2021 Debenture to be paid by the Company shall be equal to the lesser of (i) the price per debenture paid in the transaction that created such Excess 2021 Debentures (or, in the case of certain other events, the market price per debenture for the Excess 2021 Debentures on the date of such event), or (ii) the lowest market price for the Excess 2021 Debentures at any time after their designation as Excess 2021 Debentures and prior to the date the Company accepts such offer.

The Trustee shall have no responsibility to monitor the ownership of the 2021 Debentures.

Section 215 PAYMENTS OF ADDITIONAL AMOUNTS.

Sections 10.5 and 11.8 of the Indenture shall apply to the 2021 Debentures.

ARTICLE THREE

AMENDMENTS TO THE INDENTURE

Section 301 PROVISIONS APPLICABLE ONLY TO 2021 DEBENTURES.

The Provisions contained herein shall apply to the 2021 Debentures only and not to any other series of Security issued under the Indenture and any covenants provided herein are expressly being included solely for the benefit of the 2021 Debentures and not for the benefit of any other series of Security issued under the Indenture. These amendments shall be effective for so long as there remain any 2021 Debentures Outstanding.

Section 302 REGISTRATION, REGISTRATION OF TRANSFER AND EXCHANGE.

The Indenture is hereby amended, subject to Section 301 hereof and with respect to the 2021 Debentures only, by replacing the seventh paragraph of Section 3.5 with the following paragraph:

The Company shall not be required (i) to issue, register the transfer of or exchange the Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of that series selected for redemption and ending at the close of business on the day of such mailing, (ii) to register the transfer of or exchange any 2021 Debenture so selected for redemption in whole or in part, except the unredeemed portion of any 2021 Debenture being redeemed in part, or (iii) to exchange or register a transfer of any 2021 Debenture or portions thereof in respect of which a Change in Control Purchase Notice or Repurchase Notice has been delivered and not withdrawn by the

Holder thereof (except, in the case of the purchase of a 2021 Debenture in part, the portion not to be purchased).

Section 303 RESERVED.

Section 304 PAYMENT OF INTEREST; INTEREST RIGHTS PRESERVED.

The Indenture is hereby amended, subject to Section 301 hereof and with respect to the 2021 Debentures only, by inserting the following paragraph before the final paragraph in Section 3.7 of the Indenture:

On conversion of a Holder's 2021 Debentures, such Holder shall not receive any cash payment of interest (unless such 2021 Debentures or portions thereof have been called for redemption in accordance with Article 5 hereof on a Redemption Date that occurs between a Regular Record Date and the third business day after the Interest Payment Date to which it relates). The Company's delivery to a Holder of the full number of shares of Common Stock into which a 2021 Debenture is convertible, together with any cash payment for such Holder's fractional shares, or cash or a combination of cash and Common Stock in lieu thereof, shall be deemed to satisfy the Company's obligation to pay the principal amount at maturity of the 2021 Debenture and to satisfy the Company's obligation to pay accrued interest attributable to the period from the most recent Interest Payment Date through the Conversion Date.

Notwithstanding the above, if any 2021 Debentures are converted after a Regular Record Date but prior to the next succeeding Interest Payment Date, Holders of such 2021 Debentures at the close of business on such Regular Record Date shall receive the interest payable on such 2021 Debentures on the corresponding Interest Payment Date notwithstanding the conversion. Such 2021 Debentures, upon surrender for conversion, must be accompanied by funds equal to the amount of interest payable on the principal amount of the 2021 Debentures so converted, unless such 2021 Debentures have been called for redemption on a Redemption Date that occurs between a Regular Record Date and the third business day after the Interest Payment Date to which it relates, in which case no such payment shall be required.

Section 305 DISCHARGE OF LIABILITY ON SECURITIES.

When (i) the Company delivers to the Trustee or any Paying Agent all Outstanding 2021 Debentures (other than 2021 Debentures replaced pursuant to Section 3.6 of the Indenture) for cancellation or (ii) all Outstanding 2021 Debentures have become due and payable and the Company deposits with the Trustee or any Paying Agent cash or, if expressly permitted by the terms of the 2021 Debentures, Common Stock sufficient to pay all amounts due and owing on all Outstanding 2021 Debentures (other than 2021 Debentures replaced pursuant to Section 3.6), and if in either case the Company pays all other sums payable hereunder by the Company, then this Supplemental Indenture shall, subject to Section 6.7 of the Indenture, cease to be of further effect, except for the indemnification of the Trustee, which shall survive. The Trustee shall join in the execution of a document prepared by the Company acknowledging satisfaction and discharge of this Supplemental Indenture on demand of the Company accompanied by an Officers' Certificate and Opinion of Counsel and at the reasonable cost and expense of the Company.

Section 306 REPAYMENT TO THE COMPANY.

The Trustee and the Paying Agent shall return to the Company upon written request any money or securities held by them for the payment of any amount with respect to the 2021 Debentures that remains unclaimed for two years, subject to applicable unclaimed property law. After return to the Company, Holders entitled to the money or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person and the Trustee and the Paying Agent shall have no further liability to the Holders of 2021 Debentures with respect to such money or securities for that period commencing after the return thereof.

Section 307 EVENTS OF DEFAULT.

The Indenture is hereby amended, subject to Section 301 hereof and with respect to the 2021 Debentures only, by replacing Section 5.1 with the following paragraph:

"Event of Default", wherever used herein, means with respect to the 2021 Debentures any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any 2021 Debenture when it becomes due and payable or in the payment of any Liquidated Damages pursuant to the Registration Rights Agreement, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal amount at its Maturity on the 2021 Debentures (or upon declaration of acceleration thereof), the Repurchase Price, when due, or the Change in Control Purchase Price, when due; or

(3) a default under any bonds, debentures, notes or other evidences of indebtedness for money borrowed by the Company or a Subsidiary or under any mortgages, indentures or instruments under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company or a Subsidiary, whether such indebtedness now exists or shall hereafter be created, which indebtedness, individually or in the aggregate, is in excess of $30,000,000 principal amount (excluding any such indebtedness of any Subsidiary other than a Significant Subsidiary, all the indebtedness of which Subsidiary is nonrecourse to the Company or any other Subsidiary), which default shall constitute a failure to pay any portion of the principal of or interest on such indebtedness when due and payable after the expiration of any applicable grace or cure period with respect thereto or shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within a period of 30 days after there shall have been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal

amount of the Outstanding 2021 Debentures a written notice specifying such default and requiring the Company to cause such indebtedness to be discharged or cause such acceleration to be rescinded or annulled and stating that such notice is a "Notice of Default" hereunder; or

(4) default by the Company in the performance, or breach, of any covenant or warranty of the Company in the Indenture or this Supplemental Indenture for the benefit of the 2021 Debentures (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section 501 specifically dealt with), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding 2021 Debentures a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(5) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company or a Significant Subsidiary in an involuntary case or proceeding under any applicable Federal, State or foreign bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company or a Significant Subsidiary a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or a Significant Subsidiary under any applicable Federal, State or foreign law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or a Significant Subsidiary or of any substantial part of their respective properties, or ordering the winding up or liquidation of the affairs of the Company or a Significant Subsidiary, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(6) the commencement by the Company or a Significant Subsidiary of a voluntary case or proceeding under any applicable Federal, State or foreign bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by either the Company or a Significant Subsidiary to the entry of a decree or order for relief in respect of the Company or a Significant Subsidiary in an involuntary case or proceeding under any applicable Federal, State or foreign bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against either the Company or a Significant Subsidiary, or the filing by either the Company or a Significant Subsidiary of a petition or answer or consent seeking reorganization or relief under any applicable Federal, State or foreign law, or the consent by either the Company or a Significant Subsidiary to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or a Significant Subsidiary or of any substantial part of their respective properties, or the making by either the Company or a Significant Subsidiary of an assignment for the benefit of creditors, or the admission by either the Company or a Significant Subsidiary in writing of an inability to pay the debts of either the Company or a Significant Subsidiary generally as they become due, or the

taking of corporate action by the Company or a Significant Subsidiary in furtherance of any such action.

Section 308 UNCONDITIONAL RIGHT OF HOLDERS TO RECEIVE PRINCIPAL, PREMIUM AND INTEREST.

Notwithstanding any other provision in this Supplemental Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 3.7 of the Indenture) interest on such Security on the Stated Maturity or Maturities expressed in such Security (or in the case of redemption, to receive the Redemption Price on the Redemption Date, in the case of a repurchase, to receive the Repurchase Price on the Repurchase Date, or in the case of a Change in Control, to receive the Change in Control Purchase Price on the Change in Control Purchase Date) and to institute suit for the enforcement of any such payment on or after such respective dates, and such rights shall not be impaired without the consent of such Holder.

Section 309 REPORTS BY COMPANY.

The Company shall (1) provide to the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall provide to the Trustee and file with the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to all Securityholders, as their names and addresses appear in the Security Register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

If at any time while any of the Securities are "restricted securities" within the meaning of Rule 144, the Company is no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will prepare and will furnish to any Holder, any beneficial owner of Securities and any prospective purchaser of Securities designated by a Holder or a beneficial owner of Securities, promptly upon request, the

information required pursuant to Rule 144A(d)(4) (or any successor thereto) under the Securities Act in connection with the offer, sale or transfer of Securities.

Section 310 CONSOLIDATION, MERGER AND SALE.

Section 8.1 of the Indenture is, with respect to the 2021 Debentures only, hereby amended and restated in its entirety to read as follows:

The Company shall not consolidate with or merge into any other entity or convey or transfer its properties and assets substantially as an entirety to any entity, unless:

(a) the successor or transferee entity is a corporation, limited liability company trust or partnership organized under the laws of the United States or any State of the United States or the District of Columbia or the Republic of Panama or any other country recognized by the United States and all political subdivisions of such countries;

(b) the successor or transferee entity, if other than the Company, expressly assumes by a supplemental indenture executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, the due and punctual payment of the principal of, any premium on and any interest on, all the outstanding 2021 Debentures and the performance of every covenant in the Indenture (as supplemented by this Supplemental Indenture) to be performed or observed by the Company and provides for conversion rights in accordance with applicable provisions of the Indenture and this Supplemental Indenture;

(c) immediately after giving the effect to the transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, has occurred and is continuing; and

(d) the Company has delivered to the Trustee an officers' certificate and an opinion of counsel, each in the form required by the Indenture and this Supplemental Indenture, stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with the foregoing provisions relating to such transaction.

Section 311 SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF HOLDERS.

Section 9.1 of the Indenture is hereby amended, subject to Section 301 hereof and with respect to the 2021 Debentures only, by inserting the following paragraph:

(12) to add any rights for the benefit of Holders of 2001 Debentures; and

(13) to provide any additional events of default.

Section 312 Supplemental Indenture with Consent of Holder.

Section 9.2 of the Indenture is, with respect to the 2021 Debentures only, hereby amended and restated in its entirety to read as follows:

With the consent of the Holders of not less than a majority in principal amount of the Outstanding 2021 Debentures, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act of 1939 as in force at the date of execution thereof) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of 2021 Debentures; provided, however, that no such supplemental indenture shall (i) change the Maturity of any payment of principal of, or any premium on, or any installment of interest on any 2021 Debenture, or reduce the principal amount thereof or the rate of interest or any premium thereon, or change the place of payment where, or the coin or currency in which any 2021 Debenture or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Maturity thereof (or, in the case of redemption or repayment, on or after the redemption date or the repayment date, as the case may be), (ii) adversely affect the conversion rights of the Holders under Article Four of the Supplemental Indenture or the right of Holders to require the Company to repurchase the 2021 Debentures under Articles Six and Seven of the Supplemental Indenture, (iii) reduce the percentage in aggregate principal amount of the Outstanding 2021 Debentures, the consent of whose holders is required for any such modification, or the consent of whose holders is required for any waiver of compliance with the provisions of the Indenture or the Supplemental Indenture or for any waiver of an Event of Default; or (iv) modify this Section 9.2, except to increase any percentages required for approval or to provide that certain other provisions of the Indenture or the Supplemental Indenture cannot be modified or waived without the consent of the Holder of each Outstanding 2021 Debenture affected thereby.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities or such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

Upon the request of the Company accompanied by a copy of a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture. It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 313 MAINTENANCE OF OFFICE OR AGENCY.

The first paragraph of Section 10.2 of the Indenture is hereby amended, subject to Section 301 hereof and with respect to the 2021 Debentures only, by changing the first sentence thereof to read in its entirety as follows:

The Company shall maintain in each Place of Payment for the 2021 Debentures an office or agency where the 2021 Debentures may be presented or surrendered for payment, where the 2021 Debentures may be surrendered for registration of transfer or exchange, where the 2021

Debentures may be surrendered for conversion and where notices and demands to or upon the Company in respect of the 2021 Debentures and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

Section 314 REDEMPTION.

(a) Section 11.4 of the Indenture is hereby amended, subject to Section 301 hereof and with respect to the 2021 Debentures only, by deleting the word "and" at the end of paragraph (5) thereof, replacing the period at the end of paragraph (6) thereof with ", and" and by inserting the following paragraph:

(7) the election of the Company (which, subject to the provisions of Article Four of the Supplemental Indenture, shall be irrevocable) to deliver shares of Common Stock or to pay cash or a combination of cash and Common Stock in lieu of delivery of such shares with respect to any 2021 Debentures.

Section 315 CONVERSION ARRANGEMENT ON CALL FOR REDEMPTION.

In connection with 2021 Debentures, the Company may arrange for the purchase and conversion of any 2021 Debentures called for redemption by an agreement with one or more investment bankers or other purchasers to purchase such 2021 Debentures by paying to a Paying Agent (other than the Company or any of its Affiliates) in trust for the Holders, on or before 11:00 A.M. New York City time on the Redemption Date, an amount that, together with any amounts deposited with such Paying Agent by the Company for the redemption of such 2021 Debentures, is not less than the Redemption Price of such 2021 Debentures. Notwithstanding anything to the contrary contained in this Article, the obligation of the Company to pay the Redemption Price of such 2021 Debentures shall be deemed to be satisfied and discharged to the extent such amount is so paid by such purchasers; provided, however, that nothing in this Section 319 shall relieve the Company of its obligation to pay the Redemption Price of 2021 Debentures called for redemption. If such an agreement is entered into, any 2021 Debentures called for redemption and not surrendered for conversion by the Holders thereof prior to the relevant Redemption Date may, at the option of the Company upon written notice to the Trustee, be deemed, to the fullest extent permitted by law, acquired by such purchasers from such Holders and (notwithstanding anything to the contrary contained in Article Four) surrendered by such purchasers for conversion, all as of immediately prior to the close of business on the Business Day immediately prior to the Redemption Date, subject to payment of the above amount as aforesaid. The Paying Agent shall hold and pay to the Holders whose 2021 Debentures are selected for redemption any such amount paid to it for purchase in the same manner as it would money deposited with it by the Company for the redemption of 2021 Debentures. Without the Paying Agent's prior written consent, no arrangement between the Company and such purchasers for the purchase and conversion of any 2021 Debentures shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the

Paying Agent as set forth in this Indenture, and the Company agrees to indemnify the Paying Agent from, and hold it harmless against, any loss, liability or expense arising out of or in connection with any such arrangement for the purchase and conversion of any 2021 Debentures between the Company and such purchasers, including the costs and expenses incurred by the Paying Agent in the defense of any claim or liability reasonably incurred without negligence or bad faith on its part arising out of or in connection with the exercise or performance of any of its powers, duties, responsibilities or obligations under this Indenture, in accordance with the indemnity provisions applicable to the Trustee set forth herein.

Section 316 OPTIONAL REDEMPTION OR ASSUMPTION OF SECURITIES UNDER CERTAIN CIRCUMSTANCES.

The Debentures may be redeemed in accordance with Section 11.8 of the Indenture which is hereby amended, subject to Section 301 hereof and with respect to the 2021 Debentures only, by adding the following subsection:

(c) In the event that the 2021 Debentures are called for redemption pursuant to the terms of this Section, the Holders of 2021 Debentures shall have all rights, including rights to conversion and to the receipt of interest upon conversion, which such Holders would have had if the 2021 Debentures had been called for redemption by the Company pursuant to Article Five hereof.

ARTICLE FOUR

CONVERSION

Section 401 CONVERSION RIGHTS.

2021 Debentures shall be convertible in accordance with their terms and in accordance with this Article.

The initial conversion rate (the "Conversion Rate") is 25.5467 shares of Common Stock per $1,000 principal amount of 2021 Debentures, subject to adjustment upon the occurrence of certain events described in this Article. A Holder of a 2021 Debenture otherwise entitled to a fractional share shall receive cash in an amount equal to the value of such fractional share based on the Sale Price on the trading day immediately preceding the Conversion Date. Upon a conversion, the Company may deliver cash or a combination of cash and Common Stock in lieu of Common Stock, as described in Section 405.

A Holder of 2021 Debentures is not entitled to any rights of a holder of Common Stock until such Holder has converted its 2021 Debentures to Common Stock, and only to the extent such 2021 Debentures are deemed to have been converted into Common Stock pursuant to this Article.

Section 402 CONVERSION RIGHTS BASED ON COMMON STOCK PRICE.

Commencing after May 31, 2001, a Holder of a 2021 Debenture may convert the principal amount of such 2021 Debentures into shares of Common Stock in any fiscal quarter

(and only during such fiscal quarter), if, as of the last day of the preceding fiscal quarter, the closing sale price of the Common Stock for at least 20 Trading Days in a period of 30 consecutive Trading Days ending on the last Trading Day of such preceding fiscal quarter is more than 110% of the Conversion Price (as defined below) per share of Common Stock that is in effect on such last day of such preceding fiscal quarter.

The "Conversion Price" per share of Common Stock shall initially equal $39.14 and shall be adjusted as described in Section 409(g).

Section 403 CONVERSION RIGHTS UPON NOTICE OF REDEMPTION.

A Holder of a 2021 Debenture may surrender for conversion a 2021 Debenture called for redemption under Article Five hereof at any time prior to the close of business on the Redemption Date, even if it is not otherwise convertible at such time. A 2021 Debenture for which a Holder has delivered a Repurchase Notice as described in Section 601 or a Change in Control Purchase Notice as described in Section 701 requiring the Company to purchase such 2021 Debentures may be surrendered for conversion only if such notice is withdrawn in accordance with this Supplemental Indenture.

In case a 2021 Debenture or portion thereof is called for redemption pursuant to Article Eleven of the Indenture and/or Article Five hereof, such conversion right shall terminate at the close of business on the Business Day immediately preceding the Redemption Date for such 2021 Debenture or such earlier date as the Holder presents such 2021 Debenture for redemption (unless the Company shall default in making the payment of the Redemption Price when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Redemption Price is paid).

Section 404 CONVERSION RIGHTS UPON OCCURRENCE OF CERTAIN CORPORATE TRANSACTIONS.

If the Corporation is a party to a consolidation, merger or binding share exchange pursuant to which the shares of Common Stock would be converted into cash, securities or other property, any 2021 Debenture may be surrendered for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual date of such transaction and, at the effective time of the transaction, the right to convert a 2021 Debenture into shares of Common Stock shall be changed into a right to convert such 2021 Debenture into the kind and amount of cash, securities or other property of the Company or another person which the Holder would have received if the Holder had converted such 2021 Debenture immediately prior to the transaction. Notwithstanding anything to the contrary, no 2021 Debentures may be surrendered for conversion pursuant to this Section 404 by reason of the completion of a merger, consolidation or other transaction effected with one of the Company's Affiliates for the purpose of (i) changing the Company's jurisdiction of organization or (ii) effecting a corporate reorganization, including, without limitation, the implementation of a holding company structure.

Section 405 CONVERSION PROCEDURES.

To convert a 2021 Debenture, a Holder must (a) complete and manually sign the conversion notice or a facsimile of the Conversion Notice on the back of the 2021 Debenture and

deliver such notice to a Conversion Agent, (b) surrender the 2021 Debenture to a Conversion Agent, (c) furnish appropriate endorsements and transfer documents if required by the Security Registrar or a Conversion Agent, and (d) pay any transfer or similar tax, if required. The date on which the Holder satisfies all of those requirements is the "Conversion Date." Within two Business Days following the Conversion Date, the Company shall deliver to the Holder, through the Conversion Agent, written notice of whether such 2021 Debentures shall be converted into Common Stock or paid in cash or a combination of cash and Common Stock, unless the Company shall have delivered to such Holder notice of redemption pursuant to Section 11.4 of the Indenture and the Conversion Date occurs before the Redemption Date set forth in such notice. If the Company shall have notified the Holder that all of such 2021 Debentures shall be converted into Common Stock, the Company shall deliver to the Holder through the Conversion Agent, as soon as practicable but in any event no later than the fifth Business Day following the Conversion Date, a certificate for the number of whole shares of Common Stock issuable upon the conversion and cash in lieu of any fractional shares pursuant to Section 406. Except as otherwise provided in this Article Four, if the Company shall have notified the Holder that all or a portion of such 2021 Debenture shall be paid in cash, the Company shall deliver to the Holder surrendering such 2021 Debenture the amount of cash payable with respect to such 2021 Debenture no later than the tenth Business Day following such Conversion Date, together with a certificate for the number of full shares of Common Stock deliverable upon the conversion and cash in lieu of any fractional share determined pursuant to Section 406 hereof. Except as otherwise provided in this Article Four, the Company may not change its election with respect to the consideration to be delivered upon conversion of a 2021 Debenture once the Company has notified the Holder in accordance with this paragraph. Anything herein to the contrary notwithstanding, in the case of Global Securities, conversion notices may be delivered and such 2021 Debentures may be surrendered for conversion in accordance with the Applicable Procedures of the Depositary as in effect from time to time. The Person in whose name the Common Stock certificate is registered shall be deemed to be a shareholder of record on the Conversion Date; PROVIDED, HOWEVER, that no surrender of a 2021 Debenture on any date when the stock transfer books of the Company are closed shall be effective to constitute the Person or Persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open; PROVIDED FURTHER, HOWEVER, that such conversion shall be at the Conversion Rate in effect on the date that such 2021 Debenture shall have been surrendered for conversion, as if the stock transfer books of the Company had not been closed. Upon conversion of a 2021 Debenture, such Person shall no longer be a Holder of such 2021 Debenture.

No payment or adjustment shall be made for dividends on, or other distributions with respect to, any Common Stock except as provided in this Article. On conversion of a 2021 Debenture, except as provided below in the case of certain 2021 Debentures or portions thereof called for redemption described in Section 304 hereof, that portion of accrued and unpaid interest on the converted 2021 Debenture attributable to the period from the most recent Interest Payment Date (or, if no Interest Payment Date has occurred, from the Issue Date) through the Conversion Date attributable to the most recent accrual date with respect to the converted 2021 Debenture shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to

the Holder thereof through delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, in exchange for the 2021 Debenture being converted pursuant to the provisions hereof, and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, shall be treated as issued, to the extent thereof, first in exchange for accrued and unpaid interest through the Conversion Date and the balance, if any, of such fair market value of such Common Stock (and any such cash payment), or cash in lieu thereof, shall be treated as issued in exchange for the principal amount of the 2021 Debenture being converted pursuant to the provisions hereof.

If a Holder converts more than one 2021 Debenture at the same time, the number of shares of Common Stock issuable upon the conversion shall be based on the aggregate principal amount of 2021 Debentures converted.

Upon surrender of a 2021 Debenture that is converted in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder, a new 2021 Debenture equal in principal amount to the principal amount of the unconverted portion of the 2021 Debenture surrendered.

2021 Debentures or portions thereof surrendered for conversion during the period from the close of business on any Regular Record Date immediately preceding any Interest Payment Date to the opening of business on such Interest Payment Date shall (except for 2021 Debentures called for redemption pursuant to Article Five hereof on a Redemption Date that occurs during the period between a Regular Record Date and the third business day after the Interest Payment Date to which such Regular Record Date relates) be accompanied by payment to the Company or its order, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest payable on such Interest Payment Date on the principal amount of 2021 Debentures or portions thereof being surrendered for conversion.

The Holders' rights to convert 2021 Debentures into Common Stock are subject to the Company's right to elect instead to pay each such Holder the amount of cash set forth in the next succeeding sentence (or an equivalent amount in a combination of cash and shares of Common Stock), in lieu of delivering such Common Stock; PROVIDED, HOWEVER, that if an Event of Default (other than a default in a cash payment upon conversion of the 2021 Debentures) shall have occurred and be continuing, the Company shall deliver Common Stock in accordance with this Article, whether or not the Company has delivered a notice pursuant to Section 11.4 of the Indenture or Section 405 hereof to the effect that the Debentures would be paid in cash or a combination of cash and Common Stock. The amount of cash to be paid pursuant to Section 405 hereof for each $1,000 of principal amount of a 2021 Debenture (or portion thereof) upon conversion shall be equal to the average Sale Price of the Common Stock for the five consecutive trading days immediately following (i) the date of the Company's notice of its election to deliver cash upon conversion, if the Company shall not have given a notice of redemption pursuant to Section 11.4 of the Indenture, or (ii) the Conversion Date, in the case of a conversion following such a notice of redemption specifying an intent to deliver cash upon conversion, in either case multiplied by the Conversion Rate (or appropriate fraction of such Conversion Rate) in effect on such Conversion Date.

Section 406 FRACTIONAL SHARES.

The Company shall not issue a fractional share of Common Stock upon conversion of a Security. Instead, the Company will deliver cash for the current market value of the fractional share. The current market value of a fractional share of Common Stock shall be determined, to the nearest 1/1,000th of a share, by multiplying the Sale Price on the Trading Day immediately prior to the Conversion Date, of a full share of Common Stock by the fractional amount and rounding the product to the nearest whole cent.

Section 407 TAXES ON CONVERSION.

If a Holder converts a 2021 Debenture, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon such conversion. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificate representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum sufficient to pay any tax which will be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulation.

Section 408 COMPANY TO PROVIDE COMMON STOCK.

The Company shall, prior to issuance of any 2021 Debentures under this Article, and from time to time as may be necessary, reserve, out of its authorized but unissued Common Stock, a sufficient number of shares of Common Stock to permit the conversion of all 2021 Debentures Outstanding into shares of Common Stock. All shares of Common Stock delivered upon conversion of the 2021 Debentures shall be newly issued shares, shall be duly authorized, validly issued, fully paid and nonassessable and shall be free from preemptive rights and free of any Lien or adverse claim.

The Company will endeavor promptly to comply with all federal and state securities laws regulating the registration of the offer and delivery of shares of Common Stock to a converting Holder upon conversion of 2021 Debentures, if any, and will list or cause to have quoted such shares of Common Stock on each national securities exchange or on the NASDAQ National Market or other over-the-counter market or such other market on which the Common Stock are then listed or quoted.

Section 409 ADJUSTMENT OF CONVERSION RATE.

The Conversion Rate shall be adjusted from time to time by the Company as follows:

(a) In case the Company (i) pays a dividend on its Common Stock in shares of Common Stock, (ii) makes a distribution on its Common Stock in shares of Common Stock, (iii) subdivides its outstanding Common Stock into a greater number of shares, or (iv) combines its outstanding Common Stock into a smaller number of shares, the Conversion Rate in effect thereto shall be adjusted so that the Holder of any 2021 Debenture thereafter surrendered for conversion shall be entitled to receive that number of shares of Common Stock which it would have owned had such 2021 Debenture been converted immediately prior to the

happening of such event. An adjustment made pursuant to this subsection (a) shall become effective immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of subdivision or combination.

(b) In case the Company issues rights or warrants to all or substantially all holders of its Common Stock entitling them (for a period commencing no earlier than the record date described below and expiring not more than 60 days after such record date) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a conversion price per share) less than the current market price per share of Common Stock (as determined in accordance with subsection (e) of this Section 409) on the record date for the determination of shareholders entitled to receive such rights or warrants, the Conversion Rate in effect immediately prior thereto shall be adjusted so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to such record date by a fraction of which the numerator shall be the number of shares of Common Stock outstanding on such record date plus the number of additional shares of Common Stock offered (or into which the convertible securities so offered are convertible), and of which the denominator shall be the number of shares of Common Stock outstanding on such record date plus the number of shares which the aggregate offering price of the total number of shares of Common Stock so offered (or the aggregate conversion price of the convertible securities so offered, which shall be determined by multiplying the number of shares of Common Stock issuable upon conversion of such convertible securities by the conversion price per share of Common Stock pursuant to the terms of such convertible securities) would purchase at the current market price per share (as determined in accordance with subsection (e) of this Section 409) of Common Stock on such record date. Such adjustment shall be made successively whenever any such rights or warrants are issued, and shall become effective immediately after such record date. If at the end of the period during which such rights or warrants are exercisable not all rights or warrants shall have been exercised, the adjusted Conversion Rate shall be immediately readjusted to what it would have been based upon the number of additional shares of Common Stock actually issued (or the number of shares of Common Stock issuable upon conversion of convertible securities actually issued).

(c) In case the Company distributes to all or substantially all holders of its Common Stock any shares of capital stock (other than dividends or distributions of Common Stock on Common Stock to which Section 409(a) applies) of the Company, evidences of indebtedness or other assets (including securities of any Person other than the Company, but excluding all-cash distributions or any rights or warrants referred to in Section 409(b)), then in each such case the Conversion Rate shall be adjusted so that the same shall equal the rate determined by multiplying the current Conversion Rate by a fraction of which the numerator shall be the current market price per share (as determined in accordance with subsection (e) of this Section 409) of the Common Stock on the record date mentioned below, and of which the denominator shall be the current market price per share (as determined in accordance with subsection (e) of this Section 409) of the Common Stock on such record date less the fair market value on such record date (as determined by the Board of Directors, whose determination shall be conclusive evidence of such fair market value and which shall be evidenced by an Officers' Certificate delivered to the Trustee) of the portion of the capital stock, evidences of indebtedness or other non-cash assets so distributed applicable to one share of Common Stock (determined on the basis of the number of shares of Common Stock outstanding on the record date). Such adjustment shall be

made successively whenever any such distribution is made and shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution.

In the event that the Company implements a shareholder rights plan, such rights plan shall provide, subject to customary exceptions and limitations, that upon conversion of the 2021 Debentures the Holders will receive, in addition to the Common Stock issuable upon such conversion, the rights issued under such rights plan (notwithstanding the occurrence of an event causing such rights to separate from the Common Stock at or prior to the time of conversion). Any distribution of rights or warrants pursuant to a shareholder rights plan complying with the requirements set forth in the immediately preceding sentence of this paragraph shall not constitute a distribution of rights or warrants for the purposes of this Section 409(c) or any other provision of this Section 409.

Rights or warrants distributed by the Company to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's capital stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("Trigger Event"): (i) are deemed to be transferred with such shares of Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 409(c) or any other provision of this Section 409(c) (and no adjustment to the Conversion Rate under this Section 409(c) or any other provision of this Section 409 will be required) until the occurrence of the earliest Trigger Event. If such right or warrant is subject to subsequent events, upon the occurrence of which such right or warrant shall become exercisable to purchase different securities, evidences of indebtedness or other assets or entitle the holder to purchase a different number or amount of the foregoing or to purchase any of the foregoing at a different purchase price, then the occurrence of each such event shall be deemed to be the date of issuance and record date with respect to a new right or warrant (and a termination or expiration of the existing right or warrant without exercise by the holder thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto, that resulted in an adjustment to the Conversion Rate under this Section 409(c), (1) in the case of any such rights or warrants which shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants all of which shall have expired or been terminated without exercise, the Conversion Rate shall be readjusted as if such rights and warrants had never been issued.

(d)(1) In case the Company, by dividend or otherwise, at any time distributes (a "Triggering Distribution") to all or substantially all holders of its Common Stock all-cash distributions in an aggregate amount that, together with the aggregate amount of (A) any cash and the fair market value (as determined by the Board of Directors, whose determination shall be conclusive evidence thereof and which shall be evidenced by an Officers' Certificate delivered to

the Trustee) of any other consideration payable in respect of any tender offer by the Company or a Subsidiary of the Company for Common Stock consummated within the 12 months preceding the date of payment of the Triggering Distribution and in respect of which no Conversion Rate adjustment pursuant to this Section 409 has been made and (B) all other cash distributions to all or substantially all holders of its Common Stock made within the 12 months preceding the date of payment of the Triggering Distribution and in respect of which no Conversion Rate adjustment pursuant to this Section 409 has been made, exceeds an amount equal to 7.5% of the product of the current market price per share of Common Stock (as determined in accordance with subsection (e) of this Section 409) on the Business Day (the "Determination Date") immediately preceding the day on which such Triggering Distribution is declared by the Company multiplied by the number of shares of Common Stock outstanding on the Determination Date (excluding shares held in the treasury of the Company), the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying such Conversion Rate in effect immediately prior to the Determination Date by a fraction of which the numerator shall be such current market price per share of Common Stock (as determined in accordance with subsection (e) of this Section 409) on the Determination Date, and the denominator shall be the current market price per share of Common Stock (as determined in accordance with subsection (e) of this Section 409) on the Determination Date less the sum of the aggregate amount of cash and the aggregate fair market value (determined as aforesaid) of any such other consideration so distributed, paid or payable within such 12 months (including, without limitation, the Triggering Distribution) applicable to one share of Common Stock (determined on the basis of the number of shares of Common Stock outstanding on the Determination Date), such increase to become effective immediately prior to the opening of business on the day following the date on which the Triggering Distribution is paid.

(2) In case any tender offer made by the Company or any of its Subsidiaries for Common Stock expires and such tender offer (as amended upon the expiration thereof) involves the payment of aggregate consideration in an amount (determined as the sum of the aggregate amount of cash consideration and the aggregate fair market value (as determined by the Board of Directors, whose determination shall be conclusive evidence thereof and which shall be evidenced by an Officers' Certificate delivered to the Trustee thereof) of any other consideration) that, together with the aggregate amount of (A) any cash and the fair market value (as determined by the Board of Directors, whose determination shall be conclusive evidence thereof and which shall be evidenced by an Officers' Certificate delivered to the Trustee) of any other consideration payable in respect of any other tender offers by the Company or any Subsidiary of the Company for Common Stock consummated within the 12 months preceding the date of the Expiration Date (as defined below) and in respect of which no Conversion Rate adjustment pursuant to this Section 409 has been made and (B) all cash distributions to all or substantially all holders of its Common Stock made within the 12 months preceding the Expiration Date and in respect of which no Conversion Rate adjustment pursuant to this Section 409 has been made, exceeds an amount equal to 7.5% of the product of the current market price per share of Common Stock (as determined in accordance with subsection (e) of this Section 409) as of the last date (the "Expiration Date") tenders could have been made pursuant to such tender offer (as it may be amended) (the last time at which such tenders could have been made on the Expiration Date is hereinafter sometimes called the "Expiration Time") multiplied by the number of shares of Common Stock outstanding (including tendered shares but excluding any shares held in the treasury of the Company) at the Expiration Time, then,

immediately prior to the opening of business on the day after the Expiration Date, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to close of business on the Expiration Date by a fraction of which the numerator shall be the sum of (x) the aggregate consideration (determined as aforesaid) payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer) of all shares validly tendered and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares and excluding any shares held in the treasury of the Company) at the Expiration Time and the current market price per share of Common Stock (as determined in accordance with subsection (e) of this Section 409) on the Trading Day next succeeding the Expiration Date, and the denominator shall be the product of the number of shares of Common Stock outstanding (including tendered shares but excluding any shares held in the treasury of the Company) at the Expiration Time multiplied by the current market price per share of Common Stock (as determined in accordance with subsection (e) of this Section 409) on the Trading Day next succeeding the Expiration Date, such increase to become effective immediately prior to the opening of business on the day following the Expiration Date. In the event that the Company is obligated to purchase shares pursuant to any such tender offer, but the Company is permanently prevented by applicable law from effecting any or all such purchases or any or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would have been in effect based upon the number of shares actually purchased. If the application of this Section 409(d)(2) to any tender offer would result in a decrease in the Conversion Rate, no adjustment shall be made for such tender offer under this Section 409(d)(2).

(3) For purposes of this Section 409(d), the term "tender offer" shall mean and include both tender offers and exchange offers, all references to "purchases" of shares in tender offers (and all similar references) shall mean and include both the purchase of shares in tender offers and the acquisition of shares pursuant to exchange offers, and all references to "tendered shares" (and all similar references) shall mean and include shares tendered in both tender offers and exchange offers.

(e) For the purpose of any computation under subsections (b), (c) and (d) of this Section 409 the current market price per share of Common Stock on any date shall be deemed to be the average of the daily closing prices for the 10 consecutive Trading Days commencing five Trading Days before (i) the Determination Date or the Expiration Date, as the case may be, with respect to distributions or tender offers under subsection (d) of this Section 409 or (ii) the record date with respect to distributions, issuances or other events requiring such computation under subsection (b) or (c) of this Section 409. The closing price for each day shall be the last reported sales price or, in case no such reported sale takes place on such date, the average of the reported closing bid and asked prices in either case on the New York Stock Exchange (the "NYSE") or, if the Common Stock is not listed or admitted to trading on the NYSE, on the principal national securities exchange on which the Common Stock are listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, the last reported sales price of the Common Stock as quoted on NASDAQ (the term "NASDAQ" shall include, without limitation, the NASDAQ National Market) or, in case no reported sales takes place, the average of the closing bid and asked prices as quoted on NASDAQ or any comparable system or, if the

Common Stock is not quoted on NASDAQ or any comparable system, the closing sales price or, in case no reported sale takes place, the average of the closing bid and asked prices, as furnished by any two members of the National Association of Securities Dealers, Inc. selected from time to time by the Company for that purpose. If no such prices are available, the current market price per share shall be the fair value of a share of Common Stock as determined by the Board of Directors (which shall be evidenced by an Officers' Certificate delivered to the Trustee).

(f) In any case in which this Section 409 requires that an adjustment be made following a record date or a Determination Date or Expiration Date, as the case may be, established for purposes of this Section 409, the Company may elect to defer (but only until five Business Days following the filing by the Company with the Trustee of the certificate described in Section 412) issuing to the Holder of any 2021 Debenture converted after such record date or Determination Date or Expiration Date the shares of Common Stock and other capital stock of the Company issuable upon such conversion over and above the shares of Common Stock and other capital stock of the Company issuable upon such conversion only on the basis of the Conversion Rate prior to adjustment; and, in lieu of the shares the issuance of which is so deferred, the Company shall issue or cause its transfer agents to issue due bills or other appropriate evidence prepared by the Company of the right to receive such shares. If any distribution in respect of which an adjustment to the Conversion Rate is required to be made as of the record date or Determination Date or Expiration Date therefor is not thereafter made or paid by the Company for any reason, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect if such record date had not been fixed or such effective date or Determination Date or Expiration Date had not occurred.

(g) Upon adjustment of the Conversion Rate pursuant to this Section 409, the Conversion Price shall be adjusted to equal $1,000 divided by the Conversion Rate and rounded to the nearest cent.

(h) Upon the election by the Company to make a distribution as described in paragraphs (b), (c) and (d) of this Section 409, which in the case of paragraph (d) has a per share value equal to more than 15% of the Sale Price of shares of Common Stock on the Trading Day preceding the declaration date for such distribution, the Company shall give notice to Holders of the 2021 Debentures not less than 20 days prior to the ex-dividend date for such distribution. Upon giving such notice, Holders may surrender the 2021 Debentures for conversion pursuant to this Article Four at any time until the close of business on the Business Day prior to the ex-dividend date or until the Company publicly announces that such distribution will not be given effect.

Section 410 NO ADJUSTMENT.

No adjustment in the Conversion Rate shall be required unless the adjustment would require an increase or decrease of at least 1% in the Conversion Rate as last adjusted; PROVIDED, HOWEVER, that any adjustments which by reason of this Section 410 are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article shall be made to the nearest cent or to the nearest 1/1000th of a share, as the case may be.

Except pursuant to Section 414, no adjustment in the Conversion Rate will be made by reason of the completion of a merger, consolidation or other transaction effected with one of the Company's Affiliates for the purpose of (1) changing the jurisdiction of organization of the Company or (2) effecting a corporate reorganization including, without limitation, the implementation of a holding company structure.

No adjustment need be made for issuances of Common Stock pursuant to a Company plan for reinvestment of dividends or interest or for a change in the par value or a change to no par value of the Common Stock.

To the extent that the 2021 Debentures become convertible into the right to receive cash, no adjustment need be made thereafter as to the cash. Interest will not accrue on the cash.

Section 411 ADJUSTMENT FOR TAX PURPOSES.

The Company shall be entitled to make such adjustments in the Conversion Rate, in addition to those required by Section 409, as in its discretion shall determine to be advisable in order that any stock dividends, subdivisions of shares, distributions of rights to purchase stock or securities or distributions of securities convertible into or exchangeable for stock hereafter made by the Company to its stockholders shall not be taxable.

Section 412 NOTICE OF ADJUSTMENT.

Whenever the Conversion Rate is adjusted, the Company shall promptly mail to Holders a notice of the adjustment and file with the Trustee an Officers' Certificate specifying the adjusted Conversion Rate, and briefly stating the facts requiring the adjustment and the manner of computing it.

Section 413 NOTICE OF CERTAIN TRANSACTIONS.

In the event that:

(1) the Company takes any action which would require an adjustment in the Conversion Rate,

(2) the Company takes any action that requires a supplemental indenture pursuant to Section 414, or

(3) there is a dissolution or liquidation of the Company,

the Company shall mail to Holders and file with the Trustee a notice stating the proposed record or effective date, as the case may be. The Company shall mail the notice at least fifteen days before such date. Failure to mail such notice or any defect therein shall not affect the validity of any transaction referred to in clause (1), (2) or (3) of this Section 413.

Section 414 EFFECT OF RECLASSIFICATION, CONSOLIDATION, MERGER OR SALE ON CONVERSION PRIVILEGE.

If any of the following shall occur, namely: (a) any reclassification or change of shares of Common Stock issuable upon conversion of the 2021 Debentures (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination); (b) any consolidation or merger in which the Company is a party consolidating with another entity or merging with or into another entity other than a merger in which the Company is the continuing corporation and which does not result in any reclassification of, or change (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination) in, Outstanding shares of Common Stock; or (c) any sale or conveyance of all or substantially all of the property and assets of the Company to any Person, then the Company, or such successor, purchasing or transferee corporation, as the case may be, shall, as a condition precedent to such reclassification, change, consolidation, merger, sale or conveyance, execute and deliver to the Trustee a supplemental indenture providing that the Holder of each 2021 Debenture then Outstanding shall have the right to convert such 2021 Debenture into the kind and amount of shares of stock and other securities and property (including cash) receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock deliverable upon conversion of such 2021 Debenture immediately prior to such reclassification, change, consolidation, merger, sale or conveyance. Such supplemental indenture shall provide for adjustments of the Conversion Rate which shall be as nearly equivalent as may be practicable to the adjustments of the Conversion Rate provided for in this Article. If, in the case of any such consolidation, merger, sale or conveyance, the stock or other securities and property (including cash) receivable thereupon by a holder of Common Stock include shares of stock or other securities and property of a Person other than the successor, purchasing or transferee corporation, as the case may be, in such consolidation, merger, sale or conveyance, then such supplemental indenture shall also be executed by such other Person and shall contain such additional provisions to protect the interests of the Holders of the 2021 Debentures as the Board of Directors shall reasonably consider necessary by reason of the foregoing. The provisions of this Section 414 shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

In the event the Company shall execute a supplemental indenture pursuant to this Section 414, the Company shall promptly file with the Trustee (x) an Officers' Certificate briefly stating the reasons therefor, the kind or amount of shares of stock or other securities or property (including cash) receivable by Holders of the 2021 Debentures upon the conversion of their 2021 Debentures after any such reclassification, change, consolidation, merger, sale or conveyance, any adjustment to be made with respect thereto and that all conditions precedent have been complied with and (y) an Opinion of Counsel that all conditions precedent have been complied with, and shall promptly mail notice thereof to all Holders.

Section 415 TRUSTEE'S DISCLAIMER.

The Trustee shall have no duty to determine when an adjustment under this Article should be made, how it should be made or what such adjustment should be, but may accept as conclusive evidence of that fact or the correctness of any such adjustment, and shall be protected

in relying upon, an Officers' Certificate including the Officers' Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 412. The Trustee makes no representation as to the validity or value of any securities or assets issued upon conversion of 2021 Debentures, and the Trustee shall not be responsible for the Company's failure to comply with any provisions of this Article.

The Trustee shall not be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture executed pursuant to Section 414, but may accept as conclusive evidence of the correctness thereof, and shall be fully protected in relying upon, the Officers' Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 414.

Section 416 VOLUNTARY INCREASE.

The Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 days or such longer period as may be required by law and if the increase is irrevocable during the period.

ARTICLE FIVE

REDEMPTION OF DEBENTURES AT THE OPTION OF THE COMPANY

Section 501 GENERAL.

Beginning on April 15, 2008, the Company may redeem the 2021 Debentures for cash at any time as a whole, or from time to time in part, at a price equal to 100% of the principal amount of the 2021 Debentures to be redeemed plus accrued and unpaid interest to, but excluding, the Redemption Date in accordance with Article 11 of the Indenture and Section 318 of this Supplemental Indenture.

ARTICLE SIX

REPURCHASE OF 2021 DEBENTURES AT OPTION OF THE HOLDER

Section 601 GENERAL.

The Company shall be required to repurchase 2021 Debentures in accordance with this Article Six.

2021 Debentures shall be purchased by the Company pursuant to the terms and conditions under the caption "Repurchase by the Company at the Option of the Holder" in the 2021 Debentures on any April 15 occurring in the years 2005, 2008 and 2011 (each, a "Repurchase Date"), at the repurchase price specified therein (each, a "Repurchase Price"), at the option of the Holder thereof, upon:

(1) delivery to the Paying Agent, by the Holder of a written notice of purchase (a "Repurchase Notice") at any time from the opening of business on the date that is 20 Business Days prior to a Repurchase Date until the close of business on such Repurchase Date stating:

(A) if Certificated Security has been issued, the certificate number of the 2021 Debenture which the Holder will deliver to be repurchased or if not, such information as may be required under appropriate DTC Procedures,

(B) the portion of the principal amount of the 2021 Debenture which the Holder will deliver to be repurchased, which portion must be $ 1,000 or an integral multiple thereof,

(C) that such 2021 Debenture shall be purchased as of the Repurchase Date pursuant to the terms and conditions specified under the paragraph "Repurchase by the Company at the Option of the Holder" of the 2021 Debentures and in the Indenture as supplemented by this Supplemental Indenture,

(D) in the event that the Company elects, pursuant to Section 602 hereof, to pay the Repurchase Price to be paid as of such Repurchase Date, in whole or in part, in Common Stock but such portion of the Repurchase Price shall ultimately be payable to such Holder entirely in cash because any of the conditions to payment of the Repurchase Price in Common Stock is not satisfied prior to the close of business on such Repurchase Date, as set forth in Section 603 hereof, whether such Holder elects (i) to withdraw such Repurchase Notice as to some or all of the 2021 Debentures to which such Repurchase Notice relates (stating the principal amount and certificate numbers of the 2021 Debentures as to which such withdrawal shall relate), or (ii) to receive cash in respect of the entire Repurchase Price for all 2021 Debentures (or portions thereof) to which such Repurchase Price relates, and

(2) delivery of such 2021 Debenture to the Paying Agent prior to, on or after the Repurchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery being a condition to receipt by the Holder of the Repurchase Price therefor; PROVIDED, HOWEVER, that such Repurchase Price shall be so paid pursuant to this Article only if the 2021 Debenture so delivered to the Paying Agent shall conform in all respects to the description thereof in the related Repurchase Notice.

If a Holder, in such Holder's Repurchase Notice and in any written notice of withdrawal delivered by such Holder pursuant to the terms of Section 609 hereof, fails to indicate such Holder's choice with respect to the election set forth in clause (D) of Section 601(1), such Holder shall be deemed to have elected to receive cash in respect of the Repurchase Price for all 2021 Debentures subject to the Repurchase Notice in the circumstances set forth in such clause (D).

The Company shall purchase from the Holder thereof, pursuant to this Article, a portion of a 2021 Debenture if the principal amount of such portion is $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to the purchase of all of a 2021 Debenture also apply to the purchase of such portion of such 2021 Debenture.

Any purchase by the Company contemplated pursuant to the provisions of this Article shall be consummated by the delivery of the consideration to be received by the Holder (if any) promptly following the later of the Repurchase Date and the time of delivery of the 2021 Debenture.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Repurchase Notice contemplated by this Section 601 shall have the right to withdraw such Repurchase Notice at any time prior to the close of business on the Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 609.

The Paying Agent shall promptly notify the Company of the receipt by it of any Repurchase Notice or written notice of withdrawal thereof.

The Company may, at its option, specify additional dates on which Holders will have the right to require it to repurchase 2021 Debentures upon written notice to the Trustee and the Holders. Such notice shall specify the additional dates upon which the Company shall be required to repurchase the 2021 Debentures at the option of the Holders and shall be delivered to the Trustee and the Holders no less than 25 Business Days prior to the earliest repurchase date specified in such notice.

Section 602 THE COMPANY'S RIGHT TO ELECT MANNER OF PAYMENT OF REPURCHASE PRICE.

(a) The Repurchase Price of 2021 Debentures in respect of which a Repurchase Notice pursuant to Section 601 has been given, or a specified percentage thereof, will be paid by the Company, at the election of the Company, with cash or Common Stock or in any combination of cash and Common Stock, subject to the conditions set forth in Section 602 and 603 hereof. The Company shall designate, in the Company Notice delivered pursuant to Section 605 hereof, whether the Company will purchase the 2021 Debentures for cash or Common Stock, or, if a combination thereof, the percentages of the Repurchase Price of 2021 Debentures in respect of which it will pay in cash and Common Stock; provided, however, that the Company will pay cash for fractional interests in Common Stock. For purposes of determining the existence of potential fractional interests, all 2021 Debentures subject to purchase by the Company held by a Holder shall be considered together (no matter how many separate certificates are to be presented). Each Holder whose 2021 Debentures are purchased pursuant to this Article shall receive the same percentage of cash or Common Stock in payment of the Repurchase Price for such 2021 Debentures, except (i) as provided in Section 604 with regard to the payment of cash in lieu of fractional Common Stock and (ii) in the event that the Company is unable to purchase the 2021 Debentures of a Holder or Holders for Common Stock because any necessary qualifications or registrations of the Common Stock under applicable state securities laws cannot be obtained, the Company may purchase the 2021 Debentures of such Holder or Holders for cash. The Company may not change its election with respect to the consideration (or components or percentages of components thereof) to be paid once the Company has given its Company Notice to Holders except pursuant to this Section 602 or pursuant to Section 604 in the event of a failure to satisfy, prior to the close of business on the Repurchase Date, any condition to the payment of the Repurchase Price, in whole or in part, in Common Stock.

At least three Business Days before the Company Notice Date (as defined in Section 604 of this Supplemental Indenture), the Company shall deliver an Officers' Certificate to the Trustee specifying:

(i) the manner of payment selected by the Company,

(ii) the information required by Section 605,

(iii) if the Company elects to pay the Repurchase Price, or a specified percentage thereof, in Common Stock, that the conditions to such manner of payment set forth in Section 604 have been or will be complied with, and

(iv) whether the Company desires the Trustee to give the Company Notice required by Section 605.

Section 603 PURCHASE WITH CASH.

On each Repurchase Date, at the option of the Company, the Repurchase Price of 2021 Debentures in respect of which a Repurchase Notice pursuant to Section 601 has been given, or a specified percentage thereof, may be paid by the Company with cash equal to the aggregate Repurchase Price of such 2021 Debentures. If the Company elects to purchase 2021 Debentures with cash, the Company Notice, as provided in Section 605, shall be sent to Holders (and to beneficial owners as required by applicable law) not less than 20 Business Days prior to such Purchase Date (the "Company Notice Date").

Section 604 PAYMENT BY ISSUANCE OF COMMON STOCK.

On each Repurchase Date, at the option of the Company, the Repurchase Price of 2021 Debentures in respect of which a Repurchase Notice pursuant to Section 601 has been given, or a specified percentage thereof, may be paid by the Company by the issuance of a number of shares of Common Stock equal to the quotient obtained by dividing (i) the amount of cash to which the Holders would have been entitled had the Company elected to pay all or such specified percentage, as the case may be, of the Repurchase Price of such 2021 Debentures in cash by (ii) the Market Price of a share of Common Stock, subject to the next succeeding paragraph.

The Company will not issue a fractional share of Common Stock in payment of the Repurchase Price. Instead the Company will pay cash for the current market value of the fractional share. The current market value of a fraction of a share of Common Stock shall be determined by multiplying the Market Price by such fraction and rounding the product to the nearest whole cent with one half cent being rounded upwards. It is understood that if a Holder elects to have more than one 2021 Debenture repurchased, the number of shares of Common Stock shall be based on the aggregate amount of 2021 Debentures to be repurchased.

If the Company elects to purchase the 2021 Debentures by the issuance of Common Stock, the Company Notice, as provided in Section 605, shall be sent to the Holders (and to beneficial owners as required by applicable law) not later than the Company Notice Date.

The Company's right to exercise its election to purchase the 2021 Debentures pursuant to this Article through the issuance of Common Stock shall be conditioned upon:

(i) the Company's not having given its Company Notice of an election to pay entirely in cash and its giving of timely Company Notice of election to purchase all or a specified percentage of the 2021 Debentures with Common Stock as provided herein;

(ii) the listing of shares of Common Stock to be issued in respect of the payment of the Repurchase Price on the principal United States securities exchange on which the Common Stock is then listed or, if not so listed, the quotation of such shares on NASDAQ;

(iii) the registration of the shares of Common Stock to be issued in respect of the payment of the Repurchase Price under the Securities Act or the Exchange Act, in each case, if required for the initial issuance thereof;

(iv) any necessary qualification or registration under applicable state securities laws or the availability of an exemption from such qualification and registration; and

(v) the receipt by the Trustee of an Officers' Certificate and an Opinion of Counsel each stating that (A) the terms of the issuance of the Common Stock are in conformity in all material respects with this Supplemental Indenture and (B) the Common Stock to be issued by the Company in payment of the Repurchase Price in respect of 2021 Debentures have been duly authorized and, when issued and delivered pursuant to the terms of this Supplemental Indenture in payment of the Repurchase Price in respect of the 2021 Debentures, will be validly issued, fully paid and non-assessable and, to the best of such counsel's knowledge, free from preemptive rights, and, in the case of such Officer's Certificate, stating that conditions (i), (ii) (iii) and (iv) above and the condition set forth in the second succeeding sentence have been satisfied and, in the case of such Opinion of Counsel, stating that conditions (ii) and (iii) above have been satisfied.

Such Officers' Certificate shall also set forth the number of shares of Common Stock to be issued for each $1,000 principal amount of 2021 Debentures and the Sale Price of a share of Common Stock on each trading day during the period commencing on the first trading day of the period during which the Market Price is calculated and ending three Business Days prior to the applicable Repurchase Date. The Company shall pay the Repurchase Price (or any portion thereof) in Common Stock only if the information necessary to calculate the Market Price is published in THE WALL STREET JOURNAL or another daily newspaper of national circulation or is otherwise readily publicly available. If the foregoing conditions are not satisfied with respect to a Holder or Holders prior to the close of business on the Repurchase Date and the Company has elected to repurchase the 2021 Debentures pursuant to this Article through the issuance of Common Stock, the Company shall pay, without further notice, the entire Repurchase Price of the 2021 Debentures of such Holder or Holders in cash.

The "Market Price" means the average of the Sale Prices of the Common Stock for the five Trading Day period ending on the third Business Day (if the third Business Day prior to the applicable Repurchase Date is a Trading Day, or if not, then on the last Trading Day prior to the third Business Day), prior to the applicable Repurchase Date appropriately adjusted to take into account the occurrence, during the period commencing on the first of such Trading Days during such five Trading Day period and ending on such Repurchase Date, of any event described in Section 409; subject, however, to the conditions set forth in Sections 409(f) and 410.

The "Sale Price" of the Common Stock on any date means the closing per share sale price (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date as reported in the composite transactions for the principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated.

Section 605 NOTICE OF ELECTION.

The Company's notice of election to repurchase with cash or Common Stock or any combination thereof shall be sent to the Holders in the manner provided in Section 206 of the Indenture at the time specified in Section 603 or 604, as applicable (the "Company Notice"). Such Company Notice shall state the manner of payment elected and shall contain the following information:

In the event the Company has elected to pay the Repurchase Price (or a specified percentage thereof) with Common Stock, the Company Notice shall:

(1) state that each Holder will receive Common Stock with a Market Price equal to such specified percentage of the Repurchase Price of the 2021 Debentures held by such Holder (except any cash amount to be paid in lieu of fractional shares);

(2) set forth the method of calculating the Market Price of the Common Stock; and

(3) state that because the Market Price of Common Stock will be determined prior to the Repurchase Date, Holders will bear the market risk with respect to the value of the Common Stock to be received from the date such Market Price is determined to the Repurchase Date.

In any case, each Company Notice shall include a form of Repurchase Notice to be completed by a Holder and shall state:

(A) the Repurchase Price, the Conversion Rate and, to the extent known at the time of such notice the amount of interest that will be accrued and payable with respect to the 2021 Debentures as of the Repurchase Date;

(B) the name and address of the Paying Agent and the Conversion Agent;

(C) that 2021 Debentures as to which a Repurchase Notice has been given may be converted pursuant to Article Four hereof only if the applicable Repurchase Notice has been withdrawn in accordance with the terms of this Indenture;

(D) that 2021 Debentures must be surrendered to the Paying Agent to collect payment of the Purchase Price;

(E) that the Repurchase Price for any 2021 Debenture as to which a Repurchase Notice has been given and not withdrawn will be paid promptly following the later of the Repurchase Date and the time of surrender of such 2021 Debenture as described in (D);

(F) the procedures the Holder must follow to exercise repurchase rights under this Article and a brief description of those rights;

(G) briefly, the conversion rights of the 2021 Debentures; and

(H) the procedures for withdrawing a Repurchase Notice (including, without limitation, for a conditional withdrawal pursuant to the terms of Section 601 or 609).

If any of the 2021 Debentures is in the form of a Global Security, then the Company shall modify the Company Notice to the extent necessary to accord with the procedures of the Depositary applicable to the repurchase of Global Securities.

At the Company's request, the Trustee shall give such Company Notice in the Company's name and at the Company's expense; provided, however, that, in all cases, the text of such Company Notice shall be prepared by the Company.

Upon determination of the actual number of shares of Common Stock to be issued for each $1,000 principal amount of 2021 Debentures, the Company will publish such determination at the Company's Web site on the World Wide Web or through such other public medium as the Company may use at that time.

Section 606 COVENANTS OF THE COMPANY.

All Common Stock delivered upon purchase of the 2021 Debentures shall be newly issued shares or treasury shares, shall be duly authorized, validly issued, fully paid and nonassessable and shall be free from preemptive rights and free of any Lien or adverse claim.

Section 607 PROCEDURE UPON REPURCHASE.

As soon as practicable after the Repurchase Date, the Company shall deliver to each Holder entitled to receive Common Stock through the Paying Agent, a certificate for the number of full shares of Common Stock issuable in payment of the Repurchase Price and cash in lieu of any fractional shares of Common Stock. The Person in whose name the certificate for Common Stock is registered shall be treated as a holder of record of Common Stock on the Business Day following the Repurchase Date. Subject to Section 604, no payment or adjustment will be made for dividends on the Common Stock the record date for which occurred on or prior to the Repurchase Date.

Section 608 TAXES.

If a Holder of a 2021 Debenture is paid in Common Stock, the Company shall pay any documentary, stamp or similar issue or transfer tax due on such issue of Common Stock. However, the Holder shall pay any such tax which is due because the Holder requests the Common Stock to be issued in a name other than the Holder's name. The Paying Agent may refuse to deliver the certificates representing the shares of Common Stock being issued in a name other than the Holder's name until the Paying Agent receives a sum sufficient to pay any tax which will be due because the shares of Common Stock are to be issued in a name other than the Holder's name.

Section 609 EFFECT OF REPURCHASE NOTICE.

Upon receipt by the Paying Agent of the Repurchase Notice specified in Section 605, the Holder of the 2021 Debenture in respect of which such Repurchase Notice was given shall (unless such Repurchase Notice is withdrawn as specified in the following two paragraphs) thereafter be entitled to receive solely the Repurchase Price with respect to such 2021 Debenture. Such Repurchase Price shall be paid to such Holder, subject to receipt of funds and/or Common Stock by the Paying Agent, promptly following the later of (x) the Repurchase Date with respect to such 2021 Debenture (provided the conditions in Section 601 have been satisfied) and (y) the time of delivery of such 2021 Debenture to the Paying Agent by the Holder thereof in the manner required by Section 601. 2021 Debentures in respect of which a Repurchase Notice has been given by the Holder thereof may not be converted pursuant to Article Four hereof on or after the date of the delivery of such Repurchase Notice unless such Repurchase Notice has first been validly withdrawn as specified in the following two paragraphs.

A Repurchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Repurchase Notice at any time prior to the close of business on the applicable Repurchase Date specifying:

(1) if Certificated Securities have been issued, the certificate number of the 2021 Debenture in respect of which such notice of withdrawal is being submitted, or if not, such information as may be required under appropriate procedures of the Depositary;

(2) the principal amount of the 2021 Debenture with respect to which such notice of withdrawal is being submitted; and

(3) the principal amount, if any, of such 2021 Debenture which remains subject to the original Repurchase Notice and which has been or will be delivered for purchase by the Company.

A written notice of withdrawal of a Repurchase Notice may be in the form set forth in the preceding paragraph or may be in the form of (i) a conditional withdrawal contained in a Repurchase Notice pursuant to the terms of Section 601(1)(D) or (ii) a conditional withdrawal containing the information set forth in Section 601(l)(D) and the preceding paragraph and contained in a written notice of withdrawal delivered to the Paying Agent as set forth in the preceding paragraph.

There shall be no purchase of any 2021 Debentures pursuant to this Article (other than through the issuance of Common Stock in payment of the Repurchase Price, including cash in lieu of fractional shares) if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such 2021 Debentures, of the required Repurchase Notice) and is continuing an Event of Default (other than a default in the payment of the Repurchase Price with respect to such 2021 Debentures). The Paying Agent will promptly return to the respective Holders thereof any 2021 Debentures (x) with respect to which a Repurchase Notice has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Repurchase Price with respect to

such 2021 Debentures) in which case, upon such return, the Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 610 DEPOSIT OF REPURCHASE PRICE.

Prior to 11:00 a.m. (New York City time) on the Business Day following the Repurchase Date, the Company shall deposit with the Trustee or with the Paying Agent an amount of money (in immediately available funds if deposited on such Business Day) and/or Common Stock, if permitted hereunder, sufficient to pay the aggregate Repurchase Price of all of the 2021 Debentures or portions thereof which are to be purchased as of the Repurchase Date. The manner in which the deposit required by this Section 610 is made by the Company shall be at the option of the Company, provided, however, that such deposit shall be made in a manner such that the Trustee or a Paying Agent shall have immediately available funds on the Repurchase Date.

If a Paying Agent holds, in accordance with the terms hereof, money and/or Common Stock sufficient to pay the Repurchase Price of any 2021 Debenture for which a Repurchase Notice has been tendered and not withdrawn in accordance with this Indenture then, immediately after Repurchase Date, such 2021 Debenture will cease to be Outstanding and the rights of the Holder in respect thereof shall terminate (other than the right to receive the Repurchase Price as aforesaid).

Section 611 SECURITIES REPURCHASED IN PART.

Any 2021 Debenture which is to be purchased only in part shall be surrendered at the office of the Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company or the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such 2021 Debenture, without service charge except for any taxes to be paid by the Holder in the event a 2021 Debenture is registered under a new name, a new 2021 Debenture or 2021 Debentures, of any authorized denomination as requested by such Holder in aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the 2021 Debenture so surrendered which is not purchased.

Section 612 COMPLIANCE WITH SECURITIES LAWS UPON PURCHASE OF SECURITIES.

In connection with any offer to purchase or purchase of 2021 Debentures under this Article (provided that such offer or purchase constitutes an "issuer tender offer" for purposes of Rule 13e-4 (which term, as used herein, includes any successor provision thereto) under the Exchange Act at the time of such offer or purchase), the Company shall (i) comply with Rule 13e-4 under the Exchange Act, (ii) file the related Schedule TO (or any successor schedule, form or report), if required, under the Exchange Act, and (iii) otherwise comply with all applicable Federal and state securities laws so as to permit the rights and obligations under Article Six to be exercised in the time and in the manner specified in this Article.

Section 613 REPAYMENT TO THE COMPANY.

The Trustee and the Paying Agent shall return to the Company any cash or Common Stock that remain unclaimed for two years, subject to applicable unclaimed property law, together with interest or dividends, if any, thereon held by them for the payment of the Repurchase Price, PROVIDED, HOWEVER, that to the extent that the aggregate amount of cash or Common Stock deposited by the Company pursuant to Section 610 exceeds the aggregate Repurchase Price of the 2021 Debentures or portions thereof which the Company is obligated to purchase as of the Repurchase Date, then promptly after the Business Day following the Repurchase Date, the Trustee shall return any such excess to the Company together with interest or dividends, if any, thereon. Thereafter, any Holder entitled to payment must look to the Company for payment as general creditors, unless an applicable abandoned property law designates another Person.

Section 614 CONVERSION ARRANGEMENT ON REPURCHASE.

Any 2021 Debentures required to be repurchased under this Article, unless surrendered for conversion before the close of business on the Repurchase Date, may be deemed to be purchased from the Holders of such 2021 Debentures for an amount in cash not less than the Repurchase Price, by one or more investment bankers or other purchasers who may agree with the Company to purchase such 2021 Debentures from the Holders, to convert them into Common Stock of the Company and to make payment for such 2021 Debentures to the Trustee in trust for such Holders.

ARTICLE SEVEN

PURCHASE OF 2021 DEBENTURES AT OPTION OF THE HOLDER UPON CHANGE IN CONTROL

Section 701 RIGHT TO REQUIRE REPURCHASE.

(a) If at any time on or before April 15, 2008 that 2021 Debentures remain Outstanding there shall occur a Change in Control, 2021 Debentures shall be purchased by the Company in integral multiples of $1,000 principal amount at the option of the Holders thereof as of the date that is 35 Business Days after the occurrence of the Change in Control (the "Change in Control Purchase Date") subject to satisfaction by or on behalf of any Holder of the requirements set forth in subsection (c) of this Section 701. The purchase price of such 2021 Debentures (the "Change in Control Purchase Price") shall be equal to 100% of the principal amount of the 2001 Debentures to be purchased plus accrued and unpaid interest to, but excluding, the Change in Control Purchase Date.

A "Change in Control" shall be deemed to have occurred at such time after the date hereof as (a) any Person or any Persons acting together in a manner which would constitute a "group" for purposes of Section 13(d) of the Exchange Act, or any successor provision thereto, together with any Affiliates thereof (but in each case excluding Subsidiaries, any employee benefit plans of the Company or its Subsidiaries or any Permitted Holders), after the first issuance of 2021 Debentures files a Schedule TO or a Schedule 13D (or any successors to those

forms) stating that it or they has or have become and actually is or are Beneficial Owners, directly or indirectly, of Capital Stock of the Company, entitling such Person or Persons and its or their Affiliates to exercise more than 50% of the total voting power of all classes of the Company's Capital Stock entitled to vote generally in the election of the Company's directors or (b) any of the Permitted Holders, after the first issuance of 2021 Debentures, file a Schedule TO or a Schedule 13D (or any successors to those forms) stating that they have become and actually are Beneficial Owners of the Company's Capital Stock representing more than 80%, in the aggregate, of the voting power entitled to vote generally in the election of the Company's directors or (c) the Company shall consolidate with or merge into any other Person (other than a Subsidiary), or any other Person (other than a Subsidiary) shall consolidate with or merge into the Company, or the Company shall sell, convey, transfer or lease its properties and assets substantially as an entirety to any Person other than a Subsidiary, and, in the case of any such transaction the outstanding Common Stock is reclassified into, exchanged for or converted into the right to receive any other property or security, unless the stockholders of the Company immediately before such transaction, own, directly or indirectly, immediately following such transaction, at least a majority of the combined voting power of the outstanding voting securities of the Person resulting from such transaction or the Person acquiring such properties and assets, entitled to vote generally on the election of such resulting or acquiring Person's directors, in substantially the same proportion as their ownership of the Common Stock immediately before such transaction, PROVIDED, HOWEVER, that a Change in Control shall not be deemed to have occurred upon the completion of a merger, consolidation or other transaction effected with any Affiliates of the Company for the purpose of (x) changing the Company's jurisdiction of organization, or (y) effecting a corporate reorganization of the Company, including, without limitation, the implementation of a holding company structure.

The term "Beneficial Owner" shall be determined in accordance with Rules 13d-3 and 13d-5 promulgated by the Securities and Exchange Commission under the Exchange Act or any successor provision thereto, except that a Person shall be deemed to have "beneficial ownership" of all shares that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time.

The term "Permitted Holder" shall mean each of Marilyn B. Arison, Micky Meir Arison, Shari Arison, Michael Arison or their spouses, children or lineal descendants of Marilyn B. Arison, Micky Meir Arison, Shari Arison, Michael Arison or their spouses, any trust established for the benefit of any Arison family member mentioned in this paragraph, or any "person" (as such term is used in Section 13(d) or 14(d) of the Exchange Act), directly or indirectly, controlling, controlled by or under common control with any Arison family member mentioned in this paragraph or any trust established for the benefit of any such Arison family member or any charitable trust or non-profit entity established by a Permitted Holder.

(b) Within 15 Business Days after the occurrence of a Change in Control, the Company shall mail a written notice of the Change in Control to the Trustee and to each Holder. The notice shall include the form of a Change in Control Purchase Notice to be completed by the Holder and shall state:

(1) the date of such Change in Control and, briefly, the events causing such Change in Control;

(2) the date by which the Change in Control Purchase Notice pursuant to this Section 701 must be given;

(3) the Change in Control Purchase Date;

(4) the Change in Control Purchase Price that will be accrued and payable with respect to the 2021 Debentures as of the Change in Control Purchase Date;

(5) briefly, the conversion rights of the 2021 Debentures;

(6) the name and address of each Paying Agent and Conversion Agent;

(7) the Conversion Rate and any adjustments thereto;

(8) that 2021 Debentures as to which a Change in Control Purchase Notice has been given may be converted into Common Stock pursuant to Article Four only to the extent that the Change in Control Purchase Notice has been withdrawn in accordance with the terms of this Indenture;

(9) the procedures that the Holder must follow to exercise rights under this Section 701;

(10) the procedures for withdrawing a Change in Control Purchase Notice, including a form of notice of withdrawal; and

(11) that the Holder must satisfy the requirements set forth in the 2021 Debentures in order to convert the 2021 Debentures.

If any of the 2021 Debentures is in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depositary applicable to the repurchase of Global Securities.

(c) A Holder may exercise its rights specified in subsection (a) of this Section 701 upon delivery of a written notice (which shall be in substantially the form included as an attachment to the 2021 Debentures and which may be delivered by letter, overnight courier, hand delivery, facsimile transmission or in any other written form and, in the case of Global Securities, may be delivered electronically or by other means in accordance with the Depositary's customary procedures) of the exercise of such rights (a "Change in Control Purchase Notice") to any Paying Agent at any time prior to the close of business on the Business Day next preceding the Change in Control Purchase Date.

The delivery of such 2021 Debenture to any Paying Agent (together with all necessary endorsements) at the office of such Paying Agent shall be a condition to the receipt by the Holder of the Change in Control Purchase Price.

The Company shall purchase from the Holder thereof, pursuant to this Section 701, a portion of a 2021 Debenture if the principal amount of such portion is $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to the purchase of all of a 2021 Debenture pursuant to Sections 701 through 706 also apply to the purchase of such portion of such 2021 Debenture.

Any purchase by the Company contemplated pursuant to the provisions of this Section 701 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Change in Control Purchase Date and the time of delivery of the 2021 Debenture to the Paying Agent in accordance with this Section 701.

Notwithstanding anything herein to the contrary, any Holder delivering to a Paying Agent the Change in Control Purchase Notice contemplated by this subsection (c) shall have the right to withdraw such Change in Control Purchase Notice in whole or as to a portion thereof that is a principal amount of $1,000 or an integral multiple thereof at any time prior to the close of business on the Business Day next preceding the Change in Control Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 702.

A Paying Agent shall promptly notify the Company of the receipt by it of any Change in Control Purchase Notice or written withdrawal thereof.

Anything herein to the contrary notwithstanding, in the case of Global Securities, any Change in Control Purchase Notice may be delivered or withdrawn and such 2021 Debentures may be surrendered or delivered for purchase in accordance with the applicable procedures of the Depositary as in effect from time to time.

Section 702 EFFECT OF CHANGE IN CONTROL PURCHASE NOTICE.

Upon receipt by any Paying Agent of the Change in Control Purchase Notice specified in Section 701(c), the Holder of the 2021 Debenture in respect of which such Change in Control Purchase Notice was given shall (unless such Change in Control Purchase Notice is withdrawn as specified below) thereafter be entitled to receive the Change in Control Purchase Price with respect to such 2021 Debenture. Such Change in Control Purchase Price shall be paid to such Holder promptly following the later of (a) the Change in Control Purchase Date with respect to such 2021 Debenture (provided the conditions in Section 701(c) have been satisfied) and (b) the time of delivery of such 2021 Debenture to a Paying Agent by the Holder thereof in the manner required by Section 701(c). 2021 Debentures in respect of which a Change in Control Purchase Notice has been given by the Holder thereof may not be converted into Common Stock on or after the date of the delivery of such Change in Control Purchase Notice unless such Change in Control Purchase Notice has first been validly withdrawn as specified in the following paragraph.

A Change in Control Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Change in Control Purchase Notice at any time prior to the close of business on the applicable Change in Control Purchase Date specifying:

(1) if a Certificated Security has been issued, the certificate number of the 2021 Debentures in respect of which such notice of withdrawal is being submitted, or if not, such information as required by the Depositary;

(2) the principal amount, in integral multiples of $1,000, of the 2021 Debentures with respect to which such notice of withdrawal is being submitted; and

(3) the principal amount, if any, of such 2021 Debentures which remain subject to the original Change in Control Purchase Notice and which has been or will be delivered for purchase by the Company.

There shall be no purchase of any 2021 Debentures pursuant to this Article if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such 2021 Debentures, of the required Change in Control Purchase Notice) and is continuing an Event of Default (other than a default in the payment of the Change in Control Purchase Price with respect to such 2021 Debentures). The Paying Agent will promptly return to the respective Holders thereof any 2021 Debentures (x) with respect to which a Change in Control Purchase Notice has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Change in Control Purchase Price with respect to such 2021 Debentures) in which case, upon such return, the Change in Control Purchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 703 DEPOSIT OF CHANGE IN CONTROL PURCHASE PRICE.

On or before 11:00 a.m. New York City time on the Change in Control Purchase Date, the Company shall deposit with the Trustee or with a Paying Agent (other than the Company or an Affiliate of the Company) an amount of money (in immediately available funds if deposited on such Business Day) sufficient to pay the aggregate Change in Control Purchase Price of all the 2021 Debentures or portions thereof that are to be purchased as of such Change in Control Purchase Date. The manner in which the deposit required by this Section 703 is made by the Company shall be at the option of the Company, PROVIDED, HOWEVER, that such deposit shall be made in a manner such that the Trustee or a Paying Agent shall have immediately available funds on the Change in Control Purchase Date.

If a Paying Agent holds, in accordance with the terms hereof, money sufficient to pay the Change in Control Purchase Price of any 2021 Debenture for which a Change in Control Purchase Notice has been tendered and not withdrawn in accordance with this Indenture then, on the Change in Control Purchase Date, such 2021 Debenture will cease to be Outstanding and the rights of the Holder in respect thereof shall terminate (other than the right to receive the interest thereon). The Company shall publicly announce the principal amount of 2021 Debentures purchased as a result of such Change in Control on or as soon as practicable after the Change in Control Purchase Date.

Section 704 SECURITIES PURCHASED IN PART.

Any 2021 Debenture that is to be purchased only in part shall be surrendered at the office of a Paying Agent and promptly after the Change in Control Purchase Date the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such 2021 Debenture,

without service charge (other than amounts to be paid in respect of applicable transfer taxes), a new 2021 Debenture or 2021 Debentures, of such authorized denomination or denominations in integral multiples of $1,000 as may be requested by such Holder, in aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the 2021 Debenture so surrendered that is not purchased.

Section 705 COMPLIANCE WITH SECURITIES LAWS UPON PURCHASE OF SECURITIES.

In connection with any offer to purchase or purchase of 2021 Debentures under this Article (provided that such offer or purchase constitutes an "issuer tender offer" for purposes of Rule 13e-4 (which term, as used herein, includes any successor provision thereto) under the Exchange Act at the time of such offer or purchase), the Company shall (i) comply with Rule 13e-4 under the Exchange Act, (ii) file the related Schedule TO (or any successor schedule, form or report), if required, under the Exchange Act, and (iii) otherwise comply with all applicable Federal and state securities laws so as to permit the rights and obligations under this Article to be exercised in the time and in the manner specified in this Article.

Section 706 REPAYMENT TO THE COMPANY.

The Trustee and the Paying Agent shall return to the Company any cash or Common Stock that remains unclaimed for two years, subject to applicable unclaimed property law, together with interest or dividends, if any, thereon held by them for the payment of the Change in Control Purchase Price; PROVIDED, HOWEVER, that to the extent that the aggregate amount of cash or Common Stock deposited by the Company pursuant to Section 703 exceeds the aggregate Change in Control Purchase Price of the 2021 Debentures or portions thereof which the Company is obligated to purchase as of the Change in Control Purchase Date, then on the Business Day following the Repurchase Date, the Trustee shall return any such excess to the Company together with interest or dividends, if any, thereon. Thereafter, any Holder entitled to payment must look to the Company for payment as general creditors, unless an applicable abandoned property law designates another Person.

ARTICLE EIGHT

MISCELLANEOUS PROVISIONS

Section 801 INTEGRAL PART.

This Supplemental Indenture constitutes an integral part of the Indenture with respect to the 2021 Debentures only.

Section 802 GENERAL DEFINITIONS.

For all purposes of this Supplemental Indenture:

(a) capitalized terms used herein without definition shall have the meanings specified in the Indenture; and

(b) the terms "herein", "hereof', "hereunder" and other words of similar import refer to this Supplemental Indenture.

Section 803 ADOPTION, RATIFICATION AND CONFIRMATION.

The Indenture, as supplemented and amended by this Supplemental Indenture, is in all respects hereby adopted, ratified and confirmed, and this Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided. The provisions of this Supplemental Indenture shall, subject to the terms hereof, supersede the provisions of the Indenture to the extent the Indenture is inconsistent herewith.

Section 804 COUNTERPARTS.

This Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed an original; and all such counterparts shall together constitute but one and the same instrument.

Section 805 GOVERNING LAW.

THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW RULES OF SAID STATE.

Section 806 CONFLICT OF ANY PROVISION OF INDENTURE WITH TRUST INDENTURE ACT OF 1939.

If and to the extent that any provision of this Supplemental Indenture limits, qualifies or conflicts with a provision required under the terms of the Trust Indenture Act of 1939, as amended, such Trust Indenture Act provision shall control.

Section 807 EFFECT OF HEADINGS.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 808 SEVERABILITY OF PROVISIONS.

In case any provision in this Supplemental Indenture or in the 2021 Debentures shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 809 SUCCESSORS AND ASSIGNS.

All covenants and agreements in this Supplemental Indenture by the parties hereto shall bind their respective successors and assigns and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 810 BENEFIT OF SUPPLEMENTAL INDENTURE.

Nothing in this Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any Security Registrar, any Paying Agent, any Conversion Agent and their successors hereunder, and the Holders of the 2021 Debentures, any benefit or any legal or equitable right, remedy or claim under this Supplemental Indenture.

Section 811 ACCEPTANCE BY TRUSTEE.

The Trustee accepts the amendments to the Indenture effected by this Supplemental Indenture and agrees to execute the trusts created by the Indenture as hereby amended, but only upon the terms and conditions set forth in this Supplemental Indenture and the Indenture. Without limiting the generality of the foregoing, the Trustee assumes no responsibility for the correctness of the recitals contained herein, which shall be taken as the statements of the Company and except as provided in the Indenture the Trustee shall not be responsible or accountable in any way whatsoever for or with respect to the validity or execution or sufficiency of this Supplemental Indenture and the Trustee makes no representation with respect thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested as of the day and year first written above.

CARNIVAL CORPORATION

By:

U.S. BANK TRUST NATIONAL ASSOCIATION

By:

ANNEX A

GLOBAL SECURITY

[FORM OF FACE OF SECURITY]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND, UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.](1)

THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY, THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE REOFFERED, SOLD , ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A ("RULE 144A") THEREUNDER.

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(1) These paragraphs should be included only if the Security is a Global Security.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") ON WHICH THIS SECURITY IS SALEABLE PURSUANT TO RULE 144(K) UNDER THE SECURITIES ACT ONLY (A) TO CARNIVAL CORPORATION (THE "COMPANY", OR THE "ISSUER") OR ANY SUBSIDIARY THEREOF, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHICH NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL "ACCREDITED INVESTOR," FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, (D) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (C) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND IN EACH OF THE FOREGOING CASES, A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS DEBENTURE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.(2)

THIS SECURITY IS SUBJECT TO LIMITATIONS ON OWNERSHIP CONTAINED IN THE INDENTURE, IN ORDER TO PERMIT THE COMPANY TO RETAIN ITS STATUS AS A PUBLICLY TRADED CORPORATION UNDER PROPOSED TREASURY REGULATIONS UNDER SECTION 883 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

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(2) [These paragraphs to be included only if the Security is a Transfer Restricted Security.]

[FORM OF FACE OF SECURITY]

CARNIVAL CORPORATION

2% CONVERTIBLE SENIOR DEBENTURES DUE 2021

Issue Date: April 25, 2001 Principal Amount: $_____

CUSIP: _____

Registered: No. R-

Carnival Corporation, a corporation organized and existing under the laws of the Republic of Panama (herein called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of _____ DOLLARS ($_____) on April 15, 2021, [or such greater or lesser amount as is indicated in the Schedule of Exchanges of Securities on the other side of this 2021 Debenture](3) and to pay interest thereon from April 25, 2001 or from the most recent date to which interest has been paid or duly provided for, semiannually on April 15 and October 15 in each year (each, an "Interest Payment Date"), commencing October 15, 2001, at the rate of 2% per annum, until the principal hereof is paid or duly made available for payment. Interest on this 2021 Debenture shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this 2021 Debenture (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the April 1 or October 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any interest which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the registered Holder hereof on the relevant Regular Record Date by virtue of having been such Holder, and may be paid to the Person in whose name this 2021 Debenture (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Company, notice whereof shall be given to the Holders of 2021 Debentures not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the 2021 Debentures may be listed, and upon such notice as may be required by such exchange, all as more fully provided in such Indenture. This 2021 Debenture is convertible as specified on the other side on this 2021 Debenture.

Payment of the principal of and interest, if any, on this 2021 Debenture will be made at the office or agency of the Company maintained for that purpose in The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender

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(3) [To be included only if the Security is a Global Security.]

for payment of public and private debts; PROVIDED, HOWEVER, that at the option of the Company, payment of interest, if any, may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this 2021 Debenture set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this 2021 Debenture shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:_____

CARNIVAL CORPORATION

By:

Name:

Title:

- ---
Corporate Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

U.S. BANK TRUST NATIONAL ASSOCIATION, as Trustee

_____
Authorized Signature

Date of Authentication:_____

[FORM OF REVERSE SIDE OF SECURITY]

CARNIVAL CORPORATION

2% CONVERTIBLE SENIOR DEBENTURE DUE 2021

This Security is one of a duly authorized issue of senior securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of April 25, 2001, as amended by the Supplemental Indenture thereto, dated as of April 25, 2001 (as so amended, herein called the "Indenture"), between the Company and U.S. Bank Trust National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof (herein called the "2021 Debentures"), limited in aggregate principal amount to $600,000,000 created pursuant to the Indenture as supplemented by the Supplemental Indenture. Capitalized terms used and not otherwise defined in this 2021 Debenture are used as defined in the Indenture.

The 2021 Debentures are general unsecured and unsubordinated obligations of the Company. The Indenture does not limit other indebtedness of the Company, secured or unsecured.

INTEREST ON OVERDUE AMOUNTS

If the principal amount hereof or any portion of such principal amount is not paid when due (whether upon acceleration pursuant to Section 5.2 of the Indenture, upon the date set for payment of the Redemption Price as described under "Optional Redemption", upon the date set for payment of the Change in Control Purchase Price pursuant to "Purchase of 2021 Debentures at Option of Holder Upon a Change in Control", upon the date set for payment of the Repurchase Price under "Repurchase by the Company at the Option of the Holder" or upon the Stated Maturity of this 2021 Debenture) or if interest due hereon, if any (or any portion of such interest), is not paid when due, then in each such case the overdue amount shall, to the extent permitted by law, bear interest at the rate of 2% per annum, compounded semiannually, which interest shall accrue from the date such overdue amount was originally due to the date payment of such amount, including interest thereon, has been made or duly provided for. All such interest shall be payable as set forth in the Indenture.

METHOD OF PAYMENT

Payments in respect of principal of and interest, if any, on the 2021 Debentures shall be made by the Company in immediately available funds.

PAYING AGENT, CONVERSION AGENT AND SECURITY REGISTRAR.

Initially, the Trustee will act as Paying Agent, Conversion Agent and Security Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Security Registrar or co-registrar without notice, other than notice to the Trustee, except that the Company will maintain at least one Paying Agent in the State of New York, City of New York, Borough of

Manhattan, which shall initially be an office or agency of the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Security Registrar or co-registrar.

OPTIONAL REDEMPTION

No sinking fund is provided for the 2021 Debentures. At any time on or after April 15, 2008, the 2021 Debentures are redeemable as a whole at any time, or in part from time to time, at the option of the Company in accordance with the Indenture at a redemption price (the "Redemption Price") equal to 100% of the principal amount of the Debentures to be redeemed plus accrued and unpaid interest to, but excluding, the Redemption Date.

If the Company redeems less than all of the outstanding 2021 Debentures, the Trustee will select the 2021 Debentures to be redeemed (i) by lot; (ii) pro rata; or (iii) by another method the Trustee considers fair and appropriate. If the Trustee selects a portion of a Holder's 2021 Debentures for partial redemption and the Holder converts a portion of the same 2021 Debentures, the converted portion shall be deemed to be from the portion selected for redemption.

NOTICE OF REDEMPTION

Notice of optional redemption by the Company will be mailed by first-class mail at least 30 days but not more than 60 days before the Redemption Date to each Holder of 2021 Debentures to be redeemed at its registered address. 2021 Debentures in denominations larger than $1,000 principal amount may be redeemed in part, but only in whole multiples of $1,000. On and after the Redemption Date, subject to the deposit with the Paying Agent of funds sufficient to pay the Redemption Price for such 2021 Debentures, all interest shall cease to accrue on such 2021 Debentures or portions thereof called for redemption in such notice.

PURCHASE OF 2021 DEBENTURES AT OPTION OF HOLDER UPON A CHANGE IN CONTROL

At the option of the Holder and subject to the terms and conditions of the Indenture, the Company shall purchase all or any part specified by the Holder in such Holder's Change in Control Purchase Notice (so long as the principal amount of such part is $1,000 or an integral multiple of $1,000 in excess thereof) of the 2021 Debentures held by such Holder on the date that is 35 Business Days after the occurrence of a Change in Control, at a purchase price (the "Change in Control Purchase Price") equal to the 100% of the principal amount of the 2021 Debentures to be purchased plus accrued and unpaid interest to, but excluding, the Change in Control Purchase Date.

The Holder shall have the right to withdraw any Change in Control Purchase Notice (in whole or in a portion thereof that is $1,000 principal amount or an integral multiple of $1,000 in excess thereof) at any time prior to the close of business on the Business Day prior to the Change in Control Purchase Date by delivering a written notice of withdrawal to the Paying Agent in accordance with the terms of the Indenture.

If cash sufficient to pay the Change in Control Purchase Price of all 2021 Debentures or portions thereof to be purchased as of the Change in Control Purchase Date, is deposited with the Paying Agent on the Business Day following the Change in Control Purchase Date, all interest shall cease to accrue on such 2021 Debentures (or portions thereof) immediately after such

Change in Control Purchase Date, and the Holder thereof shall have no other rights as such (other than the right to receive the Change in Control Purchase Price upon surrender of such 2021 Debenture).

CONVERSION

Subject to the terms of the Indenture, the Holder of a 2021 Debenture may convert the 2021 Debenture into shares of Common Stock: (1) if, as of the last day of the preceding fiscal quarter, the closing sale price of Common Stock for at least 20 Trading Days in a period of 30 consecutive Trading Days ending on the last trading day of that preceding fiscal quarter is more than 110% of the Conversion Price (as adjusted in accordance with the Indenture), (2) if the 2021 Debentures have been called for redemption or (3) upon the occurrence of certain corporate transactions or distributions described in the Indenture. A 2021 Debenture in respect of which a Holder has delivered a Repurchase Notice or a Change in Control Purchase Notice exercising the option of such Holder to require the Company to purchase such 2021 Debenture may be converted only if such notice of exercise is withdrawn in accordance with the terms of the Indenture. The initial Conversion Rate is 25.5467 shares of Common Stock per $1,000 principal amount, subject to adjustment upon the occurrence of certain events described in the Indenture. The Company shall deliver cash or a check in lieu of any fractional share of Common Stock.

A Holder's right to convert the 2021 Debentures into Common Stock of the Company is also subject to the Company's right to elect to pay such Holder the amount of cash set forth in the next succeeding sentence in lieu of delivering all or part of such Common Stock; provided, however, that if such payment of cash is not permitted pursuant to the provisions of the Indenture, the Company shall deliver Common Stock (and cash in lieu of fractional shares of Common Stock) in accordance with the Indenture, whether or not the Company has delivered a notice pursuant to the Indenture to the effect that the 2021 Debentures will be paid in cash. The amount of cash to be paid for each $1,000 principal amount of a 2021 Debenture shall be equal to the average Sale Price of a share of Common Stock of the Company for the five consecutive Trading Days immediately following (i) the date of the Company's notice of its election to deliver cash upon conversion, if the Company shall not have given a notice of redemption pursuant to the Indenture, or (ii) the Conversion Date, in the case of a conversion following such a notice of redemption specifying an intent to deliver cash or a combination of cash and Common Stock upon conversion, in either case multiplied by the Conversion Rate in effect on such Conversion Date. If the Company shall elect to make such payment wholly in shares of Common Stock, then such shares shall be delivered through the Conversion Agent to Holders surrendering 2021 Debentures as promptly as practicable but in any event no later than the fifth Business Day following the Conversion Date. If, however, the Company shall elect to make any portion of such payment in cash, then the payment, including any delivery of shares of Common Stock, shall be made to Holders surrendering 2021 Debentures no later than the tenth Business Day following the Conversion Date.

The Company may not pay cash in lieu of delivering all or part of such shares of Common Stock upon the conversion of any 2021 Debenture pursuant to the terms of the Indenture (other than cash in lieu of fractional shares) if there has occurred (prior to, on or after, as the case may be, the Conversion Date or the date on which the Company delivers its notice specifying whether each Conversion shall be converted into shares of Common Stock or cash) and is continuing an Event of Default (other than a default in such payment on such 2021 Debentures).

A Holder may convert a portion of a 2021 Debenture if the principal amount of such portion is $1,000 or an integral multiple of $1,000. No payment or adjustment shall be made for dividends on the Common Stock except as provided in the Indenture. On conversion of a 2021 Debenture, except as otherwise provided in the Supplemental Indenture, that portion of accrued and unpaid interest on the converted 2021 Debenture attributable to the period from the most recent Interest Payment Date (or, if no Interest Payment Date has occurred, from the Issue Date) through the Conversion Date with respect to the converted 2021 Debenture shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares), or cash in lieu thereof, in exchange for the 2021 Debenture being converted pursuant to the provisions hereof, and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares), or cash in lieu thereof, shall be treated as issued in exchange for the principal amount of the 2021 Debenture being converted pursuant to the provisions hereof.

2001 Debentures or portions thereof surrendered for conversion during the period from the close of business on any Regular Record Date immediately preceding any Interest Payment Date to the opening of business on such Interest Payment Date shall (except for 2021 Debentures called for redemption pursuant to Article Five of the Supplemental Indenture on a Redemption Date that occurs during the period between the close of business on a Regular Record Date and the opening of business on the fourth business day after the Interest Payment Date to which such Regular Record Date relates) be accompanied by payment to the Company or its order, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest payable on such Interest Payment Date on the principal amount of 2021 Debentures or portions thereof being surrendered for conversion.

No fractional shares will be issued upon conversion; in lieu thereof, an amount will be paid in cash based upon the Sale Price of the Common Stock on the Trading Day immediately prior to the Conversion Date.

To convert a 2021 Debenture, a Holder must (a) complete and manually sign the conversion notice set forth below and deliver such notice to a Conversion Agent, (b) surrender the 2021 Debenture to the Conversion Agent, (c) furnish appropriate endorsements and transfer documents (including any certification that may be required under applicable law) if required by the Conversion Agent, and (d) pay any transfer or similar tax, if required.

REPURCHASE BY THE COMPANY AT THE OPTION OF THE HOLDER

Subject to the terms and conditions of the Indenture, the Company shall become obligated to purchase, at the option of the Holder, the 2021 Debentures held by such Holder on any April 15 in the years 2005, 2008 and 2011 at a Repurchase Price equal to 100% of the principal amount thereof plus accrued and unpaid interest to, but excluding, the Repurchase Date, upon delivery of a Repurchase Notice containing the information set forth in the Indenture, at any time from the opening of business on the date that is 20 Business Days prior to such Repurchase Date until the close of business on such Repurchase Date and upon delivery of the 2021 Debentures to the Paying Agent by the Holder as set forth in the Indenture.

The Repurchase Price may be paid, at the option of the Company, in cash or by the issuance of Common Stock (as provided in the Indenture), or in any combination thereof.

Holders have the right to withdraw any Repurchase Notice by delivering to the Paying Agent a written notice of withdrawal prior to the close of business on the Repurchase Date in accordance with the provisions of the Indenture.

If cash (and/or securities if permitted under the Indenture) sufficient to pay the Repurchase Price of all 2021 Debentures or portions thereof to be purchased as of the Repurchase Date, is deposited with the Paying Agent on the Business Day following the Repurchase Date, all interest shall cease to accrue on such 2021 Debentures (or portions thereof) immediately after such Repurchase Date, and the Holder thereof shall have no other rights as such (other than the right to receive the Repurchase Price upon surrender of such 2021 Debenture).

CONVERSION ARRANGEMENT ON CALL FOR REDEMPTION

Any 2021 Debentures called for redemption, unless surrendered for conversion before the close of business on the Redemption Date, may be deemed to be purchased from the Holders of such 2021 Debentures at an amount not less than the Redemption Price by one or more investment bankers or other purchasers who may agree with the Company to purchase such 2021 Debentures from the Holders, to convert them into Common Stock of the Company and to make payment for such 2021 Debentures to the Paying Agent in trust for such Holders.

TRANSFER

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this 2021 Debenture is registrable in the Security Register, upon surrender of this 2021 Debenture for registration or transfer at the office or agency in a Place of Payment for the 2021 Debentures, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new 2021 Debentures, of any authorized denominations and for the same aggregate principal amount, executed by the Company and authenticated and delivered by the Trustee, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations set forth therein and on the face of this 2021 Debenture, 2021 Debentures are exchangeable for a like aggregate principal amount of 2021 Debentures of a different authorized denomination as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this 2021 Debenture for registration of transfer, the Company, the Trustee or any agent of the Company or the Trustee may treat the Person in whose name this 2021 Debenture is registered as the owner hereof for all purposes, whether or not this 2021 Debenture be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

OWNERSHIP LIMITATION ON 2021 DEBENTURES

In order to permit the Company to retain its status as a publicly traded corporation under the proposed Treasury regulations to Section 883 of the Internal Revenue Code of 1986, as amended (the "Code"), 2021 Debentures generally may not be transferred if the transfer would result in the ownership, including 2021 Debentures and other convertible securities of the Company on an as-converted basis, by one Person or a group of related Persons by virtue of the attribution provisions of the Code, of more than 4.9% of the outstanding Common Stock of the Company.

AMENDMENT, SUPPLEMENT AND WAIVER

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the 2021 Debentures under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the 2021 Debentures at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the 2021 Debentures at the time Outstanding, on behalf of the Holders of all 2021 Debentures, to waive compliance by the Company with certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this 2021 Debenture shall be conclusive and binding upon such Holder and upon all future Holders of this 2021 Debenture and of any 2021 Debenture issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this 2021 Debenture.

SUCCESSOR CORPORATION

When a successor corporation assumes all the obligations of its predecessor under the 2021 Debentures and the Indenture in accordance with the terms and conditions of the Indenture, the predecessor corporation will (except in certain circumstances specified in the Indenture) be released from those obligations.

DEFAULTS AND REMEDIES

Under the Indenture, Events of Default include (i) default in the payment of interest when it becomes due and payable or in the payment of any Liquidated Damages which default in either case continues for a period of 30 days; (ii) default in payment of the principal amount, Redemption Price, Repurchase Price or Change in Control Purchase Price, as the case may be, in respect of the Securities when the same becomes due and payable; (iii) failure by the Company to comply with other agreements in the Indenture or the Securities, subject to notice and lapse of time; (iv) default under any bond, debenture, note or other evidence of indebtedness for money borrowed of the Company or any Subsidiary having an aggregate outstanding principal amount of in excess of $30,000,000 (excluding such indebtedness of any Subsidiary other than a Significant Subsidiary, all the indebtedness of which is nonrecourse to the Company or any other Subsidiary), which default shall be with respect to payment or shall have resulted in such indebtedness being accelerated, without such indebtedness being discharged or such acceleration having been rescinded or annulled, subject to notice and passage of time; and (v) certain events of bankruptcy, insolvency or reorganization of the Company or any Significant Subsidiary. If an Event of Default with respect to Securities of this series shall occur and be continuing, the

principal amount through the acceleration date of and accrued and unpaid interest on the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. If an Event of Default occurs as a result of certain events of bankruptcy, insolvency or reorganization of the Company, the principal amount of and accrued and unpaid interest on the Securities Outstanding shall become due and payable immediately without any declaration or other act on the part of the Trustee or any Holder, all as and to the extent provided in the Indenture.

INDENTURE

The Company issued the Securities under an Indenture dated as of April 25, 2001, as supplemented and amended by a Supplemental Indenture dated as of April 25, 2001 (as amended, the "Indenture"), among the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Securities themselves and the Trust Indenture Act of 1939, as in effect from time to time (the "TIA"). Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of those terms.

NO RECOURSE AGAINST OTHERS

No recourse shall be had for the payment of the principal of or the interest, if any, on this 2021 Debenture, for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment of penalty or otherwise, all such liability being, by acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

AUTHENTICATION

This 2021 Debenture shall not be valid until the Trustee or an authenticating agent manually signs the certificate of authentication on the other side of this 2021 Debenture.

INDENTURE TO CONTROL; GOVERNING LAW

In the case of any conflict between the provisions of this 2021 Debenture and the Indenture, the provisions of the Indenture shall control.

THE INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW RULES OF SAID STATE.

ABBREVIATIONS AND DEFINITIONS

Customary abbreviations may be used in the name of the Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A (= Uniform Gifts to Minors Act).

All terms defined in the Indenture and used in this 2021 Debenture but not specifically defined herein are defined in the Indenture and are used herein as so defined.

CONVERSION NOTICE

To convert this 2021 Debenture into Common Stock of the Company, check the box: / /

To convert only part of this 2021 Debenture, state the principal amount to be converted (must be $1,000 or a multiple of $1,000): $_____.

If you want the stock certificate made out in another person's name, fill in the form below:

- ---

(Insert other person's soc. sec. or tax I.D. no.)

- ---

(Print or type other person's name, address and zip code)

Your Signature:_____ Date:_____
(Sign exactly as your name appears on the other side of this 2021 Debenture)

(3)Signature guaranteed by:_____

By:_____

- ---
(3) The Signature must be guaranteed by an institution which is a member of one of the following recognized signature guaranty programs: (i) the Securities Transfer Agent Medallion Program (STAMP); (ii) the New York Stock Exchange Medallion Program (MSP); (iii) the Stock Exchange Medallion Program (SEMP); or (iv) such other guaranty program acceptable to the Trustee.

OPTION OF HOLDER TO ELECT PURCHASE ON CHANGE IN CONTROL

If you want to elect to have this 2021 Debenture purchased, in whole or in part, by the Company pursuant to Section 701 of the Indenture, check the following box: / /

If you want to have only part of this 2021 Debenture purchased by the Company pursuant to Section 701 of the Indenture, state the principal amount you want to be purchased (must be $1,000 or a multiple of $1,000): $_____.

(3)Signature guaranteed by:_____

By:_____

- ----------

(3) The Signature must be guaranteed by an institution which is a member of one of the following recognized signature guaranty programs: (i) the Securities Transfer Agent Medallion Program (STAMP); (ii) the New York Stock Exchange Medallion Program (MSP); (iii) the Stock Exchange Medallion Program (SEMP); or (iv) such other guaranty program acceptable to the Trustee.

SCHEDULE OF EXCHANGES OF SECURITIES(4)

The following exchanges, redemptions, repurchases or conversions of a part of this Global Security have been made:

DATE OF TRANSACTION	AMOUNT OF DECREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL SECURITY	AMOUNT OF INCREASE IN PRINCIPAL AMOUNT OF THE GLOBAL SECURITY

- ---

(4) This schedule should be included only if the Security is a Global Security.

ANNEX B

TRANSFER RESTRICTIONS
RELATING TO PROPOSED TAX REGULATIONS

(a) For purposes of this Annex B, the following terms shall have the following meanings:

"BENEFICIAL OWNERSHIP" shall mean ownership of Shares (including Shares deemed to be held as a result of ownership of the 2021 Debentures) by a Person who would be treated as an owner of such Shares directly, indirectly or constructively through the application of Section 267(b) of the Code, as modified in any way by Section 883 of the Code and the regulations promulgated thereunder. The terms "Beneficial Owner", "Beneficially Owns" and "Beneficially Owned" shall have correlative meanings.

"CHARITABLE BENEFICIARY" shall mean the organization or organizations described in Section 170(c)(2) and 501(c)(3) of the Code selected by the Excess Debentures Trustee.

"CODE" shall mean the United States Internal Revenue Code of 1986, as amended from time to time.

"EXCESS DEBENTURES" shall mean 2021 Debentures resulting from an event described in subsection (c) hereof.

"EXCESS DEBENTURES TRUST" shall mean the trust created pursuant to this Annex B.

"EXCESS DEBENTURES TRUSTEE" shall mean a Person, who shall be unaffiliated with the Company, any Purported Beneficial Transferee and any Purported Record Transferee, appointed by the Company as the trustee of the Excess Debentures Trust.

"EXISTING HOLDERS" shall mean (i) any member of the group of Persons that jointly filed Amendment No. 2 to the Third Amended and Restated Schedule 13D with the United States Securities and Exchange Commission on January 19, 2001 with respect to the beneficial ownership of shares of Common Stock; and (ii) any Permitted Transferee.

"MARKET PRICE" of the 2021 Debentures on any date shall mean the average of the Closing Price for the five (5) consecutive trading days ending on such date, or if such date is not a trading date, the five consecutive trading days preceding such date. The "Closing Price" on any date shall mean (i) the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system if the 2021 Debentures are listed or admitted to trading on the New York Stock Exchange, or (ii) if the 2021 Debentures are not listed or admitted to trading on the New York Stock Exchange, the last sale price, regular way, or in case no such sale takes place on such day, the average of the closing bid and asked prices, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the 2021 Debentures are listed or admitted to trading, or (iii) if the 2021 Debentures are not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of

Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotations system that may then be in use, or (iv) if the 2021 Debentures are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the 2021 Debentures selected by the Company. Such Market Price shall be expressed as a percentage price per $1,000 of principal amount of the 2021 Debentures.

"OWNERSHIP LIMIT" shall mean, in the case of a Person other than an Existing Holder, Beneficial Ownership of more than four and nine-tenths percent (4.9%), by value, vote or number, of the Shares. The Ownership Limit shall not apply to any Existing Holder.

"PERMITTED TRANSFER" shall mean a Transfer by an Existing Holder to any Person which does not result in the Company losing its exemption from taxation on gross income derived from the international operation of a ship or ships within the meaning of Section 883 of the Code. Any such transferee is herein referred to as a "Permitted Transferee."

"PERSON" shall mean a person as defined by Section 7701(a) of the Code.

"PURPORTED BENEFICIAL HOLDER" shall mean, with respect to any event (other than a purported Transfer, but including holding Shares or 2021 Debentures in excess of the Ownership Limitation) which results in Excess Debentures, the Person for whom the Purported Record Holder held 2021 Debentures that, pursuant to subsection (c) hereof, became Excess Debentures upon the occurrence of such event.

"PURPORTED BENEFICIAL TRANSFEREE" shall mean, with respect to any purported Transfer which results in Excess Debentures, the purported beneficial transferee for whom the Purported Record Transferee would have acquired 2021 Debentures if such Transfer had been valid under subsection (b) hereof.

"PURPORTED RECORD HOLDER" shall mean, with respect to any event (other than a purported Transfer, but including holding Shares or 2021 Debentures in excess of the Ownership Limitation) which results in Excess Debentures, the record holder of the 2021 Debentures that, pursuant to subsection (c) hereof, became Excess Debentures upon the occurrence of such event.

"PURPORTED RECORD TRANSFEREE" shall mean, with respect to any purported Transfer which results in Excess Debentures, the record holder of the 2021 Debentures if such Transfer had been valid under subsection (b) hereof.

"RESTRICTION TERMINATION DATE" shall mean such date as may be determined by the Company in its sole discretion (and for any reason) as the date on which the ownership and transfer restrictions set forth in this Annex B should cease to apply.

"SHARES" shall means shares of the Company as may be authorized and issued from time to time pursuant to its Articles of Incorporation. For purposes of determining a Person's Beneficial Ownership of any Shares, the conversion of the 2021 Debentures and any other convertible securities held by such Person shall be deemed effected and any option, warrant or similar instrument held by such Person shall be deemed exercised.

"TRANSFER" shall mean any sale, transfer, gift, hypothecation, pledge, assignment, devise or other disposition of the Shares or the 2021 Debentures (including (i) the granting of any

option or interest similar to an option (including an option to acquire an option or any series of such options) or entering into any agreement for the sale, transfer or other disposition of the 2021 Debentures or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for the 2021 Debentures or Shares, whether voluntary or involuntary, whether of record, constructively or beneficially and whether by operation of law or otherwise. For purposes of this definition, whether securities or rights are convertible or exchangeable for the 2021 Debentures or Shares shall be determined in accordance with Sections 267(b) and 883 of the Code.

Terms used in this Annex B, but not defined herein, shall have the meaning set forth in the Supplemental Indenture.

(b) Except as provided in subsection (i) hereof, until the Restriction Termination Date: (1) no Person (other than an Existing Holder) shall Beneficially Own Shares and/or 2021 Debentures representing Shares in excess of the Ownership Limit; (2) any Transfer that, if effective, would result in any Person (other than an Existing Holder) Beneficially Owning Shares and/or 2021 Debentures representing Shares in excess of the Ownership Limit shall be void ab initio as to the Transfer of that amount of the 2021 Debentures representing Shares which would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights in such 2021 Debentures in excess of the Ownership Limit; and (3) any Transfer of the 2021 Debentures that, if effective, would result in the Company being "closely held" within the meaning of Section 883 of the Code and the regulations promulgated thereunder shall be void ab initio as to the Transfer of that amount of such 2021 Debentures which would cause the Company to be "closely held" within the meaning of Section 883 of the Code and the regulations promulgated thereunder and the intended transferee shall acquire no rights in such 2021 Debentures.

(c) (1) If, notwithstanding the other provisions contained in this Supplemental Indenture, at any time until the Restriction Termination Date, there is a purported Transfer or other event such that any Person (other than an Existing Holder) would Beneficially Own Shares and/or 2021 Debentures representing Shares in excess of the Ownership Limit, then, except as otherwise provided in subsection (i) hereof, such 2021 Debentures representing Shares which would be in excess of the Ownership Limit, shall automatically be designated as Excess Debentures, as further described below. The designation of such 2021 Debentures as Excess Debentures shall be effective as of the close of business on the business day prior to the date of the Transfer or other event. If, after designation of such 2021 Debentures owned directly by a Person as Excess Debentures, such Person still owns 2021 Debentures representing Shares in excess of the applicable Ownership Limit, 2021 Debentures representing Shares Beneficially Owned by such Person constructively in excess of the Ownership Limit shall be designated as Excess Debentures until such Person does not Beneficially Own Shares and/or 2021 Debentures representing Shares in excess of the applicable Ownership Limit. Where such Person owns 2021 Debentures constructively through one or more Persons and the 2021 Debentures as held by such other Persons must be designated as Excess Debentures, the designation of 2021 Debentures held by such other Persons as Excess Debentures shall be pro rata.

(2) If, notwithstanding the other provisions contained in this Supplemental Indenture, at any time until the Restriction Termination Date, there is a purported Transfer or other event which, if effective, would cause the Company to become "closely held" within the meaning of Section 883 of the Code and regulations promulgated thereunder, then, except as

otherwise provided in subsection (i) hereof, the 2021 Debentures being Transferred or which are otherwise affected by such event and which, in either case, would cause, when taken together with all 2021 Debentures and Shares, the Company to be "closely held" within the meaning of Section 883 of the Code and the regulations promulgated thereunder shall automatically be designated as Excess Debentures. The designation of such 2021 Debentures as Excess Debentures shall be effective as of the close of business on the business day prior to the date of the Transfer or other event. If, after designation of such 2021 Debentures owned directly by a Person as Excess Debentures, such Person still owns 2021 Debentures representing Shares in excess of the applicable Ownership Limit, 2021 Debentures representing Shares Beneficially Owned by such Person constructively in excess of the Ownership Limit shall be designated as Excess Debentures until such Person does not own Shares and/or 2021 Debentures or in excess of the applicable Ownership Limit. Where such Person owns 2021 Debentures constructively through one or more Persons and the 2021 Debentures held by such other Persons must be designated as Excess Debentures, the designation of 2021 Debentures held by such other Persons as Excess Debentures shall be pro rata.

(d) If the Company shall at any time determine in good faith that a purported Transfer or other event has taken place in violation of subsection (b) hereof or that a Person intends to acquire or has attempted to acquire 2021 Debentures representing Beneficial Ownership of Shares in violation of subsection (b) hereof, the Company may take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, but not limited to, refusing to give effect to such Transfer or other event on the books of the Company and the Trustee, instituting proceedings to enjoin such Transfer or other event or transaction, provided, however, that any Transfers or attempted Transfers (or, in the case of events other than a Transfer, Beneficial Ownership) in violation of subsection (b) hereof shall be void ab initio and automatically result in the designation and treatment described in subsection (c) hereof, irrespective of any action (or non-action) by the Company.

(e) Any Person who acquires or attempts to acquire 2021 Debentures in violation of subsection (b) hereof, or any Person who is a purported transferee such that Excess Debentures result under subsection (c) hereof, shall immediately give written notice to the Company of such Transfer, attempted Transfer or other event and shall provide to the Company such other information as the Company may request in order to determine the effect, if any, of such Transfer or attempted Transfer or other event on the Company's status as qualifying for exemption from taxation on gross income from the international operation of a ship or ships within the meaning of Section 883 of the Code.

(f) Prior to the Restriction Termination Date: (1) every Person who holds 2021 Debentures and/or Shares representing Beneficial Ownership of three percent (3%) or more, by vote, value or number, or such lower percentages as required pursuant to regulations under the Code, of the outstanding Shares (including any 2021 Debentures deemed to be converted into Shares) shall promptly after becoming such a three percent (3%) Beneficial Owner, give written notice to the Company stating the name and address of such Beneficial Owner, the general ownership structure of such Beneficial Owner, the number of shares of each class of Shares and/or the amount of 2021 Debentures Beneficially Owned, and a description of how such Shares or 2021 Debentures are held and (2) each Person who is a Beneficial Owner of Shares (including 2021 Debentures deemed to be converted into Shares) or 2021 Debentures and each Person (including the holder of record) who is holding Shares or 2021 Debentures for a Beneficial Owner shall provide on demand to the Company such information as the Company

may request from time to time in order to determine the Company's status as exempt from taxation on gross income from the international operation of a ship or ships within the meaning of Section 883 of the Code and to ensure compliance with the Ownership Limit.

(g) Nothing contained in this Supplemental Indenture shall limit the ability of the Company to take such other action as it deems necessary or advisable to protect the interests of the Company by preservation of the Company's status as exempt from taxation on gross income from the international operation of a ship or ships within the meaning of Section 883 of the Code and to ensure compliance with the Ownership Limit.

(h) Reserved.

(i) The Company upon receipt of a ruling from the Internal Revenue Service or an opinion of tax counsel, satisfactory to it in its sole and absolute discretion, in each case to the effect that the Company's status as exempt from taxation on gross income from the international operation of a ship or ships within the meaning of Section 883 of the Code will not be jeopardized, may exempt a Person (or may generally exempt any class of Persons) from the Ownership Limit if the Company, in its sole discretion, ascertains that such Person's (or Persons') Beneficial Ownership of Shares and/or 2021 Debentures will not jeopardize the Company's status as exempt from taxation on gross income from the international operation of a ship or ships within the meaning of Section 883 of the Code. The Company may require representations and undertakings from such Person or Persons as are necessary to make such determination.

(j) Prior to the Restriction Termination Date, each certificate for the 2021 Debentures shall bear the following legend:

THIS SECURITY IS SUBJECT TO LIMITATIONS ON OWNERSHIP CONTAINED IN THE INDENTURE, IN ORDER TO PERMIT THE COMPANY TO RETAIN ITS STATUS AS A PUBLICLY TRADED CORPORATION UNDER PROPOSED TREASURY REGULATIONS UNDER SECTION 883 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

(k) Upon any purported Transfer or other event that results in Excess Debentures pursuant to subsection (b) or (c) hereof, such Excess Debentures shall be deemed to have been transferred to the Excess Debentures Trustee, as trustee of the Excess Debentures Trust, for the benefit of the Charitable Beneficiary effective as of the close of business on the business day prior to the date of the Transfer or other event. The Purported Record Transferee or Purported Record Holder shall have no rights in such Excess Debentures. The Purported Beneficial Transferee or Purported Beneficial Holder shall have no rights in such Excess Debentures except as provided in subsection (m). The Excess Debentures Trustee may resign at any time so long as the Company shall have appointed a successor trustee. The Excess Debentures Trustee shall, from time to time, designate one or more charitable organization or organizations as the Charitable Beneficiary.

(l) Excess Debentures shall be entitled to the same interest or distributions as determined as if the designation of Excess Debentures had not occurred. Any interest or distributions paid prior to the discovery by the Company that the 2021 Debentures have been designated as Excess Debentures shall be repaid to the Excess Debentures Trust upon demand.

Otherwise, any interest or distributions on the Excess Debentures shall be paid to the Excess Debentures Trust. All interest or distributions received or other income earned by the Excess Debentures Trust shall be paid over to the Charitable Beneficiary.

(m) Excess Debentures shall be transferable only as provided in this subsection (m). At the direction of the Company, the Excess Debentures Trustee shall transfer the Excess Debentures held in the Excess Debentures Trust to a Person or Persons (including, without limitation, the Company under subsection (n) below) whose ownership of such 2021 Debentures shall not violate the Ownership Limit or otherwise cause the Company to become "closely held" within the meaning of Section 883 of the Code within 180 days after the later of (i) the date of the Transfer or other event which resulted in Excess Debentures and (ii) the date the Company determines in good faith that a Transfer or other event resulting in Excess Debentures has occurred, if the Company does not receive a notice of such Transfer or other event pursuant to subsection (e) hereof. If such a transfer is made, the interest of the Charitable Beneficiary shall terminate, the designation of such 2021 Debentures as Excess Debentures shall thereupon cease and a payment shall be made to the Purported Beneficial Transferee, Purported Beneficial Holder and/or the Charitable Beneficiary as described below. If the Excess Debentures resulted from a purported Transfer, the Purported Beneficial Transferee shall receive a payment from the Excess Debentures Trustee that reflects a price for such Excess Debentures equal to the lesser of (A) the price received by the Excess Debentures Trustee and (B)(x) the price such Purported Beneficial Transferee paid for the 2021 Debentures in the purported Transfer that resulted in the Excess Debentures, or (y) if the Purported Beneficial Transferee did not give value for such Excess Debentures (through a gift, devise or other similar event) a price equal to the product of (1) the Market Price of such 2021 Debentures on the date of the purported Transfer that resulted in the Excess Debentures and (2) the aggregate principal amount of such Excess Debentures. If the Excess Debentures resulted from an event other than a purported Transfer, the Purported Beneficial Holder shall receive a payment from the Excess Debentures Trustee that reflects a price for Excess Debentures equal to the lesser of (A) the price received by the Excess Debentures Trustee and (B) the product of (1) the Market Price of such 2021 Debentures on the date of the event that resulted in Excess Debentures and (2) the aggregate principal amount of such Excess Debentures. Prior to any transfer of any interest in the Excess Debenture Trust, the Company must have waived in writing its purchase rights, if any, under subsection (n) hereof. Any funds received by the Excess Debentures Trustee in excess of the funds payable to the Purported Beneficial Holder or the Purported Beneficial Transferor shall be paid to the Charitable Beneficiary. The Company shall pay the costs and expenses of the Excess Debentures Trustee.

Notwithstanding the foregoing, if the provisions of this subsection (m) are determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the Purported Beneficial Transferee or Purported Beneficial Holder of Excess Debentures may be deemed, at the option of the Company, to have acted as an agent on behalf of the Company, in acquiring or holding such Excess Debentures and to hold such Excess Debentures on behalf of the Company.

(n) Excess Debentures shall be deemed to have been offered for sale by the Excess Debentures Trustee to the Company, or its designee, at a price equal to (i) in the case of Excess Debentures resulting from a purported Transfer, the lesser of (A) the price of the 2021 Debentures in the transaction that created such Excess Debentures (or, in the case of devise, gift or other similar event, the Market Price of the 2021 Debentures on the date of such devise, gift or other similar event), or (B) the product of (1) the lowest Market Price of the 2021 Debentures

which resulted in the Excess Debentures at any time after the date such 2021 Debentures were designated as Excess Debentures and prior to the date the Company, or its designee, accepts such offer and (2) the aggregate principal amount of such Excess Debentures or (ii) in the case of Excess Debentures resulting from an event other than a purported Transfer, the lesser of (A) the product of (1) the Market Price of the 2021 Debentures on the date of such event and (2) the aggregate principal amount of such Excess Debentures or (B) the product of (1) the lowest Market Price for 2021 Debentures at any time from the date of the event resulting in such Excess Debentures and prior to the date the Company, or its designee, accepts such offer and (2) the aggregate principal amount of such Excess Debentures. The Company shall have the right to accept such offer for a period of ninety (90) days after the later of (i) the date of the Transfer or other event which resulted in such Excess Debentures and (ii) the date the Company determines in good faith that a Transfer or other event resulting in Excess Debentures has occurred, if the Company does not receive a notice of such Transfer or other event pursuant to subsection (e) hereof.

(o) The Company is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Annex B. No delay or failure on the part of the Company in exercising any right hereunder shall operate as a waiver of any right of the Company, except to the extent specifically waived in writing.

(p) The Trustee of the 2021 Debentures shall have no responsibility to monitor the ownership of the 2021 Debentures.

EXHIBIT B-1

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR
REGISTRATION OF TRANSFER OF RESTRICTED SECURITIES(5)

Re: 2% Convertible Senior Debentures due 2021 (the "Securities") of Carnival Corporation

This certificate relates to $_____ principal amount of Securities owned in (check applicable box)

/ / book-entry or

/ / definitive form

by _____ (the "Transferor").

The Transferor has requested a Security Registrar or the Trustee to exchange or register the transfer of such Securities.

In connection with such request and in respect of each such Security, the Transferor does hereby certify that the Transferor is familiar with transfer restrictions relating to the Securities as provided in Section 202 of the Supplemental Indenture dated as of April 25, 2001 (the "Indenture"), between Carnival Corporation and US Bank Trust National Association, as trustee.

In connection with any transfer of any of the Securities evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144(k) under the Securities Act after the later of the date of original issuance of the Securities and the last date, if any, on which such Securities were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Securities are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

(1) / / to the Company or a subsidiary of the Company; or

(2) / / pursuant to an effective registration statement under the Securities Act of 1933; or

(3) / / to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

- ----------
(5) This certificate should only be included if this Security is a Transfer Restricted Security.

(4) / / to an institutional accredited investor, defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act; or

(5) / / pursuant to another available exemption from registration under the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any person other than the registered holder thereof, PROVIDED, HOWEVER, that if box (4) or (5) is checked, the Trustee may require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act.

_____
Signature

Signature Guarantee:

_____ _____
Signature must be guaranteed Signature

TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:_____ _____
NOTICE: To be executed by an executive officer

EXHIBIT B-2

FORM OF LETTER TO BE DELIVERED BY ACCREDITED INVESTORS

Carnival Corporation
3655 N.W. 87th Avenue,
Miami, Florida 33178-2428
Attention: Corporate Secretary

US Bank Trust National Association, as Security Registrar
100 Wall Street, 16th floor
New York, NY 10005
Attention: Corporate Trust Administration

Dear Sirs:

We are delivering this letter in connection with the proposed transfer of $_____ principal amount of the 2% Convertible Senior Debentures due 2021 (the "Debentures") of Carnival Corporation (the "Company"), which are convertible into shares of Common Stock of the Company.

We hereby confirm that:

(i) we are an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), or an entity in which all of the equity owners are "accredited investors" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act (an "Institutional Accredited Investor");

(ii) the purchase of Debentures by us is for our own account or for the account of one or more other Institutional Accredited Investors or as fiduciary for the account of one or more trusts, each of which is an "accredited investor" within the meaning of Rule 501(a)(7) under the Securities Act and for each of which we exercise sole investment discretion or (B) we are a "bank," within the meaning of Section 3(a)(2) of the Securities Act, or a "savings and loan association" or other institution described in Section 3(a)(5)(A) of the Securities Act that is acquiring Debentures as fiduciary for the account of one or more institutions for which we exercise sole investment discretion;

(iii) we will acquire Debentures having a minimum aggregate principal amount of not less than $100,000 for our own account or for any separate account for which we are acting;

(iv) we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of purchasing Debentures; and

(v) we are not acquiring Debentures with a view to distribution thereof or with any present intention of offering or selling Debentures or the Common Stock deliverable upon conversion thereof, except as permitted below; provided that the disposition of our

property and property of any accounts for which we are acting as fiduciary shall remain at all times within our control.

We understand that the Debentures were originally offered and sold in a transaction not involving any public offering within the United States within the meaning of the Securities Act and that the Debentures and the shares of Common Stock (the "Securities") issuable upon conversion thereof have not been registered under the Securities Act, and we agree, on our own behalf and on behalf of each account for which we acquire any Debentures, that if in the future we decide to resell or otherwise transfer such Securities prior to the date on which the Securities are transferable pursuant to Rule 144(k) under the Securities Act, such Securities may be resold or otherwise transferred only (i) to the Company or any subsidiary thereof, or (ii) for as long as the Debentures are eligible for resale pursuant to Rule 144A, to a person we reasonably believe to be a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) that purchases for its own account or for the account of such a qualified institutional buyer to which notice is given that the transfer is being made in reliance on Rule 144A, or (iii) to an Institutional Accredited Investor that is acquiring the Security for its own account, or for the account of such an Institutional Accredited Investor for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act, or (iv) pursuant to another available exemption from registration under the Securities Act (if applicable), or (v) pursuant to a registration statement which has been declared effective under the Securities Act and, in each case, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdiction and in accordance with the legends set forth on the Securities. We further agree to provide any person purchasing any of the Securities other than pursuant to clause (v) above from us a notice advising such purchaser that resales of such securities are restricted as stated herein. We understand that the trustee or the transfer agent, as the case may be, for the Securities will not be required to accept for registration of transfer any Securities pursuant to (iii) or (iv) above except upon presentation of evidence satisfactory to the Company and the trustee that the foregoing restrictions on transfer have been complied with. We further understand that any Securities will be in the form of definitive physical certificates and that such certificates will bear a legend reflecting the substance of this paragraph other than certificates representing Securities transferred pursuant to clause (v) above.

We acknowledge that the Company, others, the Trustee, the Security Registrar and you will rely upon our confirmations, acknowledgments and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations or warranties herein ceases to be accurate and complete.

THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

_____
(Name of Purchaser)

By:_____
Name:
Title:
Address:

Exhibit 4.7

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of April 25, 2001, by and between CARNIVAL CORPORATION, a corporation organized and existing pursuant to the laws of the Republic of Panama (the "Company") and MERRILL LYNCH & CO., MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (the "Initial Purchaser").

This Agreement is made pursuant to the Purchase Agreement, dated April 20, 2001 (the "Purchase Agreement"), between the Company, as issuer of the 2% Convertible Senior Debentures due 2021 (the "Debentures"), and the Initial Purchaser, which provides for, among other things, the sale by the Company to the Initial Purchaser of the aggregate principal amount at maturity of Debentures specified therein. In order to induce the Initial Purchaser to enter into the Purchase Agreement, the Company has agreed to provide the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

The Company agrees with the Initial Purchaser, (i) for its benefit as Initial Purchaser and (ii) for the benefit of the beneficial owners (including the Initial Purchaser) from time to time of the Debentures, and the beneficial owners from time to time of the Underlying Common Stock (as defined herein) issued upon conversion of, if any, (each of the foregoing a "Holder" and together the "Holders"), as follows:

SECTION 1. DEFINITIONS. Capitalized terms used herein without definition shall have their respective meanings set forth in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Affiliate" With respect to any specified person, an "affiliate," as defined in Rule 144, of such person.

"Applicable Conversion Price" The Applicable Conversion Price as of any date of determination means per $1,000 principal amount at maturity of Debentures as of such date of determination divided by the Conversion Rate in effect as of such date of determination or, if no Debentures are then outstanding, the Conversion Rate that would be in effect were Debentures then outstanding.

"Business Day" Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

"Common Stock" The Common Stock, $0.01 par value, of the Company and any other shares of common stock as may constitute "Common Stock" for purposes of the Indenture, including the Underlying Common Stock.

"Company" See the first paragraph hereof.

"Conversion Rate" Conversion Rate shall have the meaning assigned to such term in the Indenture.

"Damages Accrual Period" See Section 2(e) hereof.

"Damages Payment Date" Each April 15 and October 15.

"Debentures" See the second paragraph hereof.

"Deferral Notice" See Section 3(h) hereof.

"Deferral Period" See Section 3(h) hereof.

"Effectiveness Deadline Date" See Section 2(a) hereof.

"Effectiveness Period" The period of two years from the Issue Date or such shorter period ending on the date that all Registrable Securities have ceased to be Registrable Securities.

"Event" See Section 2(e) hereof.

"Event Date" See Section 2(e) hereof.

"Event Termination Date" See Section 2(e) hereof.

"Exchange Act" The Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Filing Deadline Date" See Section 2(a) hereof.

"Holder" See the third paragraph hereof.

"Indenture" The Indenture, dated as of the date hereof, between the Company and U.S. Bank Trust National Association, as trustee, as amended and supplemented by the First Supplemental Indenture, dated as of April 25, 2001, pursuant to which the Debentures are being issued.

"Initial Purchaser" See the first paragraph of this Agreement.

"Initial Shelf Registration Statement" See Section 2(a) hereof.

"Issue Date" means April 25, 2001.

"Liquidated Damages Amount" See Section 2(e) hereof.

"Material Event" See Section 3(h) hereof.

"Notice and Questionnaire" A written notice delivered to the Company containing substantially the information called for by the Selling Securityholder Notice and Questionnaire attached as Annex A to the Offering Memorandum of the Company, dated April 20, 2001, relating to the Debentures.

"Notice Holder" On any date, any Holder that has delivered a Notice and Questionnaire to the Company on or prior to such date.

"Prospectus" The prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 415 promulgated under the Securities Act), as amended or supplemented by any amendment or prospectus supplement, including post-effective amendments, and all materials incorporated by reference in such Prospectus.

"Purchase Agreement" See the second paragraph of hereof.

"Record Date" With respect to any Damages Payment Date relating to any Debenture or Underlying Common Stock as to which any Liquidated Damages Amount has accrued, (i) the 15th day immediately preceding such Damages Payment Date if the Damages Accrual Period has not ended, or (ii) the date of the end Damages Accrual Period.

"Record Holder" With respect to any Damages Payment Date relating to any Debenture or Underlying Common Stock as to which any Liquidated Damages Amount has accrued, the registered holder of such Debenture or Underlying Common Stock, as the case may be, on the Record Date.

"Registrable Securities" The Securities, until such securities have been converted or exchanged and, at all times subsequent to any such conversion or exchange, any securities into or for which such securities have been converted or exchanged, and any security issued with respect thereto upon any stock dividend, split, merger or similar event until, in the case of any such security, the earliest of (i) its effective registration under the Securities Act and resale in accordance with the Registration Statement covering it, (ii) expiration of the holding period that would be applicable thereto under Rule 144(k) were it not held by an Affiliate of the Company or (iii) its sale to the public pursuant to Rule 144.

"Registration Expenses" See Section 5 hereof.

"Registration Statement" Any registration statement of the Company that covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits, and all materials incorporated by reference in such registration statement.

"Restricted Securities" As this term is defined in Rule 144.

"Rule 144" Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

"Rule 144A" Rule 144A under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

"SEC" The Securities and Exchange Commission.

"Securities" Collectively means the Debentures and the Underlying Common Stock.

"Securities Act" The Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

"Shelf Registration Statement" See Section 2(a) hereof.

"Subsequent Shelf Registration Statement" See Section 2(b) hereof.

"TIA" The Trust Indenture Act of 1939, as amended.

"Trustee" U.S. Bank Trust Company (or any successor entity), the Trustee under the Indenture.

"Underlying Common Stock" The Common Stock into which the Debentures are convertible or issued upon any such conversion.

SECTION 2. SHELF REGISTRATION.

(a) The Company shall prepare and file or cause to be prepared and filed with the SEC no later than a date which is ninety (90) days after the Issue Date (the "Filing Deadline Date") a Registration Statement for an offering to be made on a delayed or continuous basis pursuant to Rule 415 of the Securities Act (a "Shelf Registration Statement") registering the resale from time to time by Holders thereof of all of the Registrable Securities (the "Initial Shelf Registration Statement"). The Initial Shelf Registration Statement shall be on Form S-3 or another appropriate form permitting registration of such Registrable Securities for resale by such Holders in accordance with the methods of distribution reasonably elected by the Holders and set forth in the Initial Shelf Registration Statement; provided, that in no event will such method(s) of distribution take the form of an underwritten offering of the Registrable Securities without the prior agreement of the Company. The Company shall use commercially reasonable efforts to cause the Initial Shelf Registration Statement to be declared effective under the Securities Act by the date (the "Effectiveness Deadline Date") that is one hundred and eighty (180) days after the Issue Date, and to keep the Initial Shelf Registration Statement (or any Subsequent Shelf Registration Statement) continuously effective under the Securities Act until the expiration of the Effectiveness Period subject to the rights of the Company under Section 3(h) to create a Deferral Period. At the time the Initial Shelf Registration Statement is declared effective, each Holder that became a Notice Holder on or prior to the date 10 Business Days prior to such time of effectiveness shall be named as a selling securityholder in the Initial Shelf Registration Statement and the related Prospectus in such a manner as to permit such Holder to deliver such Prospectus to purchasers of Registrable Securities in accordance with applicable law under ordinary circumstances, subject to compliance with blue sky laws. The Company shall not permit any of its securityholders (other than the Holders of Registrable Securities) to include any of the Company's securities in the Shelf Registration Statement.

(b) If the Initial Shelf Registration Statement or any Subsequent Shelf Registration Statement ceases to be effective other than during a Deferral Period for any reason at any time during the Effectiveness Period, the Company shall use reasonable efforts to obtain

the prompt withdrawal of any order suspending the effectiveness thereof, and in any event shall within thirty (30) days of such cessation of effectiveness amend the Shelf Registration Statement in a manner reasonably expected by the Company to obtain the withdrawal of the order suspending the effectiveness thereof, or file an additional Shelf Registration Statement covering all of the Securities that as of the date of such filing are Registrable Securities (a "Subsequent Shelf Registration Statement"). If a Subsequent Shelf Registration Statement is filed, the Company shall use reasonable efforts to cause the Subsequent Shelf Registration Statement to become effective as promptly as reasonably practicable after such filing, unless during a Deferral Period, or, if filed during a Deferral Period, after the expiration of a Deferral Period, and to keep such Registration Statement (or subsequent Shelf Registration Statement) continuously effective until the end of the Effectiveness Period.

(c) The Company shall supplement and amend the Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement if required by the Securities Act.

(d) Each Holder of Registrable Securities agrees that if such Holder wishes to sell Registrable Securities pursuant to a Shelf Registration Statement and related Prospectus, it will do so only in accordance with this Section 2(d) and Section 3(h). Each Holder of Registrable Securities wishing to sell Registrable Securities pursuant to a Shelf Registration Statement and related Prospectus agrees to deliver a Notice and Questionnaire to the Company at least ten (10) Business Days prior to any intended distribution of Registrable Securities under the Shelf Registration Statement. From and after the date the Initial Shelf Registration Statement is declared effective, the Company shall, as promptly as reasonably practicable after the date a Notice and Questionnaire is delivered, (i) if required by applicable law, file with the SEC a post-effective amendment to the Shelf Registration Statement or prepare and, if required by applicable law, file a supplement to the related Prospectus or a supplement or amendment to any document incorporated therein by reference or file any other document required by the SEC so that the Holder delivering such Notice and Questionnaire is named as a selling securityholder in the Shelf Registration Statement and the related Prospectus in such a manner as to permit such Holder to deliver such Prospectus to purchasers of the Registrable Securities in accordance with applicable law and, if the Company shall file a post-effective amendment to the Shelf Registration Statement, use reasonable efforts to cause such post-effective amendment to be declared effective under the Securities Act as promptly as reasonably practicable; (ii) provide such Holder copies of any documents filed pursuant to Section 2(d)(i); and (iii) notify such Holder as promptly as reasonably practicable after the effectiveness under the Securities Act of any post-effective amendment filed pursuant to Section 2(d)(i); provided, that if such Notice and Questionnaire is delivered during a Deferral Period, the Company shall so inform the Holder delivering such Notice and Questionnaire and shall take the actions set forth in clauses (i), (ii) and (iii) above upon expiration of the Deferral Period in accordance with Section 3(h). Notwithstanding anything contained herein to the contrary, the Company shall be under no obligation to name any Holder that is not a Notice Holder as a selling securityholder in any Registration Statement or related Prospectus; provided, however, that any Holder that becomes a Notice Holder pursuant to the provisions of Section 2(d) of this Agreement (whether or not such Holder was a Notice Holder at the time the Registration Statement was initially declared effective) shall be named as a selling securityholder in the Registration Statement or related Prospectus subject to and in accordance with the requirements of this Section 2(d).

(e) The parties hereto agree that the Holders of Registrable Securities will suffer damages, and that it would not be feasible to ascertain the extent of such damages with precision, if (i) the Initial Shelf Registration Statement has not been filed on or prior to the Filing Deadline Date, (ii) the Initial Shelf Registration Statement has not been declared effective under the Securities Act on or prior to the Effectiveness Deadline Date, or (iii) the aggregate duration of Deferral Periods in any period exceeds the number of days permitted in respect of such period pursuant to Section 3(h) hereof (each of the events of a type described in any of the foregoing clauses (i) through (iii) are individually referred to herein as an "Event," and the Filing Deadline Date in the case of clause (i), the Effectiveness Deadline Date in the case of clause (ii), and the date on which the aggregate duration of Deferral Periods in any period exceeds the number of days permitted by Section 3(h) hereof in the case of clause (iii), being referred to herein as an "Event Date"). Events shall be deemed to continue until the "Event Termination Date," which shall be the following dates with respect to the respective types of Events: the date the Initial Shelf Registration Statement is filed in the case of an Event of the type described in clause (i), the date the Initial Shelf Registration Statement is declared effective under the Securities Act in the case of an Event of the type described in clause (ii), termination of the Deferral Period that caused the limit on the aggregate duration of Deferral Periods in a period set forth in Section 3(h) to be exceeded in the case of the commencement of an Event of the type described in clause (iii).

Accordingly, commencing on (and including) any Event Date and ending on (but excluding) the next date on which there are no Events that have occurred and are continuing (a "Damages Accrual Period"), the Company agrees to pay, as liquidated damages and not as a penalty, an amount (the "Liquidated Damages Amount"), payable on the Damages Payment Dates to Record Holders of then outstanding Debentures that are Registrable Securities, of then outstanding shares of Underlying Common Stock issued upon conversion of Debentures that are Registrable Securities, if any, as the case may be, accruing, for each portion of such Damages Accrual Period beginning on and including a Damages Payment Date (or, in respect of the first time that the Liquidation Damages Amount is to be paid to Record Holders on a Damages Payment Date as a result of the occurrence of any particular Event, beginning on and including the Event Date) and ending on but excluding the first to occur of (A) the date of the end of the Damages Accrual Period or (B) the next Damages Payment Date, at a rate per annum equal to one-quarter of one percent (0.25%) for the first 90-day period from the Event Date, and thereafter at a rate per annum equal to one-half of one percent (0.50%) of the aggregate principal amount of such Debentures or the aggregate Applicable Conversion Price of the shares of Underlying Common Stock, as the case may be, in each case determined as of the Record Date; provided, that any Liquidated Damages Amount accrued with respect to any Debenture or portion thereof called for redemption on a redemption date or converted into Underlying Common Stock on a conversion date prior to the Damages Payment Date, shall, in any such event, be paid instead to the Holder who submitted such Debenture or portion thereof for redemption or conversion on the applicable redemption date or conversion date, as the case may be, on such date (or promptly following the conversion date, in the case of conversion). Notwithstanding the foregoing, no Liquidated Damages Amounts shall accrue as to any Registrable Security from and after the earlier of (x) the date such security is no longer a Registrable Security and (y) expiration of the Effectiveness Period. The rate of accrual of the Liquidated Damages Amount with respect to any period shall not exceed the rate provided for in this paragraph notwithstanding the occurrence of multiple concurrent Events. Following the cure of all Events requiring the payment by the Company of Liquidated Damages Amounts to the

Holders of Registrable Securities pursuant to this Section, the accrual of Liquidated Damages Amounts will cease (without in any way limiting the effect of any subsequent Event requiring the payment of the Liquidated Damages Amount by the Company).

The Trustee shall be entitled, on behalf of Holders of Debentures or Underlying Common Stock, to seek any available remedy for the enforcement of this Agreement, including for the payment of any Liquidated Damages Amount. Notwithstanding the foregoing, the parties agree that the sole remedy for a violation of the terms of this Agreement with respect to which liquidated damages are expressly provided shall be such liquidated damages.

All of the Company's obligations set forth in this Section 2(e) that are outstanding with respect to any Registrable Security at the time such Security ceases to be a Registrable Security shall survive until such time as all such obligations with respect to such security have been satisfied in full (notwithstanding termination of this Agreement pursuant to Section 8(j)).

The parties hereto agree that the liquidated damages provided for in this Section 2(e) constitute a reasonable estimate of the damages that may be incurred by Holders of Registrable Securities by reason of the failure of the Shelf Registration Statement to be filed or declared effective or available for effecting resales of Registrable Securities in accordance with the provisions hereof.

SECTION 3. REGISTRATION PROCEDURES. In connection with the registration obligations of the Company under Section 2 hereof, the Company shall:

(a) Subject to section 3(h), prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement continuously effective for the applicable period specified in Section 2(a); cause the related Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act; and use reasonable efforts to comply with the provisions of the Securities Act applicable to it with respect to the disposition of all securities covered by such Registration Statement during the Effectiveness Period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement as so amended or such Prospectus as so supplemented.

(b) As promptly as reasonably practicable give notice to the Notice Holders and the Initial Purchaser (i) when any Prospectus, Prospectus supplement, Registration Statement or post-effective amendment to a Registration Statement has been filed with the SEC and, with respect to a Registration Statement or any post-effective amendment, when the same has been declared effective, (ii) of any request, following the effectiveness of the Initial Shelf Registration Statement under the Securities Act, by the SEC or any other federal or state governmental authority for amendments or supplements to any Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of any Registration Statement or the initiation or threatening of any proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or

the initiation or threatening of any proceeding for such purpose; (iv) of the occurrence of (but not the nature of or details concerning) a Material Event (provided, however, that no notice by the Company shall be required pursuant to this clause (v) in the event that the Company either promptly files a Prospectus supplement to update the Prospectus or a Form 8-K or other appropriate Exchange Act report that is incorporated by reference into the Registration Statement, which, in either case, contains the requisite information with respect to such Material Event that results in such Registration Statement no longer containing any untrue statement of material fact or omitting to state a material fact necessary to make the statements contained therein not misleading) and (vi) of the determination by the Company that a post-effective amendment to a Registration Statement will be filed with the SEC, which notice may, at the discretion of the Company (or as required pursuant to Section 3(h)), state that it constitutes a Deferral Notice, in which event the provisions of Section 3(h) shall apply.

(c) Use reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction in which they have been qualified for sale, in either case at the earliest possible moment or, if a Deferral Period is in effect, at the earliest possible moment after the Deferral Period.

(d) If reasonably requested by the Initial Purchaser or any Notice Holder, as promptly as reasonably practicable incorporate in a Prospectus supplement or post-effective amendment to a Registration Statement such information as the Initial Purchaser or such Notice Holder shall, on the basis of an opinion of nationally-recognized counsel experienced in such matters, determine to be required to be included therein by applicable law and make any required filings of such Prospectus supplement or such post-effective amendment; provided, that the Company shall not be required to take any actions under this Section 3(d) that are not, in the reasonable opinion of counsel for the Company, in compliance with applicable law or to include the disclosure which at the time would have an adverse effect on the business or operation of the Company and/ or its Subsidiaries, as determined in good faith by the Company.

(e) As promptly as reasonably practicable furnish to each Notice Holder and the Initial Purchaser, upon their request and without charge, at least one (1) conformed copy of the Registration Statement and any amendment thereto, including financial statements, but excluding schedules, all documents incorporated or deemed to be incorporated therein by reference and all exhibits (unless requested in writing to the Company by such Notice Holder or the Initial Purchaser, as the case may be).

(f) During the Effectiveness Period, deliver to each Notice Holder in connection with any sale of Registrable Securities pursuant to a Registration Statement, without charge, as many copies of the Prospectus or Prospectuses relating to such Registrable Securities (including each preliminary prospectus) and any amendment or supplement thereto as such Notice Holder may reasonably request; and the Company hereby consents (except during such periods that a Deferral Notice is outstanding and has not been revoked) to the use of such Prospectus or each amendment or supplement thereto by each Notice Holder in connection with any offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto in the manner set forth therein.

(g) Subject to Section 3(h), prior to any public offering of the Registrable Securities pursuant to the Shelf Registration Statement, use commercially reasonable efforts to register or qualify or cooperate with the Notice Holders in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any Notice Holder reasonably requests in writing (which request may be included in the Notice and Questionnaire) it being agreed that no such registration or qualification will be made unless so requested; prior to any public offering of the Registrable Securities pursuant to the Shelf Registration Statement, use reasonable efforts to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period in connection with such Notice Holder's offer and sale of Registrable Securities pursuant to such registration or qualification (or exemption therefrom) and do any and all other acts or things necessary to enable the disposition in such jurisdictions of such Registrable Securities in the manner set forth in the relevant Registration Statement and the related Prospectus; provided, that the Company will not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it is not otherwise qualified but for this Agreement or (ii) take any action that would subject it to general service of process in suits or to taxation in any such jurisdiction where it is not then so subject.

(h) Upon (A) the issuance by the SEC of a stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of proceedings with respect to the Shelf Registration Statement under Section 8(d) or 8(e) of the Securities Act, (B) the occurrence of any event or the existence of any fact (a "Material Event") as a result of which any Registration Statement shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or any Prospectus shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (C) the occurrence or existence of any corporate development that, in the discretion of the Company, makes it appropriate to suspend the availability of the Shelf Registration Statement and the related Prospectus, (i) in the case of clause (B) above, subject to the next sentence, as promptly as reasonably practicable prepare and file a post-effective amendment to such Registration Statement or a supplement to the related Prospectus or any document incorporated therein by reference or file any other required document that would be incorporated by reference into such Registration Statement and Prospectus so that such Registration Statement does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and such Prospectus does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, and, in the case of a post-effective amendment to a Registration Statement, subject to the next sentence, use reasonable efforts to cause it to be declared effective as promptly as is reasonably practicable, and (ii) give notice to the Notice Holders that the availability of the Shelf Registration Statement is suspended (a "Deferral Notice") and, upon receipt of any Deferral Notice, each Notice Holder agrees to suspend the use of the Prospectus and not to sell any Registrable Securities pursuant to the Registration Statement until such Notice Holder's receipt of copies of the supplemented or amended Prospectus provided for in clause (i)

above, or until it is advised in writing by the Company that the Prospectus may be used, and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus. The Company will use all reasonable efforts to ensure that the use of the Prospectus may be resumed (x) in the case of clause (A) above, as promptly as reasonably practicable, (y) in the case of clause (B) above, as soon as, in the sole judgment of the Company, public disclosure of such Material Event would not be prejudicial to or contrary to the interests of the Company or, if necessary to avoid unreasonable burden or expense, as soon as reasonably practicable thereafter and (z) in the case of clause (C) above, as soon as, in the discretion of the Company, such suspension is no longer appropriate. The period during which the availability of the Registration Statement and any Prospectus is suspended (the "Deferral Period") shall, without the Company incurring any obligation to pay liquidated damages pursuant to Section 2(e), not exceed sixty (60) days in any three (3) month period or one hundred and twenty (120) days in any twelve (12) month period.

(i) If reasonably requested in writing in connection with a disposition of Registrable Securities pursuant to a Registration Statement, make reasonably available for inspection during normal business hours by a representative for the Notice Holders of such Registrable Securities and any broker-dealers, attorneys and accountants retained by such Notice Holders, all relevant financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, and cause the appropriate executive officers, directors and designated employees of the Company and its subsidiaries to make reasonably available for inspection during normal business hours all relevant information reasonably requested by such representative for the Notice Holders or any such broker-dealers, attorneys or accountants in connection with such disposition, in each case as is customary for similar "due diligence" examinations; provided, however, that such persons shall first agree in writing with the Company that any information that is reasonably designated by the Company in writing as confidential at the time of delivery of such information shall be kept confidential by such persons and shall be used solely for the purposes of exercising rights under this Agreement and such person shall comply with applicable securities laws, unless (i) disclosure of such information is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities, (ii) disclosure of such information is required by law (including any disclosure requirements pursuant to federal securities laws in connection with the filing of any Registration Statement or the use of any Prospectus referred to in this Agreement), (iii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard by any such person or (iv) such information becomes available to any such person from a source other than the Company and such source is not bound by a confidentiality agreement or fiduciary obligations; and provided further, that the foregoing inspection and information gathering shall, to the greatest extent possible, be coordinated on behalf of all the Notice Holders and the other parties entitled thereto by the counsel referred to in Section 5.

(j) Comply with all applicable rules and regulations of the SEC and make generally available to its securityholders earning statements (which need not be audited) satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than 90 days after the end of the first 12-month period constituting a fiscal year commencing on the first day of the first fiscal quarter of the first fiscal year of the Company commencing after the effective date of a Registration Statement, which statements shall cover said 12-month periods.

(k) Cooperate with each Notice Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities sold pursuant to a Registration Statement, and cause such Registrable Securities to be in such denominations as are permitted by the Indenture and registered in such names as such Notice Holder may request in writing at least two Business Days prior to any sale of such Registrable Securities.

(l) Provide a CUSIP number for all Registrable Securities covered by each Registration Statement not later than the effective date of such Registration Statement and provide the Trustee for the Debentures and the transfer agent for the Common Stock with certificates for the Registrable Securities that are in a form eligible for deposit with The Depository Trust Company.

(m) Make reasonable effort to provide such information as is required for any filings required to be made with the National Association of Securities Dealers, Inc.

(n) Enter into such customary agreements and take all such other reasonable necessary actions in connection therewith (including those reasonably requested by the holders of a majority of the Registrable Securities being sold) in order to expedite or facilitate the registration or the disposition of such Registrable Securities; provided that the Company shall not be required to take any action in connection with an underwritten offering without its consent; and

(o) Cause the Indenture to be qualified under the TIA not later than the effective date of any Registration Statement; and in connection therewith, cooperate with the Trustee to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and execute, and use reasonable efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner.

SECTION 4. HOLDER'S OBLIGATIONS. Each Holder agrees, by acquisition of the Registrable Securities, that no Holder of Registrable Securities shall be entitled to sell any of such Registrable Securities pursuant to a Registration Statement or to receive a Prospectus relating thereto, unless such Holder has furnished the Company with a Notice and Questionnaire as required pursuant to Section 2(d) hereof (including the information required to be included in such Notice and Questionnaire) and the information set forth in the next sentence. Each Notice Holder agrees promptly to furnish to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Notice Holder not misleading and any other information regarding such Notice Holder and the distribution of such Registrable Securities as may be required to be disclosed in the Registration Statement under applicable law or pursuant to SEC comments. Each Holder further agrees to notify the Company within 10 business days of request, of the amount of Registrable Securities sold pursuant to the Registration Statement and, in the absence of a response, the Company may assume that all of the Holder's Registrable Securities were so sold.

In addition, each Holder agrees that:

(a) upon receipt of a Deferral Notice, it will keep the fact of such notice confidential, forthwith discontinue disposition of its Registrable Securities pursuant to the Registration Statement, and will not deliver any Prospectus forming part thereof until receipt of the amended or supplemented Registration Statement or Prospectus, as applicable, or until it is advised in writing by the Company that the Prospectus may be used and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus;

(b) if so directed by the Company in the Deferral Notice, it will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in its possession, of the Prospectus; and

(c) the sale of the Registrable Securities pursuant to a Registration Statement shall only be made in the manner set forth in such currently effective Registration Statement.

SECTION 5. REGISTRATION EXPENSES. The Company shall bear all fees and expenses incurred in connection with the performance by the Company of its obligations under Sections 2 and 3 of this Agreement whether or not any of the Registration Statements are declared effective. Such fees and expenses shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (x) with respect to filings required to be made with the National Association of Securities Dealers, Inc. and (y) of compliance with federal and state securities or Blue Sky laws to the extent such filings or compliance are required pursuant to this Agreement (including fees and expenses of the Company's counsel)), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities in a form eligible for deposit with The Depository Trust Company), (iii) duplication expenses relating to copies of any Registration Statement or Prospectus delivered to any Holders hereunder, (iv) fees and disbursements of counsel for the Company in connection with the Shelf Registration Statement, and (v) reasonable fees and disbursements of the Trustee and its counsel and of the registrar and transfer agent for the Common Stock. In addition, the Company shall pay the internal expenses of the Company (including, without limitation, all salaries and expenses of officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange on which the same securities of the Company are then listed and the fees and expenses of any person, including special experts, retained by the Company.

SECTION 6. INDEMNIFICATION; CONTRIBUTION.

(a) The Company agrees to indemnify and hold harmless the Initial Purchaser and each holder of Registrable Securities and each person, if any, who controls the Initial Purchaser or any holder of Registrable Securities within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material

fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, provided that (subject to Section 6(d) below) any such settlement is effected with the prior written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Initial Purchaser), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

PROVIDED, HOWEVER, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Initial Purchaser, such holder of Registrable Securities (which also acknowledges the indemnity provisions herein) or any person, if any, who controls the Initial Purchaser or any such holder of Registrable Securities expressly for use in the Registration Statement (or any amendment thereto) or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); provided, further, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense (1) arising from an offer or sale of Registrable Securities occurring during a Deferral Period, if a Deferral Notice was given to such Notice Holder in accordance with Section 8(b), or (2) if the Holder fails to deliver at or prior to the written confirmation of sale, the most recent Prospectus, as amended or supplemented, and such Prospectus, as amended or supplemented, would have corrected such untrue statement or omission or alleged untrue statement or omission of a material fact.

(b) In connection with any Shelf Registration in which a holder, including, without limitation, the Initial Purchaser, of Registrable Securities is participating, in furnishing information relating to such holder of Registrable Securities to the Company in writing expressly for use in such Registration Statement, any preliminary prospectus, the Prospectus or any amendments or supplements thereto, the holders of such Registrable Securities agree, severally and not jointly, to indemnify and hold harmless the Initial Purchaser and each person, if any, who controls the Initial Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and the Company, and each person, if any, who controls the Company within the meaning of either such Section, against any and all loss, liability, claim,

damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by or on behalf of such holder of Registrable Securities (which also acknowledges the indemnity provisions herein) or any person, if any, who controls any such holder of Registrable Securities expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

The Initial Purchaser agrees to indemnify and hold harmless the Company, the holders of Registrable Securities, and each person, if any, who controls the Company or any holder of Registrable Securities within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by the Initial Purchaser expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. The indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (a) the fees and expenses of more than one separate firm (in addition to any local counsel), whose fees must be reasonable, for the Initial Purchaser, Holders of Registrable Securities, and all persons, if any, who control the Initial Purchaser or Holders of Registrable Securities within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, collectively (b) the fees and expenses of more than one separate firm (in addition to any local counsel), whose fees must be reasonable, for the Company, and each person, if any, who controls the Company within the meaning of either such Section, and that all fees and expenses payable under (a) and (b) above shall be reimbursed as

they are incurred. In the case of any such separate firm for the Initial Purchaser, Holders of Registrable Securities, and control persons of the Initial Purchaser and Holders of Registrable Securities, such firm shall be designated in writing by the Initial Purchaser. In the case of any such separate firm for the Company, and control persons of the Company, such firm shall be designated in writing by the Company. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final non-appealable judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement. Notwithstanding the immediately preceding sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, an indemnifying party shall not be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its consent if such indemnifying party (1) reimburses such indemnified party in accordance with such request to the extent it considers such request to be reasonable and (2) provides written notice to the indemnified party substantiating the unpaid balance as unreasonable, in each case prior to the date of such settlement.

(e) If the indemnification to which an indemnified party is entitled under this Section 6 is for any reason unavailable to or insufficient although applicable in accordance with its terms to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred (i) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other hand from the offering of the Registrable Securities or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative fault of the Company on the one hand and the holders of the Registrable Securities or the Initial Purchaser on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the holder of the Registrable Securities or the Initial Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6(e) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 6(e). The aggregate amount of losses, liabilities, claims, damages, and expenses incurred by an indemnified party and referred to above in this Section 6(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 6, neither the holder of any Registrable Securities nor the Initial Purchaser, shall be required to indemnify or contribute any amount in excess of the amount by which the total price at which the Registrable Securities sold by such holder of Registrable Securities or by the Initial Purchaser, as the case may be, and distributed to the public were offered to the public exceeds the amount of any damages that such holder of Registrable Securities or the Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 6(e), each person, if any, who controls the Initial Purchaser or any holder of Registrable Securities within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Initial Purchaser or such holder, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Company.

SECTION 7. INFORMATION REQUIREMENTS. The Company covenants that, if at any time before the end of the Effectiveness Period the Company is not subject to the reporting requirements of the Exchange Act, the Company will cooperate with any Holder of Registrable Securities and take such further reasonable action as any Holder of Registrable Securities may reasonably request in writing (including, without limitation, making such reasonable representations as any such Holder may reasonably request), all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 and Rule 144A under the Securities Act and customarily taken in connection with sales pursuant to such exemptions.

SECTION 8. MISCELLANEOUS; NO CONFLICTING AGREEMENTS. Except for such agreements that will be waived or amended prior to the filing of the Registration Statement, the Company is not, as of the date hereof, a party to, nor shall the Company, on or after the date of this Agreement, enter into any agreement with respect to its securities that conflicts with the rights granted to the Holders of Registrable Securities in this Agreement. Except for such agreements that will be waived or amended prior to the filing of the Registration Statement, the Company represents and warrants that the rights granted to the Holders of Registrable Securities hereunder do not in any way conflict with the rights granted to the holders of either the Company's or the Guarantor's respective other issued and outstanding securities under any other agreements.

(a) AMENDMENTS AND WAIVERS. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of Holders of a majority of the then outstanding Underlying Common Stock constituting Registrable Securities (with Holders of Debentures deemed to be the Holders, for purposes of this Section, of the number of outstanding shares of Underlying Common Stock into which such Debentures are or would be convertible or exchangeable as of the date on which such consent is requested). Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders of Registrable Securities may be given by Holders of at least a majority of the Registrable Securities being sold by such Holders pursuant to such Registration Statement; provided, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence. Each Holder of Registrable Securities outstanding at the time of any such amendment, modification, supplement, waiver or consent or thereafter shall be bound by any such amendment, modification, supplement, waiver or consent effected pursuant to this Section 8(a), whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on the Registrable Securities or is delivered to such Holder.

(b) NOTICES. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, by telecopier, by courier guaranteeing overnight delivery or by first-class mail, return receipt requested, and shall be deemed given (i) when made, if made by hand delivery, (ii) upon confirmation, if made by telecopier, (iii) one (1) Business Day after being deposited with such courier, if made by overnight courier or (iv) on the date indicated on the notice of receipt, if made by first-class mail, to the parties as follows:

(w) if to a Holder of Registrable Securities that is not a Notice Holder, at the address for such Holder then appearing in the Registrar (as defined in the Indenture);

(x) if to a Notice Holder, at the most current address given by such Holder to the Company in a Notice and Questionnaire or any amendment thereto;

(y) if to the Company, to:

Carnival Corporation
3655 N.W. 87th Avenue
Miami, FL 33178-2428
Attention: Arnaldo Perez, Esq., General Counsel
Telecopier No.:

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, N.Y. 10019
Attention: John C. Kennedy, Esq.
Telecopier No.: (212) 373-2042

and

(z) if to the Initial Purchaser, to:

Merrill Lynch & Co.,
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower
World Financial Center
New York, New York 10080
Attention: Mark Hagan
Telecopy No.: (212) 449-9143

or to such other address as such person may have furnished to the other persons identified in this Section 8(c) in writing in accordance herewith.

(c) APPROVAL OF HOLDERS. Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or its affiliates (as such term is defined in Rule 405 under the Securities Act) (other than the Initial Purchaser or subsequent Holders of Registrable Securities if such subsequent Holders are deemed to be such affiliates solely by reason of their holdings of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(d) SUCCESSORS AND ASSIGNS. Any person who purchases any Registrable Securities from the Initial Purchaser shall be deemed, for purposes of this Agreement, to be an assignee of the Initial Purchaser. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties and shall inure to the benefit of and be binding upon each Holder of any Registrable Securities.

(e) COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be original and all of which taken together shall constitute one and the same agreement.

(f) HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(h) SEVERABILITY. If any term, provision, covenant or restriction of this Agreement is held to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction, it being intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by law.

(i) ENTIRE AGREEMENT. This Agreement is intended by the parties as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and the registration rights granted by the Company with respect to the Registrable Securities. Except as provided in the Purchase Agreement, there are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and undertakings among the parties solely with respect to such registration rights.

(j) TERMINATION. This Agreement and the obligations of the parties hereunder shall terminate upon the end of the Effectiveness Period, except for any liabilities or obligations under Sections 4, 5 or 6 hereof and the obligations to make payments of and provide for Liquidated Damages under Section 2(e) hereof to the extent such damages accrue prior to the end of the Effectiveness Period, each of which shall remain in effect in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

CARNIVAL CORPORATION

By:

Name:
Title:

Accepted as of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By:

Authorized Signatory

Exhibit 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated January 26, 2001 relating to the financial statements, which appears in the 2000 Annual Report to Shareholders, which is incorporated by reference in Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2000. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Miami, Florida
June 11, 2001

EXHIBIT 25.1

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM T-1

Statement of Eligibility Under the
Trust Indenture Act of 1939 of a Corporation
Designated to Act as Trustee

U.S. BANK TRUST NATIONAL ASSOCIATION
(Exact name of Trustee as specified in its charter)

United States (State of Incorporation)	41-0257700 (I.R.S. Employer Identification No.)

U.S. Bank Trust Center
180 East Fifth Street
St. Paul, Minnesota 55101
(Address of Principal Executive Offices) (Zip Code)

CARNIVAL CORPORATION

(Exact name of Registrant as specified in its charter)

Florida (State of Incorporation)	59-1562972 (I.R.S. Employer Identification No.)

3655 N.W. 87th Avenue
Miami, Florida

33178-2428
(Address of Principal Executive Offices) (Zip Code)

CONVERTIBLE SENIOR DEBENTURES
(Title of the Indenture Securities)

GENERAL

1. GENERAL INFORMATION Furnish the following information as to the Trustee.

(a) Name and address of each examining or supervising authority to which it is subject.
Comptroller of the Currency
Washington, D.C.

(b) Whether it is authorized to exercise corporate trust powers.
Yes

2. AFFILIATIONS WITH OBLIGOR AND UNDERWRITERS If the obligor or any underwriter for the obligor is an affiliate of the Trustee, describe each such affiliation.

None

See Note following Item 16.

Items 3-15 are not applicable because to the best of the Trustee's knowledge the obligor is not in default under any Indenture for which the Trustee acts as Trustee.

16. LIST OF EXHIBITS List below all exhibits filed as a part of this statement of eligibility and qualification.

1. Copy of Articles of Association.*

2. Copy of Certificate of Authority to Commence Business.*

3. Authorization of the Trustee to exercise corporate trust powers (included in Exhibits 1 and 2; no separate instrument).*

4. Copy of existing By-Laws.*

5. Copy of each Indenture referred to in Item 4. N/A.

6. The consents of the Trustee required by Section 321(b) of the act.

7. Copy of the latest report of condition of the Trustee published pursuant to law or the requirements of its supervising or examining authority is incorporated by reference to Registration Number 333-43278.

* Incorporated by reference to Registration Number 22-27000.

NOTE

The answers to this statement insofar as such answers relate to what persons have been underwriters for any securities of the obligors within three years prior to the date of filing this statement, or what persons are owners of 10% or more of the voting securities of the obligors, or affiliates, are based upon information furnished to the Trustee by the obligors. While the Trustee has no reason to doubt the accuracy of any such information, it cannot accept any responsibility therefor.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, U.S. Bank Trust National Association, an Association organized and existing under the laws of the United States, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the City of Saint Paul and State of Minnesota on the 4th day of June, 2001.

U.S. BANK TRUST NATIONAL ASSOCIATION

_____
Julie Eddington
Assistant Vice President

_____
Lori-Anne Rosenberg
Assistant Secretary

NOTE

The answers to this statement insofar as such answers relate to what persons have been underwriters for any securities of the obligors within three years prior to the date of filing this statement, or what persons are owners of 10% or more of the voting securities of the obligors, or affiliates, are based upon information furnished to the Trustee by the obligors. While the Trustee has no reason to doubt the accuracy of any such information, it cannot accept any responsibility therefor.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, U.S. Bank Trust National Association, an Association organized and existing under the laws of the United States, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the City of Saint Paul and State of Minnesota on the 4th day of June, 2000.

U.S. BANK TRUST NATIONAL ASSOCIATION

/s/ Julie Eddington

Julie Eddington
Assistant Vice President

/s/ Lori-Anne Rosenberg
- ---
Lori-Anne Rosenberg
Assistant Secretary

EXHIBIT 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK TRUST NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: June 4, 2001

U.S. BANK TRUST NATIONAL ASSOCIATION

/s/ Julie Eddington

Julie Eddington
Assistant Vice President

Exhibit 4

(2001-04-16 Carnival 10-Q)

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-9610

CARNIVAL CORPORATION
(Exact name of registrant as specified in its charter)

Republic of Panama (State or other jurisdiction of incorporation or organization)	59-1562976 (I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue, Miami, Florida (Address of principal executive offices)	33178-2428 (Zip code)

(305) 599-2600
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No__

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common Stock, $.01 par value - 584,729,270 shares as of April 11, 2001

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands, except par value)

	February 28, 2001	November 30, 2000
ASSETS		
Current Assets		
Cash and cash equivalents	$ 133,111	$ 189,282
Accounts receivable, net	109,030	95,361
Consumable inventories	101,316	100,451
Prepaid expenses and other	173,102	164,388
Fair value of hedged firm commitments	68,614	
Total current assets	585,173	549,482
Property and Equipment, Net	8,076,334	8,001,318
Investments in and Advances to Affiliates	423,590	437,391
Goodwill, less Accumulated Amortization of $104,863 and $99,670	706,700	701,385
Other Assets	132,224	141,744

Fair Value of Hedged Firm Commitments	361,290	
	$10,285,311	$9,831,320

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	$ 505,891	$ 248,219
Accounts payable	302,802	332,694
Accrued liabilities	267,052	302,585
Customer deposits	770,605	770,425
Dividends payable	61,395	61,371
Fair value of derivative contracts	67,415	
Total current liabilities	1,975,160	1,715,294
Long-Term Debt	1,854,719	2,099,077
Deferred Income and Other Long-Term Liabilities	149,582	146,332
Fair Value of Derivative Contracts	363,288	
Commitments and Contingencies (Note 5)		
Shareholders' Equity		
Common Stock; $.01 par value; 960,000 shares authorized; 617,803 and 617,568 shares issued	6,178	6,176
Additional paid-in capital	1,778,260	1,772,897
Retained earnings	4,950,578	4,884,023
Unearned stock compensation	(14,532)	(12,283)
Accumulated other comprehensive loss	(72,785)	(75,059)
Treasury Stock; 33,087 shares at cost	(705,137)	(705,137)
Total shareholders' equity	5,942,562	5,870,617
	$10,285,311	$9,831,320

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except per share data)

	Three Months Ended February 28/29, 2001	2000
Revenues	$1,007,606	$824,878
Costs and Expenses		
Operating expenses	600,120	465,440
Selling and administrative	155,891	120,879
Depreciation and amortization	91,591	67,604
	847,602	653,923
Operating Income Before Loss From Affiliated Operations	160,004	170,955
Loss From Affiliated Operations, Net	(21,063)	(11,437)
Operating Income	138,941	159,518
Nonoperating (Expense) Income		
Interest income	3,778	6,939
Interest expense, net of capitalized interest	(31,872)	(8,589)
Other income, net	11,946	8,897
Income tax benefit	5,157	4,752
	(10,991)	11,999
Net Income	$ 127,950	$171,517
Earnings Per Share:		
Basic	$.22	$.28
Diluted	$.22	$.28

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Three Months Ended February 28/29, 2001	2000
OPERATING ACTIVITIES		
Net income	$127,950	$171,517
Adjustments to reconcile net income to net cash provided from operations:		
Depreciation and amortization	91,591	67,604
Dividends received and loss from affiliated operations, net	33,949	24,547
Other	532	2,640
Changes in operating assets and liabilities:		
Increase in:		
Receivables	(13,938)	(20,033)
Consumable inventories	(866)	(2,741)
Prepaid expenses and other	(7,337)	(24,663)
Increase (decrease) in:		
Accounts payable	(29,894)	1,642
Accrued liabilities	(35,054)	(40,090)
Customer deposits	181	(15,163)
Net cash provided from operating activities	167,114	165,260
INVESTING ACTIVITIES		
Additions to property and equipment	(120,829)	(93,046)
Decrease in short-term investments	27	16,463
Other, net	(6,222)	2,761
Net cash used for investing activities	(127,024)	(73,822)
FINANCING ACTIVITIES		
Proceeds from long-term debt	666,081	7,364
Principal payments of long-term debt	(702,843)	(7,715)
Dividends paid	(61,371)	(64,774)
Proceeds from issuance of Common Stock, net	2,086	4,680
Net cash used for financing activities	(96,047)	(60,445)
Effect of exchange rate on cash and cash equivalents	(214)	
Net (decrease) increase in cash and cash equivalents	(56,171)	30,993
Cash and cash equivalents at beginning of period	189,282	521,771
Cash and cash equivalents at end of period	$133,111	$552,764

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION

The financial statements included herein have been prepared by Carnival Corporation, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission.

The accompanying consolidated balance sheet at February 28, 2001 and the consolidated statements of operations for the three months ended February 28/29, 2001 and 2000 and the consolidated statements of cash flows for the three months ended February 28/29, 2001 and 2000 are unaudited and, in the opinion of management, contain all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation. During fiscal 2000, the Company accounted for its 50% interest in Costa's operating results using the equity method and recorded its portion of Costa's operating results as earnings from affiliated operations. Since the Company acquired the remaining 50% interest in Costa in late 2000, commencing in fiscal 2001,

Costa's results of operations were consolidated in the same manner as the Company's other subsidiaries. The operations of Carnival Corporation and its consolidated subsidiaries (referred to collectively as the "Company") and its affiliates are seasonal and results for interim periods are not necessarily indicative of the results for the entire year. Certain amounts in prior periods have been reclassified to conform with the current period's presentation.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following (in thousands):

	February 28, 2001	November 30, 2000
Ships	$8,634,977	$8,575,563
Ships under construction	409,917	320,480
	9,044,894	8,896,043
Land, buildings and improvements	281,310	279,095
Transportation equipment and other	313,945	310,525
Total property and equipment	9,640,149	9,485,663
Less accumulated depreciation and amortization	(1,563,815)	(1,484,345)
	$8,076,334	$8,001,318

Capitalized interest, primarily on ships under construction, amounted to $6.6 million and $10.0 million for the three months ended February 28/29, 2001 and 2000, respectively.

NOTE 3 - LONG-TERM DEBT

Long-term debt consisted of the following (in thousands):

	February 28, 2001	November 30, 2000
Unsecured Debentures and Notes, bearing interest at rates ranging from 6.15% to 7.7%, due through 2028	$ 848,687	$ 848,657
Unsecured euro notes, bearing interest at rates ranging from euribor plus 0.17% to euribor plus 1.0% (4.9% to 5.8% at February 28, 2001), due 2001, 2005 and 2006 (a)(b)(c)	856,163	475,400
Commercial paper, bearing interest at 5.4% at February 28, 2001, due in 2001	324,612	342,846
Unsecured euro note, bearing interest at euribor plus 0.25% (a)(b)		338,676
$200 million multi-currency revolving credit facility drawn in euros, bearing interest at 5.0% at February 28, 2001 (a)(c)	161,283	160,862
Euro note, secured by one ship, bearing interest at euribor plus 0.5% (5.3% at February 28, 2001), due through 2008 (a)	137,971	141,628
Other	31,894	39,227
	2,360,610	2,347,296
Less portion due within one year	(505,891)	(248,219)
	$1,854,719	$2,099,077

(a) Euro denominated notes have been translated to U.S. dollars at the period end exchange rate.
(b) On December 13, 2000, the Company repaid the $338.7 million unsecured euro note from the proceeds of a five-year unsecured euro note of approximately $250 million and another unsecured euro note.
(c) On March 22, 2001, the Company repaid the outstanding amount drawn under its $200 million credit facility and an unsecured euro note of approximately $105 million from the proceeds received from $266 million of unsecured euro notes, bearing interest at an effective rate of 5.57%, due in 2006. Since the debt outstanding at February 28, 2001 was repaid with long-term debt the outstanding balances have been classified as long-term in the February 28, 2001 balance sheet.

The Company has a commitment from a European financial institution to provide Costa with a five-year, $225 million unsecured euro denominated revolving credit facility, bearing interest at euribor plus 0.525%. The Company intends to refinance a $70 million unsecured euro note, due in 2001, with the proceeds from this facility and, accordingly, has classified this $70 million of outstanding debt as long-term in the February 28, 2001 balance

sheet.

NOTE 4 - SHAREHOLDERS' EQUITY

The Company's Articles of Incorporation authorizes the Board of Directors, at its discretion, to issue up to 40 million shares of Preferred Stock. The Preferred Stock is issuable in series which may vary as to certain rights and preferences at the discretion of the Board of Directors and has a $.01 par value. At February 28, 2001 and November 30, 2000, no Preferred Stock had been issued.

During the three months ended February 28/29, 2001 and 2000, the Company declared cash dividends of $.105 per share each period, or an aggregate of $61.4 million and $64.8 million, respectively.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Ship Commitments

A description of ships under contract for construction at February 28, 2001 was as follows (dollars in millions):

Ship	Expected Service Date(1)	Shipyard	Passenger Capacity(2)	Estimated Total Cost(3)
Carnival Cruise Lines				
Carnival Spirit	4/01	Masa-Yards	2,124	$ 375
Carnival Pride	1/02	Masa-Yards (4)	2,124	375
Carnival Legend	9/02	Masa-Yards (4)	2,124	375
Carnival Conquest	12/02	Fincantieri	2,974	500
Carnival Glory	8/03	Fincantieri	2,974	500
Carnival Miracle	4/04	Masa-Yards (4)	2,124	375
Carnival Valor	11/04	Fincantieri(4)	2,974	500
Total Carnival Cruise Lines			17,418	3,000
Holland America Line				
Zuiderdam	11/02	Fincantieri(4)	1,848	410
Oosterdam	8/03	Fincantieri(4)	1,848	410
Newbuild	2/04	Fincantieri(4)	1,848	410
Newbuild	10/04	Fincantieri(4)	1,848	410
Newbuild	6/05	Fincantieri(4)	1,848	410
Total Holland America Line			9,240	2,050
Costa Cruises				
Newbuild	7/03	Masa-Yards (5)	2,112	340
Newbuild	1/04	Fincantieri(6)	2,740	395
Newbuild	12/04	Fincantieri(6)	2,740	395
Total Costa Cruises			7,592	1,130
Cunard				
Queen Mary 2	12/03	Chantiers de l'Atlantique(4)	2,620	780
Total Cunard			2,620	780
Total			36,870	$6,960

(1) The expected service date is the date the ship is expected to begin revenue generating activities.
(2) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.
(3) Estimated total cost of the completed ship includes the contract price with the shipyard, design and engineering fees, capitalized interest, various owner supplied items and construction oversight costs.
(4) These construction contracts are denominated in German marks, Italian lira or euros and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.
(5) This construction contract is denominated in German marks which has a fixed exchange rate with Costa's functional currency, which is the Italian lira. The unpaid portion of the estimated total cost has been translated into U.S. dollars using the February 28, 2001 exchange rate.
(6) These construction contracts are denominated in Italian lira, and the unpaid portion of the estimated total costs have been translated into U.S. dollars using the February 28, 2001 exchange rate.

In connection with the ships under contract for construction, the Company has paid approximately $410 million through February 28, 2001 and anticipates paying approximately $1 billion during the twelve month period ending February 28, 2002 and approximately $5.6 billion thereafter.

Litigation

Several actions (collectively the "Passenger Complaints") have been filed against the Company on behalf of purported classes of persons who paid port charges to Carnival Cruise Lines ("Carnival"), Holland America Line ("Holland America") and Costa Cruises ("Costa"), alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages or, alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief.

Certain of the Passenger Complaints filed against Carnival have been dismissed. The remaining actions have been consolidated into one action in Florida. Carnival recently entered into an agreement to settle this remaining action. The settlement has been preliminarily approved by the trial court. Under the settlement agreement, Carnival would issue travel vouchers with a face value of $25-$55 depending on specified criteria, to certain of its passengers who sailed between April 1992 and June 1997. The vouchers also provide class members with a cash redemption option of up to 20% of the face value. The aggregate face value of travel vouchers that Carnival may issue if this settlement is approved, assuming no cash redemptions, is approximately $125 million. Alternatively, if all passengers elected the cash redemption feature, the vouchers could be redeemed for approximately $25 million in cash. Pursuant to the settlement, Carnival will pay the plaintiffs' legal fees, as awarded by the court, up to a specified amount. The notices to class members were mailed and class members had until April 10, 2001 to elect out of the class. A final settlement hearing is currently scheduled for May 2001 where it is anticipated that the court will issue final approval of this settlement. Thereafter, assuming the settlement is approved, the vouchers will be mailed. At February 28, 2001 and November 30, 2000, an estimated accrued liability of approximately $23 million has been included in the accompanying balance sheets for the estimated cash redemptions and settlement costs of this port charge litigation.

Holland America Tours has entered into a settlement agreement for the one Passenger Complaint filed against it. The settlement agreement was approved by the trial court on September 28, 1998. Under the settlement agreement, Holland America would issue a total of approximately $14 million in travel vouchers with a face value of $10-$50 depending on specified criteria, to certain of its passengers who are U.S. residents and who sailed between April 1992 and April 1996, and would pay a portion of the plaintiffs' legal fees.

One member of the Holland America Tours settlement class appealed the trial court's approval of the settlement. In August 2000, the court of appeals refused to approve the settlement and remanded the case to the trial court. At the request of Holland America Tours the Washington Supreme Court has agreed to review the court of appeals ruling. A decision by the Washington Supreme Court is expected by the end of 2001.

If the Passenger Complaint settlements are implemented as described above, the amount and timing of the travel vouchers to be redeemed for travel and the effects of the travel voucher redemption on revenues are not reasonably determinable. Accordingly, the Company will account for the non-cash redemption of the vouchers as a reduction of future revenues.

Several actions have been filed against Carnival, Holland America Tours, Cunard Line ("Cunard") and Costa alleging that they violated the Americans with Disabilities Act ("ADA") by failing to make certain of their cruise ships accessible to individuals with disabilities (collectively the "ADA Complaints"). Plaintiffs seek injunctive relief and fees and costs. Certain of the plaintiffs also seek statutory damages, including punitive damages. On January 19, 2001, Carnival reached an agreement in principle with the plaintiffs to settle its major ADA Complaint. Pursuant to the agreement, Carnival will make certain modifications to its existing 15 ships. Management believes that the estimated total cost of the modifications will not have a material effect on the Company's financial statements. Given the settlement reached in the Carnival case, the plaintiff has agreed to dismiss without prejudice the ADA Complaint against Cunard. The remaining actions are proceeding.

Several actions filed against the Company and four of its officers on behalf of a purported class of purchasers of Common Stock of the Company were consolidated into one action in Florida (the "Stock Purchase Complaint"). The plaintiffs are claiming that statements made by the Company in public filings violate federal securities laws and seek unspecified compensatory damages, attorneys' fees and costs and expert fees. This action is

proceeding.

It is not now possible to determine the ultimate outcome of the pending Passenger, ADA and Stock Purchase Complaints, if such claims should proceed to trial. Management believes that the Company and these officers, as applicable, have meritorious defenses to these claims and, accordingly, the parties intend to vigorously defend against all such claims.

In August 2000, the Company received a grand jury subpoena requesting that the Company produce documents and records concerning environmental matters. The Company has produced documents in response to the subpoena and is engaged in discussions with the Office of the United States Attorney for the Southern District of Florida. No charges have been lodged against the Company. In the event that the investigation results in adverse findings with regard to the Company's compliance with U.S. laws pertaining to the environment, a judgment could include fines and mandatory provisions relating to future compliance practices, among other forms of relief. The ultimate outcome of this matter cannot be determined at this time.

In February 2001, Holland America Line, Inc. ("HAL, Inc."), a wholly owned subsidiary, received a grand jury subpoena requesting that HAL, Inc. produce documents and records relating to the air emissions from Holland America's ships in Alaska. HAL, Inc. intends to respond to the subpoena.

Costa has instituted arbitration proceedings in Italy to confirm the validity of its decision not to deliver its ship, the Costa Classica, to the shipyard of Cammell Laird Holdings PLC ("Cammell Laird") under an approximate $75 million contract for the conversion and lengthening of the ship. Costa has also given notice of termination of the contract. It is expected that the arbitration tribunal's decision will be made by early 2003. In the event that an award is given in favor of Cammell Laird the amount of damages which Costa will have to pay, if any, is not currently determinable. In addition, it is not currently possible to determine the ultimate outcome of this matter, however, management believes that the arbitration proceeding will result in a favorable outcome for the Company.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such suits, which are not covered by insurance, would not have a material adverse effect on the Company's financial statements.

Contingent Obligations

The Company has certain contingent obligations, including letters of credit, to participants in lease out and lease back type transactions for three ships which, at February 28, 2001, totaled approximately $770 million. Only in the remote event of nonperformance by certain major financial institutions, all of which have long-term credit ratings of AAA or AA, would the Company be required to make any payments under these contingent obligations. Between 2017 and 2022, as applicable, the Company has the right to exercise purchase options that would terminate these transactions.

Other Contingency

In February, 2001, a three judge panel of the Ninth U.S. Circuit Court of Appeals overturned a decision of the U.S. District Court for the District of Alaska and ordered the District Court to enjoin a 1996 decision by the National Park Service ("NPS") that had authorized additional cruise ship entry permits for Glacier Bay National Park. The Court of Appeals held that the NPS should have prepared an environmental impact statement prior to increasing the number of permits. As a consequence of the 1996 NPS decision, Holland America had been able to obtain additional entry permits for the 2000-2004 period. Other cruise lines had also received additional entry permits. At this time it is not clear whether the court injunction will affect the 2001 Alaska cruise season since the District Court was given discretion as to whether or not to defer issuing the injunction until after the 2001 season. In addition, the decision can still be appealed by the NPS to the full Ninth Circuit Court of Appeals and/or the U.S. Supreme Court. Holland America will also be clarifying with the NPS as to exactly how many permits may be impacted. However, most Holland America permits will not be withdrawn as a result of this decision since they were in effect prior to the 1996 decision. In addition, alternative destinations in Alaska can be substituted for Glacier Bay. Accordingly, management believes that if any permits are withdrawn, the impact on the Company's financial statements will not be material.

NOTE 6 - COMPREHENSIVE INCOME

Comprehensive income for the three months ended February 28/29, 2001 and 2000 was as follows (in thousands):

	2001	2000
Net income	$127,950	$171,517
Changes in securities valuation allowance	1,176	(784)
Foreign currency translation adjustment	1,897	(18,689)
Changes related to cash flow derivative hedges	(799)	
Total comprehensive income	$130,224	$152,044

NOTE 7 - SEGMENT INFORMATION

The Company's cruise segment includes six and five cruise brands in fiscal 2001 and fiscal 2000, respectively, which have been aggregated as a single operating segment based on the similarity of their economic and other characteristics. Cruise revenues are comprised of sales of passenger cruise tickets, including, in some cases, air transportation to and from the cruise ships, and revenues from certain onboard activities and other related services. The tour segment represents the operations of Holland America Tours.

Selected segment information for the three months ended February 28/29, 2001 and 2000 was as follows (in thousands):

	2001		2000	
	Revenues	Operating income (loss)	Revenues	Operating income (loss)
Cruise	$1,000,391	$174,835	$817,851	$184,134
Tour	7,688	(10,479)	7,435	(11,552)
Affiliated operations		(21,063)		(11,437)
Intersegment elimination	(473)		(408)	
Corporate		(4,352)		(1,627)
	$1,007,606	$138,941	$824,878	$159,518

Selected segment information which is not included in the Company's consolidated operations for the Company's affiliated operations segment for the three months ended February 28/29, 2001 and 2000 was as follows (in thousands):

	2001	2000
Revenues	$1,500,754	$1,170,554
Net loss	$ (76,837)	$ (44,024)

The table above represents 100% of the affiliated companies' results of operations, and includes Costa in 2000 but not in 2001.

NOTE 8 - EARNINGS PER SHARE

Earnings per share were computed as follows (in thousands, except per share data):

	Three Months Ended February 28/29, 2001	2000
BASIC:		
Net income	$127,950	$171,517
Average common shares outstanding	584,608	617,127
Earnings per share	$ .22	$ .28
DILUTED:		
Net income	$127,950	$171,517
Average common shares outstanding	584,608	617,127
Effect of dilutive securities-shares issuable under various stock option plans	2,525	3,110
Average shares outstanding assuming dilution	587,133	620,237
Earnings per share	$ .22	$ .28

NOTE 9 - ACCOUNTING CHANGE

Effective December 1, 2000, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", which requires that all derivative instruments be recorded on the balance sheet at their fair value. Derivatives that are not hedges must be recorded at fair value through earnings. If a derivative is a fair value hedge, changes in the fair value of the hedged derivative are offset against the changes in the fair value of the underlying firm commitments. If a derivative is a cash flow hedge, changes in the fair value of the derivative are recognized in other comprehensive (loss) income until the underlying hedged item is recognized in earnings. The ineffective portion of the derivative's change in fair value is immediately recognized in earnings. For the quarter ended February 28, 2001, all net changes in fair value of the fair value hedges and the cash flow hedges were immaterial, as was any ineffective portions of these hedges.

The Company has not made any changes to its hedge related risk management policies as a result of adopting SFAS No. 133. The fair value of hedged firm commitments assets represent the unrealized gains on the Company's hedged shipbuilding commitments. The fair value of derivative contracts liabilities principally represent the unrealized losses on the Company's forward foreign currency contracts which are used to fix the cost of its shipbuilding commitments in U.S. dollars.

NOTE 10 - RECENT ACCOUNTING PRONOUNCEMENT

In December 1999, the Securities and Exchange Commission (SEC) released Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements" to provide guidance on the recognition, presentation and disclosure of revenues in financial statements. In June 2000, the SEC issued SAB 101B, which delays the Company's implementation date of SAB 101 until not later than September 1, 2001. The Company has completed its review and believes that its current revenue recognition policies are in conformity, in all material respects, with this SAB and does not expect that its adoption will have a material impact on its financial statements.

Item 2.Management's Discussion and Analysis of
Financial Condition and Results of Operations.

Certain statements under Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations", constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. See "PART II. OTHER INFORMATION, Item 5.(a)Forward-Looking Statements".

RESULTS OF OPERATIONS

The Company earns its cruise revenues primarily from (i) the sale of passenger cruise tickets, which includes accommodations, meals, and most onboard activities, (ii) the sale of air transportation to and from the cruise ships and (iii) the sale of goods and services on board its cruise ships, such as casino gaming, bar sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of Holland America Tours.

For selected segment information related to the Company's revenues, operating income and affiliated operations segment see Note 7 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information for the periods indicated was as follows:

	Three Months Ended February 28/29,	
	2001	2000
Revenues	100%	100%
Costs and Expenses		
Operating expenses	60	56
Selling and administrative	15	15
Depreciation and amortization	9	8
Operating Income Before Loss from Affiliated Operations	16	21
Loss from Affiliated Operations, Net	(2)	(1)
Operating Income	14	20

Nonoperating (Expense) Income	(1)	1
Net Income	13%	21%

Selected Statistical Information (in thousands):

Passengers carried	786	566
Passenger cruise days (1)	5,203	3,839
Occupancy percentage	105.2%	103.4%

(1) A passenger cruise day is one passenger sailing for a period of one day. For example, one passenger sailing on a one week cruise is seven passenger cruise days.

GENERAL

The Company's cruise, tour and affiliated operations experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for its cruise operations is moderately seasonal. Historically, demand for cruises has been greatest during the summer months. The Company's tour revenues are highly seasonal with a vast majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season. Airtours, the Company's 25% owned equity affiliate, has revenues which are very seasonal due primarily to the nature of the European leisure travel industry. Typically, Airtours' quarters ending June 30 and September 30 experience higher revenues, with revenues in the quarter ending September 30 being the highest.

Through fiscal 2000, the Company recorded its share of Airtours and Costa's operating results in earnings from affiliated operations on a two-month lag basis. Beginning in fiscal 2001, all of Costa's results of operations were consolidated into the Company's financial statements on a current month basis, thus eliminating the two-month lag in reporting Costa's results of operations. This change in the timing of reporting periods, as well as Costa's greater seasonality, will increase the seasonality of the Company's quarterly results of operations, most significantly between the Company's third and fourth fiscal quarters. Costa's seasonally strong summer results of operations will be recorded in the Company's third quarter in fiscal 2001 versus in the fourth quarter in fiscal 2000.

Average passenger capacity for the Company's cruise brands, excluding Costa, is expected to increase by approximately 8.3%, 10.2% and 6.7% in the second, third and fourth quarters of fiscal 2001, respectively, as compared to the same periods of fiscal 2000. These increases are primarily a result of the introduction into service of the Carnival Victory in August 2000, Holland America's Zaandam and Amsterdam in May 2000 and October 2000, respectively, and the expected introduction into service of the Carnival Spirit in April 2001, partially offset by the withdrawal from service of Holland America's Nieuw Amsterdam in October 2000. The consolidation of Costa in fiscal 2001 is expected to increase the Company's consolidated capacity by an additional 20.7%, 22.4% and 20.3% in the second, third and fourth quarters of fiscal 2001, respectively, although the impact on the Company's net income will be much less, as a majority of Costa's net income was included in affiliated operations in prior years.

The year over year percentage increase in the Company's average passenger capacity resulting from the delivery of ships currently under contract for construction for fiscal 2002 and 2003 is expected to approximate 7.1% and 14.0%, respectively.

After three years of strong growth in net revenue yields, the cruise industry experienced pressure on cruise ticket prices throughout fiscal 2000. During the later part of 2000, management of the Company disclosed a strategy for 2001 of offering lower cruise ticket prices further in advance of the departure date to stimulate demand and produce higher booking levels earlier in the booking cycle in order to stabilize cruise ticket prices. Through April 6, 2001, cumulative booking volumes for the last three quarters of fiscal 2001 were approximately 17% ahead of where they were at the same time last year and outpaced the 9% increase in capacity. The average price for 2001 bookings remains below the average price for 2000 bookings taken at this time last year. As previously disclosed by management, slower booking volumes developed during early March 2001, and this has continued. The Company expected that the pace of bookings for the balance of the year would fall below prior year levels because there was less inventory remaining for sale than at the same point last year. It also appears that some of the slowdown in the pace of bookings may be a result of external factors related to the current economic environment combined with the continuing downturn in the U.S. stock market. Based on the information currently available, management has not revised its earnings forecasts for the remainder of the year. However, a continuation in the slowdown in booking volumes for a prolonged period of time would have an adverse affect on the Company's net revenue yields and earnings for the balance of the year.

THREE MONTHS ENDED FEBRUARY 28, 2001 ("2001") COMPARED
TO THREE MONTHS ENDED FEBRUARY 29, 2000 ("2000")

Revenues

Revenues increased $182.7 million, or 22.2%, in 2001 compared to 2000, entirely due to a 22.3% increase in cruise revenues. Approximately $126.2 million of the cruise revenue increase was due to the consolidation of Costa and $56.3 million was due to increased cruise revenues from the Company's other brands. The other brands cruise revenue change resulted from an increase of approximately 14% in passenger capacity and a 2.3% increase in occupancy rates, partially offset by a 9.4% decrease in gross revenue per passenger cruise day. This increase in passenger capacity resulted primarily from the introduction into service of the Carnival Victory in August 2000 and Holland America's Zaandam and Amsterdam in May 2000 and October 2000, respectively, partially offset by the sale of the Nieuw Amsterdam in October 2000. This decrease in gross revenue per passenger cruise day was primarily due to lower cruise ticket prices for this year's New Year's cruises compared to the higher-priced Millennium/New Year's sailings last year. In addition, the Company's luxury cruise brands realized significantly lower pricing during most of the first quarter of 2001 compared to the same period last year.

Costs and Expenses

Operating expenses increased $134.7 million, or 28.9%, in 2001 compared to 2000. Cruise operating costs increased by $135.1 million, or 29.6%, to $591 million in 2001 from $455.9 million in 2000. Approximately $86.8 million of the cruise operating cost increase was due to the consolidation of Costa and the remaining $48.3 million of the increase was from the Company's other brands. Cruise operating costs, excluding Costa, increased in 2001 primarily due to additional costs associated with the 14% increase in passenger capacity. Excluding Costa, cruise operating costs as a percentage of cruise revenues were 57.7% and 55.7% in 2001 and 2000, respectively.

Selling and administrative expenses increased $35 million, or 29%, to $155.9 million in 2001 from $120.9 million in 2000. Approximately $23.9 million of this increase was due to the consolidation of Costa and the remaining $11.1 million was from the Company's other brands. Selling and administrative expenses, excluding Costa, increased primarily as a result of the 14% increase in passenger capacity. Excluding Costa, selling and administrative expenses as a percentage of revenues were 15% and 14.7% during 2001 and 2000, respectively.

Depreciation and amortization increased $24 million, or 35.5%, in 2001 compared to 2000. This increase was primarily due to the consolidation of Costa which accounted for approximately $12.3 million and the majority of the remaining increase is due to the expansion of the fleet.

Affiliated Operations

During 2001, the Company recorded $21.1 million of losses from affiliated operations as compared with $11.4 million of losses in 2000. The Company's portion of Airtours' losses in 2001 was $21.0 million as compared to $16.4 million of losses in 2000. The Company recorded income of $4.8 million during 2000, related to its interest in Costa. In fiscal 2001, Costa has been consolidated. In March 2001, management announced that its second quarter earnings are expected to be reduced by approximately $.01 per share as a result of Airtours recent announcement that they will be taking a "one-off" charge related to the closing of 120 travel stores in the United Kingdom. See the "General" section for a discussion of Airtours' and Costa's seasonality.

Nonoperating (Expense) Income

Interest income decreased $3.2 million in 2001 to $3.8 million from $6.9 million in 2000 due primarily to lower average investment balances primarily resulting from the purchase of Treasury Stock during 2000.

Gross interest expense (excluding capitalized interest) increased to $38.4 million in 2001 from $18.6 million in 2000 primarily as a result of higher average outstanding debt balances. Approximately $16.3 million of this increase was due to the acquisition and consolidation of Costa and the remaining increase was due to the purchase of Treasury Stock during 2000. Capitalized interest decreased $3.4 million during 2001 as compared to 2000 due primarily to lower average levels of investment in ship construction projects.

Other income in 2001 of $11.6 million primarily related to a $13 million gain arising from a settlement agreement with the manufacturers of certain of the Company's ship propulsion systems to reimburse the Company for lost revenues and expenses due to disruption in service during 2000.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

The Company's business provided $167.1 million of net cash from operations during the three months ended February 28, 2001, an increase of 1.1% compared to 2000.

During the three months ended February 28, 2001, the Company's net expenditures for capital projects were approximately $120.8 million, of which $90.9 million was spent in connection with its ongoing shipbuilding program. The nonshipbuilding capital expenditures consisted primarily of ship refurbishments, information technology assets, tour assets and other.

During the three months ended February 28, 2001, the Company made net payments of $18.2 million under its commercial paper programs and made principal payments related to other debt totaling $398.2 million, including approximately $355 million for the repayment of a short-term unsecured euro note incurred for the acquisition of Costa. In addition, the Company received proceeds of $361.5 million during the first quarter of 2001, including approximately $250 million under a five-year unsecured euro note and $105 million under a short-term euro borrowing, used to repay the $355 million short-term acquisition debt noted above. Finally, the Company paid cash dividends of $61.4 million in the first three months of fiscal 2001.

Future Commitments and Funding Sources

As of February 28, 2001, the Company had noncancelable contracts for the delivery of sixteen new ships over the next five years. The Company's remaining obligations related to these ships under contract for construction is to pay approximately $1 billion during the twelve months ending February 28, 2002 and approximately $5.6 billion thereafter.

At February 28, 2001, the Company had $2.36 billion of long-term debt of which $505.9 million is due during the twelve months ending February 28, 2002. Approximately $325 million of the amount due in the next twelve months relate to commercial paper issued by the Company and backed by the Company's revolving credit facilities, which expire in the first quarter of fiscal 2002. The Company intends to replace these revolving credit facilities with a new long-term facility this year. Although management believes that it will obtain a new facility, no assurance can be given that this or any new facility will be obtained. See Notes 3 and 5 in the accompanying financial statements for more information regarding the Company's debt and commitments.

The Company expects that future cash from operations will be the Company's principal funding source for capital projects, debt service requirements, dividend payments and working capital. In addition, as of February 28, 2001, the Company had $133.1 million of cash and cash equivalents and $714 million available for borrowing under its revolving credit facilities. See Note 3 in the accompanying financial statements for additional information related to funding sources received by the Company in the second quarter of fiscal 2001.

To the extent that the Company is required to or chooses to fund future cash requirements from sources other than as discussed above, management believes that it will be able to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets. However, no assurance can be given that the Company will be able to obtain any such financing, if necessary.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Several actions collectively referred to as the "Passenger Complaints" were previously reported in the Company's Annual Report on Form 10-K for year ended November 30, 2000 (the "2000 Form 10-K"). The following are material subsequent developments in such cases.

On March 3, 2001, the Washington State Supreme Court agreed to hear Holland America Tours' appeal of its Passenger Complaint.

On March 19, 2001, the Circuit Court for the Eleventh Judicial Circuit in Miami-Dade County issued an order authorizing the publication of a

supplemental summary notice of the proposed settlement of the Passenger Complaints against Carnival in a single edition of USA Today.

As previously reported, in August 2000 the Company received a grand jury subpoena requesting that the Company produce documents and records concerning environmental matters. Subsequently, the Company has produced documents in response to the subpoena and is engaged in discussions with the Office of the United States Attorney for the Southern District of Florida. No charges have been lodged against the Company. In the event that the investigation results in adverse findings with regard to the Company's compliance with U.S. laws pertaining to the environment, a judgment could include fines and mandatory provisions relating to future compliance practices, among other forms of relief.

Item 5. Other Information.

(a) Forward-Looking Statements

Certain statements in this Form 10-Q and in the future filings by the Company with the Securities and Exchange Commission, in the Company's press releases, and in oral statements and presentations made by or with the approval of an authorized executive officer of the Company constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Company has tried, wherever possible, to identify such statements by using words such as "anticipate," "assume," "believe," "expect," "intend," "plan" and words and terms of similar substance in connection with any discussion of future operating or financial performance. All forward-looking statements, including those which may impact the forecasting of Carnival Corporation's net revenue yields, involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and the net revenue yields for the Company's cruise products; consumer demand for cruises, including the effects on consumer demand of armed conflicts, political instability or adverse media publicity; increases in cruise industry capacity; cruise and other vacation industry competition; changes in tax laws and regulations; the ability of the Company to implement its shipbuilding program and to continue to expand its business outside the North American market; changes in foreign currency exchange rates, food and fuel commodity prices and interest rates; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise ships; impact of pending or threatened litigation; the ability of unconsolidated affiliates to successfully implement their business strategies and changes in laws and regulations applicable to the Company.

The Company does not assume the obligation to update any forward-looking statements, and unless specifically noted otherwise, all forward-looking statements speak only as of the date of this report. One should carefully evaluate such statements in light of factors described in the Company's filings with the Securities and Exchange Commission, especially on Forms 10-K, 10-Q and 8-K, if any. In Item 1. Of the Company's Annual Report on Form 10-K for the year ended November 30, 2000 and above, the Company discusses various important factors, among others, that could cause actual results to differ from expected or historic results. The Company notes these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. One should understand that it is not possible to predict or identify all such factors. Consequently, the reader should not consider any such list to be a complete statement of all potential risks or uncertainties.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

12 Ratio of Earnings to Fixed Charges.

(b) Reports on Form 8-K

Current Report on Form 8-K filed with the Commission on December 21, 1999 related to Regulation FD disclosure of supplemental information to the Company's press release dated December 21, 1999.

Current Report on Form 8-K filed with the Commission on February 26, 2001 related to Regulation FD disclosure of the Company's Unaudited Summary Consolidated Balance Sheet at November 30, 2000 and its Unaudited Summary Consolidated Statement of Cash Flows and Unaudited Consolidated Statement of Shareholders' Equity for the year ended November 30, 2000

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARNIVAL CORPORATION

Date: April 16, 2001

BY/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of Directors and Chief Operating Officer

Date: April 16, 2001

BY/s/ Gerald R. Cahill
Gerald R. Cahill
Senior Vice President-Finance and Chief Financial and Accounting Officer

EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(in thousands, except ratios)

	Three Months Ended February 28/29, 2001	2000
Net income	$127,950	$171,517
Income tax benefit	(5,157)	(4,752)
Income before income tax expense	122,793	166,765
Adjustment to Earnings:		
Loss from affiliate operations and dividends received	33,949	24,547
Earnings as adjusted	156,742	191,312
Fixed Charges:		
Interest expense, net	31,872	8,589
Interest portion of rent expense(1)	879	833
Capitalized interest	6,562	9,998
Total fixed charges	39,313	19,420
Fixed charges not affecting earnings:		
Capitalized interest	(6,562)	(9,998)
Earnings before fixed charges	$189,493	$200,734
Ratio of earnings to fixed charges	4.8x	10.3x

(1) Represents one-third of rent expense, which management believes to be representative of the interest portion of rent expense.

Exhibit 5

(2001-02-28 Carnival 10-K)

FORM 10-K
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 2000

OR

[ ]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-9610

CARNIVAL CORPORATION
(Exact name of registrant as specified in its charter)

Republic of Panama (State or other jurisdiction of incorporation or organization)	59-1562976 (I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue, Miami, Florida (Address of principal executive offices)	33178-2428 (Zip Code)

Registrant's telephone number, including area code (305) 599-2600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock ($.01 par value)	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in any definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the Registrant is approximately $10,054,000,000 based upon the closing market price on February 20, 2001 of a share of Common Stock on the New York Stock Exchange as reported by the Wall Street Journal.

At February 20, 2001, the Registrant had outstanding 584,714,214 shares of its Common Stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrant's 2000 annual report to shareholders to be furnished to the Commission pursuant to Rule 14a-3(b) of the Exchange Act is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Part and Item of the Form 10-K

Part II

Item 5(a) and (b). Market for the Registrant's Common Equity and Related Stockholder Matters - Market Information and Holders

Item 6. Selected Financial Data

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Item 8. Financial Statements and Supplementary Data

The information described below and contained in the Registrant's 2001 definitive Proxy Statement, to be filed with the Commission is incorporated therein by reference into this Annual Report on Form 10-K.

Part and Item of the Form 10-K

Part III

Item 10. Directors and Executive Officers of the Registrant

Item 11. Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management

Item 13. Certain Relationships and Related Transactions

PART I

Item 1. Business

A. General

Carnival Corporation was incorporated under the laws of the Republic of Panama in November 1974. Carnival Corporation, including its consolidated subsidiaries (referred to collectively as the "Company"), is the world's largest multiple-night cruise company based on the number of passengers carried, revenues generated and available capacity. The Company offers a broad range of cruise brands serving the contemporary cruise sector of the vacation market through Carnival Cruise Lines ("Carnival") and Costa, the premium cruise sector through Holland America Line ("Holland America") and the luxury cruise sector through Cunard Line ("Cunard"), Seabourn Cruise Line ("Seabourn") and Windstar Cruises ("Windstar") (collectively the "Wholly Owned Cruise Operations"). The Company also owns a 25% equity interest in Airtours plc ("Airtours"), an integrated leisure travel group of companies which also operates cruise ships which target the contemporary cruise sector under the brand name of Sun Cruises.

A summary of the cruise operations of the Company and Airtours is as follows:

CRUISE BRAND	NUMBER OF SHIPS	PASSENGER CAPACITY(1)	PRIMARY GEOGRAPHIC MARKET
Wholly Owned Cruise Operations:			
Carnival	15	30,020	North America
Holland America	10	13,348	North America
Costa (2)	7	9,200	Europe
Cunard	2	2,458	Worldwide
Seabourn	6	1,614	North America
Windstar	4	756	North America
	44	57,396	
Airtours:			
Sun Cruises	4	4,352	Europe
	48	61,748	

(1) In accordance with cruise industry practice, all passenger capacities indicated within this Annual Report on Form 10-K are calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

(2) Since June 1997, the Company has owned 50% of Costa. On September 29, 2000, the Company completed the acquisition of the remaining 50% interest in Costa from Airtours. See Note 3 to the Company's Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K.

The Company has signed agreements with three shipyards providing for the construction of 16 additional cruise ships. A summary of the Company's ships under contract for construction is as follows:

SHIP	EXPECTED SERVICE DATE(1)	PASSENGER CAPACITY
Carnival:		
Carnival Spirit	4/01	2,124
Carnival Pride	1/02	2,124
Carnival Legend	9/02	2,124
Carnival Conquest	12/02	2,974
Carnival Glory	8/03	2,974
Carnival Miracle	4/04	2,124
Carnival Valor	11/04	2,974
Total Carnival		17,418
Holland America:		
Newbuild	11/02	1,848
Newbuild	8/03	1,848
Newbuild	2/04	1,848
Newbuild	10/04	1,848
Newbuild	6/05	1,848
Total Holland America		9,240
Costa:		
Newbuild	7/03	2,112
Newbuild	1/04	2,720
Newbuild	12/04	2,720
Total Costa		7,552
Cunard:		
Queen Mary 2	12/03	2,620
Total Cunard		2,620
Total		36,830

(1) The expected service date is the date the ship is expected to begin revenue generating activities.

In addition to its cruise operations, the Company operated a tour business, through Holland America Line-Westours Inc. ("Holland America Tours"), which markets sightseeing tours both separately and as a part of its cruise/tour packages. Holland America Tours operated 14 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 300 motor coaches used for sightseeing and charters in the states of Washington and Alaska and 13 private domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks.

B. Risk Factors

The Risk Factors noted below and elsewhere in this Annual Report on Form 10-K are important factors, among others, that could cause actual results to differ from expected or historic results. It is not possible to predict or identify all such factors. Consequently, the reader should not consider any such list to be a complete statement of all potential risks or uncertainties. See Part I, Item 4. - Special Note Regarding Forward - Looking Statements.

(1) A change of the Company's tax status under the Internal Revenue Code, as amended (the "Code"), may have adverse effects on the Company's income and its shareholders.

Carnival Corporation is a foreign corporation engaged in a trade or business in the United States ("U.S."), and its ship-owning subsidiaries are foreign corporations that, in many cases, depending upon the itineraries of their ships, receive income from sources within the U.S. Management believes, to the best of its knowledge, that, pursuant to Section 883 of the Code, Carnival Corporation's income and the income of its ship-owning subsidiaries, in each case derived from or incidental to the international operation of a ship or ships, is currently exempt from U.S. income tax. Management believes that substantially all of Carnival Corporation's income and the income of its ship-owning subsidiaries (with the exception of the U.S. source income from the transportation, hotel and tour business of Holland America Tours) is derived from or incidental to the international operation of a ship or ships within the meaning of Section 883 of the Code.

Management believes that Carnival Corporation and its ship-owning subsidiaries currently qualify for the Section 883 exemption since it and each of its subsidiaries are incorporated in a qualifying jurisdiction and

Carnival Corporation's Common Stock is primarily and regularly traded on an established securities market in the U.S. To date, however, no Final U.S. Treasury regulations or other definitive interpretations of the relevant portions of Section 883 have been promulgated, although regulations have been proposed (see below for a discussion of the proposed regulations under Section 883). Such regulations or official interpretations could differ materially from management's interpretation of this Code provision and, even in the absence of such regulations or official interpretations, the Internal Revenue Service might successfully challenge such interpretation. In addition, the provisions of Section 883 are subject to change at any time by legislation. Moreover, changes could occur in the future with respect to the identity, residence, or holdings of Carnival Corporation's direct or indirect shareholders that could affect it and its subsidiaries' eligibility for the Section 883 exemption. Accordingly, there can be no assurance that Carnival Corporation and its subsidiaries are, and will in the future be, exempt from U.S. income tax on U.S.-source shipping income. If Carnival Corporation and its ship-owning subsidiaries were not entitled to the benefit of Section 883 of the Code, the Company would be subject to U.S. taxation on a portion of its income.

(2) Failure to comply with the proposed tax regulations could have a negative impact on the Company's net income and stock price.

On February 8, 2000, the U.S. Treasury Department issued proposed Treasury Regulations to Section 883 of the Code relating to income derived by foreign corporations from the international operation of ships or aircraft. The proposed regulations provide, in general, that a foreign corporation organized in a qualified foreign country and engaged in the international operation of ships or aircraft shall exclude qualified income from gross income for purposes of U.S. federal income taxation provided that the corporation can satisfy certain ownership requirements, including, among other things, that its stock is publicly traded. A publicly traded corporation will satisfy this requirement if more than 50% of its stock is owned by persons who each own less than 5% of the value of the outstanding shares of the corporation's capital stock. Management believes to its best knowledge, after due investigation, that Carnival Corporation currently qualifies as a publicly traded corporation under these proposed regulations. However, because various members of the Arison family and certain trusts established for their benefit own approximately 47% of Carnival Corporation's Common Stock, there is the potential that another shareholder could acquire 5% or more of its Common Stock which could jeopardize Carnival Corporation's qualification as a publicly traded corporation. If, in the future, Carnival Corporation were to fail to qualify as a publicly traded corporation, it would be subject to U.S. income tax on its income associated with its cruise operations in the U.S. In such event, Carnival Corporation's net income and stock price would be negatively impacted.

As a precautionary matter, Carnival Corporation amended its Second Amended and Restated Articles of Incorporation to ensure that it will continue to qualify as a publicly traded corporation under the proposed regulations. This amendment provides that no one person or group of related persons (other than certain members of the Arison family and certain trusts established for their benefit) may own (or be deemed to own by virtue of the attribution provisions of the Code) more than 4.9% of Carnival Corporation's Common Stock, whether measured by vote, value or number. Shares of Carnival Corporation's Common Stock acquired in violation of this provision will be transferred to a trust and, at the direction of its Board of Directors, sold to a person whose shareholding does not violate such provision of its Second Amended and Restated Articles of Incorporation. These transfer restrictions may also have the effect of delaying or preventing a change in Carnival Corporation's control or other transactions in which the shareholders might receive a premium for their shares of Common Stock over the then prevailing market price or which such shareholders might believe to be otherwise in their best interest.

(3) A group of principal shareholders effectively controls the Company and has the power to cause or prevent a change of control.

A group of shareholders, comprising certain members of the Arison family, including Micky Arison, the Company's chairman and chief executive officer, and trusts established for their benefit, beneficially own a total of approximately 47% of Carnival Corporation's outstanding Common Stock. As a result, this group of shareholders has the power to substantially influence the election of directors and the Company's affairs and policies, without the consent of its other shareholders. In addition, this group has the power to prevent or cause a change in control.

(4) Carnival Corporation is not a U.S. corporation and its shareholders may be subject to the uncertainties of a foreign legal system in protecting their interests.

Carnival Corporation's corporate affairs are governed by its Second Amended and Restated Articles of Incorporation and By-Laws and by the corporate laws of Panama. Thus, Carnival Corporation's public shareholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction.

(5) Incidents involving cruise ships could adversely affect the cruise industry's and/or the Company's future sales and profitability.

The operation of cruise ships involves the risk of accidents and other incidents which may bring into question passenger safety and adversely affect future industry performance. While the Company makes passenger safety a high priority in the design and operation of its ships, accidents and other incidents involving cruise ships could adversely affect the Company's future sales and profitability.

(6) Environmental and health and safety legislation could increase operating costs.

Some environmental groups have lobbied for more stringent regulation of cruise ships. Some groups also have generated negative publicity about the cruise industry and its environmental impact. The U.S. Environmental Protection Agency is considering new laws and rules to manage cruise ship waste. Stricter environmental and health and safety regulations could increase the cost of compliance and adversely affect the cruise industry.

In addition, the grant of permits to cruise lines to enter Glacier Bay National Park in Alaska is the subject of litigation. See Part I, Item 1. Business, C. Cruise Ship Segment-Wholly Owned Cruise Operations, Governmental Regulations.

(7) Overcapacity within the cruise business could have a negative impact on the Company's net revenue yields.

Cruising capacity has grown in recent years and management expects it to continue to increase over the next five years as all of the major cruise companies are expected to introduce new ships into service. In order to utilize new capacity, the cruise industry must increase its share of the overall vacation market. Any future imbalances between cruise industry supply and demand could have a negative impact on the Company's net revenue yields, which would also have a negative impact on net income.

(8) Demand for cruises and other vacation products may not keep pace with supply and, as a result, the Company's net revenue yields may be adversely affected.

Demand for cruises and other vacation products may be affected by a number of factors. For example, the Company's sales are dependent on the underlying economic strength of the countries in which it operates. Adverse economic conditions can reduce the level of disposable income of consumers available for vacations. In addition, armed conflicts or political instability in areas where the Company's ships cruise can adversely affect demand for its cruises to those areas. Finally, adverse incidents involving cruise ships and adverse media publicity concerning the cruise industry in general can impact demand. Any reduction in demand may have a negative impact on the Company's net revenue yields, which would also have a negative impact on net income.

(9) The Company faces significant competition from both cruise lines and other vacation operators.

The Company operates in the vacation market. The Company competes for consumer disposable leisure-time dollars with both other cruise operators and a wide array of other vacation operators, including numerous land-based resorts and hotels and sightseeing destinations located throughout the world. The primary methods of competition among these operators are on the basis of pricing, product (i.e. the nature of the overall vacation experience), and itineraries/locations. The Company's principal cruise competitors include Royal Caribbean Cruise Ltd., which owns Royal Caribbean International and Celebrity Cruises, P&O Princess Cruises plc, which owns Princess Cruises, P&O Cruises and Aida Cruises, and Norwegian Cruise Line and Orient Lines, which are both owned by Star Cruises plc. In the event that the Company does not compete effectively with other cruise companies and other vacation operators, its market share could decrease and its net revenue yields could be adversely affected.

(10) Higher fuel prices could raise the Company's costs.

The cost of fuel is subject to many economic and political factors which are beyond the Company's control. An increase in fuel prices could

adversely affect the Company's financial statements because the Company may not be able to increase the prices on its cruise vacations to recover any increased costs.

(11) Conducting business internationally may result in increased costs.

The Company operates its business internationally and plans to continue to develop its international presence, especially in Europe. Operating internationally exposes the Company to a number of risks. Examples include currency fluctuations, interest rate movements, increases in duties and taxes, political uncertainty, and changes in laws and policies affecting cruising, vacation or maritime businesses or the governing operations of foreign-based companies. If the Company is unable to address these risks adequately, its financial statements could be adversely affected.

(12) Delays or faults in ship construction could reduce the Company's future profitability.

Cruise ships are large and complicated vessels and building them involves risks similar to those encountered in similar sophisticated construction projects, including delays in delivery and faulty construction. Delays or faults in ship construction may result in delays or cancellations of scheduled cruises, necessitate unscheduled repairs to and drydocking of the ship and increase the Company's shipbuilding costs and/or expenses. Industrial action, insolvency of shipyards or other events could also delay or indefinitely postpone the delivery of new ships. These events, in turn, could, to the extent they are not covered by contractual provisions or insurance, adversely affect the Company's financial results.

(13) Inability of qualified shipyards to build the Company's ships could reduce the Company's future profitability.

Management believes that there are a limited number of shipyards in the world capable of the quality construction of large passenger cruise ships. The Company currently has contracts, with three of these shipyards for the construction of 16 ships to enter service over the next five years (see Part I, Item 1. Business, C. Cruise Ship Segment - Wholly Owned Cruise Operations - - Cruise Ship Construction). The Company's primary competitors also have contracts to construct new cruise ships (see Part I, Item 1. Business, C. Cruise Ship Segment - Wholly Owned Cruise Operations - Competition). If the Company elects to build additional ships in the future, which it expects to do, there is no assurance that any of these shipyards will have the available capacity to build additional new ships for the Company at the times desired by the Company or that the shipyards will agree to build additional ships at a cost acceptable to the Company. Additionally, there is no assurance that ships under contract for construction will be delivered. These events, in turn could adversely affect the Company's financial statements.

C. Cruise Ship Segment - Wholly Owned Cruise Operations

The multiple-night cruise industry, which is a small part of the overall vacation market, is a global business. Management estimates that the global cruise industry carried in excess of nine million passengers in 2000. The principal cruise sectors in the world, categorized by source of passengers, are North America, Europe, Asia/Pacific and South America. The Company sources its passengers principally from North America and, to a lesser extent, from Europe. A small percentage of the Company's passengers are sourced from Asia/Pacific and South America. See Note 10, "Segment Information," to the Company's Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K for additional information regarding the Company's U.S. and foreign assets and revenues.

As previously mentioned, from June 1997 to September 29, 2000, Carnival Corporation owned a 50% direct interest in Costa and, accordingly, Costa was classified by Carnival Corporation as an affiliated cruise operation. Costa's results of operation from June 1997 to September 2000 were included in affiliated operations in the Company's statements of operations. On September 29, 2000, the remaining 50% of Costa was purchased and, therefore, the Company now owns 100% of Costa. At November 30, 2000, Costa's balance sheet has been consolidated with Carnival Corporation and its other wholly owned subsidiaries. Commencing in fiscal 2001, Costa's results of operations will be fully consolidated in the same manner as Carnival Corporation's other wholly owned subsidiaries. Accordingly, reference to the "Company" in this Annual Report on Form 10-K include Carnival Corporation and its consolidated subsidiaries, including Costa, unless Costa is specifically excluded.

North American Cruise Industry

The passenger cruise industry as it exists today began in approximately 1970. Over time, the industry has evolved from a trans-ocean carrier service

into a vacation alternative to land-based resorts and hotels and sightseeing destinations. According to Cruise Lines International Association (CLIA), an industry trade group, in 1970 approximately 500,000 North American sourced passengers took cruises of two consecutive nights or more. CLIA estimates that this number reached 6.66 million passengers in 2000, an average compound annual growth rate of 9.0% since 1970. Also, according to CLIA, by the end of 2000 the number of ships in service totaled 164 with an aggregate capacity of approximately 165,000 lower berths. CLIA estimates that the number of passengers sourced from North America increased from 5.89 million in 1999 to 6.66 million in 2000 or 13.1%.

CLIA estimates that the number of North American sourced cruise passengers will grow to approximately 7.4 million in 2001. CLIA projections indicate that by the end of 2001, 2002, 2003 and 2004, North America will be served by 181, 191, 199 and 206 vessels, respectively, having an aggregate capacity of approximately 187,000, 207,000, 226,000 and 241,000 lower berths, respectively. CLIA's estimates of new ship introductions are based on scheduled ship deliveries and could change. The lead-time for design, construction and delivery of a typical large cruise ship is approximately two to three years. Additionally, CLIA's estimates of capacity do not include assumptions related to unannounced ship withdrawals due to age or changes in itineraries and, accordingly, could indicate a higher percentage growth in capacity than will actually occur. Nonetheless, management believes net capacity serving North American sourced cruise passengers will increase over the next several years.

CLIA's estimate of North American sourced cruise passengers and passenger berths is as follows:

YEAR	NORTH AMERICAN CRUISE PASSENGERS(1)	NORTH AMERICAN PASSENGER BERTHS(2)
2000	6,660,000(est.)	165,000
1999	5,890,000	149,000
1998	5,432,000	138,000
1997	5,051,000	118,000
1996	4,659,000	110,000

(1) Source: CLIA estimates based on passengers carried for at least two consecutive nights for the calendar year.
(2) Information presented is as of the end of the year.

In spite of the cruise industry's growth since 1970, management believes cruises only represent approximately 2% of the applicable North American vacation market, defined as persons who travel for leisure purposes on trips of three nights or longer involving an overnight stay in a hotel. CLIA estimates that only 12% of the North American population has ever taken a cruise for at least two consecutive nights.

European Cruise Industry

The cruise industry in Europe is much smaller than the North American industry. Industry-wide European sourced cruise passengers carried in 2000 are estimated to be approximately two million as compared to approximately 6.7 million passengers sourced from North America. From 1990 to 2000, the number of cruise passengers sourced from the European market has been growing faster than its North American counterpart and, based on management's estimates, less than 1% of European travelers took a cruise in 2000. The number of cruise ships being marketed to European customers has increased in 2000 compared to 1999 and, management believes that several additional new or existing ships will be introduced into the European marketplace over the next few years.

Demographics for the European cruise market appear favorable, as Europe has a population larger than that of North America, there is a low level of market penetration by the cruise industry and European consumers tend to take longer vacations. The rate at which European vacationers take a cruise has been growing at a 15% compounded annual growth rate for the period from 1994 through 1999.

Passengers and Berths

The Company's Wholly Owned Cruise Operations, excluding Costa, had worldwide cruise passengers and passenger berths as follows:

YEAR	CRUISE PASSENGERS	PASSENGER BERTHS(1)
2000	2,669,000	48,196
1999	2,366,000	43,810
1998	2,045,000	39,466
1997	1,945,000	31,078
1996	1,764,000	30,837

(1) Information presented is as of the end of the Company's fiscal year and excludes Costa.

The Company's passenger capacity has grown from 30,837 at November 30, 1996 to 48,196 at November 30, 2000, excluding Costa. During 1997 gross capacity increased 1,316 berths due to the delivery of the Rotterdam VI which was offset by the 1,075 berth decrease due to the sale of the Rotterdam V for a total net increase of 241. During 1998, with the delivery of the Elation and the Paradise, the purchase of the Wind Surf, the acquisition of Cunard and the consolidation of Seabourn, capacity increased by 8,388 berths. In 1999 capacity increased by 4,344 berths primarily due to the delivery of the Carnival Triumph and the Volendam. During 2000 gross capacity increased by 4,386 berths, excluding the acquisition of Costa, primarily due to the delivery of the Carnival Victory, the Zaandam and the Amsterdam partially offset by the 1,214 berth decrease due to the sale of the Nieuw Amsterdam. At November 30, 2000, the acquisition of Costa added 9,200 passenger berths to the Company's Wholly Owned Cruise Operations.

Cruise Ships and Itineraries

Carnival primarily serves the contemporary sector of the North American vacation market with 15 ships (the "Carnival Ships"). All of the Carnival Ships were designed by and built for Carnival, including three of the world's largest, the Carnival Victory, the Carnival Triumph and the Carnival Destiny. Twelve of the Carnival Ships operate in the Caribbean during all or a portion of the year and two Carnival Ships call on ports on the Mexican Riviera year round. Carnival Ships also offer cruises to Alaska, Canada, New England, the Hawaiian Islands, the Bahamas and the Panama Canal.

Through its wholly owned subsidiary, HAL Antillen, N.V. ("HAL"), the Company operates ten ships primarily serving the premium sector of the North American vacation market under the Holland America name (the "Holland America Ships"). HAL also operates four sailing ships in a niche of the luxury cruise sector under the Windstar name (the "Windstar Ships").

The Holland America Ships offer premium cruises of various lengths in Alaska, the Caribbean, Panama Canal, Europe, the Hawaiian Islands, South America and other worldwide itineraries. Cruise lengths vary from seven to 99 days, with a large proportion of cruises being seven or ten days in length. Periodically, the Holland America Ships make longer cruises or operate on special itineraries in order to increase travel opportunities for its customers and strengthen its cruise offerings. For example, in 2001, Holland America offered a 99-day world cruise. The majority of the Holland America Ships operate in the Caribbean during fall to spring and in Alaska and Europe during spring to fall. In order to offer a unique destination, to compete more effectively with land based vacation alternatives, and to compete with other cruise lines more effectively while operating in the Caribbean, in December 1997 Holland America introduced into certain of its Caribbean itineraries a private island destination known as Half Moon Cay. Half Moon Cay is a 2,400-acre island owned by Holland America. Facilities were constructed on the island on 45 acres along a crescent-shaped white sand beach. The remainder of the island remains undeveloped. The facilities on Half Moon Cay include bars, shops, restrooms, a post office, a chapel and an ice cream shop, as well as a food pavilion with open-air dining shelters and a bandstand.

The four Windstar Ships currently operate in the Caribbean, Europe and Central America and offer a casual, yet luxurious, cruise experience on board these modern sail ships. These ships primarily serve a niche segment of the luxury sector of the North America vacation market.

Passengers can enjoy their voyage by "Cruising Italian Style" on board any of the seven Costa ships (the "Costa Ships"), which primarily operate in Europe during the spring to fall months and the Caribbean and South America during the fall to spring. Costa is the number one cruise line in Europe based on passengers carried and capacity and its ships primarily serve the contemporary sector of the European vacation market. The Costa Ships call on 73 European ports with 34 different itineraries and to various other ports in

the Caribbean and South America. During 2000, Costa introduced the 2,112 passenger capacity Costa Atlantica which has garnered rave reviews in Europe.

Under the Cunard brand, the Company operates two ships (the "Cunard Ships") which offer classic "Old World" cruising and recreate the golden age of ocean liner travel with a British style and essence primarily serving the luxury sector of the worldwide vacation market. Cunard's flagship, the Queen Elizabeth 2 ("QE2"), offers the only remaining scheduled transatlantic ocean liner service between the U.S. and Great Britain. Both of Cunard's ships offer cruises to worldwide destinations, with many of the cruises ranging between six and 18 days in length. The Cunard ships also offer extended cruises, such as a world cruise.

The six Seabourn ships (the "Seabourn Ships") offer a choice of three distinct styles of luxury cruises aboard intimately sized ships. Seabourn ships primarily serve the luxury sector of the North American vacation market and offer an intense focus on personalized service and quality cuisine. These ships concentrate their operations in the Caribbean and Europe with cruises in the seven to 14 day range. Periodically, the Seabourn Ships make longer cruises or operate on special itineraries and also make extended cruises to various other worldwide destinations, including South America, Australia, the South Pacific and Southeast Asia.

Summary information concerning the Company's ships is as follows.

SHIP	REGISTRY	YEAR BUILT	PAX CAP	APPROXIMATE GROSS REGISTERED TONS
Carnival:				
Carnival Victory	Panama	2000	2,758	102,000
Carnival Triumph	Bahamas	1999	2,758	102,000
Paradise	Panama	1998	2,052	70,000
Elation	Panama	1998	2,052	70,000
Carnival Destiny	Bahamas	1996	2,642	101,000
Inspiration	Bahamas	1996	2,052	70,000
Imagination	Bahamas	1995	2,052	70,000
Fascination	Bahamas	1994	2,052	70,000
Sensation	Bahamas	1993	2,052	70,000
Ecstasy	Panama	1991	2,052	70,000
Fantasy	Panama	1990	2,056	70,000
Celebration	Panama	1987	1,486	47,000
Jubilee	Bahamas	1986	1,486	47,000
Holiday	Bahamas	1985	1,448	46,000
Tropicale (1)	Panama	1982	1,022	37,000
Total Carnival Ships Capacity.....			30,020	
Holland America:				
Zaandam	Netherlands	2000	1,440	63,000
Amsterdam	Netherlands	2000	1,380	62,000
Volendam	Netherlands	1999	1,440	63,000
Rotterdam	Netherlands	1997	1,316	62,000
Veendam	Bahamas	1996	1,266	55,000
Ryndam	Netherlands	1994	1,266	55,000
Maasdam	Netherlands	1993	1,266	55,000
Statendam	Netherlands	1993	1,266	55,000
Westerdam	Netherlands	1986	1,494	54,000
Noordam	Netherlands	1984	1,214	34,000
Total Holland America Ships Capacity.....			13,348	
Costa (1):				
Costa Atlantica	Italy	2000	2,112	86,000
Costa Victoria	Italy	1996	1,928	76,000
Costa Romantica	Italy	1993	1,344	53,000
Costa Allegra	Italy	1992	806	30,000
Costa Classica	Italy	1991	1,302	53,000
Costa Marina	Italy	1990	762	25,500
Costa Riviera	Italy	1963	946	30,400
Total Costa Ships Capacity.....			9,200	
Cunard:				
Caronia	England	1973	668	24,500
QE 2	England	1969	1,790	70,000
Total Cunard Ships Capacity.....			2,458	

Seabourn:				
Seabourn Legend	Norway	1992	208	10,000
Seabourn Spirit	Norway	1989	208	10,000
Seabourn Pride	Norway	1988	208	10,000
Seabourn Sun	Bahamas	1988	758	38,000
Seabourn Goddess II	Bahamas	1985	116	4,250
Seabourn Goddess I	Bahamas	1984	116	4,250
Total Seabourn Ships Capacity.....			1,614	
Windstar Cruises:				
Wind Surf	Bahamas	1990	312	14,750
Wind Spirit	Bahamas	1988	148	5,700
Wind Song	Bahamas	1987	148	5,700
Wind Star	Bahamas	1986	148	5,700
Total Windstar Ships Capacity.....			756	
Total Capacity.....			57,396	

(1) In February, 2001 the Tropicale was transferred from Carnival to Costa and is scheduled to begin operating in the European market during the summer of 2001, after it undergoes a major refit.

Cruise Ship Construction

The Company has signed agreements with three shipyards providing for the construction of 16 additional cruise ships. A summary of the Company's ships under contract for construction is as follows:

SHIP	EXPECTED SERVICE DATE(1)	SHIPYARD	PAX CAP	APPROXIMATE GROSS REGISTERED TONS	ESTIMATED TOTAL COST(2)
					(In millions)
Carnival					
Carnival Spirit	4/01	Masa-Yards	2,124	88,500	$ 375
Carnival Pride	1/02	Masa-Yards (3)	2,124	88,500	375
Carnival Legend	9/02	Masa-Yards (3)	2,124	88,500	375
Carnival Conquest	12/02	Fincantieri	2,974	110,000	500
Carnival Glory	8/03	Fincantieri	2,974	110,000	500
Carnival Miracle	4/04	Masa-Yards (3)	2,124	88,500	375
Carnival Valor	11/04	Fincantieri(3)	2,974	110,000	500
Total Carnival Ships			17,418		3,000
Holland America					
Newbuild	11/02	Fincantieri(3)	1,848	84,000	410
Newbuild	8/03	Fincantieri(3)	1,848	84,000	410
Newbuild	2/04	Fincantieri(3)	1,848	84,000	410
Newbuild	10/04	Fincantieri(3)	1,848	84,000	410
Newbuild	6/05	Fincantieri(3)	1,848	84,000	410
Total Holland America Ships			9,240		2,050
Costa					
Newbuild	7/03	Masa-Yards (4)	2,112	86,000	330
Newbuild	1/04	Fincantieri(5)	2,720	101,000	380
Newbuild	12/04	Fincantieri(5)	2,720	101,000	380
Total Costa Ships			7,552		1,090
Cunard					
Queen Mary 2	12/03	Chantiers de l'Atlantique (3)	2,620	150,000	780
Total Cunard			2,620		780
Total			36,830		$6,920

(1) No assurance can be made that the vessels under construction will be introduced into service by the expected service date.

(2) Estimated total cost of the completed ship includes the contract price with the shipyard, design and engineering fees, capitalized interest, various owner supplied items and construction oversight costs.

(3) These construction contracts are denominated in either German marks, Italian lira or euros and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

(4) This construction contract is denominated in German marks which has a fixed exchange rate with Costa's functional currency, which is the Italian lira. The estimated total cost has been translated into U.S. dollars using the November 30, 2000 exchange rate.

(5) These construction contracts are denominated in Italian lira and the

estimated total costs have been translated into U.S. dollars using the November 30, 2000 exchange rate.

Cruise Pricing

Each of the Company's cruise brands publishes brochures with prices for the upcoming seasons. Brochure prices vary by cruise line, by category of cabin, by ship, by season and by itinerary. Brochure prices are regularly discounted through the Company's early booking discount programs and other promotions. The cruise ticket price includes accommodations, meals and most onboard entertainment, such as the use of, or admission to, a wide variety of activities and facilities, including a fully equipped casino, nightclubs, theatrical shows, movies, parties, a discotheque, a health club and swimming pools, on each ship.

Onboard and Other Revenues

The Company derives revenues from certain onboard activities and services including casino gaming, bar sales, gift shop sales, entertainment arcades, shore tours, art auctions, photo sales, spa services and promotional advertising by merchants located in ports of call.

The casinos, which contain slot machines and gaming tables including blackjack, and in most cases craps, roulette and stud poker, are generally open only when the ships are at sea in international waters. The Company also earns revenue from the sale of alcoholic and other beverages. Onboard activities are either performed directly by the Company or by independent concessionaires, from which the Company collects a percentage of revenues.

The Company receives additional revenue from the sale to its passengers of shore tours at each ship's ports of call. They include, among other things, bus and taxi sightseeing and adventure excursions, local boat and beach parties, and nightclub and casino visits. On the Carnival, Costa, Windstar, Cunard and Seabourn Ships, such shore excursions are primarily operated by independent tour operators. On the Holland America Ships, shore excursions are operated by Holland America Tours and independent parties.

In conjunction with its cruise vacations on its ships, all of the Company's cruise brands sell pre-cruise and post-cruise land packages. Carnival packages generally include one, two or three-night vacations at nearby attractions, such as Universal Studios and Walt Disney World in Orlando, Florida, or in proximity to other vacation destinations in Central and South Florida, Galveston, Texas, New Orleans, Louisiana, Los Angeles, California and San Juan, Puerto Rico. Holland America packages outside of Alaska generally include one, two or three-night vacations, including stays in unique European port cities or near attractions in Central and South Florida. Costa's packages generally include one or two-night vacations in well-known European cities or at vacation destinations in central or south Florida. Cunard and Seabourn packages include numerous luxury and/or exotic pre and post-cruise land programs, such as world class golf programs, London and Paris luxury holidays and tours of the Galapagos Islands and the Treasures of Bangkok.

In conjunction with its Alaskan cruise vacations on its Holland America and Carnival Ships, the Company sells pre and post-cruise land packages which are more fully described in Part I, Item 1. Business, D. Tour Segment.

Passengers and Occupancy

The aggregate number of passengers carried and occupancy percentage for the Company's ships, excluding Costa, is as follows:

	YEARS ENDED NOVEMBER 30,		
	2000	1999	1998
Passengers carried	2,669,000	2,366,000	2,045,000
Occupancy percentage (1)(2)	105.4%	104.3%	106.3%

(1) In accordance with cruise industry practice, occupancy percentage is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

(2) The Company acquired a majority interest in Cunard Line Limited on May 28, 1998. Since that date Cunard Line Limited's occupancy percentages have been included in the Company's total occupancy. Cunard Line Limited's ships generally sail with lower occupancy percentages than the Company's other brands.

The actual occupancy percentage for all cruises on the Company's ships, excluding Costa, during each quarter of fiscal 1999 and 2000 was as follows:

QUARTERS ENDED	OCCUPANCY PERCENTAGE
February 28, 1999	100.9
May 31, 1999	99.9
August 31, 1999	112.3
November 30, 1999	103.6
February 29, 2000	103.4
May 31, 2000	102.3
August 31, 2000	112.4
November 30, 2000	103.4

Sales and Marketing

The Company's brands are positioned to appeal to each of the three major sectors of the vacation market (contemporary, premium and luxury). The contemporary sector is served typically by cruises that are seven days or shorter in length, are priced at per diems of $200 or less, and feature a casual ambiance. The Company believes that the success and growth of the Carnival brand is attributable in large part to its early recognition of these sectors of the vacation market and its efforts to reach and promote the expansion of the contemporary sector. The premium sector typically is served by cruises that last for seven to 14 days or more at per diems of $250 or higher, and appeal principally to more affluent customers. The luxury sector, which is not as large as the other sectors, is served by cruises with per diems of $300 or higher.

During 1998, the Company created a marketing association called the "World's Leading Cruise LinesSM" for its family of six cruise brands in order to both educate the consumer about the overall breadth of the Company's cruise brands, as well as to increase the effectiveness and efficiency of marketing the brands. During 2000, the Company launched "VIP", or Vacation Interchange Privileges, a loyalty program that provides special considerations to repeat guests aboard any of these six brands. In addition, the Company partnered with Starwood Preferred guests, the world's leading hotel loyalty program, adding cruising from any of the Company's six brands to the list of award options available to their customers.

The Company's various cruise lines employ over 750 personnel, excluding reservation agents, in the sales and sales support area who, among other things, focus on motivating, training and supporting the retail travel agent community which sells substantially all of the Company's cruises. Travel agents generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume. Commission rates on cruise vacations are usually higher than commission rates earned by travel agents on sales of airline tickets and hotel rooms. Moreover, since cruise vacations are substantially all-inclusive, sales of the Company's cruise vacations generally yield higher commissions to travel agents than commissions earned on selling airline tickets and hotel rooms. During fiscal 2000, no controlled group of travel agencies accounted for more than 10% of the Company's revenues.

Historically, the Company's cruise brands have been marketed primarily in North America. The Company began to globalize its cruise business by expanding into Europe through the acquisition of its interest in Airtours in April 1996, Costa in June 1997 and Cunard in May 1998. In 2000, management positioned the Company to better take advantage of this expanding market segment by acquiring the balance of Costa. This strategic acquisition solidified the Company's ownership of a cruise line that management believes is as recognizable in Southern Europe and South America as Carnival is in North America. The Company intends to leverage Costa's European leadership position by furthering the Company's ship development commitment to the Costa brand. In this way, the Company will expand Europe's largest multiple-night cruise ship fleet, which should continue to position the Company to gain a greater foothold in the growing European cruise business.

Carnival

Carnival believes that its success is due in large part to its unique brand positioning within the vacation industry. Carnival markets the Carnival Ship cruises not only as alternatives to competitors' cruises, but as vacation alternatives to land-based resorts and sightseeing destinations. Carnival seeks to attract passengers from the broad vacation market, including those who have never been on a cruise ship before and who might not

otherwise consider a cruise as a vacation alternative. Carnival's strategy has been to emphasize the cruise experience itself rather than particular destinations, as well as the advantages of a prepaid, all-inclusive vacation package. Carnival markets the Carnival Ship cruises as the "Fun Shipsr" experience, which includes a wide variety of shipboard activities and entertainment, such as full-scale casinos and nightclubs, an atmosphere of pampered service and high quality food.

As mentioned above, the Company markets the Carnival Ships as the "Fun Shipsr" and uses, among others, the themes "Carnival's Got the Funr" and "The Most Popular Cruise Line in the World!r". Carnival advertises nationally directly to consumers on network and cable television and through extensive print and radio media. Carnival believes its advertising generates interest in cruise vacations generally and results in a higher degree of consumer awareness of the "Fun Shipsr" concept and the "Carnivalr" name in particular. During 2000, Carnival re-launched www.carnival.com, Carnival's consumer web site which primarily serves as a marketing and research tool for its current and potential customers.

Substantially all of Carnival's cruise bookings are made through travel agents. In fiscal 2000, Carnival took reservations from about 29,000 of approximately 49,000 travel agency locations known to the Company in the United States and Canada. Travel agents generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume. In addition, Carnival markets and sells its cruises to tour operators and through travel agents located in numerous other countries, including the United Kingdom, Argentina, Germany, Mexico and Venezuela.

Carnival engages in substantial promotional efforts designed to motivate and educate retail travel agents about its "Fun Shipsr" cruise vacations. Carnival employs approximately 230 business development managers and 50 in-house service representatives to motivate independent travel agents and to promote its cruises as an alternative to land-based vacations or other cruise lines. Carnival believes it has one of the largest sales forces in the industry.

During 2000, Carnival forged new marketing alliances and initiatives that are meant to expand its reach to first-time and existing cruise guests. Carnival partnered with Fairfield Communities, one of the nation's leading vacation ownership operators, to introduce cruising to their customers. In addition, Carnival opened three Carnival Vacation Stores whose primary purpose is to provide Carnival cruise information to potential customers. These Carnival owned and operated stores are kiosks located in major metropolitan shopping centers in Texas.

To facilitate access and to simplify the reservation process, Carnival employs approximately 900 reservation agents primarily to take bookings from independent travel agents. Carnival's fully automated reservation system allows its reservation agents to respond quickly to book staterooms on its ships. Additionally, through Leisure Shopper, Cruise Director or Carnival's internet booking engine, travel agents and consumers have the ability to make reservations through their own computer terminals directly into Carnival's computerized reservations system.

A significant portion of Carnival's cruises are generally booked several months in advance of the sailing date. This lead-time allows Carnival to adjust its prices, if necessary, in relation to demand for available cabins, as indicated by the level of advance bookings. Carnival's SuperSaver fares are designed to encourage potential passengers to book cruise reservations earlier, which helps to more effectively manage overall net revenue yields (net revenue per available berth). Carnival's payment terms require that a passenger pay a deposit of between $100 to $300, depending on the cruise duration, to confirm their reservation with the balance due not later than 45 days before the sailing date for three, four and five day cruises and 70 or 75 days before the sailing date for seven-day and longer cruises.

Holland America and Windstar

The Holland America and Windstar Ships cater to the premium and luxury sectors, respectively. Management believes that the hallmarks of the Holland America experience are beautiful ships and gracious, attentive service. Holland America communicates this difference as "A Tradition of Excellencer", a reference to its long-standing reputation for "world class" service and cruise itineraries.

Substantially all of Holland America's bookings are made through travel agents. In fiscal 2000, Holland America took reservations from about 23,000 of approximately 49,000 travel agency locations known to the Company in the United States and Canada. In addition, Holland America and Windstar markets and sells its cruises to tour operators and through travel agents located in numerous countries including the United Kingdom and Australia. Travel agents

generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume.

Holland America has focused much of its sales effort at creating an excellent relationship with the travel agency community. This is related to its marketing philosophy that travel agents have a large impact on the consumer vacation selection process and will recommend Holland America more often because of its excellent reputation for service to both consumers and independent travel agents. Holland America solicits continuous feedback from consumers and the independent travel agents making bookings with Holland America to ensure they are receiving excellent service. In 2000, Holland America and Windstar enhanced their web sites at www.hollandamerica.com and www.windstarcruises.com, thus enriching the consumers web-based research experience.

Holland America's marketing communication strategy is primarily composed of newspaper and magazine advertising, large scale brochure distribution, direct mail solicitations to past passengers and others, network and cable television and radio spots. Holland America engages in substantial promotional efforts designed to motivate and educate retail travel agents about its products. Holland America employs approximately 54 field sales representatives, 26 inside sales representatives and 18 sales and service representatives to support the field sales force. To facilitate access to Holland America and to simplify the reservation process for the Holland America Ships, Holland America employs approximately 290 reservation agents primarily to take bookings from travel agents. Additionally, through Leisure Shopper and Cruise Director, travel agents have the ability to make reservations directly into Holland America's reservations system. Holland America's cruises generally are booked several months in advance of the sailing date.

Windstar has its own marketing and reservations staff. Field sales representatives for both Holland America and Carnival also act as field sales representatives for Windstar. Marketing efforts are devoted primarily to i) travel agent support and awareness, ii) direct mail solicitation of past passengers and iii) distribution of brochures. The marketing features the distinctive nature of the graceful, modern sail ships and the distinctive "casually elegant" experience on "intimate itineraries" (apart from the normal cruise experience). Windstar's cruise sector positioning is embodied in the phrase "180 degrees from ordinaryr".

Costa

Since June 1997, the Company has owned 50% of Costa. On September 29, 2000, the Company completed the acquisition of the remaining 50% interest in Costa from Airtours. See Note 3 "Acquisition," to the Company's Consolidated Financial Statements in Exhibit 13 of this Annual Report on Form 10-K.

Costa is headquartered in Genoa, Italy and is Europe's largest cruise line based on number of passengers carried and available capacity. Costa is primarily targeted to the contemporary sector with a majority of its cruises sold in Europe, primarily in Italy, France, Germany and Spain. Approximately 86% of Costa's revenues are generated by non-U.S. tour operators and travel agents. Costa has sales offices in Argentina, Brazil, England, France, Germany, Italy, Spain, Switzerland and the United States, and employs over 300 personnel in the sales and sales support area, excluding reservation agents. Costa sales offices focus much of their effort at motivating and educating travel agents. These efforts include, among other things, newspaper, television, radio and magazine advertising, direct mail solicitation and brochure distribution. In addition, through the use of the internet, at web sites specifically designed for the country and guest that Costa is targeting, the consumers are educated about cruising and Costa (www.costacruises.com). To facilitate access to Costa and to simplify the reservation process for the Costa Ships, Costa employs approximately 120 reservation agents primarily to take bookings from travel agents.

Management believes that Costa distinguishes itself from other brands by offering a distinctly Italian style of cruising. Costa believes its advertising generates interest in cruise vacations generally and results in a higher degree of awareness to "Cruising Italian Style SM". In addition, Costa is very experienced at providing cruises to guests with different nationalities and languages besides Italian, thereby enabling it to effectively market and sell its cruises throughout Europe, South America and the U.S.

Cunard and Seabourn

The Company owns 100% of Cunard Line Limited, which owns Cunard and Seabourn. Currently eight ships are operated under these two brands.

The Cunard brand currently operates two ships in the luxury cruise sector. Cunard's most visible asset is the QE2. The QE2 is the only active passenger ship of its size built specifically for navigating ocean waters and currently offering transatlantic cruises, and thus enjoys a unique standing among modern passenger ships. Since being acquired by the Company, Cunard has redefined itself as the brand that offers classic "Old World" cruising with a British essence.

The Seabourn brand currently operates six ships, offering ultra-luxury cruising with an intense focus on service and cuisine. It is the exceptionally high level of service which management believes enables Seabourn to be one of the most celebrated cruise lines in the world.

Seabourn and Cunard currently market and sell their products through their sales offices in Miami, England, Germany and Australia. Approximately 44% of Cunard Line Limited's revenues are generated by non-U.S. tour operators and travel agents. Marketing efforts are devoted primarily to i) travel agent support and awareness, ii) direct mail solicitation of past passengers, iii) targeted print media campaigns and brochure distribution and iv) the education of consumers at the Cunard and Seabourn web sites located at www.cunardline.com and www.seabourn.com.

Substantially all of Seabourn's and Cunard's bookings are made through travel agents. In fiscal 2000, Seabourn and Cunard took reservations from about 11,000 of approximately 49,000 travel agency locations known to the Company in the United States and Canada. Travel agents generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume.

Cunard and Seabourn employ approximately 41 field sales representatives, 16 inside sales representatives and 28 sales and service representatives to support its field sales force. They also employ approximately 80 Cruise Sales Consultants primarily to take bookings, substantially all of which come from travel agents.

Seasonality

The Company's revenue from the sale of passenger tickets is moderately seasonally. Historically, demand for cruises has been greatest during the summer months. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - General," in Exhibit 13 of this Annual Report on Form 10-K.

Competition

The Company competes both with other cruise lines and with a wide array of other land-based vacation alternatives for the consumers' disposable leisure time dollars. The Company's cruise lines also compete, in some cases, against each other.

The Company's primary competitors in the contemporary and/or premium cruise sectors for North American sourced passengers are Royal Caribbean Cruises Ltd., which owns Royal Caribbean International and Celebrity Cruises, Princess Cruises, owned by P&O Princess Cruises plc ("P&O"), Norwegian Cruise Line and Orient Lines, both owned by Star Cruises plc, and Disney Cruise Line.

The Company's primary competitors for European sourced passengers are Royal Olympic Cruise Line and its parent, Louis Cruise Line, Festival Cruises, Mediterranean Shipping Cruises and P&O Cruises and Aida Cruises, both owned by P&O.

The Cunard, Seabourn and Windstar ships' compete for passengers primarily from North America and/or Europe and the primary unaffiliated competitors within the luxury cruise sector include Crystal Cruises, Radisson Seven Seas Cruise Line, Renaissance Cruises and Silversea Cruises, as well as the higher priced cabins on certain of the cruise lines which serve the premium sector.

As mentioned above, the Company also competes with land-based vacation alternatives throughout the world including, among others, resorts and hotels located in Las Vegas, Nevada, Orlando, Florida, various Caribbean, Bahamian and Hawaiian Island destination resorts and numerous sightseeing destinations throughout Europe.

See "Risk Factors" for an additional discussion of the Company's competition.

Governmental Regulations

The Company's ships are registered in the Bahamas, England, Italy, Netherlands, Norway or Panama, as more fully described under Part I, Item 1. Business, C. Cruise Ships and Itineraries and, accordingly, are regulated by these jurisdictions and by the International Conventions that these jurisdictions have ratified or adhere to. In addition, the directives and regulations of the European Union are applicable to some aspects of the Company's ship operations.

In addition, the International Maritime Organization (the "IMO"), which operates under the United Nations, has adopted safety standards as part of the "Safety of Life at Sea" ("SOLAS") Convention, generally applicable to all passenger ships carrying 36 or more passengers. Generally, SOLAS establishes vessel design, structural features, materials, construction and life saving equipment requirements to improve passenger safety. The current SOLAS requirements are being phased in through 2010.

In 1993, SOLAS was amended to adopt the "International Safety Management Code" (the "ISM Code"). The ISM Code provides an international standard for the safe management and operation of ships and for pollution prevention. The ISM Code became mandatory for passenger vessel operators, such as the Company, on July 1, 1998. All of the Company's cruise operations and Airtours' Sun Cruises have obtained the required certificates demonstrating compliance with the ISM Code and are regularly inspected and controlled by the national authorities, as well as the international authorities acting under the provisions of the international agreements related to Port State Control (i.e. the process by which a nation exercises authority over foreign ships when the ships are in the waters subject to its jurisdiction).

The Company's ships that call on United States ports are subject to inspection by the United States Coast Guard for compliance with the SOLAS Convention and by the United States Public Health Service for sanitary standards. The Company's ships are also subject to similar inspections pursuant to the laws and regulations of various other countries its ships call on.

In addition to other regulations, the Company's ships that call on U.S. ports are regulated by the Federal Maritime Commission ("FMC"). Public Law 89-777 which is administered by the FMC requires most cruise line operators to establish financial responsibility for nonperformance of transportation. The FMC's regulations require that a cruise line demonstrate its financial responsibility through a guaranty, escrow arrangement, surety bond, insurance or self-insurance. Currently, the amount required must equal 110% of the cruise line's highest amount of customer deposits over a two-year period up to a maximum coverage level of $15 million. In addition, other jurisdictions, including the United Kingdom and Germany, require the establishment of financial responsibility for passengers from their jurisdictions.

In connection with a significant portion of its Alaska cruise operations, Holland America relies on concession permits from the National Park Service, which are periodically renewed, to operate its cruise ships in Glacier Bay National Park. There can be no assurance that these permits will continue to be renewed or that regulations relating to the renewal of such permits, including preference rights, will remain unchanged in the future.

On February 23, 2001, a three judge panel of the Ninth U.S. Circuit Court of Appeals overturned a decision of the U.S. District Court for the District of Alaska and ordered the District Court to enjoin a 1996 decision by the National Park Service ("NPS") that had authorized additional cruise ship entry permits for Glacier Bay National Park. The Court of Appeals held that the NPS should have prepared an environmental impact statement prior to increasing the number of permits. As a consequence of the 1996 NPS decision, Holland America had been able to obtain additional entry permits for the 2000-2004 period. Other cruise lines had also received additional entry permits. At this time it is not clear whether the court injunction will affect the 2001 Alaska cruise season since the District Court was given discretion as to whether or not to defer issuing the injunction until after the 2001 season. In addition, the decision can still be appealed by the NPS to the full Ninth Circuit Court of Appeals and/or the U.S. Supreme Court. Holland America will also be clarifying with the NPS as to exactly how many permits may be impacted. However, most Holland America permits will not be withdrawn as a result of this decision since they were in effect prior to the 1996 NPS decision. In addition, attractive alternative destinations in Alaska can be substituted for Glacier Bay. Accordingly, management believes that if any permits are withdrawn, the impact on the Company's financial statements will not be material.

The Company believes it is in compliance with all material regulations applicable to its ships and has all the necessary licenses to conduct its business. From time to time, various other regulatory and legislative changes have been or may be proposed that could have an affect on the cruise industry in general. See "Risk Factors" for a discussion of other regulations which

impact the Company.

Financial Information

For financial information about the Company cruise and affiliated operations segments with respect to each of the three years in the period ended November 30, 2000, see Note 10, "Segment Information," to the Company's Consolidated Financial Statements in Exhibit 13 of this Annual Report on Form 10-K.

D. Tour Segment

In addition to its cruise business, the Company markets sightseeing tours both separately and as a part of cruise/tour packages under the Holland America Tours name. Tour operations are based in Alaska and Washington State. Since a substantial portion of Holland America Tours' business is derived from the sale of tour packages in Alaska during the summer tour season, tour operations are highly seasonal.

Holland America Tours

Holland America Tours is an indirect wholly owned subsidiary of HAL. The group of companies which together comprise the tour operations perform three independent yet interrelated functions. During 2000, as part of an integrated travel program to destinations in Alaska, the tour service group offered 39 different tour programs varying in length from 8 to 21 days. The transportation group and hotel group supports the tour service group by supplying facilities needed to conduct tours. Facilities include dayboats, motor coaches, rail cars and hotels.

Two luxury dayboats perform an important role in the integrated Alaska travel program offering tours to the glaciers of Alaska and the Yukon River. The Yukon Queen II cruises the Yukon River between Dawson City, Yukon Territory and Eagle, Alaska and the Ptarmigan operates on Portage Lake in Alaska. The two dayboats have a combined capacity of 304 passengers.

A fleet of over 300 motor coaches operate in Alaska and Washington. These motor coaches are used for extended trips, city sightseeing tours and charter hire. Additionally, Holland America Tours operates express motor coach service between downtown Seattle and the Seattle-Tacoma International Airport.

Thirteen private domed rail cars, which are called "McKinley Explorers", run on the Alaska Railroad between Anchorage and Fairbanks, stopping at Denali National Park.

In connection with its tour operations, Holland America Tours owns or leases motor coach maintenance shops in Seattle, Washington, and in Juneau, Fairbanks, Anchorage, Skagway and Ketchikan, Alaska. Holland America Tours also owns or leases service offices at Anchorage, Denali Park, Fairbanks, Juneau, Ketchikan and Skagway in Alaska, at Whitehorse in the Yukon Territory, in Seattle, Washington, Vancouver, British Columbia and Victoria, British Columbia.

Westmark Hotels

Holland America Tours owns and/or operated 14 hotels in Alaska and the Canadian Yukon under the name Westmark Hotels. Four of the hotels are located in Canada's Yukon Territory and offer a combined total of 585 rooms. The remaining 10 hotels, located throughout Alaska, provide a total of 1,455 rooms, bringing the total number of hotel rooms to 2,040.

The hotels play an important role in Holland America Tours tour programs during the summer months when they provide accommodations to the tour passengers. The hotels located in the larger metropolitan areas remain open during the entire year, acting during the winter season as centers for local community activities while continuing to accommodate the traveling public. Most of the Westmark hotels include dining, lounge and conference or meeting room facilities. Certain hotels have gift shops and other tourist services on the premises.

Twelve of the hotels are wholly owned by Holland America Tours subsidiaries and Westmark operates two under management agreements.

For the seven hotels that operate year-round, the occupancy percentage for fiscal 2000 was 56.9% (55.4% for fiscal 1999), and for the seven hotels that operate only during the summer months, the occupancy percentage for fiscal 2000 was 70.9% (71.4% for fiscal 1999).

Sales and Marketing

Holland America Tours has its own marketing staff devoted to all travel agent support and awareness, ii) direct mail solicitation of past customers, iii) use of consumer magazine and newspaper advertising to develop prospects and enhance awareness and iv) distribution of brochures. Additionally, television and radio spots are used to market its tour and cruise packages. The Holland America Tours marketing message leverages the company's 54 years of Alaska tourism leadership and its extensive array of hotel and transportation assets to create a brand preference for Holland America Tours. To the prospective vacationer the company endeavors to convince them that "Holland America Tours is Alaska".

Holland America Tours are marketed both separately and as part of cruise/tour packages. Although most Holland America Tours cruise/tours include a Holland America cruise as the cruise segment, other cruise lines also market Holland America Tours as a part of their cruise/tour packages and sightseeing excursions. Tours sold separately are marketed through independent travel agents and also directly by Holland America Tours, utilizing sales desks in major hotels. General marketing for the hotels is done through various media in Alaska, Canada and the contiguous U.S. Travel agents, particularly in Alaska, are solicited, and displays are used in airports in Seattle, Washington, Portland, Oregon and various Alaskan cities. Room rates at Westmark Hotels are on the upper end of the scale for hotels in Alaska and the Canadian Yukon.

Seasonality

Holland America Tours tour revenues are highly seasonal with a large majority generated during the late spring and summer months in connection with the Alaska cruise season. Holland America Tours are conducted in Washington State and Alaska. The Alaska tours coincide to a great extent with the Alaska cruise season, May through September. Washington tours are conducted year-round although demand is greatest during the summer months. During periods in which tour demand is low Holland America Tours seeks to maximize its motor coach charter activity, such as operating charter tours to ski resorts in Washington.

Competition

Holland America Tours competes with independent tour operators and motor coach charter operators in Washington and Alaska. The primary competitors in Alaska are Princess Tours (with approximately 160 motor coaches and three hotels) and Alaska Sightseeing/Trav-Alaska (with approximately 13 motor coaches) and, commencing in 2001, Royal Caribbean Tours. The primary competitor in Washington is Gazelle (with approximately 15 motor coaches).

Westmark Hotels compete with various hotels throughout Alaska, many of which charge prices below those charged by Westmark Hotels. Dining facilities in the hotels also compete with the many restaurants in the same geographic areas.

Government Regulations

Holland America Tours motor coach operations are subject to regulation both at the federal and state levels, including primarily the U.S. Department of Transportation, the Washington Utilities and Transportation Commission, the British Columbia Motor Carrier Commission and the Alaska Department of Transportation. Certain activities of Holland America Tours involve federal properties and may require concession permits and are subject to regulation by various federal agencies, such as the National Park Service and the U.S. Forest Service.

In connection with the operation of its beverage facilities in the Westmark Hotels, Holland America Tours is required to comply with state, county and/or city ordinances regulating the sale and consumption of alcoholic beverages. Violations of these ordinances could result in fines, suspensions or revocation of such licenses and preclude the sale of any alcoholic beverages by the hotel involved.

In the operation of its hotels, Holland America Tours is required to comply with applicable building and fire codes. Changes in these codes have in the past and may in the future require expenditures to ensure continuing compliance, such as the installation of sprinkler systems.

From time to time, various other regulatory and legislative changes have been or may be proposed that could have an effect on the tour industry in general.

Financial Information

For financial information about the Company's tour segment with respect

to each of the three years in the period ended November 30, 2000, see Note 10, Segment Information, to the Company's Consolidated Financial Statements in Exhibit 13 of this Annual Report on Form 10-K.

E. Employees

The Company's operations have approximately 5,200 full-time and 2,300 part-time/seasonal employees engaged in shoreside operations. The Company also employs approximately 1,900 officers and 24,000 crew and staff on its 44 ships. Due to the seasonality of its Alaska and Canadian operations, HAL and its subsidiaries increase their work force during the summer months, employing additional full-time and part-time personnel which have been included above. The Company has entered into agreements with unions covering certain employees in its hotel, motorcoach and ship operations. The Company considers its employee and union relations generally to be good.

F. Suppliers

The Company's largest purchases are for airfare, advertising, fuel, food and beverages and hotel and restaurant supplies and products and for ship construction. Although the Company chooses to use a limited number of suppliers for most of its food and beverages, and hotel and restaurant supplies and products, most of these purchases are available from numerous sources at competitive prices. The use of a limited number of suppliers enables the Company to, among other things, obtain volume discounts. The Company purchases fuel from a limited number of sources located at certain of its ports of call (See Management's Discussion and Analysis of Financial Condition and Results of Operations - Exposure to Bunker Fuel Prices in Exhibit 13 to this Annual Report on Form 10-K.). See Part I., Item 1., Business, B. Risk Factors - for a discussion of the limited number of qualified shipyards available to build the Company's future ships.

G. Insurance

The Company maintains insurance covering legal liabilities related to crew, passengers and other third parties on its ships in operation through The Standard Steamship Owners Protection & Indemnity Association Limited (the "SSOPIA") and Steamship Mutual Underwriting Association Ltd. (the "SMUAL") and the United Kingdom Mutual Steamship Assurance Association (Bermuda) Limited (the "UKMSAA"). The amount and terms of this insurance is governed by the rules of the foregoing protection and indemnity associations.

The Company maintains insurance on the hull and machinery of each ship in amounts equal to the approximate market value of each ship. The Company maintains war risk insurance on each ship which includes legal liability to crew and passengers, including terrorist risks for which coverage would be excluded under SSOPIA, SMUAL and UKMSAA. The coverage for hull and machinery and war risks is provided by international markets, including underwriters at Lloyds. The Company, as currently required by the FMC, maintains at all times four $15 million performance bonds for all of the Company's ships which embark passengers in U.S. ports, to cover passenger ticket liabilities in the event of a canceled or interrupted cruise. The Company also maintains other performance bonds as required by various foreign authorities who regulate certain of the Company's operations in their jurisdictions.

The Company maintains certain levels of self-insurance for the above mentioned risks through the use of substantial deductibles. The Company does not typically carry coverage related to loss of earnings or revenues for its cruise or tour operations.

The Company also maintains various other insurance policies to protect the assets of Holland America Tours and other activities.

H. Investment in Affiliate

Airtours plc

The Company has a 25% interest in Airtours. Airtours is one of the largest air-inclusive integrated leisure travel companies in the world and its common stock is publicly traded on the London Stock Exchange. Airtours primarily provides air inclusive packaged holidays to the United Kingdom, German, Ireland, North American and Scandinavian markets. Airtours provided holidays to approximately 15 million people in fiscal 2000 and owns or operates 2,600 travel shops and 48 telesales centers, 93 hotel and resort properties, four cruise ships and 52 aircraft. The four cruise ships are operated under the Sun Cruises brand. In 1997, Airtours acquired a 50% interest in Costa which it sold to the Company in fiscal 2000. During 2000, Airtours acquired the remaining 64% of its German tour operator, FTI, which it did not already own. In addition, during 2000, Airtours acquired Travel Services International ("TSI"). TSI is a major distributor of leisure travel

products in the U.S. market with leading positions in the distribution of cruises, auto rental, airline holidays and hotel bookings.

Seasonality

The Company's equity in the earnings of Airtours is recorded on a two-month lag basis using the equity method of accounting. Airtours' revenues are very seasonal due primarily to the nature of the European leisure travel industry. Typically, Airtours' quarters ending June 30 and September 30 experience higher revenues, with revenues in the quarter ending September 30 being their highest.

I. Trademarks

The Company owns numerous trademarks, which it believes are widely recognized throughout the world and have considerable value.

Item 2. Properties

The Company's cruise ships and private island, Half Moon Cay, are described in Section C of Item 1 under the heading Cruise Ship Segment - Cruise Ships and Itineraries. The properties associated with Holland America Tours tour operations are described in Section D of Item 1 under the heading Tour Segment.

Carnival's principal shoreside operations and the Company's corporate headquarters are located at 3655 N.W. 87th Avenue, Miami, Florida. These Company-owned facilities include approximately 456,000 square feet of office space. HAL's principal shoreside operations and its headquarters are located at 300 Elliott Avenue West in Seattle, Washington in approximately 128,000 square feet of leased office space. Costa's principal shoreside operations and its headquarters are located in Genoa, Italy in approximately 125,000 square feet of owned and leased space. Cunard Line Limited's principal shoreside operations and its headquarters are located at 6100 Blue Lagoon Drive in Miami, Florida in approximately 51,000 square feet of leased office space.

The Company's cruise ships, tour properties, shoreside operations and headquarter facilities are well maintained and in good condition.

Item 3. Legal Proceedings

Several actions (collectively the "Passenger Complaints") were filed against Carnival, one action has been filed against Holland America Tours and one action has been filed against Costa on behalf of purported classes of persons who paid port charges to Carnival, Holland America or Costa, alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages, or alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief. The status of each pending Passenger Complaint is as follows:

In 1996, four Passenger Complaints were filed against Carnival in the Circuit Court for the Eleventh Judicial Circuit in Miami-Dade County, Florida, by Michelle Hackbarth, Larry Katz, Michelle A. Sutton, Pedro Rene Mier, and others, respectively, on behalf of purported nationwide classes. In May 1998, the court consolidated all four actions. On December 21, 2000, Carnival entered into a settlement agreement for the Passenger Complaints filed against it. The settlement has been preliminarily approved by the trial court. Under the settlement agreement, Carnival would issue travel vouchers with a face value of $25-$55 to certain of its passengers who sailed between April 19, 1992 and June 4, 1997. The vouchers will also provide class members with a cash redemption option of up to 20% of the face value. Pursuant to the settlement, Carnival will pay the plaintiffs' legal fees, as awarded by the court, up to a specified amount. The notices to class members were mailed by Carnival on February 16, 2001. Class members have until April 10, 2001 to elect out of the class. A final settlement hearing is currently scheduled for May 2001 when it is anticipated that the court will issue final approval of the settlement. Thereafter, assuming the settlement is approved, the vouchers will be mailed.

In April 1996, a Passenger Complaint was filed against Holland America Tours in the Superior court in King County, Washington, by Francine Pickett and others on behalf of a purported nationwide class. In April 1998 Holland America Tours entered into a settlement agreement which was approved by the court. However, one member of the settlement class appealed the agreement.

In August, 2000, the Washington court of appeals refused to approve the settlement that had been reached by Holland America Tours in its Passenger Complaint and instead remanded the case to the trial court. The court of appeals ruled that the trial court had erred in refusing to certify a class. The court of appeals then reasoned that had the trial court certified a class, the terms of the settlement would likely have been different. The court of appeals also made other rulings that could be adverse to Holland America Tours on remand. Holland America Tours has filed a petition for discretionary review by the Washington Supreme Court, the ultimate outcome of which cannot currently be determined.

In September 1996, a Passenger Complaint was filed against Costa in the Circuit Court for the Eleventh Judicial Circuit in Miami-Dade County, Florida, by Mr. & Mrs. Latman on behalf of a purported nationwide class. These proceedings, including Costa's appeal to the Florida Supreme Court of the Third District Court of Appeals's order to the trial court to certify the class, have been stayed pending the outcome of ongoing settlement negotiations

In August 1996, Nelsons Travel Associates filed an action against Carnival and Holland America Tours on behalf of purported classes of travel agencies who had booked a cruise with Carnival or Holland America, claiming that advertising practices regarding port charges resulted in an improper commission bypass. This action alleged violations of state consumer protection laws, claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud, and they seek unspecified compensatory damages (or alternatively, the payment of usual and customary commissions on port charges paid by passengers in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief. On December 5, 2000, at the plaintiff's request, the court dismissed this action.

Several actions (collectively the "ADA Complaints") have been filed against Carnival, Holland America Tours, Cunard and Costa alleging that they violated the Americans with Disabilities Act of 1990 by failing to make certain of its cruise ships accessible to individuals with disabilities. The plaintiffs seek injunctive relief to require modifications to certain vessels to increase accessibility to disabled passengers and fees and costs. The California case also seek statutory damages under California state law, which include punitive damages, attorneys' fees and costs. The status of each pending ADA Complaint is as follows:

On December 17, 1998, an ADA Complaint was filed against Carnival by Access Now, Inc. and Edward S. Resnick in the U.S. District Court for the Southern District of Florida. In January 2001, Carnival reached an agreement in principle with the plaintiffs to settle this action. Pursuant to the agreement, Carnival will make certain modifications to its existing 15 ships with an option to include future ships into the settlement agreement.

On July 27, 1998, an ADA Complaint was filed against Carnival by Bernard Walker and Christina Adams in the U.S. District Court for the Northern District of California. This proceeding concerns only one Carnival ship, the Holiday. The proceedings relating to the California ADA Complaint were consolidated for settlement purposes with the ADA Complaint described in the preceding paragraph. As a result of mediation, Carnival has entered into a settlement agreement with the plaintiffs. Carnival has agreed to certain modifications to the ship, payment of damages to the individual plaintiffs and attorneys' fees. The settlement is subject to certification of the case by the trial court as a class action proceeding and approval by the U.S. Departments of Justice and Transportation. Management believes the estimated total cost of the settlement, including modifications, will not be material to the Company's financial statements.

On August 29, 2000, an ADA Complaint was filed against Cunard by Access Now, Inc. and Edward S. Resnick in the U.S. District Court for the Southern District of Florida. Cunard filed an answer to the complaint on November 10, 2000. Given the settlement reached in the case against Carnival, the plaintiff has agreed to dismiss the ADA Complaint against Cunard without prejudice.

On August 28, 2000, Access Now, Inc. and Edward S. Resnick also filed complaints in the U.S. District Court for the Southern District of Florida against Holland America Tours and Costa. These complaints seek modifications to their vessels to increase accessibility to disabled passengers. These cases have been transferred before the same judge. Holland America Tours and Costa have filed motions to dismiss the action. The court has asked the parties for additional briefs on the issue of whether the Department of Justice and Department of Transportation should also brief the issues raised in the motions to dismiss.

Several actions as previously reported, have been filed against Carnival

and four of its officers by a purported class of persons who purchased the Company's common stock between February 25, 1999 and February 16, 2000 alleging that statements made the Company in public fillings relating to compliance with applicable safety regulations were in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The complaints also allege violations by the individual defendants as controlling persons under Section 20(a) of the Securities Exchange Act of 1934. In November, 2000, the plaintiffs filed a consolidated amended complaint (the "Stock Purchaser Complaint"). The complaint seeks certification of a class action, an award or unspecified compensatory damages, attorneys' fees and costs and expert fees. On February 5, 2001, Carnival filed a motion to dismiss the Stock Purchaser Complaint.

On August 22, 2000, the Company received a subpoena from a grand jury sitting in the U.S. District Court for the Southern District of Florida. The subpoena requests that the Company produce documents and records concerning environmental matters. The Company continues to respond to the subpoena.

On November 22, 2000, Costa instituted arbitration proceedings in Italy to confirm the validity of its decision not to deliver its ship, the Costa Classica, to the shipyard of Cammell Laird Holdings PLC ("Cammell Laird") under an approximate $75 million contract for the conversion and lengthening of the ship. Cammell Laird joined the arbitration proceeding on January 9, 2001 to present its counter demands. On January 9, 2001, Costa gave Cammell Laird notice of termination of the contract and Cammell Laird replied with its notice of termination of the contract on February 2, 2001. It is expected that the award of the arbitration tribunal's decision will be made within two years.

On February 23, 2001, Holland America Line, Inc. ("HAL, Inc."), a subsidiary of HAL, received a subpoena from a grand jury sitting in the U.S. District Court for the District of Alaska. The subpoena requests that HAL, Inc. produce documents and records relating to the air emissions from Holland America ships in Alaska. HAL, Inc. intends to respond to the subpoena.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Executive Officers of the Registrant

Pursuant to General Instruction G(3), the information regarding executive officers of the Company called for by Item 401(b) of Regulation S-K is hereby included in Part I of this Annual Report on Form 10-K.

The following table sets forth the name, age and title of each executive officer. Titles listed relate to positions within the Company unless otherwise noted.

NAME	AGE	POSITION
Micky Arison	51	Chairman of the Board of Directors and Chief Executive Officer
Gerald R. Cahill	49	Senior Vice President-Finance and Chief Financial Officer
Robert H. Dickinson	58	President and Chief Operating Officer of Carnival and Director
Kenneth D. Dubbin	47	Vice President-Corporate Development
Howard S. Frank	59	Vice Chairman of the Board of Directors and Chief Operating Officer
Ian J. Gaunt	49	Senior Vice President - International
A. Kirk Lanterman	69	Chairman of the Board of Directors, President, and Chief Executive Officer of Holland America Line-Westours Inc. and Director
Lowell Zemnick	57	Vice President and Treasurer

Business Experience of Officers

Micky Arison has been Chief Executive Officer since 1979 and Chairman of the Board of Directors since 1990. He was President from 1979 to May 1993 and has also been a director since June 1987. Prior to 1979, he served Carnival for successive two-year periods as sales agent, reservations manager and as Vice President in charge of passenger traffic.

Gerald R. Cahill has been Senior Vice President-Finance, Chief Financial Officer and Chief Accounting Officer since January 1998. From September 1994 to January 1998 he was Vice President-Finance. He was the Chief Financial Officer from 1988 to 1992 and the Chief Operating Officer from 1992 to 1994 of Safecard Services, Inc. From 1979 to 1988 he held financial positions at Resorts International Inc. and, prior to that, spent six years with PricewaterhouseCoopers LLP.

Robert H. Dickinson has been President and Chief Operating Officer of Carnival since May 1993. From 1979 to May 1993, he was Senior Vice President-Sales and Marketing of Carnival. He has also been a director since June 1987.

Kenneth D. Dubbin has been Vice President-Corporate Development since May 1999. From 1988 to April 1999 he was Vice President and Treasurer of Royal Caribbean Cruises Ltd.

Howard S. Frank has been Vice Chairman of the Board of Directors since October 1993, Chief Operating Officer since January 1998 and a director since 1992. From July 1989 to January 1998 he was Chief Financial Officer and Chief Accounting Officer and from July 1989 to October 1993 he was Senior Vice President-Finance. From July 1975 through June 1989 he was a partner with PricewaterhouseCoopers LLP.

Ian J. Gaunt is an English Solicitor and has been Senior Vice President-International since May 1999. He was a partner of the London based international law firm of Sinclair, Roche and Temperley from 1982 through April 1999 where he represented the Company as special external legal counsel since 1981.

A. Kirk Lanterman is a Certified Public Accountant and has been a director since April 1992. He has been Chairman of the Board of Directors, President and Chief Executive Officer of Holland America Line-Westours Inc. ("HALW") since August 1999. From March 1997 to August 1999, he was Chairman of the Board of Directors and Chief Executive Officer of HALW. From December 1989 to March 1997, he was President and Chief Executive Officer of HALW. From 1983 to 1989 he was President and Chief Operating Officer of HALW. From 1979 to 1983, he was President of Westours, Inc. which merged with Holland America Line in 1983.

Lowell Zemnick is a Certified Public Accountant and has been a Vice President since 1980 and Treasurer since September 1990. He was the Chief Financial Officer of Carnival from 1980 to September 1990 and was the Chief Financial Officer of Carnival Corporation from May 1987 through June 1989.

Special Note Regarding Forward-Looking Statements

Certain statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this Annual Report on Form 10-K, in the Company's press releases, and in oral statements and presentations made by or with the approval of an authorized executive officer of the Company constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers passenger revenue yields for the Company's cruise products; consumer demand for cruises, including the effects on consumer demand of armed conflicts, political instability or adverse media publicity; increases in cruise industry capacity; cruise and other vacation industry competition; changes in tax laws and regulations; the ability of the Company to implement its shipbuilding program and to continue to expand its business outside the North American market; changes in foreign currency exchange rates, food and fuel commodity prices and interest rates; delivery of new vessels on schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise ships; impact of pending or threatened litigation; the ability of unconsolidated affiliates to successfully implement their business strategies and changes in laws and regulations applicable to the Company.

The Company does not assume the obligation to update any forward-looking statements. One should carefully evaluate such statements in light of factors described in the Company's filings with the Securities and Exchange Commission, especially on Forms 10-K, 10-Q and 8-K, if any. In Item 1. of the Company's Annual Report on Form 10-K for the year ended November 30, 2000 and above, the Company discusses various important factors, among others, that could cause actual results to differ from expected or historic results. The Company notes these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. One should understand that it is

not possible to predict or identify all such factors. Consequently, the reader should not consider any such list to be a complete statement of all potential risks or uncertainties.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

A. Market Information

The information required by Item 201(a) of Regulation S-K, Market Information, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

B. Holders

The information required by Item 201(b) of Regulation S-K, Holders of Common Stock, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

C. Dividends

Carnival Corporation declared cash dividends on all of its Common Stock in the amount of $.09 per share in each of the first three quarters of fiscal 1999 and $.105 for each subsequent quarter through and including the first quarter of fiscal 2001. Payment of future dividends on the Common Stock will depend upon, among other factors, the Company's earnings, financial condition and capital requirements. Carnival Corporation may also declare special dividends to all stockholders in the event that members of the Arison family and certain related entities are required to pay additional income taxes by reason of their ownership of the Common Stock because of an income tax audit of the Company.

The Republic of Panama does not currently have tax treaties with any other country. Under current law management believes that distributions to Carnival Corporation's U.S. shareholders are not subject to taxation under the laws of the Republic of Panama. Dividends paid by Carnival Corporation will be taxable as ordinary income for U.S. federal income tax purposes to the extent of Carnival Corporation's current or accumulated earnings and profits, but generally will not qualify for any dividends-received deduction.

The payment and amount of any dividend is within the discretion of the Board of Directors, and it is possible that the amount of any dividend may vary from the levels discussed above.

Item 6. Selected Financial Data

The information required by Item 6, Selected Financial Data, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information required by Item 7A, Quantitative and Qualitative Disclosures About Market Risk, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 8. Financial Statements and Supplementary Data

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated January 26, 2001 and the Selected Quarterly Financial Data (Unaudited), are shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Items 10, 11, 12 and 13. Directors and Executive Officers of the Registrant, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management, and Certain Relationships and Related Transactions

The information required by Items 10, 11, 12 and 13 is incorporated herein by reference to the Registrant's definitive Proxy Statement to be filed with the Commission not later than 120 days after the close of the fiscal year except that the information concerning the Registrant's executive officers called for by Item 401(b) of Regulation S-K is included in Part I of this Annual Report on Form 10-K.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1)(2) Financial Statements and Schedules:

The financial statements shown in Exhibit 13 are hereby incorporated herein by reference.

(3) Exhibits:

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this Annual Report on Form 10-K and such Exhibit Index is hereby incorporated herein by reference.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended November 30, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, and the State of Florida on this 26th day of February, 2001.

CARNIVAL CORPORATION

By /s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Micky Arison Micky Arison	Chairman of the Board of Directors and Chief Executive Officer	February 26, 2001
/s/ Howard S. Frank Howard S. Frank	Vice Chairman of the Board of Directors and Chief Operating Officer	February 26, 2001
/s/ Gerald R. Cahill Gerald R. Cahill	Senior Vice President-Finance and Chief Financial and Accounting Officer	February 26, 2001
/s/ Shari Arison Shari Arison	Director	February 26, 2001
/s/ Maks L. Birnbach Maks L. Birnbach	Director	February 26, 2001
/s/ Richard G. Capen, Jr. Richard G. Capen, Jr.	Director	February 26, 2001
/s/ Robert H. Dickinson Robert H. Dickinson	Director	February 26, 2001
/s/ Arnold W. Donald Arnold Donald	Director	February 26, 2001

/s/ James M. Dubin James M. Dubin	Director	February 26, 2001
/s/ A. Kirk Lanterman A. Kirk Lanterman	Director	February 26, 2001
/s/ Modesto A. Maidique Modesto A. Maidique	Director	February 26, 2001
/s/ Stuart Subotnick Stuart Subotnick	Director	February 26, 2001
/s/ Sherwood M. Weiser Sherwood M. Weiser	Director	February 26, 2001
/s/ Meshulam Zonis Meshulam Zonis	Director	February 26, 2001
/s/ Uzi Zucker Uzi Zucker	Director	February 26, 2001

INDEX TO EXHIBITS
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Exhibits

3.1-Second Amended and Restated Articles of Incorporation of the Company. (1)

3.2-Amendment to Second Amended and Restated Articles of Incorporation of the Company. (2)

3.3-Certificate of Amendment of Articles of Incorporation of the Company. (2a)

3.4-Form of By-laws of the Company.(3)

4.1-Agreement of the Company dated February 26, 2001 to furnish certain debt instruments to the Securities and Exchange Commission.

4.2-Revolving Credit Agreement dated as of July 1, 1993, Amended and Restated as of December 17, 1996, by and among Carnival Corporation, Citibank, N.A. and various other lenders.(4)

4.3-Form of Indenture, dated March 1, 1993, between Carnival Cruise Lines, Inc. and First Trust National Association, as Trustee, relating to the Debt Securities, including form of Debt Security.(5)

10.1-Retirement and Consulting Agreement dated November 20, 2000 between Alton Kirk Lanterman, Carnival Corporation and Holland America Line-Westours Inc.

10.2-Executive Long-term Compensation Agreement dated January 16, 1998 between Robert H. Dickinson and Carnival Corporation. (6)

10.3-1994 Carnival Cruise Lines Key Management Incentive Plan as amended on July 17, 2000. (7)

10.4-Amended and Restated Carnival Corporation 1992 Stock Option Plan. (8)

10.5-Carnival Cruise Lines, Inc. 1993 Restricted Stock Plan adopted on January 15, 1993 and as amended January 5, 1998 and December 21, 1998. (9)

10.6-Carnival Corporation "Fun Ship" Nonqualified Savings Plan. (10)

10.7 -Amendments to The Carnival Corporation Nonqualified Retirement Plan for Highly Compensated. (11)

10.8-Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan.(12)

10.9-1993 Outside Directors' Stock Option Plan as amended on April 6, 1998. (13)

10.10-Form of Deferred Compensation Agreement between the Company and Meshulam Zonis.(14)

10.11-Consulting Agreement/Registration Rights Agreement dated June 14, 1991, between the Company and Ted Arison.(15)

10.12-First Amendment to Consulting Agreement/Registration Rights Agreement.(16)

10.13-Arnold W. Donald Director's Agreement

10.14-Meshulam Zonis Director's Agreement

10.15-Maks L. Birnbach Director's Agreement.(17)

10.16-Stuart Subotnick Director's Agreement.(18)

10.17-Sherwood M. Weiser Director's Agreement.(19)

10.18-Uzi Zucker Director's Agreement. (20)

10.19-James M. Dubin Director's Agreement.(21)

10.20-Modesto M. Maidique Director's Agreement.(22)

10.21-Richard G. Capen Director's Agreement.(23)

10.22-Shari Arison Dorsman Director's Agreement.(24)

10.23-Executive Long-term Compensation Agreement dated January 11, 1999, between the Company and Micky Arison. (25)

10.24-Executive Long-term Compensation Agreement dated January 11, 1999, between the Company and Howard S. Frank. (26)

10.25-HAL Antillen N.V. and subsidiaries Key Management Incentive Plan. (27)

10.26-1994 Transaction-Extension Agreement, dated January 18, 2000, between Carnival Corporation, Sherwood Weiser and others. (28)

10.27-Amended and Restated 1994 Security and Pledge Agreement, dated January 18, 2000, between Carnival Corporation and Sherwood Weiser. (29)

10.28-Security and Pledge Agreement, dated January 18, 2000, between Carnival Corporation and Sherwood Weiser. (30)

10.29-Stock Purchase Agreement, dated January 18, 2000, between Carnival Corporation, Sherwood Weiser and others. (31)

10.30-Carnival Corporation Supplemental Executive Retirement Plan. (32)

10.31 Amendment to the Carnival Corporation Supplemental Executive Retirement Plan.

10.32- Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan. (33)

10.33- Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.

10.34- Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan.

10.35- Retirement Agreement between the Company and Meshulam Zonis.

12.0-Ratio of Earnings to Fixed Charges.

13.0-Portions of 2000 Annual Report incorporated by reference into 2000 Annual Report on Form 10-K.

21-Subsidiaries of the Company.

23.0-Consent of PricewaterhouseCoopers LLP.

Sequential
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Exhibits

(1)Incorporated by reference to Exhibit No. 3 to the registrant's registration statement on Form S-3 (File No. 333-68999), filed with the Securities and Exchange Commission.

(2) Incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 (Commission File No.

1-9610), filed with the Securities and Exchange Commission.

(2a) Incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 2000 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(3)Incorporated by reference to Exhibit No. 3.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(4)Incorporated by reference to Exhibit No. 4.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(5)Incorporated by reference to Exhibit No. 4 to the registrant's registration statement on Form S-3 (File No. 33-53136), filed with the Securities and Exchange Commission.

(6)Incorporated by reference to Exhibit No. 10.2 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(7) Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended August 31, 2000 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(8)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(9)Incorporated by reference to Exhibit No. 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1998 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(10)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(11)Incorporated by reference to Exhibit No. 10.7 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(12)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(13)Incorporated by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(14)Incorporated by reference to Exhibit No. 10.17 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(15)Incorporated by reference to Exhibit No. 4.3 to post-effective amendment no. 1 on Form S-3 to the registrant's registration statement on Form S-1 (File No. 33-24747), filed with the Securities and Exchange Commission.

(16)Incorporated by reference to Exhibit No. 10.40 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(17)Incorporated by reference to Exhibit No. 28.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(18)Incorporated by reference to Exhibit No. 28.3 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(19)Incorporated by reference to Exhibit No. 28.4 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(20)Incorporated by reference to Exhibit No. 28.5 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(21)Incorporated by reference to Exhibit No. 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission

File No. 1-9610), filed with the Securities and Exchange Commission.

(22)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(23)Incorporated by reference to Exhibit No. 10.7 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(24)Incorporated by reference to Exhibit No. 10.8 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(25)Incorporated by reference to Exhibit No. 10.36 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1998 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(26)Incorporated by reference to Exhibit No. 10.37 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1998 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(27)Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(28)Incorporated by reference to Exhibit No. 10.28 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(29) Incorporated by reference to Exhibit No. 10.29 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(30) Incorporated by reference to Exhibit No. 10.30 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(31) Incorporated by reference to Exhibit No. 10.31 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(32) Incorporated by reference to Exhibit No. 10.32 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(33) Incorporated by reference to Exhibit No. 10.33 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

EXHIBIT 4.1

February 26, 2001

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, DC 20549

RE: Carnival Corporation
Commission File No. 1-9610

Gentlemen:

Pursuant to Item 601 (b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation (the "Company") hereby agrees to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission, and, in accordance with such regulation, such instruments are not being filed as part of the Annual Report on Form 10-K of the Company for its fiscal year ended November 30, 2000.

Very truly yours,

CARNIVAL CORPORATION

/s/ Arnaldo Perez

Arnaldo Perez
General Counsel

Exhibit 10.1

Retirement and Consulting Agreement

AGREEMENT made this 20th day of November, 2000 between CARNIVAL CORPORATION, having its principal place of business at 3655 Northwest 87th Avenue, Miami, Florida 33178, and its wholly owned subsidiary, Holland America Line - Westours, Inc., having its principal place of business at 300 Elliott Avenue West, Seattle, Washington 98119 (collectively, the "Companies") and Alton Kirk Lanterman, ("Lanterman"), residing at 714 West Galer Street, Seattle, Washington, 98119.

RECITALS:

A. Lanterman has served as Chairman or President and Chief Executive Officer of Holland America Line-Westours Inc. ("HAL") since January 1989 and has performed exemplary service during said years.

B. The Companies desire to compensate Lanterman for such exemplary service by way of retirement pay.

C. The Companies desire to retain Lanterman's consulting services following such retirement on the terms set forth in this Agreement.

IN CONSIDERATION of past services as related above and the consulting services related below, it is agreed as follows:

1. Compensation For Past Services and Consulting Services

1.1 For a period of (15) years following the date of retirement by Lanterman from active services with the Companies (the "Retirement Date"), the Companies shall pay to Lanterman, in monthly installments of $130,414, an annual compensation of $1,564,968.

1.2 In the event of Lanterman's death prior to the Retirement Date, or prior to the fifteenth anniversary of the Retirement Date, the unpaid balance of this total compensation ($23,474,520) shall be paid in full to Lanterman's estate within 30 days of his death. The unpaid balance shall be its then present value calculated by utilization of an interest rate of 8.5% per year.

2. Consulting Services

Commencing on the Retirement Date and for a period of fifteen (15) years, Lanterman agrees to perform consulting services for the Companies in regard to the business operations of HAL upon the specific written request of the Companies. Such services shall be provided during normal business hours, on such dates, for such time and at such locations as shall be agreeable to Lanterman. Such services shall not require more than five (5) hours in any calendar month, unless expressly consented to by Lanterman, whose consent may be withheld for any reason, whatsoever. The Companies will reimburse Lanterman for any out-of-pocket expenses incurred by him in the performance of said services.

3. Independent Contractor

Lanterman acknowledges that commencing on the Retirement Date, he will be solely an independent contractor and consultant. He further acknowledges that he will not consider himself to be an employee of the Companies and will not be entitled to any employment rights or benefits of the Companies.

4. Confidentiality

Lanterman will keep in strictest confidence, both during the term of this Agreement and subsequent to termination of this Agreement, and will not during the term of this Agreement or thereafter disclose or divulge to any person, firm or corporation, or use directly or indirectly, for his own benefit or the benefit of others, any confidential information of the Companies, including, without limitation, any trade secrets respecting the business or affairs of the Companies which he may acquire or develop in connection with or as a result of the performance of his services hereunder. In the event of an actual or threatened breach by Lanterman of the provisions of this paragraph, the Companies shall be entitled to injunctive relief restraining Lanterman from the breach or threatened breach as its sole remedy. The Companies hereby waive their rights for damages, whether consequential or otherwise.

5. Enforceable

The provisions of this Agreement shall be enforceable notwithstanding the existence of any claim or cause of action of Lanterman against the

Companies, or the Companies against Lanterman, whether predicated on this Agreement or otherwise.

6. Applicable Law

This Agreement shall be construed in accordance with the laws of the State of Washington, and venue for any litigation concerning an alleged breach of this Agreement shall be in King County, Washington, and the prevailing party shall entitled to reasonable attorney's fees and costs incurred.

7. Entire Agreement

This Agreement contains the entire agreement of the parties relating to the subject matter hereof. A similar agreement of November 1999 shall become null and void upon the execution of this Agreement. Any notice to be given under this Agreement shall be sufficient if it is in writing and is sent by certified or registered mail to Lanterman or to the Companies to the attention of the President, or otherwise as directed by the Companies, from time to time, at the addresses as they appear in the opening paragraph of this Agreement.

8. Waiver

The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the Companies and Lanterman have duly executed this agreement as of the day and year first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Its: Vice Chairman

HOLLAND AMERICA LINE-WESTOURS INC.

By: /s/ Larry Calkins
Its: V.P. - Finance

/s/ Alton Kirk Lanterman
Signature

Alton Kirk Lanterman
Print Full Name

Exhibit 10.13

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 8th day of January, 2001, between Carnival Corporation, a Panamanian corporation (the "Company"), and Arnold W. Donald (the "Director").

The Company, in order to induce the Director to serve the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION

By: /s/Howard S. Frank
Howard S. Frank, Vice Chairman
and Chief Operating Officer

By: /s/Arnold W. Donald
Arnold W. Donald

Exhibit 10.14

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 8th day of January, 2001, between Carnival Corporation, a Panamanian corporation (the "Company"), and Meshulam Zonis (the "Director").

The Company, in order to induce the Director to serve the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman
and Chief Operating Officer

By: /s/ Meshulam Zonis
Meshulam Zonis

Exhibit 10.31

AMENDMENT TO
THE CARNIVAL CORPORATION
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

The Carnival Corporation Supplemental Executive Retirement Plan (the "Plan") is hereby amended, effective January 1, 2001, as follows:

(1) Section 5.1.A of the Plan is amended to read as follows:

5.1 Payment of Benefit. Subject to the approval of the Company, each Participant shall elect the form and timing of their distribution.

A. Form of Payment Except as provided in Section 3.2, a Participant or his or her Beneficiary may elect that the payment of Benefits to which a Participant or his or her Beneficiary shall be entitled under this Plan shall be made in the following forms:

1. Life with 5-Year Certain Benefit -- an annuity for the life of the Participant, but if the Participant dies within 5 years of the date distribution of Benefits began, the annuity is payable to the Participant's Beneficiary for the remainder of that 5-year period;
2. Life with 10-Year Certain Benefit -- an annuity for the life of the Participant, but if the Participant dies within 10 years of the date distribution of Benefits began, the annuity is payable to the Participant's Beneficiary for the remainder of that 10-year period;
3. Qualified Joint and Survivor Annuity -- an annuity for the life of the Participant with a survivor annuity for the life of the Participant's spouse, where the survivor annuity is either 50% or 100% of the amount payable during the joint lives of the Participant and the Participant's spouse;
4. Single cash distribution of the full amount payable - the actuarial equivalent present value of the Participant's Vested Interest payable at his Normal Retirement Date.

The value of such Benefit shall be determined using the same actuarial factors as provided for in the Retirement Plan.

A Participant may elect that payment of Benefit shall be made in one of the aforementioned forms or may elect that a portion of his Benefit be paid in one form and the remaining portion of his Benefit be paid in another.

(2) Section 5.1.B of the Plan is amended to read as follows:

B. Timing of Payment: The Participant's election shall indicate that payment shall be made (in the case of a lump sum election) or shall commence (in the case of an installment election):

1. as soon as administratively practicable following the Participant's Termination of Employment;

2. as soon as administratively practicable following the calendar year of the Participant's Termination of Employment;

3. in the month following the earlier of (A) the Participant's attainment of age 55 and 15 Years of Service, or (B) the Participant's attainment of age 65; or

4. in a specific month and year.

If a Participant has elected two forms of payment under Section 5.1A, the Participant may separately elect the timing of payment of each of those forms under this Section 5.1B.

Notwithstanding the foregoing, if a Participant elects his distribution to be made or commenced in accordance with paragraph (3) above, and such date falls before the Participant's Termination of Employment, the Participant's distribution shall be made or commenced in accordance with paragraph (1) above. Notwithstanding the foregoing, subject to the approval of the Company, a Participant may change his form and timing election

applicable to his benefit, provided that such request to change is made at least twelve (12) consecutive months prior to the date on which such distribution would have otherwise been made on or commenced. If a Participant dies before commencement of distribution of Participant's Benefits under the Plan, such Benefits shall be paid in a lump sum to the Participant's Beneficiary, using the same actuarial assumptions as in the Retirement Plan. If a Participant dies after commencement of distribution of his or her Benefits under the Plan, the Participant's Benefits shall be paid to the Participant's Beneficiary in accordance with the Participant's election.

AMENDMENT TO
THE CARNIVAL CORPORATION NONQUALIFIED RETIREMENT PLAN
FOR HIGHLY COMPENSATED EMPLOYEES

The Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees (the "Plan") is hereby amended, effective December 1, 2000, as follows:

(1) Section 2.1 of the Plan is amended to read as follows:

2.1 Participation - the Retirement Committee will determine which Employees are Eligible Employees. In any event, no Employee shall be an Eligible Employee prior to satisfying one Year of Service and attainment of age 21. Eligible Employees shall enter the Plan on the January 1 or July 1 closest to satisfaction of the one Year of Service and age requirements. Notwithstanding the foregoing, effective January 1, 1998, for purposes of Articles 2 and 3 and for determining a Participant's Benefit Accrual Years of Service and Vesting Years of Service, no individual who elected to participate in The "Fun ShipSM" Nonqualified Savings Plan shall continue active participation in the Plan.

(2) Section 7.1 of the Plan is amended to read as follows:

7.1 Preretirement Death Benefit.

(a) Upon the death of a Participant who (i) has a Vested Interest, (ii) has not yet had an Annuity Starting Date and (iii) is survived by a spouse (with whom he has been married for at least twelve months), the Participant's spouse shall be entitled to receive a Preretirement Death Benefit as defined under Section 7.2(a).

(b) Upon the death of a Participant who (i) has a Vested Interest, (ii) has not yet had an Annuity Starting Date, and (iii) is not survived by a spouse (with whom he has been married for at least twelve months), the Participant's Beneficiary shall be entitled to receive a Preretirement Death Benefit as defined under Section 7.2(b).

(3) Section 7.2 of the Plan is amended to read as follows:

7.2 Form of Preretirement Death Benefit.

(a) Subject to the following sentences, the Participant's Preretirement Death Benefit under Section 7.1(a) shall be paid to the Participant's spouse in accordance with the Participant's most recent distribution election under Section 6.1, or if no such election is in place, then in the form of an Qualified Preretirement Survivor Annuity. If the Actuarial Equivalent present value of the Participant's Preretirement Death Benefit as of the Annuity Starting Date exceeds the amount defined in Section 6.2 (the "Minimum Amount"), the Participant's spouse may elect (during the period beginning on the day the Participant dies and ending on the day distribution of benefits commences) to receive a Preretirement Death Benefit which is the Actuarial Equivalent of the full amount otherwise payable as a Qualified Preretirement Survivor Annuity in the form of a single cash distribution. If the Actuarial Equivalent present value of a Participant's Qualified Preretirement Survivor Annuity as of the Annuity Starting Date does not exceed the Minimum Amount, the method of distribution to the Participant's spouse of the Preretirement Death Benefit shall be as a single cash distribution which is the Actuarial Equivalent of the full amount payable.

(b) Single Participant Death Benefit. A Participant's Preretirement Death Benefit under Section 7.1(b) shall be paid to his Beneficiary in accordance with the Participant's most recent distribution election under Section 6.1, or if no such election is in place, in the form of single cash distribution. The single cash distribution shall be equal to the Actuarial Equivalent present value of fifty percent (50%) of a Life with 5-Year Certain Benefit payable at the Participant's Normal Retirement Date.

(4) Section 7.3 of the Plan is amended to read as follows:

7.3 Timing of Distribution; Annuity Starting Date. Notwithstanding the remainder of this Section 7.3, no distributions shall be made to the Participant's spouse prior to January 1, 1994.

(a) Distribution of a Participant's Preretirement Death Benefit under Section 7.1(a) shall commence as of the Annuity Starting Date of the Participant's spouse. The Annuity Starting Date of the Participant's spouse shall be the earliest of (a) in the case of a Participant who dies on or after his Early Retirement Date, the first day of the month coincident with or next following the Participant's death, (b) in the case of a Participant who dies after attaining age 55 with less than 15 Vesting Years of Service and the Actuarial Equivalent present value of the Participant's Preretirement Death Benefit exceeds the Minimum Amount, the first day of the month coincident with or next following the Participant's Normal Retirement Date had the Participant lived, (c) in the case of a Participant who dies before attaining age 55 but after earning 15 or more years of Vesting Years of Service and the Actuarial Equivalent present value of the Participant's Preretirement Death Benefit exceeds the Minimum Amount, the first day of the month coincident with or next following the Participant's Early Retirement Date had the Participant lived, (d) in the case of a Participant who dies before attaining age 55 with less than 15 years of service and the Actuarial Equivalent present value of the Participant's Preretirement Death Benefit exceeds the Minimum Amount, the first day of the month coincident with or next following the Participant's Normal Retirement Date had the Participant lived, or (e) in the case of a Participant who dies before his or her Early Retirement Date and the Actuarial Equivalent present value of his or her Preretirement Death Benefit does not exceed the Minimum Amount, the first day of the month coincident with or next following the Participant's death.

(b) Distribution of a Participant's Preretirement Death Benefit under Section 7.1(b) shall be paid to his Beneficiary as soon as administratively practicable following the Participant's death.

Exhibit 10.34

AMENDMENT TO
THE CARNIVAL CORPORATION
"FUN SHIPsm" NONQUALIFIED SAVINGS PLAN

The Carnival Corporation "Fun Shipsm" Nonqualified Savings Plan (the "Plan") is hereby amended, effective January 1, 2001, as follows unless otherwise indicated:

Section 3.1 is amended to read as follows:

3.1 Determination of Eligible Employee Status: The Retirement Committee or delegate will determine which Employees are Eligible Employees. An Employee who is determined to be an Eligible Employee shall thereafter become a Participant in accordance with Section 3.2.

Section 3.2 is amended to read as follows:

3.2 Commencement of Participation: Each Eligible Employee shall be provided an opportunity to designate the percentage of his Compensation to be deferred under Section 4.1 and to irrevocably designate the percentage or dollar amount of his annual Bonus to be deferred under Section 4.4 ("Bonus Deferral"). Any such Eligible Employee who makes such a designation shall become a Participant on the first day of the payroll period that coincides with or immediately follows the first day of the calendar quarter subsequent to the Retirement Committee's determination of Eligible Employee status under Section 3.1, provided the Eligible Employee is employed as of such date. Effective January 1, 2001, any such Eligible Employee who makes such a designation shall become a Participant on the first day of the payroll period coincident with or immediately subsequent to the Retirement Committee's determination of Eligible Employee status under Section 3.1, provided the Eligible Employee is employed as of such date. Any such designation must be made in the manner authorized by the Retirement Committee and must be accompanied by:

(a) an authorization for the Eligible Employee's Employer to make regular payroll deductions to cover the amount of such deferrals elected pursuant to Section 4.1;

(b) an irrevocable authorization to defer receipt of a percentage or a dollar amount of future Bonus amounts as elected under Section 4.4.

(c) an investment election with respect to any Employee Deferral Contributions, Bonus Deferrals, Matching Contributions or vested Profit-Sharing Contributions under Section 6.3;

(d) a designation of Beneficiary; and

(e) a designation as to the form and timing of the distribution of the vested portion of his Participant Account.

Notwithstanding the foregoing, an Eligible Employee's failure to designate a contribution percentage or a bonus deferral percentage or bonus deferral amount under the first sentence of this Section 4.2 shall not affect his status as a Participant for purposes of an allocation of a Profit-Sharing Contribution in accordance with the requirements of Section 5.3. However, such an Eligible Employee must make a designation under subsection (c), (d) and (e) above as a condition of becoming a Participant for purposes of Section 5.3 and Article 7.

Further, notwithstanding the foregoing, in advance of the December 1 preceding each Plan Year, the Committee shall designate those Employees who are, or are expected to be, participants in The Carnival Corporation "Fun ShipSM" Savings Plan for such Plan Year and who shall be an Eligible Employee under this Plan solely for purposes of making Bonus Deferrals pursuant to Section 4.4. Any such Eligible Employee shall not be eligible to authorize Employee Deferral Contributions pursuant to Section 4.1 for such Plan Year and shall not be eligible to receive an allocation of any Profit-Sharing Contribution under Section 5.3 for such Plan Year.

Section 4.2 is amended to read as follows:

4.2 Changes in Contributions: Effective January 1, 2001, a Participant may change his contribution percentage election under Section 4.1 at any time by applying to make such change in the manner prescribed by the Committee. Any change in contribution percentage election under this Section 4.2 shall become effective as of the first day of the payroll period coincident with or immediately following the date the Participant applies to make such change.

Section 6.3 is amended to read as follows:

6.3 Establishment of Investment Funds: The Retirement Committee will establish one or more Investment Funds (such as those described in Appendix A) which will be maintained for the purpose of determining the investment return to be credited to each Participant's Account. The Retirement Committee may change the number, identity or composition of the Investment Funds from time to time. Each Participant will indicate the Investment Funds based on which amounts allocated in accordance with Articles 4 and 5 are to be adjusted. Each Participant's Account will be increased or decreased by the net amount of investment earnings or losses that it would have achieved had it actually been invested in the deemed investments. The Company is not required to purchase or hold any of the deemed investments. Investment Fund elections must be made in a minimum of 1% increments and at such times and in such manner as the Retirement Committee will specify. An active or inactive Participant periodically may change his election as to his deemed investments with respect to Employee Deferral Contributions, Bonus Deferrals, Matching Contributions or Profit-Sharing Contributions in such manner as the Retirement Committee may specify (effective October 1, 2000, including telephonic or electronic notice). If a Participant fails to make an Investment Fund election, the amount in the Participant's Account will be deemed to have been invested in a money market fund or any other fund as determined by the Retirement Committee.

Exhibit 10.36

RETIREMENT AGREEMENT

THIS RETIREMENT AGREEMENT ("AGREEMENT") entered into as of this 29th day of December, 2000, by and between CARNIVAL CORPORATION, a corporation organized under the laws of the Republic of Panama (hereinafter called the "Corporation"), and MESHULAM ZONIS, residing in the County of Dade, State of Florida (hereinafter called the "Employee").

W I T N E S S E T H :

WHEREAS, the Corporation has derived substantial profits and benefits as a result of the Employee's employment; and

WHEREAS, the Corporation wishes to reward Employee for his full-time employment with the Corporation; and

WHEREAS, the Employee, has previously entered into an "Amended Agreement" with Carnival Cruise Lines, Inc. on July 21, 1987; and

WHEREAS, the Corporation and the Employee desire, by entering into this Agreement to supplement that Amended Agreement as it relates to certain benefits to be provided to Employee on account of his retirement from the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. RESIGNATION. As of December 29, 2000, Employee hereby resigns from his position with the Corporation.

2. STOCK OPTION PLAN. Any options granted to Executive pursuant to the Amended and Restated Carnival Corporation 1992 Stock Option Plan shall become exercisable, in whole or in part, at the time or times provided when originally granted, notwithstanding Employee's termination of employment with the Corporation. Any provision of the 1992 Stock Option Plan providing for a change in the exercisability of options granted to Executive due to termination of employment shall be null and void with respect to such options.

3. MEDICAL INSURANCE. Employee and his spouse shall be eligible for the Corporation's health care program for executive employees as is currently provided, for the remainder of Employee and his spouse's life.

4. AIRLINE AND CRUISE PRIVILEGES. Employee shall have airline and cruise privileges in accordance with the policies and procedures, including appropriate tax treatment, as is currently available to senior executives of the Corporation.

5. CONSULTING SERVICES. Employee shall receive $54,000 per year for five (5) years after his Resignation for consulting services rendered to the Corporation in his capacity as an independent contractor.

6. DEATH BENEFITS. If the Employee should die, his spouse may exercise any remaining options in accordance with the terms of the 1992 Stock Option Plan. In addition, Employee's spouse will continue to receive health benefits under the Corporation's executive health plan for the remainder of her life.

7. FORFEITURES OF BENEFITS. Notwithstanding anything herein contained to the contrary, all rights under the Agreement of the Employee, his designated beneficiary, personal representatives or any other person to receive payment thereof shall be forfeited if any of the following events shall occur:

A) the Employee shall engage in any conduct or activity which, in the sole opinion of the Corporation, is inimical to the best interests of the Corporation;

B) the Employee shall engage in competition, as more particularly described in paragraph 8 hereof; or

C) after the Employee ceases to be employed by the Corporation, he shall fail or refuse to provide advice and counsel to the Corporation as and when reasonably requested to do so.

8. In consideration of the benefits payable hereunder, the Employee shall not engage in competition with the Corporation, whether as an employee, independent contractor, more than Five Percent (5%) shareholder, partner or joint venturer, whether directly or indirectly, during the period beginning with the Employee's termination of employment and continuing until a date five (5) years after the last date at which Deferred Compensation Benefits are payable under the Amended Agreement, in the cruise line, commercial shipping or other business engaged in at that time by the Corporation, to the extent such competition does or may affect the markets or areas where the Corporation conducts business. The Employee acknowledges that, due to the highly competitive nature of the Corporation's business, even though the Employee should expend substantial time and possess a high degree of skill, the impartation of substantial knowledge from the Corporation to the Employee would render serious and irreparable injury to the Corporation in the event of competition by the Employee in the leisure vacation industry, particularly with regard to the cruise, hotel, resort and gambling areas of said industry. Accordingly, the Employee also acknowledges that cessation of these benefits may not be a sufficient remedy of the Corporation and that the Corporation shall be additionally entitled to immediate injunctive relief to prevent the further competition of the Employee.

9. If the Corporation shall find that the Employee or any other person to whom any benefit is due under this Agreement is unable to care for his

affairs because of illness or accident, any benefit due (unless a prior claim therefore shall have been made by a duly appointed guardian, committee or other legal representative) may be provided to the spouse, a child, a parent or a brother or sister, or to any person deemed by the Corporation to have incurred expenses for the Employee, or such other person otherwise entitled to payment, in such manner and proportions as the Corporation may determine. Any such payment shall be a complete discharge of the liabilities of the Corporation under this Agreement.

10. The Corporation shall have the full power and authority to interpret, construe and administer this Agreement; and the Corporation's interpretations and constructions thereof and actions thereunder, shall be binding and conclusive on all persons for all purposes. No officer or director of the Corporation shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Agreement unless such action or omission is attributable to his own willful misconduct or lack of good faith.

11. Nothing contained herein shall in any way affect or interfere with the right of the Employee to share or participate in any retirement plan of the Corporation or any profit-sharing, bonus or similar plan or benefit described in the Amended Agreement, in which he may be entitled to share or participate as an officer or employee of the Corporation.

12. RELEASE OF CLAIMS. In exchange for the benefits described herein, Employee does hereby waive and does hereby release, knowingly and willingly, the Corporation, its subsidiaries, successors and predecessors, its employees, agents, directors and officers, past and present, from any and all claims of any nature whatsoever Employee has arising out of Employee's employment and/or the termination of Employee's employment, known or unknown, including but not limited to any claims Employee may have under federal, state or local employment, labor, contract, tort or anti-discrimination laws, statutes and case law and specifically claims arising under the federal Age Discrimination in Employment Act, the Civil Rights Acts of 1866 and 1964, as amended, the Americans with Disabilities Act, Executive Order 11246, the Employee Retirement Income Security Act, the Family and Medical Leave Act, the Rehabilitation Act of 1973, the Fair Labor Standards Act, the Labor-Management Relations Act, the Equal Pay Act, the Worker Adjustment Retraining and Notification Act, Smokers' Right Law, and any and all other state, local or county ordinances, statutes or regulations including claims for attorneys' fees, provided, however, that this release does not apply to claims for benefits arising out of obligations expressly undertaken in this Agreement and does not apply to claims arising out of any act or omission occurring after the date Employee signs this Agreement. Employee acknowledges and understands that this paragraph is intended to prevent Employee from making any claims against the Corporation regarding any matter or incident up to the date Employee executes this Agreement. Employee agrees and covenants not to sue and not to bring an action against the Corporation or its future parent corporations, its past, present and future divisions, subsidiaries, affiliates and related companies and their successors and assigns and all past, present and future directors, officers, employees and agents of these entities, personally and as directors, officers, employees and agents, before any court or other forum.

13. This Agreement will cause any prior written or oral commitment or understanding between the Corporation and the Employee pertaining to the benefits described herein to be and become null and void.

14. This Agreement and all interpretations, determinations and administrations shall be made on behalf of the Corporation by its Compensation Committee.

15. This Agreement shall be binding upon and inure to the benefit of the Corporation, its successors and assigns, and the Employee, his heirs, designated beneficiaries and personal representatives.

16. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida.

17. The restrictive covenant contained herein, which prohibits the Employee from engaging in any business in competition with the Corporation, shall survive (a) this Agreement, (b) any Termination of the employment of the Employee, and (c) the dates on which benefits are to be paid to the Employee for a period of five (5) years from and after the later of either the date of Termination or the last payment of benefits hereunder.

18. ACKNOWLEDGEMENTS AND CERTIFICATIONS

Employee, acknowledges and certifies that Employee:

(a) has read and understands all of the terms of this Agreement and does not rely on any representation or statement, written or oral, not set forth in this Agreement;

(b) recognizes that certain of the benefits described herein may be taxable to him;

(c) has had a reasonable period of time to consider this Agreement;

(d) is signing this Agreement knowingly and voluntarily;

(e) has been advised to consult with an attorney before signing this Agreement;

(f) has the right to consider the terms of this Agreement for 21 days and if Employee takes fewer than 21 days to review this Agreement, Employee hereby waives any and all

rights to the balance of the 21-day review period; and

(g) has the right to revoke this Agreement within seven days after signing it. If Employee revokes this Agreement during this seven-day period, it becomes null and void in its entirety.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth above.

CARNIVAL CORPORATION

By:/s/ Howard S. Frank

Howard S. Frank

Its:Vice Chairman of the Board of Directors and Chief Operating Officer

Attest: /s/ Irma M. Tharp

(CORPORATE SEAL)

Signed, sealed & delivered
in the presence of:
/s/ Dorothy A. Best
/s/ Carolyn Piper

/s/ Meshulam Zonis
MESHULAM ZONIS ("Employee")

EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(In thousands, except ratios)

	YEARS ENDED NOVEMBER 30,				
	2000	1999	1998	1997	1996
Net Income	$ 965,458	$1,027,240	$835,885	$666,050	$566,302
Income tax expense	1,094	2,778	3,815	6,233	9,045
Income before income taxes	966,552	1,030,018	839,700	672,283	575,347
Adjustment to Earnings:					
Minority interest		14,014	11,102		
Income from affiliates in excess of dividends received	(21,362)	(60,671)	(63,059)	(46,569)	(43,224)
Earnings as adjusted	945,190	983,361	787,743	625,714	532,123
Fixed Charges:					
Interest expense	41,372	46,956	57,772	55,898	64,092
Interest portion of rent expense (1)	3,509	3,405	3,480	3,528	3,093
Capitalized interest	41,110	40,908	35,130	16,846	25,799
Total fixed charges	85,991	91,269	96,382	76,272	92,984
Fixed charges not affecting earnings:					
Capitalized interest	(41,110)	(40,908)	(35,130)	(16,846)	(25,799)
Earnings before fixed Charges	$ 990,071	$1,033,722	$848,995	$685,140	$599,308
Ratio of earnings to fixed charges	11.5 x	11.3 x	8.8 x	9.0 x	6.4 x

(1) Represents one-third of rent expense, which management believes to be representative of the interest portion of rent expense.

EXHIBIT 13

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

ASSETS	NOVEMBER 30, 2000	1999
Current Assets		
Cash and cash equivalents	$ 189,282	$ 521,771
Accounts receivable, net	95,361	62,887
Consumable inventories	100,451	84,019
Prepaid expenses and other	164,388	122,959
Total current assets	549,482	791,636
Property and Equipment, Net	8,001,318	6,410,527
Investments in and Advances to Affiliates	437,391	586,922
Goodwill, less Accumulated Amortization of $99,670 and $85,272	701,385	462,340
Other Assets	141,744	34,930
	$9,831,320	$8,286,355
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	$ 248,219	$ 206,267
Accounts payable	332,694	195,879
Accrued liabilities	302,585	262,170
Customer deposits	770,425	675,816
Dividends payable	61,371	64,781
Total current liabilities	1,715,294	1,404,913
Long-Term Debt	2,099,077	867,515
Deferred Income and Other Long-Term Liabilities	146,332	82,680
Commitments and Contingencies (Notes 2 and 9)		
Shareholders' Equity		
Common Stock; $.01 par value; 960,000 shares authorized; 617,568 and 616,966 shares issued	6,176	6,170
Additional paid-in capital	1,772,897	1,757,408
Retained earnings	4,884,023	4,176,498
Unearned stock compensation	(12,283)	(9,945)
Accumulated other comprehensive (loss) income	(75,059)	1,116
Treasury Stock; 33,087 shares at cost	(705,137)	
Total shareholders' equity	5,870,617	5,931,247
	$9,831,320	$8,286,355

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	YEARS ENDED NOVEMBER 30, 2000	1999	1998
Revenues	$3,778,542	$3,497,470	$3,009,306
Costs and Expenses			
Operating expenses	2,058,342	1,862,636	1,619,377
Selling and administrative	487,403	447,235	369,469
Depreciation and amortization	287,667	243,658	200,668
	2,833,412	2,553,529	2,189,514
Operating Income Before Income From Affiliated Operations	945,130	943,941	819,792
Income From Affiliated Operations, Net	37,828	75,758	76,732
Operating Income	982,958	1,019,699	896,524

Nonoperating Income (Expense)			
Interest income	16,506	41,932	10,257
Interest expense, net of capitalized interest	(41,372)	(46,956)	(57,772)
Other income, net	8,460	29,357	1,793
Income tax expense	(1,094)	(2,778)	(3,815)
Minority interest		(14,014)	(11,102)
	(17,500)	7,541	(60,639)
Net Income	$ 965,458	$1,027,240	$ 835,885
Earnings Per Share:			
Basic	$1.61	$1.68	$1.40
Diluted	$1.60	$1.66	$1.40

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	YEARS ENDED NOVEMBER 30, 2000	1999	1998
OPERATING ACTIVITIES			
Net income	$965,458	$1,027,240	$835,885
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	287,667	243,658	200,668
Income from affiliated operations in excess of dividends received	(21,362)	(60,671)	(63,059)
Minority interest		14,014	11,102
Other	(14,689)	4,007	(8,428)
Changes in operating assets and liabilities, excluding businesses acquired and consolidated:			
(Increase) decrease in:			
Receivables	(15,132)	(3,271)	137
Consumable inventories	(8,205)	(8,570)	(3,913)
Prepaid expenses and other	(21,972)	(9,465)	(15,369)
Increase (decrease) in:			
Accounts payable	58,133	27,333	18,758
Accrued liabilities	(5,977)	58,016	42,401
Customer deposits	55,614	37,433	73,658
Net cash provided from operating activities	1,279,535	1,329,724	1,091,840
INVESTING ACTIVITIES			
Additions to property and equipment, net	(1,003,348)	(872,984)	(1,150,413)
Proceeds from sale of assets	51,350		47,028
Acquisition of consolidated subsidiaries, net	(383,640)	(54,715)	(242,868)
Other, net	43,611	17,319	25,200
Net cash used for investing activities	(1,292,027)	(910,380)	(1,321,053)
FINANCING ACTIVITIES			
Proceeds from long-term debt	1,020,091	7,772	1,404,395
Purchase of Treasury Stock	(705,137)		
Principal payments of long-term debt	(388,429)	(564,838)	(1,006,586)
Dividends paid	(254,333)	(219,179)	(178,458)
Proceeds from issuance of Common Stock, net	7,811	741,575	11,399
Other		(176)	(4,253)
Net cash (used for) provided from financing activities	(319,997)	(34,846)	226,497
Net (decrease) increase in cash and cash equivalents	(332,489)	384,498	(2,716)
Cash and cash equivalents at beginning of year	521,771	137,273	139,989
Cash and cash equivalents at end of year	$ 189,282	$ 521,771	$ 137,273

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Comprehensive income	Common Stock	Additional paid-in-capital	Retained earnings	Unearned stock compensation	Accumulated other comprehensive (loss)income	Treasury Stock	Total shareholders' equity
Balances at November 30, 1997, as previously reported		$2,972	$ 866,097	$2,731,213	$(2,166)	$ 6,982	$	$3,605,098
Two-for-one stock split effective June 12, 1998		2,972	(2,972)					
Balances at November 30, 1997, as adjusted		5,944	863,125	2,731,213	(2,166)	6,982		3,605,098
Comprehensive income:								
Net income	$ 835,885			835,885				835,885
Changes in securities valuation allowance			270			270		270
Foreign currency translation adjustment			17,447			17,447		17,447
Total Comprehensive income	$ 853,602							
Cash dividends				(187,470)				(187,470)
Issuance of stock under stock plans		11	17,363		(4,651)			12,723
Amortization of unearned stock compensation					1,523			1,523
Balances at November 30, 1998		5,955	880,488	3,379,628	(5,294)	24,699		4,285,476
Comprehensive income:								
Net income	$1,027,240			1,027,240				1,027,240
Changes in securities valuation allowance			(4,374)			(4,374)		(4,374)
Foreign currency translation adjustment			(19,209)			(19,209)		(19,209)
Total Comprehensive income	$1,003,657							
Cash dividends				(230,370)				(230,370)
Issuance of stock in public offering, net		170	725,062					725,232
Issuance of stock to acquire minority interest in Cunard Line Limited		32	127,037					127,069
Issuance of stock under stock plans		13	24,821		(7,326)			17,508
Amortization of unearned stock compensation					2,675			2,675
Balances at November 30,								

1999	6,170	1,757,408	4,176,498	(9,945)	1,116		5,931,247
Comprehensive income:							
Net income	$ 965,458		965,458				965,458
Changes in securities valuation allowance		(2,232)			(2,232)		(2,232)
Foreign currency translation adjustment		(73,943)			(73,943)		(73,943)
Total Comprehensive income	$ 889,283						
Cash dividends			(250,923)				(250,923)
Issuance of stock under stock plans 6		15,489		(5,977)			9,518
Amortization of unearned stock compensation				3,639			3,639
Effect of Conforming Costa's fiscal year			(7,010)				(7,010)
Purchase of Treasury Stock						(705,137)	(705,137)
Balances at November 30, 2000	$6,176	$1,772,897	$4,884,023	$(12,283)	$(75,059)	$(705,137)	$5,870,617

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL

Description of Business

Carnival Corporation, a Panamanian corporation, and its consolidated subsidiaries (referred to collectively as the "Company") operate six cruise lines under the brand names Carnival Cruise Lines ("Carnival"), Costa, Cunard Line ("Cunard"), Holland America Line ("Holland America"), Seabourn Cruise Line ("Seabourn") and Windstar Cruises ("Windstar") and a tour business, Holland America Tours. Carnival operates fifteen cruise ships primarily in the Caribbean and the Mexican Riviera. Holland America operates ten cruise ships primarily in Alaska, the Caribbean and Europe. Costa operates seven cruise ships primarily in Europe, the Caribbean and South America (see Note 3). Cunard and Seabourn operates two and six luxury cruise ships, respectively, to worldwide destinations and Windstar operates four luxury, sail-powered ships primarily in the Caribbean, Europe and Central America. Holland America Tours markets sightseeing tours both separately and as a part of its cruise/tour packages. Holland America Tours operates 14 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 300 motor coaches used for sightseeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 13 private domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks.

The Company has a 25% interest in Airtours plc ("Airtours"), a publicly traded air-inclusive integrated leisure travel company headquartered in England. Airtours provided holidays for approximately 15 million people in 2000 primarily from the United Kingdom, Germany, Ireland, North America and Scandinavia and owns or operates 2,600 travel shops and 48 telesales centers, 52 aircraft, four cruise ships and 93 hotel and resort properties.

Preparation of Financial Statements

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements. Actual results could differ from these estimates. All material intercompany transactions, accounts and unrealized profits and losses on transactions within the consolidated group and with affiliates have been eliminated in consolidation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Carnival Corporation consolidates subsidiaries over which it has control, as typically evidenced by a direct ownership interest of greater than 50%. For affiliates where significant influence over financial and operating policies exists, as typically evidenced by a direct ownership interest from 20% to 50%, the investment is accounted for using the equity method.

Cash and Cash Equivalents

Cash and cash equivalents include investments with original maturities of three months or less and are stated at cost. At November 30, 2000 and 1999, cash and cash equivalents included $157 million and $502 million of investments, respectively, primarily comprised of time deposits and investment grade commercial paper, respectively.

Consumable Inventories

Consumable inventories consist primarily of provisions, spare parts, supplies and fuel carried at the lower of cost (weighted-average) or market.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization was computed using the straight-line method over estimated average useful lives as follows:

	Years
Ships	11-30
Buildings and improvements	10-40
Transportation equipment and other	2-20
Leasehold improvements	Shorter of lease term or related asset life

The Company reviews its long-lived assets, identifiable intangibles and goodwill and reserves for their impairment, based generally upon estimated future undiscounted cash flows, whenever events or changes in circumstances indicate the carrying amount of these assets may not be fully recoverable.

Costs associated with drydocking are capitalized as prepaid expenses and charged to operating expenses generally over one year.

The Company capitalizes interest on ships and other capital projects during the construction period.

Investments in Affiliates

In the event of the issuance of stock by an affiliate, the Company generally recognizes a gain or loss (see Note 5). At November 30, 2000 and 1999, the costs in excess of the net assets acquired of affiliates ("goodwill") was $195 million and $232 million, respectively. Goodwill is being amortized using the straight-line method, principally over 40 years and is recorded in "Income from Affiliated Operations, Net" in the accompanying statements of operations.

Goodwill

Goodwill of $275 million resulting from the acquisition of HAL Antillen, N.V., the parent company of Holland America, Windstar and Holland America Tours, $272 million resulting from the acquisitions of Cunard and Seabourn and $254 million resulting from the fiscal 2000 acquisition of Costa, is being amortized using the straight-line method over 40 years.

Derivative Instruments

The Company utilizes derivative instruments, principally forward contracts and swaps, to enhance its ability to manage certain risks related to foreign currency exchange rates and interest rates which exist as part of its ongoing business operations.

The Company's most significant contracts to buy foreign currency are forward contracts entered into to fix the cost in U.S. dollars of certain of its foreign currency denominated shipbuilding commitments (see Note 9).

Changes in the market value and any discounts or premiums on these forward foreign currency contracts are recorded at maturity, which coincides with the dates when the related foreign currency payments are to be made, with any resulting gain or loss included in the cost of the ship.

From time to time the Company uses interest rate swap agreements to manage interest rate exposure and to achieve a desired proportion of variable and fixed rate debt. The fair value of the swaps is not reflected in the financial statements and any amounts paid or received on hedges related to debt will be included in interest expense.

In June 1998, Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued. SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Pursuant to SFAS No. 133, changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. SFAS No. 133, as amended, is effective for the Company beginning December 1, 2000. Based on existing operations, the adoption of SFAS No. 133 will not have a significant impact on the Company's results of operations or cash flows, however, on December 1, 2000, the Company's assets and liabilities will each increase by approximately $540 million. This increase in assets and liabilities primarily represents the recording of offsetting unrealized gains and losses on the Company's shipbuilding commitments and related forward foreign currency contracts, respectively.

Revenue and Expense Recognition

Guest cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities on the balance sheet when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from shipboard activities and all associated direct costs of a voyage, generally upon completion of voyages with durations of ten days or less and on a pro rata basis for voyages in excess of ten days. Revenues and expenses from tour and related services are recognized at the time the services are performed or expenses are incurred.

Advertising Costs

Substantially all of the Company's advertising costs are charged to expense as incurred, except costs which result in tangible assets, such as brochures, which are recorded as prepaid expenses and charged to expense as consumed. Advertising expense totaled $181 million in fiscal 2000, $178 million in fiscal 1999 and $142 million in fiscal 1998. At November 30, 2000 and 1999, $23 million and $22 million, respectively, of advertising related costs were included in prepaid expenses and other in the accompanying balance sheets.

Foreign Currency Translations and Transactions

For foreign subsidiaries and affiliates using the local currency as their functional currency, assets and liabilities are translated at exchange rates in effect at the balance sheet dates. Translation adjustments resulting from this process are reported in accumulated other comprehensive income (loss) within shareholders' equity. Revenues and expenses of these foreign subsidiaries and affiliates are translated at weighted average exchange rates for the period. Exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are included in income currently.

Income Taxes

Management believes that substantially all of the Company's income (with the exception of its United States ("U.S.") source income from the transportation, hotel and tour businesses of Holland America Tours) is exempt from U.S. federal income taxes. If the Company was found not to meet certain tests of the Internal Revenue Code, as amended, (the "Code") or if the Code were to be changed in a manner adverse to the Company, a portion of the Company's income would become subject to taxation by the U.S. at higher than normal corporate tax rates.

Additionally, certain of the Company's foreign subsidiaries are subject to foreign income taxes, however, such amounts have not been significant.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of Common Stock outstanding during each period. Diluted earnings per share is computed by dividing net income, as adjusted, by the weighted average number of shares of Common Stock, Common

Stock equivalents and other potentially dilutive securities outstanding during each period.

Stock-Based Compensation

The Company accounts for employee stock-based compensation using the intrinsic value method and discloses certain fair value pro forma information with respect to its employee stock-based compensation activities (see Note 11).

Concentrations of Credit Risk

As part of its ongoing control procedures, the Company monitors concentrations of credit risk associated with financial institutions with which it conducts business. Credit risk, including counterparty nonperformance under derivative instruments, is considered minimal as the Company only deals with large well-established financial institutions. The Company also monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business. Concentrations of credit risk associated with these receivables are considered minimal due to the Company's diverse customer base and bad debts have been minimal. The Company does not normally require collateral or other security to support normal credit sales.

Accounting Changes

In fiscal 1998, Statement of Position 98-5 - "Reporting on the Costs of Start-Up Activities" ("SOP 98-5") was issued. SOP 98-5 requires that all start-up or pre-operating costs be expensed as incurred. In fiscal 1998, the Company adopted SOP 98-5 and, accordingly, expensed $8.7 million of previously deferred start-up costs. The $8.7 million represented the cumulative effect from the Company changing this policy, which amount was included in other nonoperating expenses in the fiscal 1998 statement of operations.

In fiscal 1999, the Company adopted SFAS No. 130, "Reporting Comprehensive Income", which is presented in the accompanying statements of shareholders' equity. Comprehensive income consists of net income and other comprehensive income, the latter includes unrealized gains and losses on available for sale securities and foreign currency translation adjustments.

In fiscal 1999, the Company adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information" which superceded SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise". The adoption of SFAS No. 131 did not affect the Company's results of operations or financial position but does affect the disclosure of segment information (see Note 10).

Reclassifications

Certain reclassifications have been made to the prior year amounts to conform to the current year presentation.

NOTE 3 - ACQUISITION

Since June 1997, the Company has owned 50% of Costa. On September 29, 2000, the Company completed the acquisition of the remaining 50% interest in Costa from Airtours at a cost of approximately $510 million. Substantially all of the purchase price was funded by euro denominated borrowings of approximately $161 million under the Company's existing $200 million multi-currency revolver and $342 million from a short-term bridge loan. The Company accounted for this transaction using the purchase accounting method. Goodwill derived from this transaction is being amortized using the straight-line method over 40 years.

Prior to the fiscal 2000 acquisition, the Company accounted for its 50% interest in Costa using the equity method and recorded its portion of Costa's operating results as earnings from affiliated operations on a two-month lag basis. For September, October and November, 2000, the Company continued to record its 50% interest in Costa's operating results for the months of July, August and September, 2000, respectively, using the equity method. As of November 30, 2000, the Company changed how it reports Costa's operating results from a two-month lag basis to reporting on Costa's current month's results. At that time, Costa's operating results for the months of October and November 2000 were recorded as a direct adjustment to retained earnings in the Company's November 30, 2000 consolidated balance sheet and the Company's November 30, 2000 consolidated balance sheet includes Costa's

November 30, 2000 balance sheet (see Note 5). The impact of conforming Costa's fiscal year on the Company's fiscal 2000 revenues, operating income and net income was not material. Commencing in fiscal 2001, Costa's results of operations will be consolidated on a current month basis in the same manner as the Company's other wholly-owned subsidiaries.

Had the above transaction occurred on December 1, 1998, the Company's unaudited consolidated revenues for fiscal 2000 and 1999 would have been approximately $4.3 and $4.1 billion, respectively. The impact on the Company's unaudited consolidated net income and earnings per share for fiscal 2000 and 1999 would have been immaterial.

The impact on the Company's assets and liabilities related to this acquisition was as follows (in millions):

Fair value of acquired assets	$ 915,437
Debt assumed	(310,259)
Other liabilities assumed	(94,354)
Cash paid for acquisition	510,824
Cash acquired and consolidated	(130,539)
Net cash paid as reflected in the 2000 Statement of Cash Flows	$ 380,285

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following (in thousands):

	November 30, 2000	1999
Ships	$8,420,552	$6,543,592
Ships under construction	320,480	506,477
	8,741,032	7,050,069
Land, buildings and improvements	279,095	235,333
Transportation equipment and other	465,536	395,008
Total property and equipment	9,485,663	7,680,410
Less accumulated depreciation and amortization	(1,484,345)	(1,269,883)
	$8,001,318	$6,410,527

Capitalized interest, primarily on ships under construction, amounted to $41.1 million in fiscal 2000, $40.9 million in fiscal 1999 and $35.1 million in fiscal 1998. Ships under construction include progress payments for the construction of the ship, as well as design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. At November 30, 2000, property and equipment with a net book value of $955 million was pledged as collateral pursuant to certain notes and a contingent obligation (see Notes 6 and 9).

NOTE 5 - INVESTMENTS IN AND ADVANCES TO AFFILIATES

At November 30, 2000 and 1999, the market value of the Company's investment in Airtours, based on the closing price of Airtours' common stock on the London Stock Exchange, was $361 million and $837 million, respectively, as compared with the carrying value of the Company's investment in Airtours of $415 million and $439 million, respectively. The Company is recording its interest in Airtours' consolidated results of operations on a two-month lag basis using the equity method.

In fiscal 1998, Airtours issued, in connection with acquisitions, approximately 20.7 million shares of its common stock at per share amounts in excess of the Company's carrying value per share. As a result of these transactions, in fiscal 1998, the Company recognized a net gain of $14.8 million, which was included in other nonoperating income.

Dividends received from affiliates were $16.5 million, $15.1 million and $13.7 million in fiscal 2000, 1999 and 1998, respectively.

Financial information for affiliated companies accounted for using the equity method was as follows (in thousands):

Balance Sheet Data As of End of Fiscal Years

	2000(a)	1999
Current assets	$2,270,185	$2,310,485
Long-term assets	$1,985,707	$2,332,871
Current liabilities	$1,852,595	$1,802,385
Long-term liabilities	$1,532,981	$1,741,010
Shareholders' equity	$ 870,316	$1,099,961

(a) Excludes Costa as it was included in the Company's consolidated balance sheet at November 30, 2000.

Income Statement Data(b)	Fiscal Years Ended		
	2000	1999	1998
Revenues	$6,669,052	$5,963,425	$5,282,230
Gross margin	$1,345,593	$1,265,614	$1,128,305
Net income	$ 19,770	$ 255,146	$ 264,936

(b) Includes Costa for all periods.

Segment information for the Company's affiliated operations was provided in accordance with SFAS No. 131 as follows (in thousands)(b):

	Fiscal Years Ended		
	2000	1999	1998
Operating income	$ 5,114	$359,953	$374,560
Depreciation and amortization	$ 152,123	$133,302	$100,532
Capital expenditures	$ 650,098	$356,267	$184,395

(b) Includes Costa for all periods.

NOTE 6 - LONG-TERM DEBT

Long-term debt consisted of the following (in thousands):

	November 30,	
	2000	1999
Commercial paper	$ 342,846	$
$200 million multi-currency revolving credit facility drawn in euros, bearing interest at 5.3% at November 30, 2000 (a)	160,862	
Unsecured Debentures and Notes, bearing interest at rates ranging from 5.65% to 7.7%, due through 2028	848,657	1,048,456
Unsecured euro note, bearing interest at euribor plus 0.25% (5.2% at November 30, 2000), due December 2000 (a)	338,676	
Euro notes, secured by two ships, bearing interest at euribor plus 0.5% (5.5% at November 30, 2000), due through 2008 (a)	329,994	5,000
Unsecured euro notes, bearing interest at rates ranging from euribor plus .185% to euribor plus 1.0% (5.4% to 6.1% at November 30, 2000), due 2001 and 2005 (a)	287,034	
Other	39,227	20,326
	2,347,296	1,073,782
Less portion due within one year	(248,219)	(206,267)
	$2,099,077	$ 867,515

(a) Euro denominated notes have been translated to U.S. dollars at the period end exchange rate.

At November 30, 2000, the outstanding commercial paper bears interest at approximately 6.6% and was due on 2001. Since the commercial paper is backed by the long-term revolving credit facilities described below, balances outstanding under the commercial paper programs were classified as long-term in the balance sheet.

The Company's commercial paper programs are supported by a $1 billion unsecured revolving credit facility due December 2001 and a $200 million

unsecured multi-currency revolving credit facility due January 2002. Both revolving credit facilities bear interest at LIBOR/EURIBOR plus 14 basis points ("BPS"), based on the Company's debt rating, and provide for a facility fee of six BPS on each facility. Any funds outstanding under the commercial paper programs reduce the aggregate amount available under these facilities. At November 30, 2000, the Company had $696 million available for borrowing under these facilities. These facilities and other debt agreements contain covenants that require the Company, among other things, to maintain minimum debt service coverage and limit debt to capital ratios. At November 30, 2000, the Company was in compliance with all of its debt covenants.

The unsecured Debentures and Notes are not redeemable prior to maturity. During fiscal 2000, the Company repaid its 5.65% unsecured Notes in the amount of $200 million.

On December 13, 2000, the Company repaid the $338.7 million unsecured euro note from the proceeds of a five-year unsecured euro note of approximately $250 million and another borrowing.

At November 30, 2000, the scheduled annual maturities of the Company's long-term debt was summarized as follows (in thousands):

Fiscal	
2001	$ 248,219
2002	620,508
2003	145,403
2004	139,740
2005	280,891
Thereafter	912,535
	$2,347,296

NOTE 7 - SHAREHOLDERS' EQUITY

The Company's Articles of Incorporation authorizes the Board of Directors, at its discretion, to issue up to 40 million shares of Preferred Stock. The Preferred Stock is issuable in series which may vary as to certain rights and preferences at the discretion of the Board of Directors and has a $.01 par value. At November 30, 2000 and 1999, no Preferred Stock had been issued.

In December 1998, the Company issued 17 million shares of its Common Stock in a public offering and received net proceeds of approximately $725 million. The Company issued the stock concurrent with the addition of the Company's Common Stock to the S&P 500 Composite Index.

In February 2000, the Board of Directors authorized the repurchase of up to $1 billion of the Company's Common Stock. As of November 30, 2000, the Company had repurchased 33.1 million shares of its Common Stock at a cost of $705.1 million.

At November 30, 2000, there were approximately 15.2 million shares of Common Stock reserved for issuance pursuant to the Company's stock option, employee stock purchase, management incentive, dividend reinvestment and restricted stock plans. During fiscal 2000, the Company declared cash dividends aggregating $0.42 per share for the year.

The Company does not expect to incur income taxes on future distributions of undistributed earnings of foreign subsidiaries or foreign affiliates and, accordingly, no deferred income taxes have been provided for the distribution of these earnings. At November 30, 2000 and 1999, accumulated other comprehensive income (loss) within shareholders' equity included cumulative foreign currency translation adjustments which (decreased) or increased shareholders' equity by $(67.9) million and $6.0 million, respectively.

On February 8, 2000, the U. S. Treasury Department issued proposed Treasury Regulations to Section 883 of the Code ("Section 883") relating to income derived by foreign corporations from the international operation of ships or aircraft. The proposed regulations provide, in general, that a foreign corporation organized in a qualified foreign country and engaged in the international operation of ships or aircraft shall exclude qualified income from gross income for purposes of federal income taxation provided that the corporation can satisfy certain ownership requirements, including,

among other things, that its stock is publicly traded. A corporation's stock that is publicly traded will satisfy this requirement if more than 50% of its stock is owned by persons who each own less than 5% of the value of the outstanding shares of the corporation's stock.

To the best of the Company's knowledge it currently qualifies as a publicly traded corporation under these proposed rules and, if the proposed rules were in force, substantially all of the Company's income (with the exception of the U. S. source income from the transportation, hotel and tour business of Holland America Tours) would continue to be exempt from U. S. federal income taxes.

In order to ensure that the Company continues to be publicly traded under the proposed Section 883 regulations, the Company amended its Articles of Incorporation in April 2000 to prohibit any person, other than an existing 5% shareholder, from acquiring shares that would give such person in the aggregate more than 4.9% of the value of the outstanding shares of the Company.

NOTE 8 - FINANCIAL INSTRUMENTS

The Company estimates the fair value of financial instruments through the use of public market prices, quotes from financial institutions and other available information. Considerable judgment is required in interpreting data to develop estimates of fair value and, accordingly, amounts are not necessarily indicative of the amounts that the Company could realize in a current market exchange. Financial instruments are not held for trading or other speculative purposes.

Cash and Cash Equivalents

The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these instruments.

Other Assets

At November 30, 2000 and 1999, long-term other assets included marketable securities held in a "Rabbi Trust" for certain of the Company's non-qualified benefit plans and long-term receivables. These assets had both carrying and fair values of approximately $135.0 million and $28.3 million at November 30, 2000 and 1999, respectively. Fair value was estimated based on quoted market prices or expected future discounted cash flows.

Long-term Debt

At November 30, 2000 and 1999, the fair value of the Company's long-term debt, including the current portion, was approximately $2.27 billion and $1.02 billion, respectively, which was approximately $76 million and $53 million less than the carrying values on those respective dates. The difference between the fair value of the long-term debt and the carrying value was due primarily to the Company's issuance of fixed rate debt obligations at interest rates that are below market rates in existence at the measurement dates. The fair value of the Company's unsecured Debentures and Notes was estimated based on the quoted market price for the same or similar issues. The fair value of the Company's other long-term debt was estimated based on the market rates available to the Company for similar debt.

Foreign Currency Contracts

The Company enters into forward foreign currency contracts to reduce its exposures relating to exchange rate changes in foreign currency. These contracts are subject to gain or loss from changes in foreign currency rates, however, any realized gain or loss will generally be offset by gains or losses on the underlying hedged foreign currency transactions. The fair value of the Company's forward hedging instruments discussed below was estimated based on prices quoted by financial institutions for these instruments.

Several of the Company's contracts for the construction of cruise ships are denominated in either Italian lira, German marks or euros. The Company is a party to forward foreign currency contracts with a notional amount of $3.7 billion and $1.86 billion at November 30, 2000 and 1999, respectively, to fix the price of these ships into U.S. dollars (see Note 9). At November 30, 2000 and 1999, these forward contracts had an estimated fair value of approximately $3.2 billion and $1.8 billion, respectively.

Interest Rate Swaps

Costa has interest rate swap agreements in place to pay fixed interest rates in exchange for floating interest rate payments on substantially all of its debt. At November 30, 2000, these swaps had a notional amount and an estimated unrealized loss of $766 million and $2.8 million, respectively, and

a weighted average remaining life of approximately 2.3 years. The fair value of interest rate swap agreements was estimated based on quoted market rates for similar financial instruments. There were no interest rate swap agreements outstanding at November 30, 1999.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Ship Commitments

A description of ships under contract for construction at November 30, 2000 was as follows (in millions, except passenger capacity data):

Ship	Expected Service Date(1)	Shipyard	Passenger Capacity(2)	Estimated Total Cost(3)
Carnival				
Carnival Spirit	4/01	Masa-Yards	2,124	$ 375
Carnival Pride	1/02	Masa-Yards (4)	2,124	375
Carnival Legend	9/02	Masa-Yards (4)	2,124	375
Carnival Conquest	12/02	Fincantieri	2,974	500
Carnival Glory	8/03	Fincantieri	2,974	500
Carnival Miracle	4/04	Masa-Yards (4)	2,124	375
Carnival Valor	11/04	Fincantieri(4)	2,974	500
Total Carnival			17,418	3,000
Holland America				
Newbuild	11/02	Fincantieri(4)	1,848	410
Newbuild	8/03	Fincantieri(4)	1,848	410
Newbuild	2/04	Fincantieri(4)	1,848	410
Newbuild	10/04	Fincantieri(4)	1,848	410
Newbuild	6/05	Fincantieri(4)	1,848	410
Total Holland America			9,240	2,050
Costa				
Newbuild	7/03	Masa-Yards (5)	2,112	330
Newbuild	1/04	Fincantieri(6)	2,720	380
Newbuild	12/04	Fincantieri(6)	2,720	380
Total Costa			7,552	1,090
Cunard				
Queen Mary 2	12/03	Chantiers de l'Atlantique(4)	2,620	780
Total Cunard			2,620	780
Total			36,830	$6,920

(1) The expected service date is the date the ship is expected to begin revenue generating activities.
(2) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.
(3) Estimated total cost of the completed ship includes the contract price with the shipyard, design and engineering fees, capitalized interest, various owner supplied items and construction oversight costs.
(4) These construction contracts are denominated in either German marks, Italian lira or euros and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.
(5) This construction contract is denominated in German marks which has a fixed exchange rate with Costa's functional currency, which is the Italian lira. The estimated total costs has been translated into U.S. dollars using the November 30, 2000 exchange rate.
(6) These construction contracts are denominated in Italian lira. The estimated total cost has been translated into U.S. dollars using the November 30, 2000 exchange rate.

In connection with the ships under contract for construction, the Company has paid approximately $320 million through November 30, 2000 and anticipates paying the remaining estimated total cost as follows (in millions):

Fiscal

2001	$ 643
2002	1,734
2003	1,488
2004	2,389
2005	346
	$6,600

Litigation

Several actions (collectively the "Passenger Complaints") have been filed against the Company on behalf of purported classes of persons who paid port charges to Carnival, Holland America and Costa, alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages or, alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief.

Certain of the Passenger Complaints filed against Carnival have been dismissed. The remaining actions have been consolidated into one action in Florida. Carnival recently entered into an agreement to settle this remaining action. The settlement must be approved by the trial court. Under the settlement agreement, Carnival would issue travel vouchers with a face value of $25-$55 depending on specified criteria, to certain of its passengers who sailed between April 1992 and June 1997. The vouchers also provide class members a cash redemption option of up to 20% of the face value which must be exercised within 60 days. Pursuant to the settlement, Carnival will pay the plaintiffs' legal fees, as awarded by the court, up to a specified amount. During the fourth quarter of fiscal 2000, the Company recorded a charge for the amount of the estimated cash redemptions and settlement costs in the amount of approximately $21 million.

Holland America Tours has entered into a settlement agreement for the one Passenger Complaint filed against it. The settlement agreement was approved by the trial court on September 28, 1998. Under the settlement agreement, Holland America would issue travel vouchers with a face value of $10-$50 depending on specified criteria, to certain of its passengers who are U.S. residents and who sailed between April 1992 and April 1996, and would pay a portion of the plaintiffs' legal fees.

One member of the settlement class appealed the trial court's approval of the settlement. In August 2000, the court of appeals refused to approve the settlement and remanded the case to the trial court. Holland America Tours has filed a petition for discretionary review by the Washington Supreme Court, the ultimate outcome of which cannot currently be determined.

If the Passenger Complaint settlements are implemented as described above, the amount and timing of the travel vouchers to be redeemed for travel and the effects of the travel voucher redemption on revenues are not reasonably determinable. Accordingly, the Company will account for the non-cash redemption of the vouchers as a reduction of future revenues.

Several actions have been filed against Carnival, Holland America Tours, Cunard and Costa alleging that they violated the Americans with Disabilities Act ("ADA") by failing to make certain of their cruise ships accessible to individuals with disabilities (collectively the "ADA Complaints"). Plaintiffs seek injunctive relief and fees and costs. Certain of the plaintiffs also seek statutory damages, including punitive damages. On January 19, 2001, Carnival reached an agreement in principle with the plaintiffs to settle its major ADA Complaint. Pursuant to the agreement, Carnival will make certain modifications to its existing 15 ships. Management believes that the estimated total cost of the modifications will not be material to the Company's financial statements. The remaining actions are in progress and are proceeding.

Several actions filed against the Company and four of its officers on behalf of a purported class of purchasers of Common Stock of the Company were consolidated into one action in Florida (the "Stock Purchase Complaint"). The plaintiffs are claiming that statements made by the Company in public filings violate federal securities laws and seek unspecified compensatory damages, attorneys' fees and costs and expert fees. This action is in progress and is proceeding.

It is not now possible to determine the ultimate outcome of the pending Passenger, ADA and Stock Purchase Complaints, if such claims should proceed to trial. Management believes that the Company and these officers, as applicable, have meritorious defenses to these claims and, accordingly, the

parties intend to vigorously defend against all such claims.

In August 2000, the Company received a grand jury subpoena requesting that the Company produce documents and records concerning environmental matters. The Company continues to respond to the subpoena.

Costa has instituted arbitration proceedings in Italy to confirm the validity of its decision not to deliver its ship, the Costa Classica, to the shipyard of Cammell Laird Holdings PLC ("Cammell Laird") under an approximate $75 million contract for the conversion and lengthening of the ship. Consequently, Costa has given notice of termination of the contract. It is expected that the arbitration tribunal's decision will be made within two years. In the event that an award is given in favor of Cammell Laird the amount of damages which Costa will have to pay, if any, is not currently determinable. In addition, it is not currently possible to determine the ultimate outcome of this matter, however, management believes that the arbitration proceeding will result in a favorable outcome for the Company.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such suits, which are not covered by insurance, would not have a material adverse effect on the Company's financial statements.

Contingent Obligations

The Company has certain contingent obligations, including letters of credit, to participants in lease out and lease back type transactions for three ships which, at November 30, 2000, totaled approximately $775 million. Only in the remote event of nonperformance by certain major financial institutions, all of which have long-term credit ratings of AAA or AA, would the Company be required to make any payments under these contingent obligations. After 18-21 years, as applicable, the Company has the right to exercise purchase options that would terminate these transactions. As a result of these three transactions, the Company has received a total of approximately $67 million (net) which was recorded as deferred income on the balance sheets and is being amortized to nonoperating income over approximately 18-21 years.

Operating Leases

Rent expense for all operating leases, primarily for office and warehouse space, for fiscal 2000, 1999 and 1998 was approximately $10 million each year. At November 30, 2000, minimum annual rentals for all operating leases, with initial or remaining terms in excess of one year, were as follows (in thousands):

Fiscal	
2001	$ 8,500
2002	7,300
2003	6,000
2004	5,700
2005	5,700
Thereafter	26,800
	$60,000

Other

At November 30, 2000, the Company had a commitment through 2013, cancelable under certain remote circumstances, to pay a minimum amount for its annual usage of certain port facilities as follows (in thousands):

Fiscal	
2001	$ 9,400
2002	9,300
2003	11,500
2004	11,500
2005	12,500
Thereafter	113,500
	$167,700

NOTE 10 - SEGMENT INFORMATION

The Company's cruise segment included five cruise brands (six, including Costa, as of November 30, 2000) which have been aggregated as a single operating segment based on the similarity of their economic and other characteristics. Cruise revenues are comprised of sales of passenger cruise tickets, including, in some cases, air transportation to and from the cruise ships, and revenues from certain onboard activities and other related services. The tour segment represents the operations of Holland America Tours.

The significant accounting policies of the segments are the same as those described in Note 1 - "Summary of Significant Accounting Policies." Cruise revenues included intersegment revenues which primarily represent billings to the tour segment for the cruise portion of a tour when a cruise is sold as a part of a tour package. In addition, cruise and tour operating expenses included a cost allocation of certain corporate expenses. Information for the cruise and tour segments for fiscal 2000, 1999 and 1998 was as follows (in thousands):

	Revenues	Operating income (loss)	Depreciation and amortization	Capital expenditures	Segment assets
2000					
Cruise	$3,578,372	$ 961,806	$276,483	$ 972,270	$9,093,646(a)
Tour	259,662	7,664	10,825	30,129	199,722
Affiliated Operations		37,828(a)			437,391
Reconciling items (b)	(59,492)	(24,340)	359	949	100,561
	$3,778,542	$ 982,958	$287,667	$1,003,348	$9,831,320
1999					
Cruise	$3,286,701	$ 947,452	$232,942	$ 837,126	$6,938,411
Tour	271,828	10,403	10,716	24,416	185,591
Affiliated operations		75,758(a)			586,922
Reconciling items (b)	(61,059)	(13,914)		11,442	575,431
	$3,497,470	$1,019,699	$243,658	$ 872,984	$8,286,355
1998					
Cruise	$2,797,856	$822,242	$189,345	$1,113,191	$6,327,599
Tour	274,491	9,248	9,491	28,480	174,140
Affiliated operations		76,732(a)			546,693
Reconciling items (b)	(63,041)	(11,698)	1,832	8,742	130,891
	$3,009,306	$896,524	$200,668	$1,150,413	$7,179,323

(a) The November 30, 2000 cruise segment assets included Costa, while Costa's results of operations were presented in the affiliated operations segment for all periods(see Notes 3 and 5).

(b) Revenues consisted of intersegment revenues. Operating loss represented corporate expenses not allocated to segments. Capital expenditures represented corporate capital expenditures. Segment assets included cash, cash equivalents, short-term investments and other corporate assets.

See Note 5 for affiliated operations segment information which were not included in the Company's consolidated operations.

Foreign revenues for the Company's cruise brands, excluding Costa, represent sales generated from outside the U.S. primarily by foreign tour operators and foreign travel agencies. The majority of these foreign revenues are from Canada, United Kingdom, Germany and Australia. Foreign assets represent assets which are located outside of the U.S. and included, among other things, all of the Company's ships. Revenues and year-end asset information by geographic area was as follows (in thousands):

	2000	1999	1998

Revenues			
United States	$3,180,667	$2,934,492	$2,545,709
Foreign	597,875	562,978	463,597
	$3,778,542	$3,497,470	$3,009,306
Assets			
United States	$ 680,897	$1,063,963	$ 643,509
Foreign	9,150,423	7,222,392	6,535,814
	$9,831,320	$8,286,355	$7,179,323

NOTE 11 - BENEFIT PLANS

Stock Option Plans

The Company has stock option plans for certain employees and members of the Board of Directors. The plans are administered by a committee of three directors of the Company (the "Committee") which determines who is eligible to participate, the number of shares for which options are to be granted and the amounts that may be exercised within a specified term. The option exercise price is generally established by the Committee at 100% of the fair market value of the Common Stock on the date the option is granted. Substantially all options granted during fiscal 2000, 1999 and 1998 were granted at an exercise price per share equal to the fair market value of the Company's Common Stock on the date of grant. Employee options generally have vested evenly over five years and have a ten year term and director options have vested immediately and have a five or ten year term. At November 30, 2000, options for 1,338,781 shares were available for future grants. A summary of the status of options in the stock option plans was as follows:

	Weighted Average Exercise Price Per Share			Number of Options Years Ended November 30,		
	2000	1999	1998	2000	1999	1998
Outstanding options- beginning of year	$22.70	$14.95	$11.88	6,517,168	5,987,574	5,502,580
Options granted	$35.92	$44.54	$27.34	2,910,575	1,641,400	1,157,344
Options exercised	$13.43	$11.01	$10.53	(244,850)	(956,706)	(652,350)
Options canceled	$35.91	$26.55	$22.86	(342,100)	(155,100)	(20,000)
Outstanding options- end of year	$26.80	$22.70	$14.95	8,840,793	6,517,168	5,987,574
Options exercisable - end of year	$15.82	$12.64	$10.91	4,042,452	3,601,993	3,405,630

Information with respect to stock options outstanding and stock options exercisable at November 30, 2000 was as follows:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Shares	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 1.94-$ 2.25	37,480	(1)	$ 2.06	37,480	$ 2.06
$ 6.94-$10.31	244,900	1.9	$ 7.51	244,900	$ 7.51
$10.59-$15.00	2,767,700	4.4	$11.30	2,743,700	$11.28
$16.28-$21.91	1,457,469	8.2	$19.54	337,938	$19.37
$24.63-$26.41	840,694	7.1	$26.39	305,854	$26.41
$34.03-$41.34	234,000	8.1	$36.49	61,600	$37.32
$43.56-$48.56	3,258,550	8.7	$44.35	310,980	$45.56
Total	8,840,793	6.9	$26.80	4,042,452	$15.82

(1) These stock options do not have an expiration date.

Pursuant to SFAS No. 123, the Company has elected to use the intrinsic

value method of accounting for employee stock-based compensation awards. Accordingly, the Company has not recognized compensation expense for its noncompensatory employee stock option awards. The Company's pro forma net income and earnings per share for fiscal 2000, 1999 and 1998 had the Company elected to adopt the fair value approach (which charges earnings for the estimated fair value of stock options) of SFAS No. 123 would not be materially different from reported net income and earnings per share.

The weighted average fair values of the Company's options granted during fiscal 2000, 1999 and 1998 were $13.31, $15.15 and $7.61 per share, respectively, at the dates of grant. The fair values of options were estimated using the Black-Scholes option pricing model with the following weighted average assumptions for fiscal 2000, 1999 and 1998, respectively; expected dividend yields of 1.17%, 0.80%, and 1.62%; expected volatility of 28.9%, 26.3%, and 20.5%; risk free interest rates of 6.4%, 4.8% and 5.3%; and expected option life of six years for all periods.

Restricted Stock Plans

The Company has restricted stock plans under which three key employees are granted restricted shares of the Company's Common Stock. Shares are awarded in the name of each of the participants, who have all the rights of other Common Stock shareholders, subject to certain restriction and forfeiture provisions. During fiscal 2000, 1999 and 1998, 150,000 shares of Common Stock were issued each year which were valued at $5.5 million, $6.8 million and $4.4 million, respectively. Unearned stock compensation was recorded in stockholders' equity at the date of award based on the quoted market price of the shares on the date of grant and is amortized to expense over the vesting period. As of November 30, 2000 and 1999 there were 313,094 shares and 263,765 shares, respectively, issued under the plans which remain to be vested.

Management Incentive Plans

Most shoreside managerial employees of the Company participate in management incentive plans. Certain of the participating employees receive a portion of their incentive compensation award in Common Stock of the Company, instead of the entire amount being paid in cash. During fiscal 2000, 1999 and 1998, 35,820, 49,734 and 61,214 shares of Common Stock with a quoted market value of $1.7 million, $1.7 million and $1.6 million, respectively, were issued under these plans.

Defined Benefit Pension Plans

The Company has two defined benefit pension plans (qualified and non-qualified) that are available to certain full-time Carnival and corporate shoreside employees who were employed with the Company prior to January 1, 1998. These plans were closed to new participants on January 1, 1998. In addition, the Company has two non-qualified defined benefit plans. One of these plans was established in fiscal 1999 and is available to Carnival's shipboard employees and the other was established in fiscal 2000 and is available to two executive officers of the Company. The Company's funding policy for the qualified defined benefit plan is to annually contribute at least the minimum amount required under the applicable labor regulations. The non-qualified plans are unfunded. Pension expense for the defined benefit pension plans was $5.2 million, $3.6 million and $1.9 million for fiscal 2000, 1999 and 1998, respectively.

Defined Contribution Plans

The Company has various defined contribution plans, available to substantially all U.S. and Canadian employees, and certain United Kingdom and Carnival shipboard employees. The Company contributes to these plans based on employee contributions, salary levels and length of service. Total expense relating to these plans in fiscal 2000, 1999 and 1998 was $6.8 million, $6.1 million and $5.3 million, respectively.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan which is authorized to issue up to 4,000,000 shares of Common Stock to substantially all employees of the Company. The purchase price is derived from a formula based on 85% of the fair market value of the Common Stock during the six-month purchase period, as defined. During fiscal 2000, 1999 and 1998, the Company issued 171,886, 144,911 and 175,971 shares, respectively, at a weighted average share price of $26.36, $36.67 and $24.45, respectively, under this plan.

NOTE 12 - EARNINGS PER SHARE

Earnings per share were computed as follows (in thousands, except per

share data):

	Years Ended November 30,		
	2000	1999	1998
Basic:			
Net income	$965,458	$1,027,240	$835,885
Average common shares outstanding	599,665	612,484	595,037
Earnings per share	$1.61	$1.68	$1.40
Diluted:			
Net income	$965,458	$1,027,240	$835,885
Effect on net income of assumed issuance of affiliate securities		(3,299)	
Net income available assuming dilution	$965,458	$1,023,941	$835,885
Average common shares outstanding	599,665	612,484	595,037
Effect of dilutive securities- shares issuable under various stock option plans	2,247	3,516	3,411
Average shares outstanding assuming dilution	601,912	616,000	598,448
Earnings per share	$1.60	$1.66	$1.40

NOTE 13 - SUPPLEMENTAL CASH FLOW INFORMATION

	YEARS ENDED NOVEMBER 30,		
	2000	1999	1998
	(in thousands)		
Cash paid (received) for:			
Interest (net of amount capitalized)	$40,431	$ 49,836	$ 54,572
Income taxes	$ (800)	$ 3,841	$ 5,144
Noncash investing and financing activities:			
Common Stock issued for acquisition of Cunard Line Limited minority interest		$127,069	
Common Stock issued under various stock plans	$ 7,250	$ 8,991	$ 5,975
Note received upon the sale of the Nieuw Amsterdam	$84,500		

NOTE 14 - RECENT ACCOUNTING PRONOUNCEMENTS

In December 1999, the Securities and Exchange Commission (SEC) released Staff Accounting Bulletin (SAB) 101, Revenue Recognition in Financial Statements to provide guidance on the recognition, presentation and disclosure of revenues in financial statements. In June 2000, the SEC issued SAB 101B, which delays the Company's implementation date of SAB 101 until not later than September 1, 2001. The Company has completed its review and believes that its current revenue recognition policies are in conformity, in all material respects, with this SAB and does not expect that its adoption will have a material impact on its financial statements.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Carnival Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, cash flows and shareholders' equity present fairly, in all material respects, the financial position of Carnival Corporation and its subsidiaries at November 30, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance

about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/PRICEWATERHOUSECOOPERS LLP
PricewaterhouseCoopers LLP

Miami, Florida
January 26, 2001

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The Company earns its cruise revenues primarily from (i) the sale of passenger cruise tickets, which includes accommodations, meals and most onboard activities, (ii) the sale of air transportation to and from the cruise ships and (iii) the sale of goods and services on board its cruise ships, such as casino gaming, bar sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of Holland America Tours.

For segment information related to the Company's revenues, operating income and other financial information see Note 10 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information for the periods indicated was as follows:

	YEARS ENDED NOVEMBER 30,		
	2000	1999	1998
Revenues	100%	100%	100%
Costs and Expenses			
Operating expenses	54	53	54
Selling and administrative	13	13	12
Depreciation and amortization	8	7	7
Operating Income Before Income From Affiliated Operations	25	27	27
Income From Affiliated Operations, Net	1	2	3
Operating Income	26	29	30
Nonoperating Expense			(2)
Net Income	26%	29%	28%
Selected Statistical Information (in thousands):			
Passengers carried	2,669	2,366	2,045
Passenger cruise days (1)	16,750	14,947	13,009
Occupancy percentage (2)	105.4%	104.3%	106.3%

(1) A passenger cruise day is one passenger sailing for a period of one day. For example, one passenger sailing on a one week cruise is seven passenger cruise days.
(2) The Company acquired a majority interest in Cunard Line Limited on May 28, 1998. Since that date, Cunard's revenues and operating results have been included in the Company's operating results. Cunard's ships generally sail with lower occupancy percentages than the Company's other brands.

GENERAL

The Company's cruise, tour and affiliated operations experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for its cruise operations is moderately seasonal. Historically, demand for cruises has been greatest during the summer months. The Company's tour revenues are highly seasonal with a vast majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season. Airtours, the Company's 25% owned equity affiliate, has revenues which are very seasonal due primarily to the nature of the European leisure travel industry. Typically, Airtours' quarters ending June 30 and September 30 experience higher revenues, with revenues in the quarter ending September 30 being the highest.

Through fiscal 2000, the Company recorded its share of Airtours and Costa's operating results in earnings from affiliated operations on a two-month lag basis. Beginning in fiscal 2001, all of Costa's results of operations will be consolidated into the Company's financial statements on a current month basis, thus eliminating the two-month lag in reporting Costa's results of operations. This change in the timing of reporting periods, as well as Costa's greater seasonality, will increase the seasonality of the Company's quarterly results of operations, most significantly between the Company's third and fourth fiscal quarters. Costa's seasonally strong summer results of operations will be recorded in the Company's third quarter in fiscal 2001 versus in the fourth quarter in fiscal 2000. See Note 3 in the accompanying financial statements.

Average passenger capacity for the Company's cruise brands, excluding Costa, is expected to increase approximately 9.7% during fiscal 2001 as compared to fiscal 2000. This increase is primarily a result of the introduction into service of the Carnival Victory in August 2000, and Holland America's Zaandam and Amsterdam in May 2000 and October 2000, respectively, and the expected introduction into service of the Carnival Spirit in April 2001, partially offset by the withdrawal from service of Holland America's Nieuw Amsterdam in October 2000. The consolidation of Costa in fiscal 2001 will increase the Company's consolidated capacity by an additional 20.7%, although the impact on the Company's net income will be much less, as a majority of Costa's net income was included in affiliated operations in prior years.

The year over year percentage increase in the Company's average passenger capacity resulting from the delivery of ships currently under contract for construction for fiscal 2002 and 2003 is expected to approximate 7.1% and 14.0%, respectively.

FISCAL 2000 ("2000") COMPARED TO FISCAL 1999 ("1999")

Revenues

Revenues increased $281 million, or 8% in 2000 compared to 1999, entirely due to an 8.9% increase in cruise revenues. The cruise revenue change resulted from an increase of approximately 10.8% in passenger capacity and a 1.2% increase in occupancy rates, partially offset by a 3.2% decrease in gross revenue per passenger cruise day. The increase in passenger capacity resulted primarily from the introduction into service of the Carnival Triumph and Carnival Victory in July 1999 and August 2000, respectively, and Holland America's Volendam and Zaandam in November 1999 and May 2000, respectively. This capacity increase was partially offset by several ships being out of service for unscheduled drydocks, including several due to manufacturer's design flaws, and the sale of the Nieuw Amsterdam in October 2000. The decrease in gross revenue per passenger cruise day was primarily due to pressure on cruise ticket prices throughout the year, with the exception of the Millennium cruises. This pressure on cruise ticket pricing was caused by a number of factors including, but not limited to, relatively softer demand and a fall-off in pre- and post Millennium bookings. Also, when a passenger elects to provide his or her own transportation, rather than purchasing air transportation from the Company, both the Company's cruise revenues and operating expenses decrease by approximately the same amount. During 2000, there was a reduction in the percentage of passengers electing to use the Company's air program and, accordingly, this caused a reduction in gross revenue per passenger cruise day, as well as a reduction in operating expenses.

Costs and Expenses

Operating expenses increased $195.7 million, or 10.5% in 2000 compared

to 1999. Cruise operating costs increased by $201.2 million, or 11.8%, to $1.8 billion in 2000 from $1.7 billion in 1999. Cruise operating costs increased in 2000 primarily due to additional costs associated with the increased passenger capacity, increases in fuel costs, and increases in operational costs primarily related to the Company's Millennium cruises and port costs. Commencing in the fourth quarter of 1999, the Company began to incur significantly higher fuel costs due to a very large increase in the price of bunker fuel which continued to increase as the year progressed. The increases in the price of fuel increased the Company's consolidated operating expenses by approximately $51 million for 2000 compared to 1999. Cruise operating costs as a percentage of cruise revenues were 53.4% and 52% in 2000 and 1999, respectively.

Selling and administrative expenses increased $40.2 million, or 9.0% to $487.4 million in 2000 from $447.2 million in 1999, primarily due to an increase in payroll and related costs. Selling and administrative expenses as a percentage of revenues were 12.9% and 12.8% during 2000 and 1999, respectively.

Depreciation and amortization increased by $44.0 million, or 18.1% to $287.7 million in 2000 from $243.7 million in 1999, primarily due to the additional depreciation associated with the increase in the size of the fleet and ship refurbishment expenditures.

Affiliated Operations

During 2000, the Company recorded $37.8 million of income from affiliated operations as compared with $75.8 million of income in 1999. The Company's portion of Airtours' losses in 2000 was $41.2 million as compared to income of $36.2 million in 1999. The Company recorded income of $76.7 million and $39.9 million during 2000 and 1999, respectively, related to its interest in Costa. The Company's results from affiliated operations included net nonrecurring charges totaling $5 million, consisting of a $43 million charge for the Company's equity interest in restructuring and other nonrecurring net charges recorded by Airtours, partially offset by a $38 million income tax benefit resulting from Costa's change in tax status upon registration of its ships within the Italian International Ship Registry and the reversal of certain Costa tax liabilities.

See the "General" section for a discussion of Airtours' and Costa's seasonality. See Notes 3 and 5 in the accompanying financial statements for more information regarding the acquisition of Costa and the Company's affiliated operations.

Nonoperating Income (Expense)

Interest income decreased $25.4 million in 2000 to $16.5 million from $41.9 million in 1999 due primarily to lower average investment balances primarily resulting from the purchase of Treasury Stock, partially offset by higher interest rates.

Gross interest expense (excluding capitalized interest) decreased slightly to $82.5 million in 2000 from $87.9 million in 1999 primarily as a result of lower average outstanding debt balances, partially offset by a higher weighted average borrowing cost.

Other income in 2000 of $8.5 million primarily includes $21.4 million of compensation received from the shipyard, net of certain related expenses, a $10.6 million gain on a forward foreign currency contract purchased to fix the acquisition price of Costa, partially offset by, among other things, a $21 million port litigation charge (see Note 9 in the accompanying financial statements). The payments from the shipyard represent reimbursements for expenses incurred and lost profits due to ship construction or design issues which caused either delays in ship delivery or drydocks to correct the problems.

FISCAL 1999 ("1999")COMPARED TO FISCAL 1998 ("1998")

Revenues

Revenues increased $488 million, or 16.2% in 1999 compared to 1998, entirely due to a 17.5% increase in cruise revenues. The cruise revenue change resulted from an increase of approximately 17.2% in passenger capacity and a 2.6% increase in gross revenue per passenger cruise day, partially offset by a 2.3% decrease in occupancy rates. The increase in passenger capacity resulted from the acquisition of Cunard Line Limited in late May 1998, which increased 1999 capacity by 5.6%, and the balance of the increase resulted primarily from the introduction into service of Carnival's Elation and Paradise in March and November 1998, respectively, and the Carnival

Triumph in July 1999, as well as Carnival's Ecstasy being in service throughout 1999. Both the increase in gross revenue per passenger cruise day and the decrease in occupancy rates was primarily due to Cunard Line Limited's higher gross revenue per passenger cruise day and lower occupancy rates than the Company's other brands and, to a lesser extent, an increase in gross revenue per passenger cruise day for the Carnival and Holland America brands.

As a result of the 1999 military conflict in the Balkans, the second half of the Company's 1999 Mediterranean cruise revenues were negatively impacted. Although management lessened this impact by, among other things, changing the itineraries of certain of its Mediterranean cruises, offering additional incentives and increasing advertising expenditures, the 1999 Mediterranean cruise results were still lower than originally expected.

Costs and Expenses

Operating expenses increased $243.3 million, or 15.0% in 1999 compared to 1998. Cruise operating costs increased by $250.2 million, or 17.1%, to $1.71 billion in 1999 from $1.46 billion in 1998. Cruise operating costs increased in 1999 primarily due to additional costs associated with the increased passenger capacity and increases in airfare and fuel costs. Airfare costs increased primarily due to a higher rate per air passenger partially offset by a lower percentage of passengers electing the Company's air program. Commencing in the fourth quarter of 1999, the Company began to incur significantly higher fuel costs due to a very large increase in the price of bunker fuel. Cruise operating costs as a percentage of cruise revenues were 52% and 52.1% in 1999 and 1998, respectively.

Selling and administrative expenses increased $77.8 million, or 21.0% to $447.2 million in 1999 from $369.5 million in 1998, primarily due to an increase in advertising and payroll and related costs. Selling and administrative expenses as a percentage of revenues were 12.8% and 12.3% during 1999 and 1998, respectively.

Cunard Line Limited's cruise operating costs and selling and administrative expenses as a percentage of revenues are higher than the Company's other brands. Accordingly, the Company's expense ratios are higher in 1999 due to the inclusion of Cunard Line Limited's expenses since the third quarter of 1998.

Depreciation and amortization increased by $43.0 million, or 21.4%, to $243.7 million in 1999 from $200.7 million in 1998 primarily due to the additional depreciation associated with the increase in the size of the fleet and the acquisition and consolidation of Cunard and Seabourn.

Affiliated Operations

During 1999, the Company recorded $75.8 million of income from affiliated operations as compared with $76.7 million of income in 1998. The Company's portion of Airtours' income decreased $3.2 million in 1999, or 8.1%, to $36.2 million in 1998. The Company recorded income of $39.9 million during both 1999 and 1998 related to its interest in Costa.

Nonoperating Income (Expense)

Interest income increased $31.7 million in 1999 to $41.9 million from $10.3 million in 1998 due primarily to higher average investment balances resulting from the investment of proceeds received by the Company upon the sale of its Common Stock in December 1998 (see Note 7 in the accompanying financial statements).

Gross interest expense (excluding capitalized interest) decreased slightly to $87.9 million in 1999 from $92.9 million in 1998 primarily as a result of lower average outstanding debt balances. Capitalized interest increased $5.8 million during 1999 as compared with 1998 due primarily to higher levels of investments in ship construction projects.

Other income in 1999 of $29.4 million primarily relates to $21.4 million of compensation received from the shipyard related to the late deliveries of the Volendam and Carnival Triumph, net of certain related expenses, collection of $4.5 million of insurance proceeds, recognition of $2.3 million of ship lease transaction income and $13.6 million of other nonrecurring gains. In addition, other income was partially reduced for, among other things, an $8.8 million expense for the writedown of the Company's investment in Wyndham International common stock and $3.2 million of expenses related to the small engine room fire on the Carnival ship Tropicale.

Minority interest was $14.0 million in 1999 compared with $11.1 million in 1998 which represents the minority shareholders' interest in Cunard Line Limited's net income. On November 15, 1999, the Company acquired the

remaining minority interest in Cunard at which point no further Cunard minority interest expense will be recorded by the Company.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

The Company's business provided approximately $1.3 billion of net cash from operations during fiscal 2000 and fiscal 1999.

During fiscal 2000, the Company's net expenditures for capital projects were approximately $1 billion, of which $885 million was spent in connection with its ongoing shipbuilding program. The shipbuilding expenditures included the final payments on the Carnival Victory and Holland America's Zaandam, which were delivered to the Company in July and April 2000, respectively. The nonshipbuilding capital expenditures consisted primarily of ship refurbishments, information technology assets, tour assets, and other.

During fiscal 2000, the Company had net borrowings of $342.8 million under its commercial paper programs and made principal payments related to other debt totaling $210.7 million pursuant to various notes payable, including $200 million for the payment of unsecured 5.65% Notes in October 2000. Also on September 29, 2000, the Company incurred approximately $510 million in debt related to the acquisition of the remaining 50% interest of Costa. In addition, the Company consolidated approximately $620 million of Costa debt which is included in the November 30, 2000 balance sheet (see Note 3 in the accompanying financial statements). Finally, the Company paid cash dividends of $254.3 million in fiscal 2000.

In February 2000, the Company's Board of Directors authorized the repurchase of up to $1 billion of the Company's Common Stock. During fiscal 2000, the Company repurchased 33.1 million shares of its Common Stock at a cost of $705.1 million. Given the Company's recent purchase of Costa and management's desire to maintain a strong balance sheet and strong liquidity, the Company does not anticipate repurchasing additional shares of its Common Stock in the near future.

Future Commitments and Funding Sources

As of November 30, 2000, the Company had contracts for the delivery of sixteen new ships over the next five years. The Company's remaining obligations related to these ships under contract for construction is to pay approximately $643 million during fiscal 2001 and approximately $6.0 billion thereafter.

At November 30, 2000, the Company had $2.3 billion of long-term debt of which $248.2 million is due in fiscal 2001, substantially all of which is Costa debt. See Notes 6 and 9 in the accompanying financial statements for more information regarding the Company's debts and commitments.

As a normal part of the Company's business, depending on market conditions, pricing and the Company's overall growth strategy, the Company considers opportunities to enter into contracts for the building of additional ships and also considers potential acquisitions and strategic alliances.

The Company expects that future cash from operations will be the Company's principal funding source for capital projects, debt service requirements, dividend payments and working capital. In addition, as of November 30, 2000, the Company had $189.3 million of cash and cash equivalents and $696 million available for borrowing under its revolving credit facilities.

To the extent that the Company is required to or chooses to fund future cash requirements from sources other than as discussed above, management believes that it will be able to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets. In that regard, management expects to refinance approximately $285 million of the Company's Costa acquisition debt in the first half of 2001, as well as $220 million of Costa's debt which is due in November 2001.

OTHER MATTERS

Market Risks

The Company is principally exposed to market risks from fluctuations in foreign currency exchange rates, bunker fuel prices, interest rates and equity and food commodity prices. The Company seeks to minimize these risks through its regular operating and financing activities, its long-term

investment and debt portfolio strategies and, when considered appropriate, through the use of derivative financial instruments. The Company's policy is to not use financial instruments for trading or other speculative purposes.

Exposure to Foreign Currency Exchange Rates

The Company's primary foreign currency exchange risk was related to its outstanding commitments under ship construction contracts denominated in a foreign currency. These commitments are affected by fluctuations in the value of the U.S. dollar as compared to certain European currencies. Foreign currency forward contracts are generally used to manage this risk (see Notes 2 and 9 in the accompanying financial statements). Accordingly, increases and decreases in the fair value of these foreign currency forward contracts offset changes in the U.S. dollar value of the net underlying foreign currency denominated ship construction commitments, thus resulting in the elimination of such risk.

At November 30, 2000, the Company's foreign currency forward contracts which hedge its shipbuilding activities had notional amounts and maturity dates of $397 million, $816 million, $1.0 billion, $1.2 billion and $291 million in 2001, 2002, 2003, 2004 and 2005, respectively. The fair value of these contracts was $3.2 billion at November 30, 2000. Based upon a 10% strengthening or weakening of the U.S. dollar compared to the euro, assuming no changes in comparative interest rates, the estimated fair value of these contracts would decrease or increase by $320 million which would be offset by a decrease or increase of $320 million in the U.S. dollar value of the related foreign currency ship construction commitments resulting in no net dollar impact to the Company.

The cost of shipbuilding orders which the Company may place in the future may be affected by foreign currency exchange rate fluctuations. Should the U.S. dollar weaken relative to the euro, future orders for new ship construction in European shipyards may be at higher prices relative to the U.S. dollar.

Additionally, the Company's investments in foreign subsidiaries and affiliates subjects it to foreign currency exchange rate risk. Management considers its investments in foreign subsidiaries and affiliates to be denominated in relatively stable currencies and/or of a long-term nature and, accordingly, does not typically manage its related foreign currency exchange rate risk through the use of derivative financial instruments. However, in paying the Costa acquisition price, management utilized debt denominated in the functional currency of Costa to reduce a portion of this risk.

Finally, the Company sells certain of its cruises and incurs certain cruise-related expenses in foreign currencies which subjects the Company to foreign currency exchange risk. The Company does not expect that the impact of fluctuations in the foreign currency exchange rate on its foreign currency denominated cruise revenues and expenses to materially affect its results of operations due primarily to the natural hedges which are expected to exist within the Company's operations and the relative stability of the foreign currencies. However, management will continue to monitor such items to determine if any actions, such as the issuance of additional foreign currency denominated debt or other financial instruments, would be warranted to reduce such risk.

Exposure to Bunker Fuel Prices

Cruise ship expenses are impacted by changes in bunker fuel prices. Bunker fuel consumed over the past three fiscal years ranged from approximately 2.2 percent in fiscal 1998 to 4.0 percent in fiscal 2000 of the Company's gross cruise revenues. The Company endeavors to acquire bunker fuel at the lowest possible prevailing prices given, among other things, its substantial buying power and ability to refuel certain of its ships at ports which offer competitive price advantages.

The Company has typically not used financial instruments to hedge its exposure to the bunker fuel price market risk. However, in fiscal 2000, the Company entered into fuel swap agreements intended to hedge this price risk for a minor portion of its fiscal 2001 consumption. Management is continuing to monitor this market risk, and may, in the future, decide to increase its use of financial instruments to reduce this risk.

Based upon a 10% hypothetical increase or decrease in the November 30, 2000 bunker fuel price, the Company estimates that its fiscal 2001 bunker fuel cost would increase or decrease by approximately $17 million compared to fiscal 2000.

Exposure to Interest Rates

In order to limit its exposure to interest rate fluctuations, the Company

has entered into a substantial amount of fixed rate debt instruments. Also, its Costa subsidiary currently utilizes variable to fixed interest rate swap agreements to fix substantially all of its interest costs over the short-term. The differential in interest rates to be paid or received under these swap agreements will be recognized in income as part of interest expense over the life of the contracts. The Company continuously evaluates its debt portfolio, including interest rate swap agreements, and makes periodic adjustments to the mix of floating rate and fixed rate debt based on its view of interest rate movements.

At November 30, 2000, the Company's long-term debt had a carrying value of $2.35 billion. The Company also had interest rate swaps on debt with a notional amount of $766 million and a weighted average remaining life of approximately 2.3 years. The fair value of this debt at November 30, 2000 was $2.27 billion. Based upon a hypothetical 10% decrease or increase in the period end market interest rate, the fair value of this liability would increase or decrease by approximately $42 million.

This hypothetical amount is determined by considering the impact of the hypothetical interest rates on the Company's existing debt and interest rate swaps. This analysis does not consider the effects of the changes in the level of overall economic activity that could exist in such environments. Furthermore, since substantially all of the Company's fixed rate debt cannot be prepaid and a large portion of its variable rate debt is subject to interest rate swaps which effectively fix the interest rate in the short-term, it is most likely management would be unable to take any significant steps in the short-term to mitigate its exposure in the event of a significant decrease in market interest rates.

Exposure to Equity and Food Commodity Prices

The Company has equity price risk related to its investment in Airtours and commodity price risk related to its food purchases. The Company does not typically manage these risks through the use of derivative financial instruments since it considers its investment in Airtours to be of a long-term nature and does not expect changes in food commodity prices to be material. However, management will continue to monitor these risks to determine if any actions would be necessary to reduce such risks.

Euro Conversion

On January 1, 1999, certain member countries of the European Union established fixed conversion rates between their existing currencies ("legacy currencies") and one common currency - the euro. The euro trades on currency exchanges and may be used in business transactions. Beginning in January 2002, new euro-denominated bills and coins will be used, and legacy currencies will be withdrawn from circulation. The Company's operating subsidiaries affected by the euro conversion have developed plans to address the systems and business issues affected by the euro currency conversion. These issues include, among others, (i) the need to adapt computer and other business systems and equipment to accommodate euro-denominated transactions, and (ii) the competitive impact of cross-border price transparency, which may affect pricing strategies. The Company does not expect this conversion to have a material impact on its financial statements.

SELECTED FINANCIAL DATA

The selected financial data presented below for the fiscal years 1996 through 2000 and as of the end of each such fiscal year are derived from the financial statements of the Company and should be read in conjunction with such financial statements and the related notes.

	Years Ended November 30,				
	2000	1999	1998	1997	1996
	(in thousands, except per share data)				
Income Statement and Other Data:					
Revenues	$3,778,542	$3,497,470	$3,009,306	$2,447,468	$2,212,572
Operating income before income from affiliated operations	$ 945,130	$ 943,941	$ 819,792	$ 660,979	$ 551,461
Operating income	$ 982,958	$1,019,699	$ 896,524	$ 714,070	$ 597,428
Net income	$ 965,458	$1,027,240	$ 835,885	$ 666,050	$ 566,302
Earnings per share (1):					
Basic	$ 1.61	$ 1.68	$ 1.40	$ 1.12	$ .98
Diluted	$ 1.60	$ 1.66	$ 1.40	$ 1.12	$ .96

Dividends declared per share (1)	$ .420	$ .375	$ .315	$ .240	$ .190
Passenger cruise days	16,750	14,947	13,009	11,908	10,583
Occupancy percentage (2)	105.4%	104.3%	106.3%	108.3%	107.6%

	As of November 30,				
	2000	1999	1998	1997	1996
	(in thousands)				
Balance Sheet Data:					
Total assets	$9,831,320	$8,286,355	$7,179,323	$5,426,775	$5,101,888
Long-term debt	$2,099,077	$ 867,515	$1,563,014	$1,015,294	$1,316,632
Total shareholders' equity	$5,870,617	$5,931,247	$4,285,476	$3,605,098	$3,030,884

(1) All per share amounts have been adjusted to reflect a two-for-one stock split effective June 12, 1998.

(2) In accordance with cruise industry practice, occupancy percentage is calculated based upon two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

MARKET PRICE FOR COMMON STOCK

The Company's Common Stock is traded on the New York Stock Exchange. The high and low Common Stock sales prices for the periods indicated were as follows:

	High	Low
Fiscal 2000:		
First Quarter	$50.563	$27.625
Second Quarter	$28.813	$21.875
Third Quarter	$27.313	$18.625
Fourth Quarter	$25.750	$19.688
Fiscal 1999:		
First Quarter	$49.125	$34.875
Second Quarter	$53.500	$38.500
Third Quarter	$50.500	$39.750
Fourth Quarter	$51.875	$38.125

As of January 25, 2001, there were approximately 4,763 holders of record of the Company's Common Stock. While no tax treaty currently exists between the Republic of Panama and the U. S., under current law, the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama.

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial results for fiscal 2000 were as follows:

	Quarters Ended			
	February 29,	May 31,	August 31,	November 30,
	(in thousands, except per share data)			
Revenues	$824,878	$875,127	$1,228,211	$850,326
Gross profit	$359,438	$378,006	$ 613,487	$369,269
Operating income before income from affiliated operations	$170,955	$188,891	$ 418,910	$166,374
Operating income	$159,518	$194,419	$ 420,458	$208,563
Net income	$171,517(1)	$203,956(1)(2)	$ 396,190	$193,795(3)
Earnings per share:				
Basic	$ .28	$ .34	$ .67	$ .33(3)

Diluted	$ .28	$ .34	$ .67	$ .33(3)
Dividends declared per share	$ .105	$ .105	$ .105	$ .105

(1) Includes $8.5 million and $6.6 million in the February 29 and May 31 quarters, respectively, of net compensation received from the shipyard relating to the delayed delivery of Holland America Line's Zaandam.
(2) Includes $13.1 million of nonrecurring gains related to the reversal of certain of Costa's tax liabilities.
(3) Includes nonrecurring charges totaling $24 million, or $.04 per share, consisting of (a) a $42 million charge for the Company's equity interest in restructuring and other nonrecurring charges recorded by Airtours and (b) a $21 million port litigation charge, partially offset by (c) a $12 million gain on a forward foreign currency contract purchased to hedge the acquisition price of Costa and (d) a $27 million deferred income tax benefit resulting from Costa's change in tax status upon registration of its ships within the Italian International Ship Registry. In addition, includes approximately $7 million of net compensation received from a shipyard for reimbursements related to Holland America Line's Rotterdam VI.

Quarterly financial results for fiscal 1999 were as follows:

	Quarters Ended			
	February 28,	May 31,	August 31,	November 30,
	(in thousands, except per share data)			
Revenues	$748,258	$796,149	$1,161,821	$791,242
Gross profit	$332,155	$363,723	$ 589,408	$349,548
Operating income before income from affiliated operations	$163,481	$199,295	$ 416,408	$164,757
Operating income	$157,564	$198,113	$ 427,184	$236,838
Net income	$157,761	$203,342	$ 415,093(1)	$251,044(1)
Earnings per share:				
Basic	$ .26	$ .33	$ .68	$ .41
Diluted	$ .26	$ .33	$ .67	$ .40
Dividends declared per share	$ .09	$ .09	$ .09	$ .105

(1) Includes $5.1 million and $15.1 million in the August 31 and November 30 quarters, respectively, of net compensation received from the shipyard related to the delayed delivery of the Carnival Triumph and Holland America Line's Volendam, respectively.

FORWARD-LOOKING STATEMENTS

Certain statements in the Shareholders' Letter and under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this 2000 Annual Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and the passenger revenue yields for the Company's cruise products; consumer demand for cruises, including the effects on consumer demand of armed conflicts, political instability or adverse media publicity; increases in cruise industry capacity; cruise and other vacation industry competition; changes in tax laws and regulations; the ability of the Company to implement its shipbuilding program and to continue to expand its business outside the North American market; changes in foreign currency exchange rates, food and fuel commodity prices and interest rates; delivery of new ships on schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise ships; impact of pending or threatened litigation; the ability of unconsolidated affiliates to successfully implement their business strategies and changes in laws and regulations applicable to the Company.

EXHIBIT 21

LIST OF SUBSIDIARIES AND AFFILIATES OF CARNIVAL CORPORATION

	Name of Subsidiary	Jurisdiction of Incorporation or Organization
(14)	Airtours plc (25.11% interest)	United Kingdom
(9)	Alaska Overland, Inc.	Alaska
(5)	Alaska Travel Center, Inc.	Washington
(8)	Anchorage Hotel Associates	California
	CRC Holding, Inc.	Florida
	Carnival Barbados Ltd.	Barbados
(20)	Carnival Celebration, Inc.	Texas
(21)	Carnival Cruise Terminals Mexico, S.A. de C.V.	Mexico
	Carnival Investments Limited	Bahamas
(15)	Carnival Investments (UK) Limited	United Kingdom
(15)	Carnival Operations (UK) Limited	United Kingdom
(16)	Carnival Services (UK) Limited	United Kingdom
	Carnival (UK) plc	United Kingdom
	CC US. Ventures, Inc.	Delaware
(23)	Compagnie Francaise de Croisieres, S.A.	France
	Celebration Cruises Inc.	Liberia
(10)	Costa Crociere S.p.A.	Italy
(23)	Costa Cruceros, S.A.	Argentina
(23)	Costa Cruceros, S.L.	Spain
(23)	Costa Cruise Lines, N.V.	Netherlands Antilles
(23)	Costa Cruise Lines (UK) Limited	United Kingdom
(23)	Costa Cruzieros Agencia Maritima E Turismo, Ltda.	Brazil
(24)	Costa Finance, S.A.	Luxembourg
(25)	Costa International, B.V.	Amsterdam
(26)	Costa Kreuzfahrten, GmbH	Germany
(26)	Costa Kreuzfahrten GmbH	Switzerland
(13)	Cozumel Cruise Terminal, S.A. de C.V.	Mexico
	Crowne Plaza Holdings, Inc.	Florida
(26)	Cruise Ships Catering & Services International, N.V.	Netherlands Antilles
(27)	Cruise Ships Catering & Services, S.A.M.	Morocco
(28)	Cruise Ships Catering & Services Caribbean, N.V.	Netherlands Antilles
(13)	Cruise Terminal Services, S.A. de C.V.	Mexico
(18)	Cunard Celtic Hotel Services Limited	Hong Kong
(19)	Cunard Celtic Limited	Hong Kong
(12)	Cunard Fleet Management Services Limited	Bahamas
	Cunard Line Limited	Bermuda
(12)	Cunard Line Limited AS	Norway
(12)	Cunard Seabourn Air Limited	United Kingdom
(17)	Cunard Seabourn Limited (UK)	United Kingdom
(28)	European Cruise Shops Limited	Barbados
(5)	Evergreen Trails, Inc.	Washington
(25)	Family Cruises of Italy, S.r.l.	Italy
	Futura Cruises Inc.	Panama
	Gemward Limited	Ireland
(22)	Gibs, Inc.	Delaware
	Golden Falcon International S.A.	Panama
	HAL Antillen N.V.	Netherlands Antilles
(1)	HAL Beheer B.V.	Netherlands
(1)	HAL Buitenland B.V.	Netherlands
(1)	HAL Cruises Limited	Bahamas
(1)	HAL Marine N.V.	Netherlands Antilles
(1)	HAL Maritime Ltd.	Netherlands Antilles
(1)	HAL Nautical N.V.	Netherlands Antilles
(31)	HAL Nederland N.V.	Netherlands Antilles
(5)	Holland America Line Paymaster Corporation	Washington
(1)	HAL Properties Limited	Bahamas
(1)	HAL Services B.V.	Holland
(3)	Holland America Line Inc.	Delaware
(1)	Holland America Line N.V.	Netherlands Antilles
(4)	Holland America Line-Westours Inc.	Washington
(3)(30)	Il Ponte S.p.A.	Italy
(5)	Leisure Corporation	Alaska
(26)	Milestone, N.V.	Netherlands Antilles
(25)	Nuova Darsena, S.r.l.	Italy
(29)	Operadora Catalina, S.A.	Dominican Republic
(23)	Prestige Cruises, N.V.	Netherlands Antilles
(29)	Prestige Cruises Management, S.A.M.	Monaco
(3)	Quattro Mari S.r.l.	Italy
(16)	Sea Vacations Limited	United Kingdom
(11)	Sea Vacations UK Limited	United Kingdom

(6)	Trailways Tours, Inc.	Washington
	Trident Insurance Company Limited	Bermuda
	Triumph Bre, S. de R.L.	Panama
	Utopia Cruises Inc.	Panama
(5)(7)	Westmark Hotels of Canada Limited	Canada
(5)	Westmark Hotels, Inc.	Alaska
(8)	Westmark Kodiak Inc.	Alaska
(8)	Westmark Third Avenue Inc.	Alaska
(5)	Westours Motor Coaches, Inc.	Alaska
(5)	White Pass & Yukon Motorcoaches Inc.	Alaska
(2)	Wind Spirit Limited	Bahamas
(2)	Wind Star Limited	Bahamas
(1)	Wind Surf Limited	Bahamas
(1)	Windstar Netherlands, B.V.	Netherlands Antilles
(1)	Windstar Sail Cruises Limited	Bahamas
(5)	Worldwide Shore Services Inc.	Washington
(28)	Zerbone Catering of Italy, N.V.	Netherlands Antilles

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(1) Subsidiary of HAL Antillen N.V.
(2) Subsidiary of Windstar Sail Cruises Limited
(3) Subsidiary of HAL Buitenland B.V.
(4) Subsidiary of Holland America Line Inc.
(5) Subsidiary of Holland America Line-Westours Inc.
(6) Subsidiary of Evergreen Trails, Inc.
(7) Holland America Line-Westours Inc. owns all of the common stock and noncumulative redeemable preferred stock, while Westmark Hotels, Inc. owns all of the redeemable preferred Class B stock and the redeemable preferred Class C stock
(8) Subsidiary of Westmark Hotels, Inc.
(9) Subsidiary of Westours Motor Coaches, Inc.
(10) Subsidiary of Il Ponte S.p.A.
(11) Subsidiary of Sea Vacations Limited
(12) Subsidiary of Cunard Line Limited
(13) Subsidiary of Carnival Cruise Terminals Mexico, S.A. de C.V.
(14) Airtours plc is an affiliate of Carnival Investments (UK) Limited
(15) Subsidiary of Carnival (UK) plc
(16) Subsidiary of Carnival Operations (UK) Limited
(17) Subsidiary of Cunard Seabourn Air Limited
(18) Subsidiary of Cunard Celtic Limited
(19) Subsidiary of Cunard Fleet Management Services Limited
(20) Subsidiary of Carnival Barbados Ltd.
(21) Subsidiary of Carnival Investments (UK) Limited
(22) Subsidiary of CC U.S. Ventures, Inc.
(23) Subsidiary of Costa International, B.V.
(24) Subsidiary of HAL Buitenland B.V. and Carnival Corporation
(25) Subsidiary of Costa Crociere, S.p.A.
(26) Subsidiary of Costa International, B.V.
(27) Subsidiary of Cruise Ships Catering & Services International, N.V.
(28) Subsidiary of Cruise Ships Catering & Services, S.A.M.
(29) Subsidiary of Prestige Cruises, N.V.
(30) Subsidiary of Quattro Mari S.r.l.
(31) Subsidiary of Wind Surf Limited

Consent of Independent Certified Public Accountants

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (No. 33-63563, No. 333-43269, No. 333-68999 and No. 333-72729) and Registration Statements on Forms S-8 (No. 33-45287, No. 33-45288, No. 33-51195, No. 33-53099 and No. 333-43885) and Registration Statement on Form S-1 (No. 33-14844) of Carnival Corporation of our report dated January 26, 2001 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K.

/s/PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Miami, Florida
February 26, 2001

Exhibit 6

(2000-02-28 Carnival 10-K)

FORM 10-K
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 1999

OR

[ ]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-9610

CARNIVAL CORPORATION
(Exact name of registrant as specified in its charter)

Republic of Panama (State or other jurisdiction of incorporation or organization)	59-1562976 (I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue, Miami, Florida (Address of principal executive offices)	33178-2428 (Zip Code)

Registrant's telephone number, including area code (305) 599-2600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock ($.01 par value)	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in any definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the Registrant is approximately $11,919,000 based upon the closing market price on February 14, 2000 of a share of Common Stock on the New York Stock Exchange as reported by the Wall Street Journal.

At February 14, 2000, the Registrant had outstanding 617,254,814 shares of its Common Stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrant's 1999 annual report to shareholders to be furnished to the Commission pursuant to Rule 14a-3(b) of the Exchange Act is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Part and Item of the Form 10-K

Part II

Item 5(a) and (b).	Market for the Registrant's Common Equity and Related Stockholder Matters - Market Information and Holders
Item 6.	Selected Financial Data
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk
Item 8.	Financial Statements and Supplementary Data

The information described below and contained in the Registrant's 2000 definitive Proxy Statement, to be filed with the Commission is incorporated therein by reference into this Annual Report on Form 10-K.

Part and Item of the Form 10-K	
Part III	
Item 10.	Directors and Executive Officers of the Registrant
Item 11.	Executive Compensation
Item 12.	Security Ownership of Certain Beneficial Owners and Management
Item 13.	Certain Relationships and Related Transactions

PART I

Item 1. Business

A. General

Carnival Corporation was incorporated under the laws of the Republic of Panama in November 1974. Carnival Corporation, including its consolidated subsidiaries (referred to collectively as the "Company"), is the world's largest multiple-night cruise company based on the number of passengers carried, revenues generated and available capacity. The Company offers a broad range of cruise brands serving the contemporary cruise sector of the vacation market through Carnival Cruise Lines ("Carnival"), the premium cruise sector through Holland America Line ("Holland America") and the luxury cruise sector through Cunard Line ("Cunard"), Seabourn Cruise Line ("Seabourn") and Windstar Cruises ("Windstar") (collectively the "Wholly Owned Cruise Operations"). The Company also owns equity interests in Costa Crociere S.p.A. ("Costa"), an Italian cruise company, and Airtours plc ("Airtours"), an integrated leisure travel group of companies which also operates cruise ships (collectively the "Affiliated Cruise Operations"). Costa and Airtours' Sun Cruises target the contemporary cruise sector.

A summary of the cruise operations of the Company and its affiliates is as follows:

CRUISE BRAND	PERCENTAGE OWNED BY CARNIVAL CORPORATION	NUMBER OF SHIPS	PASSENGER CAPACITY(1)	PRIMARY GEOGRAPHIC MARKET
Wholly Owned Cruise Operations:				
Carnival	100%	14	27,254	North America
Holland America	100%	9	11,742	North America
Cunard (2)	100%	2	2,444	Worldwide
Seabourn (2)	100%	6	1,614	North America
Windstar	100%	4	756	North America
		35	43,810	
Affiliated Cruise Operations:				
Costa	50%(3)	6	7,103	Europe
Airtours' Sun Cruises	26%	4	4,322	Europe
		10	11,425	

(1) In accordance with cruise industry practice, all passenger capacities indicated within this Annual Report on Form 10-K are calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

(2) In November 1999, the Company acquired the 32% minority interest of Cunard Line Limited, which owns and operates the Cunard and Seabourn cruise brands, for $203.5 million. See Note 12 to the Company's Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K.

(3) The 50% equity interest of Costa not owned by the Company is owned by Airtours. Including the Company's interest in Airtours, it beneficially owns 63% of Costa.

The Company has signed agreements with two shipyards providing for the construction of additional cruise ships. A summary of new ship agreements for the Company's Wholly Owned Cruise Operations is as follows:

VESSEL	EXPECTED SERVICE DATE(1)	PASSENGER CAPACITY
Carnival:		
Carnival Victory	9/00	2,758
Carnival Spirit	4/01	2,120
Carnival Pride	1/02	2,120
Carnival Legend	8/02	2,120
Carnival Conquest	12/02	2,758
Carnival Glory	8/03	2,758
Total Carnival		14,634
Holland America:		
Zaandam	5/00	1,440
Amsterdam	11/00	1,380
Newbuild	10/02	1,820
Newbuild	8/03	1,820
Newbuild	01/04	1,820
Newbuild	09/04	1,820
Total Holland America		10,100
Total (2)		24,734

(1) The expected service date is the date the vessel is expected to begin revenue generating activities.

(2) The Company also has one option for the construction of an additional vessel with a passenger capacity of 1,820. No assurance can be given that this option to construct the vessel will be exercised.

In addition to its cruise operations, the Company operates a tour business, through Holland America Line-Westours Inc. ("Holland America Westours"), which markets sightseeing tours both separately and as a part of Holland America Westours cruise/tour packages. Holland America Westours operates 14 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 280 motor coaches used for sightseeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 13 private domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks.

B. Cruise Ship Segment - Wholly Owned Cruise Operations

North American Cruise Industry

The passenger cruise industry as it exists today began in approximately 1970. Over time, the industry has evolved from a trans-ocean carrier service into a vacation alternative to land-based resorts and sightseeing destinations. According to Cruise Lines International Association ("CLIA"), an industry trade group, in 1970 approximately 500,000 North American passengers took cruises of three consecutive nights or more. CLIA estimates that this number reached 5.9 million passengers in 1999, an average compound annual growth rate of 8.9% since 1970. Also, according to CLIA, by the end of 1999 the number of ships in service totaled 145 with an aggregate capacity of approximately 148,000 lower berths. CLIA estimates that the number of passengers carried in North America increased from 5.4 million in 1998 to 5.9 million in 1999 or 8.6%.

CLIA estimates that the number of cruise passengers will grow to approximately 6.3 million in 2000. CLIA projections indicate that by the end of 2000, 2001, 2002 and 2003, North America will be served by 156, 168,176 and 181 vessels, respectively, having an aggregate capacity of approximately 164,000, 181,000, 198,000 and 209,000 lower berths, respectively. CLIA's estimates of new ship introductions are based on scheduled ship deliveries and could change. The lead time for design, construction and delivery of a typical large cruise ship

is approximately two to three years. Additionally, CLIA's estimates of capacity do not include assumptions related to announced ship withdrawals due to age or changes in itineraries and, accordingly, could indicate a higher percentage growth in capacity than will actually occur. Nonetheless, management believes net capacity serving North American cruise passengers will increase over the next several years.

CLIA's estimate of North American cruise passengers and passenger berths is as follows:

YEAR	NORTH AMERICAN CRUISE PASSENGERS(1)	NORTH AMERICAN PASSENGER BERTHS(2)
1999	5,900,000(est)	148,000
1998	5,432,000	138,000
1997	5,051,000	118,000
1996	4,659,000	110,000
1995	4,378,000	105,000

(1) Source: CLIA estimates based on passengers carried for at least three consecutive nights for the calendar year.
(2) Information presented is as of the end of the year.

In spite of the cruise industry's growth since 1970, management believes cruises only represent approximately 2% of the applicable North American vacation market, defined as persons who travel for leisure purposes on trips of three nights or longer involving at least three night's stay in a hotel. Only an estimated 11% of the North American population has ever taken a cruise.

Passengers and Berths

The Company's Wholly Owned Cruise Operations had worldwide cruise passengers and passenger berths as follows:

YEAR	CRUISE PASSENGERS	PASSENGER BERTHS(1)
1999	2,366,000	43,810
1998	2,045,000	39,466
1997	1,945,000	31,078
1996	1,764,000	30,837
1995	1,543,000	26,035

(1) Information presented is as of the end of the Company's fiscal year.

The Company's passenger capacity has grown from 26,035 at November 30, 1995 to 43,810 at November 30, 1999. During 1996, gross capacity increased by 5,960 berths due to delivery of the Inspiration, the Veendam and the Carnival Destiny which was partially offset by the 1,146 berth decrease due to the sale of the Festivale, for a total net increase of 4,802. In 1997 gross capacity increased 1,316 berths due to the delivery of the Rotterdam VI which was offset by the 1,075 berth decrease due to the sale of the Rotterdam V for a total net increase of 241. During 1998, with the delivery of the Elation and the Paradise, the purchase of the Wind Surf, the acquisition of Cunard and the consolidation of Seabourn, capacity increased by 8,388 berths. In 1999 capacity increased by 4,344 berths primarily due to the delivery of the Carnival Triumph and the Volendam.

Cruise Ships and Itineraries

Under the Carnival name, the Company serves the contemporary sector of the vacation market with 14 ships (the "Carnival Ships"). All of the Carnival Ships were designed by and built for Carnival, including two of the world's largest, the Carnival Destiny and the Carnival Triumph. Ten of the Carnival Ships operate in the Caribbean during all or a portion of the year and two Carnival Ships call on ports on the Mexican Riviera year round. Carnival Ships also offer cruises to Alaska, Canada, the Hawaiian Islands, the Bahamas and the Panama Canal.

Through its wholly owned subsidiary, HAL Antillen, N.V. ("HAL"), the Company operates nine ships serving the premium sector of the vacation market under the Holland America name (the "Holland America Ships"). HAL also operates four sailing ships in the luxury cruise sector under the Windstar name (the

"Windstar Ships").

The Holland America Ships offer premium cruises of various lengths in Alaska, the Caribbean, Panama Canal, Europe, Hawaii, South America and other worldwide itineraries. Cruise lengths vary from seven to 98 days, with a large proportion of cruises being seven or ten days in length. Periodically, the Holland America Ships make longer cruises or operate on special itineraries. For example, in 1999, the Rotterdam made a 98-day world cruise and the Nieuw Amsterdam made a series of 14-day South China Sea Explorer cruises. Holland America will continue to offer these special or longer itineraries in order to increase travel opportunities for its customers and strengthen its cruise offerings in view of the fleet expansion. The majority of the Holland America Ships operate in the Caribbean during fall to spring and in Alaska and Europe during spring to fall. In order to offer a unique destination , to compete more effectively with land based vacation alternatives, and to compete with other cruise lines more effectively while operating in the Caribbean, in December 1997 Holland America introduced into its Caribbean itineraries a private island, Half Moon Cay. Half Moon Cay is a 2400-acre island acquired by Holland America in December 1996. Facilities were constructed on the island on 45 acres along a crescent-shaped white sand beach. The remainder of the island remains undeveloped. The facilities on Half Moon Cay include bars, shops, restrooms, a post office, a chapel and an ice cream shop, as well as a food pavilion with open-air dining shelters and a bandstand.

The four Windstar Ships currently operate in the Caribbean, Europe and Central America and offer a casual, yet luxurious, cruise experience on board these modern sail ships.

Under the Cunard brand, the Company operates two ships which offer classic "Old World" cruising and recreate the golden age of ocean liner travel with a British style and essence serving the luxury sector of the vacation market. Cunard's flagship, the Queen Elizabeth 2 ("QE2"), offers the only remaining scheduled transatlantic ocean liner service between the U.S. and Britain. Both ships offer cruises to worldwide destinations, with many of the cruises ranging between 10 and 21 days in length. Periodically, the Cunard ships offer extended cruises, such as a 104-day world cruise or Cape Town Line Voyages between Southampton, England and Cape Town, South Africa.

The six Seabourn Ships offer a choice of three distinct styles of luxury cruises aboard intimately sized ships. Seabourn is marketed as the "world's most celebrated cruise line" because of its intense focus on personalized service and extraordinary cuisine. These ships concentrate their operations in the Caribbean, Mediterranean, Baltic and Western Europe with cruises in the seven to 14 day range and also make extended cruises to various other worldwide destinations, including South America, Australia, the South Pacific and Southeast Asia.

Summary information concerning the Company's ships is as follows (primary areas of operation reflect 1999 itineraries and are subject to change in future years).

NAME	REGISTRY	YEAR BUILT	PAX CAP	APPROXIMATE GROSS REGISTERED TONS	PRIMARY AREAS OF OPERATION
Carnival:					
Carnival Triumph	Panama	1999	2,758	102,000	Caribbean, Eastern Canada
Paradise	Panama	1998	2,052	70,000	Caribbean
Elation	Panama	1998	2,052	70,000	Mexican Riviera
Carnival Destiny	Panama	1996	2,642	101,000	Caribbean
Inspiration	Panama	1996	2,052	70,000	Caribbean
Imagination	Panama	1995	2,052	70,000	Caribbean
Fascination	Panama	1994	2,052	70,000	Caribbean
Sensation	Panama	1993	2,052	70,000	Caribbean
Ecstasy	Liberia	1991	2,052	70,000	Caribbean
Fantasy	Liberia	1990	2,056	70,000	Bahamas
Celebration	Liberia	1987	1,486	47,000	Caribbean
Jubilee	Panama	1986	1,486	47,000	Alaska, Hawaii, Mexican Riviera, Panama Canal
Holiday	Panama	1985	1,448	46,000	Mexican Riviera
Tropicale	Liberia	1982	1,014	37,000	Caribbean
Total Carnival Ships Capacity.....			27,254		
Holland America:					
Volendam	Netherlands	1999	1,440	63,000	Caribbean (1)

Rotterdam	Netherlands	1997	1,316	62,000	Europe, Worldwide
Veendam	Bahamas	1996	1,266	55,000	Alaska, Caribbean
Ryndam	Netherlands	1994	1,266	55,000	Alaska, Caribbean
Maasdam	Netherlands	1993	1,266	55,000	Eastern Canada, Europe, Panama Canal
Statendam	Netherlands	1993	1,266	55,000	Alaska, Hawaii, Caribbean, Mexico
Westerdam	Netherlands	1986	1,494	54,000	Alaska, Caribbean
Noordam	Netherlands	1984	1,214	34,000	Alaska, Caribbean, South America
Nieuw Amsterdam (2)	Netherlands	1983	1,214	34,000	Alaska, Caribbean, Asia/Pacific
Total Holland America Ships Capacity.....			11,742		
Windstar Cruises:					
Wind Surf	Bahamas	1990	312	14,750	Caribbean, Europe
Wind Spirit	Bahamas	1988	148	5,700	Caribbean, Europe
Wind Song	Bahamas	1987	148	5,700	Central America, Europe
Wind Star	Bahamas	1986	148	5,700	Caribbean, Central America
Total Windstar Ships Capacity.....			756		

NAME	REGISTRY	YEAR BUILT	PAX CAP	APPROXIMATE GROSS REGISTERED TONS	PRIMARY AREAS OF OPERATION
Cunard:					
Caronia	England	1973	666	24,500	Caribbean, Europe, Pacific
Queen Elizabeth 2	England	1969	1,778	70,000	Transatlantic, Worldwide
Total Cunard Ships Capacity.....			2,444		
Seabourn:					
Seabourn Legend	Norway	1992	208	10,000	Caribbean, Europe
Seabourn Spirit	Norway	1989	208	10,000	Asia, Europe
Seabourn Pride	Norway	1988	208	10,000	South America, Europe, Caribbean
Seabourn Sun	Bahamas	1988	758	38,000	Caribbean, Europe, Pacific
Seabourn Goddess II	Bahamas	1985	116	4,250	Asia, Caribbean, Europe
Seabourn Goddess I	Bahamas	1984	116	4,250	Caribbean, Europe
Total Seabourn Ships Capacity.....			1,614		
Total Capacity.....			43,810		

(1) The Volendam was in service for only 18 days during fiscal 1999. During fiscal 2000, the primary areas of operations are expected to be Alaska and the Caribbean.
(2) In late 2000, this ship is contracted to be sold to a third party.

Cruise Ship Construction

The Company has signed agreements with two shipyards providing for the construction of additional cruise ships. A summary of new ship agreements for the Company's Wholly Owned Cruise Operations is as follows:

VESSEL	EXPECTED SERVICE DATE(1)	SHIPYARD	PAX CAP	APPROXIMATE GROSS REGISTERED TONS	ESTIMATED TOTAL COST(2)
					(In millions)
Carnival					
Carnival Victory	9/00	Fincantieri	2,758	101,000	450
Carnival Spirit	4/01	Masa-Yards	2,120	84,000	375
Carnival Pride	1/02	Masa-Yards (3)	2,120	84,000	375
Carnival Legend	8/02	Masa-Yards (3)	2,120	84,000	375

Carnival Conquest	12/02	Fincantieri	2,758	101,000	450
Carnival Glory	8/03	Fincantieri	2,758	101,000	450
Total Carnival Ships			14,634		2,475
Holland America					
Zaandam	5/00	Fincantieri(4)	1,440	63,000	300
Amsterdam	11/00	Fincantieri	1,380	62,000	300
Newbuild	10/02	Fincantieri(4)	1,820	84,000	400
Newbuild	8/03	Fincantieri(4)	1,820	84,000	400
Newbuild	1/04	Fincantieri(4)	1,820	84,000	400
Newbuild	9/04	Fincantieri(4)	1,820	84,000	400
Total Holland America Ships			10,100		2,200
Total (5)			24,734		$4,675

(1) No assurance can be made that the vessels under construction will be introduced into service by the expected service date.

(2) Estimated total cost of the completed vessel includes the contract price with the shipyard, design and engineering fees, capitalized interest, various owner supplied items and construction oversight costs.

(3) These construction contracts are denominated in German Deutsche Marks and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

(4) These construction contracts are denominated in Italian Lira and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

(5) The Company has one option for the construction of an additional 84,000 gross registered ton vessel for Holland America, with a passenger capacity of 1,820 to be delivered in 2005. The estimated total vessel cost of approximately $400 million is denominated in Italian Lira. No assurance can be given that the option to construct the vessel will be exercised.

Cruise Pricing

Each of the Company's cruise brands publishes brochures with prices for the upcoming seasons. Brochure prices vary by cruise line, by category of cabin, by ship and itinerary. Brochure prices are regularly discounted through the Company's early booking discount program and other promotions. The cruise price includes all meals and entertainment on board and use of, or admission to, a wide variety of activities and facilities, such as a fully equipped casino, nightclubs, theatrical shows, movies, parties, a discotheque, a health club and swimming pools, on each ship.

Onboard and Other Revenues

The Company derives revenues from certain onboard activities and services including casino gaming, bar sales, gift shop sales, entertainment arcades, shore tours, art auctions, photography, spa services and promotional advertising by merchants located in ports of call.

The casinos, which contain slot machines and gaming tables including blackjack, and in most cases craps, roulette and stud poker, are generally open only when the ships are at sea in international waters. The Company also earns revenue from the sale of alcoholic and other beverages. Onboard activities are either performed directly by the Company or by independent concessionaires, from which the Company collects a percentage of revenues.

The Company receives additional revenue from the sale to its passengers of shore excursions at each ship's ports of call. They include bus and taxi sightseeing excursions, local boat and beach parties, and nightclub and casino visits. On the Carnival, Windstar, Cunard and Seabourn Ships, such shore excursions are primarily operated by independent tour operators. On the Holland America Ships, shore excursions are operated by Holland America Westours and independent parties.

In conjunction with its cruise vacations on its ships, all of the Company's cruise brands sell pre-cruise and post-cruise land packages. Carnival packages generally include one, two or three-night vacations at nearby attractions, such as Universal Studios and Walt Disney World in Orlando, Florida, or in proximity to other vacation destinations in Central and South Florida, Los Angeles, California and San Juan, Puerto Rico. Holland America packages outside of Alaska generally include one, two or three-night vacations, including stays in unique European port cities or near attractions in Central and South Florida. Cunard and Seabourn packages include numerous luxury and/or exotic pre and post-cruise land programs, such as world class golf programs, wine tastings and tours of the Galapagos Islands and the Hidden Kingdoms of Nepal.

In conjunction with its Alaskan cruise vacations on its Holland America and Carnival Ships, the Company sells pre and post-cruise land packages which are more fully described in Part I, Item 1. Business, C. Tour Segment.

Passengers and Occupancy

The aggregate number of passengers carried and occupancy percentage for the Company's ships is as follows:

	YEARS ENDED NOVEMBER 30,		
	1999	1998	1997
Passengers carried	2,366,000	2,045,000	1,945,000
Occupancy percentage (1)(2)	104.3%	106.3%	108.3%

(1) In accordance with cruise industry practice, occupancy percentage is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

(2) The Company acquired a majority interest in Cunard Line Limited on May 28, 1998. Since that date Cunard Line Limited's occupancy percentages have been included in the Company's total occupancy. Cunard Line Limited's ships generally sail with lower occupancy percentages than the Company's other brands.

The actual occupancy percentage for all cruises on the Company's ships during each quarter of fiscal 1998 and 1999 was as follows:

QUARTERS ENDED	OCCUPANCY PERCENTAGE
February 28, 1998	105.9
May 31, 1998	105.4
August 31, 1998	111.5
November 30, 1998	102.1
February 28, 1999	100.9
May 31, 1999	99.9
August 31, 1999	112.3
November 30, 1999	103.6

Sales and Marketing

The Company's brands are positioned to appeal to each of the three major sectors of the vacation market (contemporary, premium and luxury). The contemporary sector is served typically by cruises that are seven days or shorter in length, are priced at per diems of $200 or less, and feature a casual ambiance. The Company believes that the success and growth of the Carnival brand is attributable in large part to its early recognition of these sectors of the vacation market and its efforts to reach and promote the expansion of the contemporary sector. The premium sector typically is served by cruises that last for seven to 14 days or more at per diems of $250 or higher, and appeal principally to more affluent customers. The luxury sector, which is not as large as the other sectors, is served by cruises with per diems of $300 or higher.

During 1998, the Company created a marketing association called the "World's Leading Cruise LinesSM" for its family of six cruise brands, including Costa, in order to both educate the consumer about the overall breadth of the Company's cruise brands, as well as to increase the effectiveness and efficiency of marketing the brands. This initiative is meant to supplement the existing marketing programs of each individual brand.

The Company's various cruise lines employ over 350 personnel, excluding reservation agents, in the sales and sales support area who, among other things, focus on motivating, training and supporting the retail travel agent community which sells substantially all of the Company's cruises. Travel agents generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume. Commission rates on cruise vacations are usually higher than commission rates earned by travel agents on sales of airline tickets and hotel rooms. Moreover, since cruise vacations are substantially all-inclusive, sales of the Company's cruise vacations generally yield higher commissions to travel agents than commissions earned on selling airline tickets and hotel rooms. During fiscal 1999, no controlled group of travel agencies accounted for more than 10% of the Company's consolidated revenues.

Historically, the Company's cruise brands have been marketed primarily in North America. The Company began to globalize its cruise business by expanding into Europe through the acquisition of its interest in Airtours in April 1996, Costa in June 1997 and Cunard in May 1998. The cruise sectors in Europe are much smaller than the North American sectors. Industry wide European cruise passengers carried in 1999 are estimated to be approximately 1.4 million compared to approximately 5.9 million from North America. See Note 9, "Segment

Information," to the Company's Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K for additional information regarding the Company's foreign revenues.

Carnival

Carnival believes that its success is due in large part to its unique brand positioning within the vacation industry. Carnival markets the Carnival Ship cruises not only as alternatives to competitors' cruises, but as vacation alternatives to land-based resorts and sightseeing destinations. Carnival seeks to attract passengers from the broad vacation market, including those who have never been on a cruise ship before and who might not otherwise consider a cruise as a vacation alternative. Carnival's strategy has been to emphasize the cruise experience itself rather than particular destinations, as well as the advantages of a prepaid, all-inclusive vacation package. Carnival markets the Carnival Ship cruises as the "Fun Shipsr" experience, which includes a wide variety of shipboard activities and entertainment, such as full-scale casinos and nightclubs, an atmosphere of pampered service and high quality food.

As mentioned above, the Company markets the Carnival Ships as the "Fun Shipsr" and uses, among others, the themes "Carnival's Got the Funr" and "The Most Popular Cruise Line in the World!r". Carnival advertises nationally directly to consumers on network and cable television and through extensive print and radio media. Carnival believes its advertising generates interest in cruise vacations generally and results in a higher degree of consumer awareness of the "Fun Shipsr" concept and the "Carnivalr" name in particular. Substantially all of Carnival's cruise bookings are made through travel agents. In fiscal 1999, Carnival took reservations from about 29,000 of approximately 49,000 travel agency locations known to the Company in the United States and Canada. Travel agents generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume.

Carnival engages in substantial promotional efforts designed to motivate and educate retail travel agents about its "Fun Shipsr" cruise vacations. Carnival employs approximately 120 business development managers and 50 in-house service representatives to motivate independent travel agents and to promote its cruises as an alternative to land-based vacations or other cruise lines. Carnival believes it has one of the largest sales forces in the industry.

To facilitate access and to simplify the reservation process, Carnival employs approximately 750 reservation agents to take bookings from independent travel agents. Carnival's fully automated reservation system allows its reservation agents to respond quickly to book staterooms on its ships. Additionally, through Leisure Shopper, Cruise Director or Carnival's internet booking engine, travel agents and consumers have the ability to make reservations through their own computer terminals directly into Carnival's computerized reservations system.

A significant portion of Carnival's cruises are generally booked several months in advance of the sailing date. This lead-time allows Carnival to adjust its prices, if necessary, in relation to demand for available cabins, as indicated by the level of advance bookings. Carnival's SuperSaver fares are designed to encourage potential passengers to book cruise reservations earlier, which helps the Company to more effectively manage overall net revenue yields (net revenue per available berth). Carnival's payment terms require that a passenger pay approximately 20% of the cruise price within seven days of the reservation date and the balance not later than 45 days before the sailing date for three, four and five day cruises and 70 days before the sailing date for seven-day and longer cruises.

Holland America and Windstar

The Holland America and Windstar Ships cater to the premium and luxury sectors, respectively. The Company believes that the hallmarks of the Holland America experience are beautiful ships and gracious, attentive service. Holland America communicates this difference as "A Tradition of Excellencer", a reference to its long-standing reputation for "world class" service and cruise itineraries.

Substantially all of Holland America's bookings are made through travel agents. In fiscal 1999, Holland America took reservations from about 20,000 of approximately 49,000 travel agency locations known to the Company in the United States and Canada. Travel agents generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume.

Holland America has focused much of its sales effort at creating an excellent relationship with the travel agency community. This is related to its marketing philosophy that travel agents have a large impact on the consumer vacation selection process and will recommend Holland America more often because of its excellent reputation for service to both consumers and independent travel agents. Holland America solicits continuous feedback from consumers and the

independent travel agents making bookings with Holland America to ensure they are receiving excellent service.

Holland America's marketing communication strategy is primarily composed of newspaper and magazine advertising, large scale brochure distribution, direct mail solicitations to past passengers (referred to as "alumni"), network and cable television and radio spots. Holland America engages in substantial promotional efforts designed to motivate and educate retail travel agents about its products. Holland America employs approximately 54 field sales representatives, 23 inside sales representatives and 18 sales and service representatives to support the field sales force. To facilitate access to Holland America and to simplify the reservation process for the Holland America Ships, Holland America employs approximately 260 reservation agents to take bookings from travel agents. Additionally, through Leisure Shopper and Cruise Director, travel agents have the ability to make reservations directly into Holland America's reservations system. Holland America's cruises generally are booked several months in advance of the sailing date.

Windstar has its own marketing and reservations staff. Field sales representatives for both Holland America and Carnival also act as field sales representatives for Windstar. Marketing efforts are devoted primarily to i) travel agent support and awareness, ii) direct mail solicitation of past passengers and iii) distribution of brochures. The marketing features the distinctive nature of the graceful, modern sail ships and the distinctive "casually elegant" experience on "intimate itineraries" (apart from the normal cruise experience). Windstar's cruise sector positioning is embodied in the phrase "180 degrees from ordinaryr".

Cunard and Seabourn

During the period from December 1995 through May 1998, the Company owned a 50% equity interest in Seabourn Cruise Line Limited. Simultaneously with the Company's acquisition of the assets of Cunard in May 1998, Cunard and Seabourn were combined to form Cunard Line Limited, in which the Company owned a 68% equity interest. In November 1999 the Company acquired the remaining 32% minority interest of Cunard Line Limited. Cunard Line Limited currently operates eight ships in its Cunard and Seabourn brands.

The Cunard brand currently operates two ships in the luxury cruise sector. Cunard's most visible asset is the QE2. The QE2 is the only active passenger ship of its size built specifically for navigating ocean waters and currently offering transatlantic cruises, and thus enjoys a unique standing among modern passenger ships. Since being acquired by the Company, Cunard has redefined itself as the brand that offers classic "Old World" cruising with a British essence.

The Seabourn brand currently operates six ships, offering ultra-luxury cruising with an intense focus on service and cuisine. It is the exceptionally high level of service which management believes enables Seabourn to be marketed as the "Best of the Best" in luxury worldwide cruising.

Seabourn and Cunard currently market and sell their products through one combined sales and marketing organization. This combined organization has sales offices in Miami, England, Germany and Australia. Approximately 40% of Cunard Line Limited's revenues are generated from outside the U.S. Marketing efforts are devoted primarily to i) travel agent support and awareness, ii) direct mail solicitation of past passengers and iii) targeted print media campaigns and brochure distribution. Cunard Line Limited has consolidated and streamlined its entire organization, including its sales and marketing activities and implemented a group sales reservation desk to support its emphasis on developing its base of group business.

Substantially all of Seabourn's and Cunard's bookings are made through travel agents. In fiscal 1999, Seabourn and Cunard took reservations from about 7,000 of approximately 49,000 travel agency locations known to the Company in the United States and Canada. Travel agents generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume.

Cunard and Seabourn employ approximately 41 field sales representatives, 18 inside sales representatives and 41 sales and service representatives to support its field sales force. They also employ approximately 93 Cruise Sales Consultants to take bookings, substantially all of which come from travel agents.

During late 1999, Cunard refurbished the Royal Viking Sun and transferred it along with the Sea Goddess I and II ships to the Seabourn brand. The ships were renamed the Seabourn Sun, Seabourn Goddess I and Seabourn Goddess II, respectively. Management believes these ships more appropriately fit within the Seabourn brand. Additionally, after a major refurbishment in late 1999, Cunard's Vistafjord was renamed the "Caronia", the name once used by two of

Cunard's former "Old World" ships. The QE2 has also undergone a major refurbishment in late 1999. Management has revised cruising itineraries and schedules for the year 2000 in order to more appropriately coordinate individual ship itineraries with their new branding strategies.

Seasonality

The Company's revenue from the sale of passenger tickets is moderately seasonal. Historically, demand for cruises has been greatest during the summer months.

Competition

In addition to competing with each other, cruise lines compete for consumer disposable leisure time dollars with other vacation alternatives such as land-based resort hotels and sightseeing destinations, and consumer demand for such activities is typically influenced by general economic conditions.

As described under Part I, Item 1. Business, B. Cruise Ship Segment, North American Cruise Industry, the North American cruise industry had an aggregate of 145 ships and 148,000 lower berths at the end of 1999. From the end of 1999 through the end of 2003, CLIA currently estimates that 36 new ships will be introduced into the North American industry with a capacity of approximately 61,000 lower berths. These estimates of new ship introductions are based on scheduled ship deliveries and the actual number of ships could change. The lead time for design, construction and delivery of a typical large cruise ship is approximately two to three years. Additionally, these estimates of capacity do not include assumptions related to unannounced ship withdrawals due to age or changes in itineraries and, accordingly, could indicate a higher percentage growth in capacity than will actually occur. Nonetheless, management believes net capacity serving North American cruise passengers will increase over the next several years, and thus may increase the levels of competition within the industry.

The Company is the largest cruise company in the world based on passengers carried, revenues generated and available capacity. The primary methods of competition among cruise lines and with other land-based vacation alternatives are in the areas of cruise pricing, cruise product (i.e. the nature of the overall vacation experience) and cruise itineraries. Each of the Company's cruise brands and its primary cruise competition is discussed below.

The Carnival Ships compete with cruise ships operated by five different cruise lines which operate year round from Florida, California or Puerto Rico with similar itineraries and with nine other cruise lines operating seasonally from ports in Florida, California, Puerto Rico or New York, including cruise ships operated by Holland America and Costa. Competition for cruise passengers is substantial. Ships operated by Royal Caribbean International and Norwegian Cruise Line sail regularly from Miami and ships operated by Celebrity Cruises, owned by Royal Caribbean Cruises Ltd., and Princess Cruises sail regularly from Ft. Lauderdale on itineraries similar to those of the Carnival Ships. Carnival competes year round with ships operated by Royal Caribbean International embarking from Los Angeles to the West Coast of Mexico. Cruise lines such as Norwegian Cruise Line, Royal Caribbean International and Princess Cruises offer voyages competing with Carnival from San Juan to the Caribbean. The Walt Disney Co. entered the cruise market with the introduction of a new cruise ship in both 1998 and 1999. The Disney ships compete primarily with Carnival in the Caribbean and Bahamian marketplaces.

In Alaska, Holland America and Carnival compete directly with cruise ships operated by six different cruise lines with the largest competitors being Princess Cruises, Royal Caribbean International and Celebrity Cruises. Over the past several years, there has been a steady increase in the available capacity among cruise lines operating in Alaska. In the Caribbean, Holland America competes with cruise ships operated by 14 different cruise lines, its primary competitors being Princess Cruises, Royal Caribbean International, Celebrity Cruises and Norwegian Cruise Line, as well as Carnival and Costa.

In Europe, Holland America competes directly with both large and small cruise lines with its primary competitors being Celebrity Cruises, Costa, Norwegian Cruise Line, Orient Lines, Princess Cruises and Royal Caribbean International.

The Cunard, Seabourn and Windstar ships' primary unaffiliated competitors within the luxury cruise sector include Crystal Cruises, Radisson Seven Seas and Silversea Cruises, as well as the higher priced cabins on certain of the cruise lines which serve the premium sector.

Governmental Regulations

The Company's ships are registered in the Bahamas, England, Liberia, Netherlands, Norway or Panama, as more fully described under Part I, Item 1.

Business, B. Cruise Ships and Itineraries and, accordingly, are regulated by these jurisdictions. The Company's ships that call on United States ports are subject to inspection by the United States Coast Guard for compliance with the Convention for the Safety of Life at Sea and by the United States Public Health Service for sanitary standards. The Company is also regulated by the Federal Maritime Commission ("FMC") which, among other things, certifies the Company on the basis of its ability to meet obligations to passengers for refunds in case of nonperformance. The Company believes it is in compliance with all material regulations applicable to its ships and has all the necessary licenses to conduct its business. In connection with a significant portion of its Alaska cruise operations, Holland America relies on concession permits from the National Park Service, which are periodically renewed, to operate its cruise ships in Glacier Bay National Park. There can be no assurance that these permits will continue to be renewed or that regulations relating to the renewal of such permits, including preference rights, will remain unchanged in the future.

The International Maritime Organization (the "IMO"), which operates under the United Nations, has adopted safety standards as part of the "Safety of Life at Sea" ("SOLAS") Convention, generally applicable to all passenger ships carrying 36 or more passengers. Generally, SOLAS establishes vessel design, structural features, materials, construction and life saving equipment requirements to improve passenger safety. The current SOLAS requirements are being phased in through 2010.

In 1993, SOLAS was amended to adopt the "International Safety Management Code" (the "ISM Code"). The ISM Code provides an international standard for the safe management and operation of ships and for pollution prevention. The ISM Code became mandatory for passenger vessel operators, such as the Company, on July 1, 1998. All of the Company's Wholly Owned Cruise Operations and Affiliated Cruise Operations have obtained the required certificates demonstrating compliance with the ISM Code.

Public Law 89-777 administered by the FMC requires most cruise line operators to establish financial responsibility for nonperformance of transportation. The FMC's regulations require that a cruise line demonstrate its financial responsibility through a guaranty, escrow arrangement, surety bond, insurance or self-insurance. Currently, the amount required must equal 110% of the cruise line's highest amount of customer deposits over a two-year period up to a maximum coverage level of $15 million.

On February 8, 2000, the United States Treasury Department issued proposed Treasury Regulations to Section 883 of the Internal Revenue Code ("Section 883") relating to income derived by foreign corporations from the international operation of ships or aircraft. The proposed regulations provide, in general, that a foreign corporation organized in a qualified foreign country and engaged in the international operation of ships or aircraft shall exclude qualified income from gross income for purposes of federal income taxation provided that the corporation can satisfy certain ownership requirements, including, among other things, that its stock is publicly traded. A corporation's stock that is publicly traded will satisfy this requirement if more than 50% of its stock is owned by persons who each own less than 5% of the corporation's stock.

To the best of the Company's knowledge it currently qualifies as a publicly traded corporation under these proposed rules and, if the proposed rules were in force, substantially all of the Company's income (with the exception of the United States source income from the transportation, hotel and tour business of Holland America Westours) would continue to be exempt from United States federal income taxes.

In order to ensure that the Company continues to be publicly traded under the proposed Section 883 regulations, the Company will recommend to its shareholders at its annual meeting that the Company's articles of incorporation be amended to prohibit any person, other than an existing 5% shareholder, from acquiring shares that would give such person in the aggregate more than 4.9% of the value of the shares of the Company.

From time to time, various other regulatory and legislative changes have been or may be proposed that could have an affect on the cruise industry in general.

Financial Information

For financial information about the Company's cruise ship segment with respect to each of the three years in the period ended November 30, 1999, see Note 9, "Segment Information," to the Company's Consolidated Financial Statements in Exhibit 13 of this Annual Report on Form 10-K.

C. Tour Segment

In addition to its cruise business, the Company markets sightseeing tours both separately and as a part of cruise/tour packages under the Holland America

Westours and Gray Line names. Tour operations are based in Alaska, Washington State and western Canada. Since a substantial portion of Holland America Westours' business is derived from the sale of tour packages in Alaska during the summer tour season, tour operations are highly seasonal.

Holland America Westours

Holland America Westours is an indirect wholly owned subsidiary of HAL, a wholly owned subsidiary of the Company. The group of companies which together comprise the tour operations perform three independent yet interrelated functions. During 1999, as part of an integrated travel program to destinations in Alaska, the tour service group offered 39 different tour programs varying in length from 8 to 21 days. The transportation group and hotel group supports the tour service group by supplying facilities needed to conduct tours. Facilities include dayboats, motor coaches, rail cars and hotels.

Two luxury dayboats perform an important role in the integrated Alaska travel program offering tours to the glaciers of Alaska and the Yukon River. The Yukon Queen II cruises the Yukon River between Dawson City, Yukon Territory and Eagle, Alaska and the Ptarmigan operates on Portage Lake in Alaska. The two dayboats have a combined capacity of 304 passengers.

A fleet of over 280 motor coaches using the trade name Gray Line operates in Alaska, Washington and western Canada. These motor coaches are used for extended trips, city sightseeing tours and charter hire. Holland America Westours conducts its tours both as part of a cruise/tour package and as individual sightseeing products sold under the Gray Line name. Additionally, Holland America Westours operates express Gray Line motor coach service between downtown Seattle and the Seattle-Tacoma International Airport.

Thirteen private domed rail cars, which are called "McKinley Explorers", run on the Alaska Railroad between Anchorage and Fairbanks, stopping at Denali National Park.

In connection with its tour operations, Holland America Westours owns or leases motor coach maintenance shops in Seattle, Washington, and in Juneau, Fairbanks, Anchorage, Skagway and Ketchikan, Alaska. Holland America Westours also owns or leases service offices at Anchorage, Denali Park, Fairbanks, Juneau, Ketchikan and Skagway in Alaska, at Whitehorse in the Yukon Territory, in Seattle, Washington, Vancouver, British Columbia and Victoria, British Columbia. Certain real property facilities on federal land are used in Holland America Westours' tour operations pursuant to permits from the applicable federal agencies.

Westmark Hotels

Holland America Westours owns and/or operates 14 hotels in Alaska and the Canadian Yukon under the name Westmark Hotels. Four of the hotels are located in Canada's Yukon Territory and offer a combined total of 585 rooms. The remaining 10 hotels, located throughout Alaska, provide a total of 1,455 rooms, bringing the total number of hotel rooms to 2,040.

The hotels play an important role in Holland America Westours tour programs during the summer months when they provide accommodations to the tour passengers. The hotels located in the larger metropolitan areas remain open during the entire year, acting during the winter season as centers for local community activities while continuing to accommodate the traveling public. Most of the Westmark hotels include dining, lounge and conference or meeting room facilities. Certain hotels have gift shops and other tourist services on the premises.

Twelve of the hotels are wholly owned by Holland America Westours subsidiaries and Westmark operates two under management agreements.

For the seven hotels that operate year-round, the occupancy percentage for fiscal 1999 was 55.4% (57.4% for fiscal 1998), and for the seven hotels that operate only during the summer months, the occupancy percentage for fiscal 1999 was 71.4% (71.6% for fiscal 1998).

Sales and Marketing

Holland America Westours has its own marketing staff devoted to i) travel agent support and awareness, ii) direct mail solicitation of past customers, iii) use of consumer magazine and newspaper advertising to develop prospects and enhance awareness and iv) distribution of brochures. Additionally, television and radio spots are used to market its tour and cruise packages. The Westours marketing message leverages the company's 53 years of Alaska tourism leadership and its extensive array of hotel and transportation assets to create a brand preference for Holland America Westours. To the prospective vacationer the company endeavors to convince them that "Westours is Alaska".

Holland America Westours tours are marketed both separately and as part of cruise/tour packages. Although most Holland America Westours cruise/tours include a Holland America cruise as the cruise segment, other cruise lines also market Holland America Westours tours as a part of their cruise/tour packages and sightseeing excursions. Tours sold separately are marketed through independent travel agents and also directly by Holland America Westours, utilizing sales desks in major hotels. General marketing for the hotels is done through various media in Alaska, Canada and the contiguous United States. Travel agents, particularly in Alaska, are solicited, and displays are used in airports in Seattle, Washington, Portland, Oregon and various Alaskan cities. Room rates at Westmark Hotels are on the upper end of the scale for hotels in Alaska and the Canadian Yukon.

Concessions

Certain tours in Alaska are conducted on federal property requiring concession permits from the applicable federal agencies, such as the National Park Service and the United States Forest Service.

Seasonality

Holland America Westours tour revenues are highly seasonal with a large majority generated during the late spring and summer months in connection with the Alaska cruise season. Holland America Westours tours are conducted in Washington State, western Canada and Alaska. The Alaska tours coincide to a great extent with the Alaska cruise season, May through September. Washington tours are conducted year-round although demand is greatest during the summer months. During periods in which tour demand is low Holland America Westours seeks to maximize its motor coach charter activity, such as operating charter tours to ski resorts in Washington and western Canada.

Competition

Holland America Westours competes with independent tour operators and motor coach charter operators in Washington, Alaska and the Canadian Rockies. The primary competitors in Alaska and the Canadian Rockies are Princess Tours (with approximately 160 motor coaches and three hotels) and Alaska Sightseeing/Trav-Alaska (with approximately 13 motor coaches). The primary competitor in Washington is Gazelle (with approximately 15 motor coaches).

Westmark Hotels compete with various hotels throughout Alaska, many of which charge prices below those charged by Westmark Hotels. Dining facilities in the hotels also compete with the many restaurants in the same geographic areas.

Government Regulations

Holland America Westours motor coach operations are subject to regulation both at the federal and state levels, including primarily the U.S. Department of Transportation, the Washington Utilities and Transportation Commission, the British Columbia Motor Carrier Commission and the Alaska Department of Transportation. Certain of Holland America Westours tours involve federal properties and are subject to regulation by various federal agencies, such as the National Park Service and the U.S. Forest Service.

In connection with the operation of its beverage facilities in the Westmark Hotels, Holland America Westours is required to comply with state, county and/or city ordinances regulating the sale and consumption of alcoholic beverages. Violations of these ordinances could result in fines, suspensions or revocation of such licenses and preclude the sale of any alcoholic beverages by the hotel involved.

In the operation of its hotels, Holland America Westours is required to comply with applicable building and fire codes. Changes in these codes have in the past and may in the future require expenditures to ensure continuing compliance, such as the installation of sprinkler systems.

From time to time, various other regulatory and legislative changes have been or may be proposed that could have an effect on the tour industry in general.

Financial Information

For financial information about the Company's tour segment with respect to each of the three years in the period ended November 30, 1999, see Note 9, "Segment Information," to the Company's Consolidated Financial Statements in Exhibit 13 of this Annual Report on Form 10-K.

D. Employees

The Company's operations have approximately 4,300 full-time and 2,100 part-time/seasonal employees engaged in shoreside operations. The Company also

employs approximately 1,200 officers and 18,000 crew and staff on its ships. Due to the seasonality of its Alaska and Canadian operations, HAL and its subsidiaries increase their work force during the summer months, employing additional full-time and part-time personnel which have been included above. The Company has entered into agreements with unions covering certain employees in its hotel, motorcoach and ship operations. The Company considers its employee and union relations generally to be good.

E. Suppliers

The Company's largest purchases are for airfare, advertising, fuel, food and beverages and hotel and restaurant supplies and products. Although the Company chooses to use a limited number of suppliers for most of its food, beverages and hotel and restaurant supplies, most of these purchases are available from numerous sources at competitive prices. The use of a limited number of suppliers enables the Company to, among other things, obtain volume discounts.

Management believes that there are currently eight shipyards in the world capable of the quality construction of large passenger cruise ships. The Company currently has contracts, with two of these shipyards for the construction of twelve ships to enter service over the next five years (see Part I, Item 1. Business, B. Cruise Ship Segment - Wholly Owned Cruise Operations - Cruise Ship Construction). The Company's primary competitors also have contracts to construct new cruise ships (see Part I, Item 1. Business, B. Cruise Ship Segment - - Wholly Owned Cruise Operations - Competition). If the Company elects to build additional ships in the future, which it expects to do, there is no assurance that any of these shipyards will have the available capacity to build additional new ships for the Company at the times desired by the Company or that the shipyards will agree to build additional ships at a cost acceptable to the Company. Additionally, there is no assurance that ships under contract for construction will be delivered.

F. Insurance

The Company maintains insurance covering legal liabilities related to crew, passengers and other third parties on its ships in operation through The Standard Steamship Owners Protection & Indemnity Association Limited (the "SSOPIA") and Steamship Mutual Underwriting Association Ltd. (the "SMUAL"). The amount and terms of this insurance is governed by the rules of the foregoing protection and indemnity associations.

The Company maintains insurance on the hull and machinery of each vessel in amounts equal to the approximate market value of each vessel. The Company maintains war risk insurance on each vessel which includes legal liability to crew and passengers, including terrorist risks for which coverage would be excluded under SSOPIA and SMUAL. The coverage for hull and machinery and war risks is provided by international markets, including underwriters at Lloyds. The Company, as currently required by the FMC, maintains at all times three $15 million performance bonds for all of the Company's ships, to cover passenger ticket liabilities in the event of a canceled or interrupted cruise. The Company also maintains other performance bonds as required by various foreign authorities who regulate certain of the Company's operations in their jurisdictions.

The Company maintains certain levels of self-insurance for the above mentioned risks through the use of substantial deductibles. The Company does not typically carry coverage related to loss of earnings or revenues for its cruise or tour operations.

The Company also maintains various other insurance policies to protect the assets and earnings arising from the operations of Holland America Westours and other activities.

G. Investments in Affiliates

Airtours plc

In April 1996, the Company acquired a 28% interest in Airtours for approximately $307 million. In 1998, the Company's interest in Airtours was reduced to approximately 26% as a result of the conversion of Airtours preference shares into Airtours common stock and the issuance of Airtours common stock in conjunction with two of its acquisitions. Airtours is one of the largest air inclusive tour operator in the world and is publicly traded on the London Stock Exchange. Airtours provides air inclusive packaged holidays to the United Kingdom, Austrian, Belgian, Holland, French, German, Polish, Scandinavian, Swiss and North American markets. Airtours provided holidays to approximately ten million people in fiscal 1999 and owns or operates over 1,000 retail travel shops, 46 resort properties, four cruise ships, 42 aircraft and develops and markets vacation ownership resorts in the Canary Islands and Orlando, Florida. The four cruise ships are operated under the Sun Cruises brand

and an additional 962 passenger capacity ship is chartered, for summer cruises only, under the Airtours Cruises brand. In 1999, Airtours acquired 3 cruise lines in Costa, as discussed below. During 1999, Airtours or its 36% owned German tour operator, FTi, made several acquisitions, including a 40% interest in Berge & Meer, a German tour operator which packages and distributes air-inclusive tours directly to the public through call centers, the internet and the mail, and a 100% interest in the Travel World Group of United Kingdom retail outlets. Airtours also acquired additional tour operations based in Holland and Scandinavia. In December 1998 and November 1999, Airtours successfully completed an approximate $500 million convertible debenture offering and a $335 million non-equity preference share offering, respectively, which are providing Airtours with additional capital to fund its operations and/or future acquisitions, as required. If this convertible debt is converted into Airtours common stock, the Company's interest in Airtours would be reduced to approximately 23%.

On February 21, 2000, Airtours and Travel Services International ("TSI") entered into an agreement whereby Airtours would commence a $26 per share recommended cash tender offer for all of TSI's outstanding common stock. Such offer would value TSI at approximately $385 million. TSI is a major distributor of leisure travel products in the U.S. market with leading positions in the distribution of cruise, auto rental, alumni holidays and hotel bookings.

Costa Crociere S.p.A.

In June 1997, the Company and Airtours completed a joint offer to acquire the equity securities of Costa, an Italian cruise company. The Company and Airtours each own 50% of Il Ponte, S.p.A. ("Il Ponte"), a holding company, which was purchased from the Costa family. As a result of the acquisition, Il Ponte owns approximately 100% of Costa. The cost of the Company's acquisition of its 50% direct interest was approximately $141 million, of which approximately $103 million was paid by Il Ponte and the balance was paid by the Company. The $103 million paid by Il Ponte was funded through Il Ponte debt, which was guaranteed by the Company.

Costa is headquartered in Genoa, Italy and is Europe's largest cruise line based on number of passengers carried and available capacity. Costa is primarily targeted to the contemporary sector and has sales offices in Argentina, Brazil, England, Florida, France, Germany, Italy, Spain and Switzerland, and employs over 200 personnel in the sales and sales support area, excluding reservation agents. Costa's ships' primary itineraries include Europe, the Caribbean and South America. The major market for Costa cruises is Southern Europe with the majority of Costa's cruises being sold in Italy, Spain and France.

The itineraries of Costa's ships during the summer months consist primarily of various locations in Europe. During the winter months, the vessels operate primarily in the Caribbean and South America. See Part I, Item 1. Business, B. Cruise Ship Segment for a discussion of competition and certain government regulations, which affect Costa.

Costa operates six ships, which are currently registered in Liberia, which have an aggregate passenger capacity of 7,103 passengers. In January 1998, Costa signed an agreement to construct a seventh ship, the Costa Atlantica, which is expected to enter service in July 2000, with a passenger capacity of 2,112 at a cost of approximately 700 billion Lira. In 2001, the Costa Classica will be lengthened to increase its passenger capacity to 2000 from 1,302, and it is expected that the Costa Romantica will be lengthened in 2002 to increase its passenger capacity to 2000 from 1,350. No assurance can be given that a contract will be entered into to lengthen the Costa Romantica.

Seasonality

The Company's equity in the earnings of Airtours and Il Ponte are recorded on a two-month lag basis using the equity method of accounting. Airtours' revenues are very seasonal due to the nature of the European leisure travel industry. Costa's revenues are moderately seasonal. Typically, Airtours' and Costa's quarters ending June 30 and September 30 experience higher revenues, with revenues in the quarter ending September 30 being their highest.

H. Trademarks

The Company owns numerous trademarks, which it believes are widely recognized throughout the world and have considerable value.

I. Recent Development

In late February 2000, the Company and Fairfield Communities, Inc. announced their decision to end a previously announced strategic merger of the two companies. See Note 14 to the Company's Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K.

Item 2. Properties

The Company's cruise ships and private island, Half Moon Cay, are described in Section B of Item 1 under the heading Cruise Ship Segment - Cruise Ships and Itineraries. The properties associated with Holland America Westours tour operations are described in Section C of Item 1 under the heading Tour Segment.

Carnival's principal shoreside operations and the Company's corporate headquarters are located at 3655 N.W. 87th Avenue, Miami, Florida. These Company-owned facilities include approximately 456,000 square feet of office space. HAL headquarters are at 300 Elliott Avenue West in Seattle, Washington in approximately 128,000 square feet of leased office space. Cunard Line Limited headquarters are at 6100 Blue Lagoon Drive in Miami, Florida in approximately 51,000 square feet of leased office space.

The Company's cruise ships, tour properties and shoreside operations facilities are well maintained and in good condition.

Item 3. Legal Proceedings

Several actions (collectively, the "Passenger Complaints"), as previously reported, have been filed against Carnival and one action has been filed against Holland America Westours on behalf of purported classes of persons who paid port charges to Carnival or Holland America, alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages or, alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief. The status of each pending Passenger Complaint is as follows:

In 1996, four Passenger Complaints were filed against Carnival in the Circuit Court for the Eleventh Judicial Circuit in Dade County, Florida, by Michelle Hackbarth, Larry Katz, Michelle A. Sutton, Pedro Rene Mier, and others, respectively, on behalf of purported nationwide classes. In May 1998, the court consolidated all four actions. On March 8, 1999, the trial court denied plaintiff's motion for class certification, and plaintiffs have appealed the trial court's decision. On February 2, 2000, the Third District Court of Appeal of Florida reversed the trial court's denial of class certification and remanded the case for further proceedings. The Company has filed a motion for rehearing and for clarification of the Third District Court of Appeal's decision. In addition, plaintiff's filed a motion to enforce a purported oral settlement agreement they alleged was reached with Carnival. In January 2000, the trial court denied the plaintiffs' motion to enforce the purported oral settlement agreement. The plaintiff's have appealed the trial court's decision.

In April 1997, a Passenger Complaint was filed against Carnival in the Court of Common Pleas, Montgomery County, Ohio, by Cathy J. Miller and others, on behalf of a purported statewide class. Carnival's motion to dismiss on inconvenient forum grounds is under consideration.

In March 1998, a Passenger Complaint was filed against Carnival in the Circuit Court for the 20th Judicial Circuit in St. Clair County, Illinois, by John R. Birdsell and others on behalf of a purported nationwide class. The complaint also names, as co-defendants, Norwegian Cruise Line, Royal Caribbean Cruise Lines and Princess Cruise Lines. The court overruled Carnival's objection to the court's exercise of personal jurisdiction and denied its motion to dismiss on grounds of improper forum. Carnival has appealed the decision denying its motion to dismiss on grounds of improper forum, and its appeal has been fully briefed and argued and is now pending with the state appellate court. Proceedings in the trial court, including plaintiffs' motion to certify a class, have been stayed pending the resolution of Carnival's appeal.

In April 1996, a Passenger Complaint was filed against Holland America Westours in the Superior Court in King County, Washington, by Francine Pickett and others on behalf of a purported nationwide class. The court denied both Holland America Westours' motion to dismiss and the plaintiffs' motion for class certification. Thereafter Holland America Westours entered into a settlement agreement for this action, the only Passenger Complaint filed against it. The settlement agreement was approved by the court on September 28, 1998, however one member of the settlement class has appealed the agreement. The appeal has been briefed and argued before the Washington Court of Appeals. The decision is expected shortly. A further appeal could be taken by either party to the Washington Supreme Court which could result in the settlement being delayed for an additional year. Unless the appeal is successful, Holland America will issue travel vouchers with a face value of $10-$50 depending on specified criteria, to certain of its passengers who are U.S. residents and who sailed between April 1992 and April 1996, and will pay a portion of the plaintiffs' legal fees. The amount and timing of the travel vouchers to be redeemed and the effects of the travel voucher redemption on revenues is not reasonably determinable. In 1998, the Company established a liability for the estimated distribution costs of the

settlement notices and plaintiffs' legal costs.

Several complaints have been filed against Carnival and/or Holland America Westours (collectively the "Travel Agent Complaints") on behalf of purported classes of travel agencies who had booked a cruise with Carnival or Holland America, claiming that advertising practices regarding port charges resulted in an improper commission bypass. These actions allege violations of state consumer protection laws, claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud, and they seek unspecified compensatory damages (or alternatively, the payment of usual and customary commissions on port charges paid by passengers in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief. The status of each pending Travel Agent Complaint is as follows:

In August 1997, a Travel Agent Complaint was filed against Carnival in the Circuit Court for the Eleventh Judicial Circuit in Dade County, Florida, by N.G.L. Travel Associates, on behalf of a purported nationwide class of travel agencies who booked cruises with Carnival. The court dismissed the action with prejudice in January 1999, and plaintiff has appealed. The appeal has been fully briefed and argued, and is now pending with the state appellate court.

In September 1997, a Travel Agent Complaint was filed against Holland America Westours in the Superior Court of the State of Washington for King County by N.G.L. Travel Associates on behalf of a purported nationwide class of travel agencies who booked cruises with Holland America. Holland America Westours filed summary judgment motions as to all of the claims. The motions were granted as to every claim except for one alleging a breach of contract under the Sales Agreement between Holland America Westours and GEM, the travel agent consortium of which N.G.L. Travel Associates was a member. The court has also certified a class of travel agents that includes all agencies that were members in 1996 of the GEM group. Consequently, if this matter proceeds to trial, it will be limited to the issue of whether Holland America Westours is obligated to pay commissions as to 1996 bookings by these GEM agencies. The trial is presently scheduled for March 2000.

In August 1996, a Travel Agent Complaint was filed against Carnival and Holland America Westours in the Superior Court in Los Angeles, County, California, by Nelsons Travel Associates, on behalf of purported nationwide classes of travel agencies who booked cruises with Carnival and Holland America. Upon Carnival's and Holland America Westours' motions to dismiss or stay the action on the grounds of inconvenient forum, the court stayed the action, pending resolution of the Florida and Washington actions.

It is not now possible to determine the ultimate outcome of the pending Passenger and Travel Agent Complaints if such claims should proceed to trial. Management believes it has meritorious defenses to the claims. Management understands that purported class actions similar to the Passenger and Travel Agent Complaints have been filed against several other cruise lines.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Executive Officers of the Registrant

Pursuant to General Instruction G(3), the information regarding executive officers of the Company called for by Item 401(b) of Regulation S-K is hereby included in Part I of this Annual Report on Form 10-K.

The following table sets forth the name, age and title of each executive officer. Titles listed relate to positions within the Company unless otherwise noted.

NAME	AGE	POSITION
Micky Arison	50	Chairman of the Board of Directors and Chief Executive Officer
Gerald R. Cahill	48	Senior Vice President-Finance and Chief Financial Officer
Robert H. Dickinson	57	President and Chief Operating Officer of Carnival and Director
Kenneth D. Dubbin	46	Vice President-Corporate Development
Howard S. Frank	58	Vice Chairman of the Board of Directors and Chief Operating Officer
Ian J. Gaunt	48	Senior Vice President - International
A. Kirk Lanterman	68	Chairman of the Board of Directors, President, and Chief Executive Officer of

		Holland America Line-Westours Inc. and Director
Lowell Zemnick	56	Vice President and Treasurer
Meshulam Zonis	66	Senior Vice President-Operations of Carnival and Director

Business Experience of Officers

Micky Arison has been Chief Executive Officer since 1979 and Chairman of the Board of Directors since 1990. He was President from 1979 to May 1993 and has also been a director since June 1987. Prior to 1979, he served Carnival for successive two-year periods as sales agent, reservations manager and as Vice President in charge of passenger traffic. He is the son of Ted Arison, Carnival Corporation's founder.

Gerald R. Cahill is a Certified Public Accountant and has been Senior Vice President-Finance, Chief Financial Officer and Chief Accounting Officer since January 1998. From September 1994 to January 1998 he was Vice President-Finance. He was the Chief Financial Officer from 1988 to 1992 and the Chief Operating Officer from 1992 to 1994 of Safecard Services, Inc. From 1979 to 1988 he held financial positions at Resorts International Inc. and, prior to that, spent six years with PricewaterhouseCoopers LLP.

Robert H. Dickinson has been President and Chief Operating Officer of Carnival since May 1993. From 1979 to May 1993, he was Senior Vice President-Sales and Marketing of Carnival. He has also been a director since June 1987.

Kenneth D. Dubbin has been Vice President-Corporate Development since May 1999. From 1988 to April 1999 he was Vice President and Treasurer of Royal Caribbean Cruises Ltd.

Howard S. Frank has been Vice Chairman of the Board of Directors since October 1993, Chief Operating Officer since January 1998 and a director since 1992. From July 1989 to January 1998 he was Chief Financial Officer and Chief Accounting Officer and from July 1989 to October 1993 he was Senior Vice President-Finance. From July 1975 through June 1989 he was a partner with PricewaterhouseCoopers LLP.

Ian J. Gaunt is an English Solicitor and has been Senior Vice President-International since May 1999. He was a partner of the London based international law firm of Sinclair, Roche and Temperley from 1982 through April 1999 where he represented the Company as special external legal counsel since 1981.

A. Kirk Lanterman is a Certified Public Accountant and has been a director since April 1992. He has been Chairman of the Board of Directors, President and Chief Executive Officer of Holland America Line-Westours Inc. ("HALW") since August 1999. From March 1997 to August 1999, he was Chairman of the Board of Directors and Chief Executive Officer of HALW. From December 1989 to March 1997, he was President and Chief Executive Officer of HALW. From 1983 to 1989 he was President and Chief Operating Officer of HALW. From 1979 to 1983, he was President of Westours, Inc. which merged with Holland America Line in 1983.

Lowell Zemnick is a Certified Public Accountant and has been a Vice President since 1980 and Treasurer since September 1990. He was the Chief Financial Officer of Carnival from 1980 to September 1990 and was the Chief Financial Officer of Carnival Corporation from May 1987 through June 1989.

Meshulam Zonis has been Senior Vice President-Operations of Carnival since 1979. He has also been a director since June 1987. From 1974 through 1979 he was Vice President-Operations of Carnival.

Special Note Regarding Forward-Looking Statements

Certain statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this Annual Report on Form 10-K, in the Company's press releases, and in oral statements and presentations made by or with the approval of an authorized executive officer of the Company constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; consumer demand for cruises, including the effects on consumer demand of armed conflicts, political instability or adverse media publicity; increases in cruise industry capacity; changes in tax laws and regulations; the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; changes in food and fuel commodity prices;

delivery of new vessels on schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; changes in foreign currency prices which may impact the income or loss from certain affiliated operations and certain cruise related revenues and expenses; and changes in laws and regulations applicable to the Company.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

A. Market Information

The information required by Item 201(a) of Regulation S-K, Market Information, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

B. Holders

The information required by Item 201(b) of Regulation S-K, Holders of Common Stock, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

C. Dividends

The Company declared cash dividends on all of its Common Stock in the amount of $.075 per share in each of the first three quarters of fiscal 1998, $.09 in the fourth quarter of fiscal 1998, $.09 in each of the first three quarters of fiscal 1999, and $.105 in the fourth quarter of fiscal 1999 and first quarter of fiscal 2000. Payment of future dividends on the Common Stock will depend upon, among other factors, the Company's earnings, financial condition and capital requirements. The Company may also declare special dividends to all stockholders in the event that members of the Arison family and certain related entities are required to pay additional income taxes by reason of their ownership of the Common Stock because of an income tax audit of the Company.

While no tax treaty currently exists between the Republic of Panama and the United States, under current law the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama. Dividends paid by the Company will be taxable as ordinary income for United States federal income tax purposes to the extent of the Company's current or accumulated earnings and profits, but generally will not qualify for any dividends-received deduction.

The payment and amount of any dividend is within the discretion of the Board of Directors, and it is possible that the amount of any dividend may vary from the levels discussed above.

Item 6. Selected Financial Data

The information required by Item 6, Selected Financial Data, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information required by Item 7A, Quantitative and Qualitative Disclosures About Market Risk, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 8. Financial Statements and Supplementary Data

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated January 24, 2000, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Items 10, 11, 12 and 13. Directors and Executive Officers of the Registrant, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management, and Certain Relationships and Related Transactions

The information required by Items 10, 11, 12 and 13 is incorporated herein by reference to the Registrant's definitive Proxy Statement to be filed with the Commission not later than 120 days after the close of the fiscal year except that the information concerning the Registrant's executive officers called for by Item 401(b) of Regulation S-K has been included in Part I of this Annual Report on Form 10-K.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1)(2) Financial Statements and Schedules:

The financial statements shown in Exhibit 13 are hereby incorporated herein by reference.

(3) Exhibits:

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this Annual Report on Form 10-K and such Exhibit Index is hereby incorporated herein by reference.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended November 30, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, and the State of Florida on this 23 day of February, 2000.

CARNIVAL CORPORATION

By /s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Micky Arison Micky Arison	Chairman of the Board of Directors and Chief Executive Officer	February 23, 2000
/s/ Howard S. Frank Howard S. Frank	Vice Chairman of the Board of Directors and Chief Operating Officer	February 23, 2000
/s/ Gerald R. Cahill Gerald R. Cahill	Senior Vice President-Finance and Chief Financial and Accounting Officer	February 23, 2000
/s/ Shari Arison Shari Arison	Director	February 23, 2000
/s/ Maks L. Birnbach Maks L. Birnbach	Director	February 23, 2000
/s/ Atle Brynestad Atle Brynestad	Director	February 23, 2000
/s/ Richard G. Capen, Jr. Richard G. Capen, Jr.	Director	February 23, 2000
/s/ David Crossland David Crossland	Director	February 23, 2000
/s/ Robert H. Dickinson	Director	February 23, 2000

/s/ James M. Dubin James M. Dubin	Director	February 23, 2000
/s/ A. Kirk Lanterman A. Kirk Lanterman	Director	February 23, 2000
/s/ Modesto A. Maidique Modesto A. Maidique	Director	February 23, 2000
/s/ William S. Ruben William S. Ruben	Director	February 23, 2000
/s/ Stuart Subotnick Stuart Subotnick	Director	February 23, 2000
/s/ Sherwood M. Weiser Sherwood M. Weiser	Director	February 23, 2000
/s/ Meshulam Zonis Meshulam Zonis	Director	February 23, 2000
/s/ Uzi Zucker Uzi Zucker	Director	February 23, 2000

INDEX TO EXHIBITS
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Exhibits

3.1-Second Amended and Restated Articles of Incorporation of the Company. (1)

3.2-Amendment to Second Amended and Restated Articles of Incorporation of the Company. (2)

3.2-Form of By-laws of the Company.(3)

4.1-Agreement of the Company dated February 23, 2000 to furnish certain debt instruments to the Securities and Exchange Commission.

4.2-Revolving Credit Agreement dated as of July 1, 1993, Amended and Restated as of December 17, 1996, by and among Carnival Corporation, Citibank, N.A. and various other lenders.(4)

4.3-Form of Indenture, dated March 1, 1993, between Carnival Cruise Lines, Inc. and First Trust National Association, as Trustee, relating to the Debt Securities, including form of Debt Security.(5)

10.1-Retirement and Consulting Agreement dated November 26, 1999 between Alton Kirk Lanterman, Carnival Corporation and Holland America Line-Westours Inc.

10.2-Executive Long-term Compensation Agreement dated January 16, 1998 between Robert H. Dickinson and Carnival Corporation. (6)

10.3-1994 Carnival Cruise Lines Key Management Incentive Plan as amended on April 12, 1999. (7)

10.4-Amended and Restated Carnival Corporation 1992 Stock Option Plan. (8)

10.5-Carnival Cruise Lines, Inc. 1993 Restricted Stock Plan adopted on January 15, 1993 and as amended January 5, 1998 and December 21, 1998. (9)

10.6-Carnival Corporation "Fun Ship" Nonqualified Savings Plan. (10)

10.7 -Amendments to The Carnival Corporation Nonqualified Retirement Plan for Highly Compensated. (11)

10.8-Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan.(12)

10.9-1993 Outside Directors' Stock Option Plan as amended on April 6, 1998. (13)

10.10-Form of Deferred Compensation Agreement between the Company and Meshulam Zonis.(14)

10.11-Consulting Agreement/Registration Rights Agreement dated June 14, 1991, between the Company and Ted Arison.(15)

10.12-First Amendment to Consulting Agreement/Registration Rights Agreement.(16)

10.13-Atle Brynestad Indemnification Agreement. (17)

10.14-Shareholders' Agreement dated February 21, 1996 between Carnival Corporation and David Crossland.(18)

10.15-Maks L. Birnbach Director's Agreement.(19)

10.16-William S. Ruben Director's Agreement.(20)

10.17-Stuart Subotnick Director's Agreement.(21)

10.18-Sherwood M. Weiser Director's Agreement.(22)

10.19-Uzi Zucker Director's Agreement. (23)

10.20-David Crossland Director's Agreement.(24)

10.21-James M. Dubin Director's Agreement.(25)

10.22-Modesto M. Maidique Director's Agreement.(26)

10.23-Richard G. Capen Director's Agreement.(27)

10.24-Shari Arison Dorsman Director's Agreement.(28)

10.25-Executive Long-term Compensation Agreement dated January 11, 1999, between the Company and Micky Arison. (29)

10.26-Executive Long-term Compensation Agreement dated January 11, 1999, between the Company and Howard S. Frank. (30)

10.27-HAL Antillen N.V. and subsidiaries Key Management Incentive Plan. (31)

10.28-1994 Transaction-Extension Agreement, dated January 18, 2000, between Carnival Corporation, Sherwood Weiser and others.

10.29-Amended and Restated 1994 Security and Pledge Agreement, dated January 18, 2000, between Carnival Corporation and Sherwood Weiser.

10.30-Security and Pledge Agreement, dated January 18, 2000, between Carnival Corporation and Sherwood Weiser.

10.31-Stock Purchase Agreement, dated January 18, 2000, between Carnival Corporation, Sherwood Weiser and others.

10.32-Carnival Corporation Supplemental Executive Retirement Plan.

10.33- Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan.

12.0-Ratio of Earnings to Fixed Charges.

13.0-Portions of 1999 Annual Report incorporated by reference into 1999 Annual Report on Form 10-K.

21-Subsidiaries of the Company.

23.0-Consent of PricewaterhouseCoopers LLP.

27.0-Financial Data Schedule (for SEC use only).

Sequential
Numbering
System
Exhibits

(1)Incorporated by reference to Exhibit No. 3 to the registrant's registration statement on Form S-3 (File No. 333-68999), filed with the Securities and Exchange Commission.

(2) Incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(3)Incorporated by reference to Exhibit No. 3.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(4)Incorporated by reference to Exhibit No. 4.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File

No. 1-9610), filed with the Securities and Exchange Commission.

(5)Incorporated by reference to Exhibit No. 4 to the registrant's registration statement on Form S-3 (File No. 33-53136), filed with the Securities and Exchange Commission.

(6)Incorporated by reference to Exhibit No. 10.2 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(7) Incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(8)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(9)Incorporated by reference to Exhibit No. 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1998 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(10)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(11)Incorporated by reference to Exhibit No. 10.7 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(12)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(13)Incorporated by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(14)Incorporated by reference to Exhibit No. 10.17 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(15)Incorporated by reference to Exhibit No. 4.3 to post-effective amendment no. 1 on Form S-3 to the registrant's registration statement on Form S-1 (File No. 33-24747), filed with the Securities and Exchange Commission.

(16)Incorporated by reference to Exhibit No. 10.40 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(17)Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(18)Incorporated by reference to Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(19)Incorporated by reference to Exhibit No. 28.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(20)Incorporated by reference to Exhibit No. 28.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(21)Incorporated by reference to Exhibit No. 28.3 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(22)Incorporated by reference to Exhibit No. 28.4 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(23)Incorporated by reference to Exhibit No. 28.5 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(24)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(25)Incorporated by reference to Exhibit No. 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(26)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(27)Incorporated by reference to Exhibit No. 10.7 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(28)Incorporated by reference to Exhibit No. 10.8 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(29)Incorporated by reference to Exhibit No. 10.36 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1998 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(30)Incorporated by reference to Exhibit No. 10.37 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1998 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(31)Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

EXHIBIT 4.2

February 23, 2000

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, DC 20549

RE: Carnival Corporation
Commission File No. 1-9610

Gentlemen:

Pursuant to Item 601 (b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation (the "Company") hereby agrees to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission, and, in accordance with such regulation, such instruments are not being filed as part of the Annual Report on Form 10-K of the Company for its fiscal year ended November 30, 1999.

Very truly yours,

CARNIVAL CORPORATION

/s/ Arnaldo Perez

Arnaldo Perez
General Counsel

EXHIBIT 10.3

RETIREMENT AND CONSULTING AGREEMENT

AGREEMENT made this 26th day of November, 1999 between CARNIVAL CORPORATION, having its principal place of business at 3655 N.W. 87th Avenue, Miami, Florida 33178, and its wholly owned subsidiary, Holland America Line-Westours Inc., having its principal place of business at 300 Elliott Avenue West, Seattle, Washington 98119 (collectively, the "Companies") and Alton Kirk Lanterman, ("Lanterman"), residing at 714 W. Galer Street, Seattle, Washington, 98119.

RECITALS

A. Lanterman has served as Chairman or President and Chief Executive Officer of Holland America Line-Westours Inc. ("HAL") since January 1989, and has performed exemplary service during said years.

B. The Companies desire to compensate Lanterman for such exemplary service by way of retirement pay.

C. The Companies desire to retain Lanterman's consulting services following such retirement on the terms set forth in this Agreement.

IN CONSIDERATION of past services as related above and the consulting services related below, it is agreed as follows:

1. Compensation For Past Services and Consulting Services

1.1 For a period of fifteen (15) years following the date of retirement by Lanterman from active services with the Companies (the "Retirement Date"), the Companies shall pay to Lanterman, in monthly installments of $120,198, an annual compensation of $1,442,376.

1.2 In the event of Lanterman's death prior to the Retirement Date, or prior to the fifteenth anniversary of the Retirement Date, the unpaid balance of this total compensation ($21,635,640) shall be paid in full to Lanterman's estate within 30 days of his death. The unpaid balance shall be its then present value calculated by utilization of an interest rate of 8.5% per year.

2. Consulting Services

Commencing on the Retirement Date and for a period of fifteen (15) years, Lanterman agrees to perform consulting services for the Companies in regard to the business operations of HAL upon the specific written request of the Companies. Such services shall be provided during normal business hours, on such dates, for such time and at such locations as shall be agreeable to Lanterman. Such services shall not require more than five (5) hours in any calendar month, unless expressly consented to by Lanterman, whose consent may be withheld for any reason whatsoever. The Companies will reimburse Lanterman for any out-of-pocket expenses incurred by him in the performance of said services.

3. Independent Contractor

Lanterman acknowledges that commencing on the Retirement Date, he will be solely an independent contractor and consultant. He further acknowledges that he will not consider himself to be an employee of the Companies, and will not be entitled to any of the Companies employment rights or benefits.

4. Confidentiality

Lanterman will keep in strictest confidence, both during the term of this Agreement and subsequent to termination of this Agreement, and will not during the term of this Agreement or thereafter disclose or divulge to any person, firm or corporation, or use directly or indirectly, for his own benefit or the benefit of others, any confidential information of the Companies, including, without limitation, any trade secrets respecting the business or affairs of the Companies which he may acquire or develop in connection with or as a result of the performance of his services hereunder. In the event of an actual or threatened breach by Lanterman of the provisions of this paragraph, the Companies shall be entitled to injunctive relief restraining Lanterman from the breach or threatened breach as its sole remedy. The Companies hereby waive their rights for damages, whether consequential or otherwise.

5. Enforceable

The provisions of this Agreement shall be enforceable notwithstanding

the existence of any claim or cause of action of Lanterman against the Companies, or the Companies against Lanterman, whether predicated on this Agreement or otherwise.

6. Applicable Law

This Agreement shall be construed in accordance with the laws of the State of Washington, and venue for any litigation concerning an alleged breach of this Agreement shall be in King County, Washington, and the prevailing party shall be entitled to reasonable attorney's fees and costs incurred.

7. Entire Agreement

This Agreement contains the entire agreement of the parties relating to the subject matter hereof. A similar agreement of November 1998 shall become null and void upon the execution of this Agreement. Any notice to be given under this Agreement shall be sufficient if it is in writing and is sent by certified or registered mail to Lanterman or to the Companies to the attention of the President, or otherwise as directed by the Companies, from time to time, at the addresses as they appear in the opening paragraph of the Agreement.

8. Waiver

The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the Companies and Lanterman have duly executed this agreement as of the day and year first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Its: Vice Chairman and COO

HOLLAND AMERICA LINE-
WESTOURS INC.

By: /s/ Larry D. Calkins
Its: Vice President -
Finance

/s/ Alton Kirk Lanterman
Signature

Alton Kirk Lanterman
Print Full Name

EXHIBIT 10.26

1994 TRANSACTION - EXTENSION AGREEMENT

This 1994 Transaction - Extension Agreement, dated as of January 18, 2000 (the "Agreement"), is entered into by and among the shareholders of CRC Holdings, Inc. ("CRC") identified on Schedule A attached hereto (each a "Shareholder" and, collectively, the "Shareholders"), and Carnival Corporation, a Panamanian corporation ("CCL").

WHEREAS, each Shareholder owns, beneficially and of record, the number of shares of common stock, par value $.005 per share ("CRC Common Stock"), of CRC set forth opposite such Shareholder 's name on Schedule A (collectively, the "Shares"), which Shares are currently pledged to CCL to secure in part certain obligations of the Shareholders owing to CCL, as evidenced by certain promissory notes (collectively, the "CCL Notes") made by the Shareholders in favor of CCL (Schedule B attached hereto sets forth the outstanding principal amount on such Shareholder's CCL Note);

WHEREAS, the CCL Notes were executed and delivered by the Shareholders in connection with the transactions contemplated by the Stock Purchase Agreement, dated as of November 30, 1994, as amended on June 15, 1998 and on February 17, 1999 (as amended, the "Stock Purchase Agreement"), among CCL and the Shareholders;

WHEREAS, CCL has agreed to (i) terminate the CCL Notes and accept in substitution therefore, renewal promissory notes (the "Renewal Promissory Notes") in the amounts set forth on Schedule B, (ii) amend and restate those certain Security and Pledge Agreements, dated as of November 30, 1994, as amended (collectively as amended, the "Pledge Agreements"), between each Shareholder and CCL, pursuant to which the Shareholders pledged, among other things, the Shares as collateral security for the CCL Notes, (iii) extend the Shareholders' put option, as set forth in the Stock Purchase Agreement, in conformity with the term of the Renewal Promissory Notes and (iv) contribute the Renewal Promissory Notes and the Pledge Agreements to that certain Carnival Corporation Blind Trust dated of even date herewith among CCL, the Shareholders and First Union, as trustee, whereby the trustee would be obligated to enforce all of CCL's rights under the Renewal Promissory Notes and the Pledge Agreements.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and agreements contained herein, the parties hereto agree as follows:

1. Renewal Promissory Notes. CCL hereby agrees effective as of the date hereof, that the CCL Notes shall be terminated and of no further force and effect and the Shareholders shall execute Renewal Promissory Notes in the form attached hereto as Exhibit A in the amounts set forth on Schedule B hereof. At the Closing (as defined below), CCL shall tender to the Shareholders the CCL Notes so that same shall be simultaneously destroyed.

2. Amendment of Shareholders' Put Option. Article IV of the Stock Purchase Agreement is hereby amended to extend the period of exercise of the Shareholders' put option with respect to the Shares to January ___, 2008. Additionally, notwithstanding anything to the contrary contained herein or in the Stock Purchase Agreement, the Shareholders ' put option may only be exercised provided that (i) any and all licensing and approval of the Louisiana Gaming and Control Board required by the laws, rules and regulations of the State of Louisiana pertaining to licensed gaming activities and any other applicable foreign, federal or state authorities has been obtained, and (ii) such transaction is in compliance with all applicable maritime laws (including the Jones Act).

3. Closing. The closing (the "Closing") shall take place at the offices of CRC Holdings, Inc., 3250 Mary Street, Miami, Florida 33133, at 9:00 a.m., on the date hereof, or at such other place and time as may be mutually agreed by the parties.

4. Shareholders' Representations and Warranties. Each Shareholder severally (but not jointly) represents and warrants to CCL as follows:

(a) Such Shareholder has the full power, authority and legal right to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by such Shareholder and constitutes a valid and binding agreement of such Shareholder, enforceable against such Shareholder in accordance with its terms, subject to applicable principles of equity, bankruptcy, reorganization,

insolvency or other laws affecting the enforcement of creditors' rights generally.

5. CCL Representations and Warranties. CCL represents and warrants to the Shareholders as follows:

(a) CCL is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. CCL has the full power, authority and legal right to execute, deliver and carry out the terms and provisions of this Agreement, to consummate the transactions contemplated hereby and to perform, comply with or satisfy all of the agreement, obligations and conditions required to be complied with or satisfied by CCL under this Agreement, and has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

(b) This Agreement has been duly and validly authorized, executed and delivered by CCL and constitutes a valid and binding agreement of CCL, enforceable against CCL in accordance with its terms, subject to applicable principles of equity, bankruptcy, reorganization, insolvency or other laws affecting the enforcement of creditors' rights generally.

6. Miscellaneous.

(a) All representations, warranties and covenants shall survive the Closing.

(b) This Agreement may be executed in any number of counterparts, each of which shall, when executed, be deemed to be an original and all of which shall be deemed to be one and the same instrument.

(c) This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Florida, without reference to the conflict of laws principles thereof; provided that the exercise of all rights and remedies by any of the parties is subject to any applicable Louisiana Gaming Control Law, and the rules and regulations promulgated thereunder.

IN WITNESS WHEREOF, each Shareholder and CCL has executed or caused this Agreement to be executed on the date first above written.

*
_____
Sherwood M. Weiser

*
_____
Donald E. Lefton

*
_____
Thomas Hewitt

*
_____
Peter Sibley

*
_____
W. Peter Temling

*
_____
Robert Sturges

CARNIVAL CORPORATION

By:/s/ Gerald R. Cahill
Name: Gerald R. Cahill
Title: Chief Financial Officer

* Executed by Power of Attorney

Schedule A

Name of Shareholder	Number of Shares
Sherwood Weiser	859,248
Donald Lefton	859,248
Thomas Hewitt	318,394
Peter Sibley	318,394
Robert Sturges	127,358
Peter Temling	127,358

Schedule B

Name of Shareholder	Principal Amount Outstanding
Sherwood Weiser	$ 4,966,497
Donald Lefton	4,966,497
Thomas Hewitt	1,840,334
Peter Sibley	1,840,334
Robert Sturges	736,136
Peter Temling	736,136
Total	$15,085,934

EXHIBIT 10.29

AMENDED AND RESTATED 1994
SECURITY AND PLEDGE AGREEMENT

THIS AMENDED AND RESTATED 1994 SECURITY AND PLEDGE AGREEMENT (the "Agreement"), dated as of the 18th day of January, 2000 by and between Sherwood M. Weiser (hereinafter called "Debtor), and Carnival Corporation, a Panamanian corporation (the "Secured Party), as the holder of the Note (as defined below). Upon execution of this Agreement, the Secured Party shall simultaneously contribute this Agreement and the Collateral (as defined below) to that certain Carnival Corporation Blind Trust, dated of even date herewith, a copy of which is attached hereto, pursuant to which, among other things, the Trustee of such Trust shall exclusively make all decisions and take all actions necessary with regard to any and all rights of the Secured Party under this Agreement.

1. Security Interest. For value received, Debtor hereby sells, transfers, conveys, sets over, delivers, bargains, pledges, assigns and grants to Secured Party, upon the terms and conditions of this Agreement, a security interest in and to any and all present or future rights of Debtor in and to all of the following rights, interests and property (all of the following being herein sometimes called the "Collateral"):

(a) 859,248 shares (the "Shares") of the common stock, par value $.005 per share, of CRC Holdings, Inc. ("CRC");

(b) All rights, powers, privileges and preferences pertaining to the Shares and any stock rights, rights to subscribe, cash distributions, dividends, stock dividends, liquidating dividends, new securities (whether certificated or uncertificated) and other property to which the Debtor may become entitled by reason of the ownership of any Securities (as defined below) pledged and assigned hereunder from time to time; and

(c) All Proceeds of any of the foregoing Collateral described above in this Section 1.

All capitalized terms used but not otherwise defined in this Agreement shall have the respective meanings given them in the Florida Uniform Commercial Code. As used in this Agreement the term "Securities" means any notes, stocks, treasury stocks, bonds, debentures, evidences of indebtedness, warrants, partnership interests, stock options, beneficial interests in trusts or equity interests of any nature whatsoever in any legal entity or, in general, any interest or instrument commonly known as a "security," or any warrant or right to subscribe to or purchase any of the foregoing; and the term "issuer" means, with respect to any Securities, the legal entity in which such Securities evidence an ownership or beneficial interest. The Secured Party understands and agrees that notwithstanding anything to the contrary contained herein, the Secured Party may not take ownership in any manner in any of the foregoing Collateral described above in Section 1 without first obtaining any and all licensing and approval of the Louisiana Gaming and Control Board required by the laws, rules and regulations of the State of Louisiana pertaining to licensed gaming activities and any other applicable foreign, federal or state authorities.

2. 1994 Stock Purchase Agreement. This Agreement amends and restates the Security and Pledge Agreement, dated November 30, 1994, as amended, between Debtor and Secured Party which was executed and delivered pursuant to the terms, obligations and requirements of the Stock Purchase Agreement, dated November 30, 1994, as amended on June 15, 1998 and February 17, 1999 (as amended, the "1994 Stock Purchase Agreement"), pursuant to which Secured Party sold shares of common stock of CHC International, Inc., the predecessor of CRC, to Debtor. The security interests herein granted ("Security Interests") shall secure full payment and performance of: (a) that certain Renewal Promissory Note of even date herewith in the principal amount of $4,966,497, made by Debtor and payable to the order of Secured Party (such note and any notes given in modification, renewal, extension or substitution thereof being herein sometimes collectively referred to as the "Notes" and individually as the "Note"); and (b) the due and punctual observance and performance of each and every agreement, covenant and condition on Debtor's part to be observed or performed under this Agreement and the Note (all of which debts, duties, liabilities and obligations hereinbefore described and covered by this Agreement and the Note are hereinafter referred to as the "Obligation").

3. Priority. Debtor represents and warrants that the Security Interests are first and prior security interests in and to all of the Collateral.

4. Representations, Warranties and Covenants. The Debtor hereby represents and warrants to Secured Party and covenants for the benefit of Secured Party as follows:

(a) Debtor is the sole legal and equitable owner of the Shares free from any adverse claim, lien, security interest, encumbrance or other right, title or interest of any person, except for the security interest created hereby. Debtor has the right and power to grant an interest in the Collateral to Secured Party without the consent of any other person, and Debtor shall at his expense defend the Collateral against all claims and demands of all persons at any time claiming the Collateral or any interest therein adverse to Secured Party. So long as any Obligation to the Secured Party pursuant to the Note is outstanding, Debtor will not without the prior written consent of Secured Party grant to any person a security interest in any of the Collateral or permit any lien or encumbrance to attach to any of the Collateral, or suffer or permit any levy or attachment to be made on any part of the Collateral, or permit any financing statement to reflect an interest in any part of the Collateral, except that of Secured Party, to be on file with respect thereto.

(b) Debtor has delivered to Secured Party all stock certificates evidencing the Shares pledged and assigned under this Agreement, together with duly executed stock powers in blank and all other assignments or endorsements reasonably requested by Secured Party.

(c) If new or additional Securities are issued to Debtor (as a stock dividend, stock split, or pursuant to any reclassification or recapitalization of the capital of any issuer of Securities pledged and assigned hereunder, or the reorganization or merger, acquisition or consolidation of any such issuer or otherwise) with respect to the Collateral, then the same shall be deemed an increment to the Collateral and under pledge and assignment to Secured Party hereunder. If evidenced by a stock certificate, bond, warrant, debenture, certificate, or other instrument or writing, then such Securities shall (to the extent acquired or received by or placed under Debtor's control) be held in trust for and promptly delivered to Secured Party, together with duly executed stock powers in blank and any other assignments or endorsements as Secured Party may request. If any such Securities are uncertificated, then Debtor shall immediately upon acquisition of such Securities cause Secured Party to be registered as the transferee thereof on the books of the depository, custodian bank, clearing corporation, brokerage house, issuer or otherwise, as may be requested by Secured Party.

(d) Without the prior consent of Secured Party, Debtor shall not sell, transfer, assign, convey, lease or otherwise dispose of any part of the Collateral, nor enter into any contract or agreement to do so. Debtor will not compromise, release, surrender or waive any rights of any nature whatsoever in respect of any of the Collateral without Secured Party's prior written consent.

5. Debtor's Obligations. So long as the Note is outstanding, Debtor covenants and agrees with Secured Party (a) not to permit any material part of the Collateral to be levied upon under any legal process; (b) not to dispose of any of the Collateral without the prior written consent of Secured Party; (c) to comply with all applicable federal, state and local statutes, laws, rules and regulations, the noncompliance with which would have a material and adverse effect on the value of the Collateral; and (d) to pay all taxes accruing after the Closing Date which constitute, or may constitute, a lien against the Collateral, prior to the date when penalties or interest would attach to such taxes; provided, that Debtor may contest any such tax claim if done diligently and in good faith.

6. Event of Default. As used herein, the term "Event of Default" shall include any or all of the following if same exist on the 10th day after written notice by Secured Party to Debtor which describes such default:

(a) The assignment, voluntary or involuntary conveyance of legal or beneficial interest, mortgage, pledge or grant of a security interest in any of the Collateral; or

(b) The filing or issuance of a notice of any lien, warrant for distraint or notice of levy for taxes or assessment against the Collateral (except for those which are being contested in good faith and for which adequate reserves have been created); or

(c) Nonpayment of any installment of principal or interest upon the date same shall be due and payable under the terms of the Note; or

(d) The adjudication of Debtor as bankrupt, or the taking of any voluntary action by Debtor or any involuntary action against Debtor seeking an adjudication of Debtor as bankrupt, or seeking relief by or against Debtor under any provision of the Bankruptcy Code.

7.Remedies. Upon the occurrence and during the continuation of an Event of Default as defined herein, in addition to any and all other rights and remedies which Secured Party may then have hereunder or under the Note, under the Uniform Commercial Code of the State of Florida or of any other pertinent jurisdiction

(the "Code"), or otherwise, Secured Party may, at its option: (a) reduce its claim to judgment or foreclosure or otherwise enforce the security interests, in whole or in part, by any available judicial procedure; (b) sell, or otherwise dispose of, at the office of Secured Party, or elsewhere, all or any part of the Collateral, and any such sale or other disposition may be as a unit or in parcels, by public or private proceedings, and by way of one or more contracts (it being agreed that the sale of any part of the Collateral shall not exhaust the Secured Party's power of sale, but sales may be made from time to time, and at any time, until all of the Collateral has been sold or until the Obligation has been paid and performed in full); (c) at its discretion, retain the Collateral in satisfaction of the Obligation whenever the circumstances are such that Secured Party is entitled to do so under the Code or otherwise; and (d) exercise any and all other rights, remedies and privileges it may have under the Note and the other documents defining the Obligation. Provided that an Event of Default has not occurred, Debtor shall retain all voting rights with respect to the Shares and all cash dividends declared with respect to such Shares. The Secured Party understands and agrees that notwithstanding anything to the contrary contained herein, the Secured Party may not take ownership in any manner in any of the Collateral without first obtaining any and all licensing and approval of the Louisiana Gaming and Control Board required by the laws, rules and regulations of the State of Louisiana pertaining to licensed gaming activities and any other applicable foreign, federal of state authority. In the event that Louisiana Regulatory Approval is not obtained, the parties acknowledge that they shall have no recourse against the Louisiana Gaming Control Board, the Attorney General of the State of Louisiana, the Department of Safety and Corrections, Office of State Police, and their members and employees, except as provided under applicable Louisiana law, including the Louisiana Gaming Control Law, and the rules and regulations promulgated thereunder.

8. Application of Proceeds by Secured Party. Any and all proceeds ever received by Secured Party from any sale or other disposition of the Collateral, or any part thereof, or the exercise of any other remedy pursuant hereto shall be applied by Secured Party to the Obligation in such order and manner as Secured Party, in its sole discretion, may deem appropriate, notwithstanding any directions or instructions to the contrary by Debtor; provided that the proceeds and/or accounts shall be applied toward satisfaction of the Obligation.

9. Notice of Sale. Reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Debtor and to any other persons entitled under the Code to notice; provided, that if any of the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party may sell, pledge, assign or otherwise dispose of the Collateral without notification, advertisement or other notice of any kind. It is agreed that notice sent or given no less than ten (10) calendar days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purpose of this paragraph.

10. Delivery of Notices. Any notice or demand required to be given hereunder shall be in writing and shall be deemed to have been duly given and received, if given by hand, when a writing containing such notice is received by the entity or person to whom addressed or, is given by mail, two (2) business days after a certified or registered letter containing such notice, with postage prepaid, is deposited in the United States mails, addressed to:

If to Secured Party:

Carnival Corporation
3655 N.W. 87th Avenue
Miami, Florida 33178
Attention: Chief Financial Officer

If to Debtor:

c/o CRC Holdings, Inc.
3250 Mary Street
Miami, Florida 33133
Attention: Chief Financial Officer

Any such address may be changed from time to time by serving notice to the other party as above provided. A business day shall mean a day of the week which is not a Saturday or Sunday or a holiday recognized by national banking associations.

11. Binding Effect. This Agreement shall be binding upon Debtor, his heirs, successors, assigns, executors, administrators, and personal or legal representatives, and shall inure to the benefit of Secured Party, its successors and assigns.

12. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida, provided that the exercise of

all rights and remedies by any of the parties is subject to any applicable Louisiana Uniform Commercial Law, and the rules and regulations promulgated thereunder.

13. Severability. In the event that any one or more of the provisions contained in this Agreement are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

EXECUTED as of the day and year first herein set forth.

SECURED PARTY:
CARNIVAL CORPORATION

By: /s/ Gerald R. Cahill
Name: Gerald R. Cahill
Title:Chief Financial Officer

DEBTOR:
*

_____
Sherwood M. Weiser

* Executed By Power of Attorney

By: /s/ W. Peter Temling
W. Peter Temling

EXHIBIT 10.90

SECURITY AND PLEDGE AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement"), dated as of the 18th day of January, 2000 by and between Sherwood M. Weiser (hereinafter called "Debtor), and Carnival Corporation, a Panamanian corporation (the "Secured Party), as the holder of the Note (as defined below). Upon execution of this Agreement, the Secured Party shall simultaneously contribute this Agreement and the Collateral (as defined below) to that certain Carnival Corporation Blind Trust, dated of even date herewith, a copy of which is attached hereto, pursuant to which, among other things, the Trustee of such Trust shall exclusively make all decisions and take all actions necessary with regard to any and all rights of the Secured Party under this Agreement.

1. Security Interest. For value received, Debtor hereby transfers, conveys, sets over, delivers, bargains, pledges, assigns and grants to Secured Party, upon the terms and conditions of this Agreement, a security interest in and to any and all present or future rights of Debtor in and to all of the following rights, interests and property (all of the following being herein sometimes called the "Collateral"):

(a) 803,785 shares (the "Shares") of the common stock, par value $.005 per share, of CRC Holdings, Inc. ("CRC") which have been contemporaneously sold by Secured Party to Debtor pursuant to the Purchase Agreement (as defined below);

(b) All rights, powers, privileges and preferences pertaining to the Shares and any stock rights, rights to subscribe, cash distributions, dividends, stock dividends, liquidating dividends, new securities (whether certificated or uncertificated) and other property to which the Debtor may become entitled by reason of the ownership of any Securities (as defined below) pledged and assigned hereunder from time to time; and

(c) All Proceeds of any of the foregoing Collateral described above in this Section 1.

All capitalized terms used but not otherwise defined in this Agreement shall have the respective meanings given them in the Florida Uniform Commercial Code. As used in this Agreement the term "Securities" means any notes, stocks, treasury stocks, bonds, debentures, evidences of indebtedness, warrants, partnership interests, stock options, beneficial interests in trusts or equity interests of any nature whatsoever in any legal entity or, in general, any interest or instrument commonly known as a "security," or any warrant or right to subscribe to or purchase any of the foregoing; and the term "issuer" means, with respect to any Securities, the legal entity in which such Securities evidence an ownership or beneficial interest. The Secured Party understands and agrees that notwithstanding anything to the contrary contained herein, the Secured Party may not take ownership in any manner in any of the foregoing Collateral described above in Section 1 without first obtaining any and all licensing and approval of the Louisiana Gaming and Control Board required by the laws, rules and regulations of the State of Louisiana pertaining to licensed gaming activities and any other applicable foreign, federal or state authorities.

2. Stock Purchase Agreement. This Agreement is being executed and delivered pursuant to the terms, obligations and requirements of the Stock Purchase Agreement (the "Purchase Agreement"), dated of even date herewith, pursuant to which Secured Party has sold the Shares to Debtor. The security interests herein granted ("Security Interests") shall secure full payment and performance of: (a) that certain Promissory Note of even date herewith in the principal amount of $3,965,780, made by Debtor and payable to the order of Secured Party (such note and any notes given in modification, renewal, extension or substitution thereof being herein sometimes collectively referred to as the "Notes" and individually as the "Note"); and (b) the due and punctual observance and performance of each and every agreement, covenant and condition on Debtor's part to be observed or performed under this Agreement and the Note (all of which debts, duties, liabilities and obligations hereinbefore described and covered by this Agreement and the Note are hereinafter referred to as the "Obligation").

3. Priority. Debtor represents and warrants that the Security Interests are first and prior security interests in and to all of the Collateral.

4. Representations, Warranties and Covenants. The Debtor hereby represents and warrants to Secured Party and covenants for the benefit of Secured Party as follows:

(a) Debtor is the sole legal and equitable owner of the Shares free from any adverse claim, lien, security interest, encumbrance or other right,

title or interest of any person, except for the security interest created hereby. Debtor has the right and power to grant an interest in the Collateral to Secured Party without the consent of any other person, and Debtor shall at his expense defend the Collateral against all claims and demands of all persons at any time claiming the Collateral or any interest therein adverse to Secured Party. So long as any Obligation to the Secured Party pursuant to the Note is outstanding, Debtor will not without the prior written consent of Secured Party grant to any person a security interest in any of the Collateral or permit any lien or encumbrance to attach to any of the Collateral, or suffer or permit any levy or attachment to be made on any part of the Collateral, or permit any financing statement to reflect an interest in any part of the Collateral, except that of Secured Party, to be on file with respect thereto.

(b) Debtor has delivered to Secured Party all stock certificates evidencing the Shares pledged and assigned under this Agreement, together with duly executed stock powers in blank and all other assignments or endorsements reasonably requested by Secured Party.

(c) If new or additional Securities are issued to Debtor (as a stock dividend, stock split, or pursuant to any reclassification or recapitalization of the capital of any issuer of Securities pledged and assigned hereunder, or the reorganization or merger, acquisition or consolidation of any such issuer or otherwise) with respect to the Collateral, then the same shall be deemed an increment to the Collateral and under pledge and assignment to Secured Party hereunder. If evidenced by a stock certificate, bond, warrant, debenture, certificate, or other instrument or writing, then such Securities shall (to the extent acquired or received by or placed under Debtor's control) be held in trust for and promptly delivered to Secured Party, together with duly executed stock powers in blank and any other assignments or endorsements as Secured Party may request. If any such Securities are uncertificated, then Debtor shall immediately upon acquisition of such Securities cause Secured Party to be registered as the transferee thereof on the books of the depository, custodian bank, clearing corporation, brokerage house, issuer or otherwise, as may be requested by Secured Party.

(d) Without the prior consent of Secured Party, Debtor shall not sell, transfer, assign, convey, lease or otherwise dispose of any part of the Collateral, nor enter into any contract or agreement to do so. Debtor will not compromise, release, surrender or waive any rights of any nature whatsoever in respect of any of the Collateral without Secured Party's prior written consent.

5. Debtor's Obligations. So long as the Note is outstanding, Debtor covenants and agrees with Secured Party (a) not to permit any material part of the Collateral to be levied upon under any legal process; (b) not to dispose of any of the Collateral without the prior written consent of Secured Party; (c) to comply with all applicable federal, state and local statutes, laws, rules and regulations, the noncompliance with which would have a material and adverse effect on the value of the Collateral; and (d) to pay all taxes accruing after the Closing Date which constitute, or may constitute, a lien against the Collateral, prior to the date when penalties or interest would attach to such taxes; provided, that Debtor may contest any such tax claim if done diligently and in good faith.

6. Event of Default. As used herein, the term "Event of Default" shall include any or all of the following if same exist on the 10th day after written notice by Secured Party to Debtor which describes such default:

(a) The assignment, voluntary or involuntary conveyance of legal or beneficial interest, mortgage, pledge or grant of a security interest in any of the Collateral; or

(b) The filing or issuance of a notice of any lien, warrant for distraint or notice of levy for taxes or assessment against the Collateral (except for those which are being contested in good faith and for which adequate reserves have been created); or

(c) Nonpayment of any installment of principal or interest upon the date same shall be due and payable under the terms of the Note; or

(d) The adjudication of Debtor as bankrupt, or the taking of any voluntary action by Debtor or any involuntary action against Debtor seeking an adjudication of Debtor as bankrupt, or seeking relief by or against Debtor under any provision of the Bankruptcy Code.

7. Remedies. Upon the occurrence and during the continuation of an Event of Default as defined herein, in addition to any and all other rights and remedies which Secured Party may then have hereunder or under the Note, under the Uniform Commercial Code of the State of Florida or of any other pertinent

jurisdiction (the "Code"), or otherwise, Secured Party may, at its option: (a) reduce the claim to judgment or foreclosure or otherwise enforce the Security Interests, in whole or in part, by any available judicial procedure; (b) sell, or otherwise dispose of, at the office of Secured Party, or elsewhere, all or any part of the Collateral, and any such sale or other disposition may be as a unit or in parcels, by public or private proceedings, and by way of one or more contracts (it being agreed that the sale of any part of the Collateral shall not exhaust the Secured Party's power of sale, but sales may be made from time to time, and at any time, until all of the Collateral has been sold or until the Obligation has been paid and performed in full); (c) at its discretion, retain the Collateral in satisfaction of the Obligation whenever the circumstances are such that Secured Party is entitled to do so under the Code or otherwise; and (d) exercise any and all other rights, remedies and privileges it may have under the Note and the other documents defining the Obligation. Provided that an Event of Default has not occurred, Debtor shall retain all voting rights with respect to the Shares and all cash dividends declared with respect to such Shares. The Secured Party understands and agrees that notwithstanding anything to the contrary contained herein, the Secured Party may not take ownership in any manner in any of the Collateral without first obtaining any and all licensing and approval of the Louisiana Gaming and Control Board required by the laws, rules and regulations of the State of Louisiana pertaining to licensed gaming activities and any other applicable foreign, federal of state authority. In the event that Louisiana Regulatory Approval is not obtained, the parties acknowledge that they shall have no recourse against the Louisiana Gaming Control Board, the Attorney General of the State of Louisiana, the Department of Safety and Corrections, Office of State Police, and their members and employees, except as provided under applicable Louisiana law, including the Louisiana Gaming Control Law, and the rules and regulations promulgated thereunder.

8. Application of Proceeds by Secured Party. Any and all proceeds ever received by Secured Party from any sale or other disposition of the Collateral, or any part thereof, or the exercise of any other remedy pursuant hereto shall be applied by Secured Party to the Obligation in such order and manner as Secured Party, in its sole discretion, may deem appropriate, notwithstanding any directions or instructions to the contrary by Debtor; provided that the proceeds and/or accounts shall be applied toward satisfaction of the Obligation.

9. Notice of Sale. Reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Debtor and to any other persons entitled under the Code to notice; provided, that if any of the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party may sell, pledge, assign or otherwise dispose of the Collateral without notification, advertisement or other notice of any kind. It is agreed that notice sent or given no less than ten (10) calendar days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purpose of this paragraph.

10. Delivery of Notices. Any notice or demand required to be given hereunder shall be in writing and shall be deemed to have been duly given and received, if given by hand, when a writing containing such notice is received by the entity or person to whom addressed or, is given by mail, two (2) business days after a certified or registered letter containing such notice, with postage prepaid, is deposited in the United States mails, addressed to:

If to Secured Party:

Carnival Corporation
3655 N.W. 87th Avenue
Miami, Florida 33178
Attention: Chief Financial Officer

If to Debtor:

c/o CRC Holdings, Inc.
3250 Mary Street
Miami, Florida 33133
Attention: Chief Financial Officer

Any such address may be changed from time to time by serving notice to the other party as above provided. A business day shall mean a day of the week which is not a Saturday or Sunday or a holiday recognized by national banking associations.

11. Binding Effect. This Agreement shall be binding upon Debtor, his heirs, successors, assigns, executors, administrators, and personal or legal representatives, and shall inure to the benefit of Secured Party, its successors and assigns.

12. Governing Law. This Agreement shall be construed in accordance with

and governed by the laws of the State of Florida, provided that the exercise of all rights and remedies by any of the parties is subject to any applicable Louisiana Gaming Control Law, and the rules and regulations promulgated thereunder.

13. Severability. In the event that any one or more of the provisions contained in this Agreement are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

EXECUTED as of the day and year first herein set forth.

SECURED PARTY:

CARNIVAL CORPORATION

By:/s/ Gerald R. Cahill
Gerald R. Cahill

DEBTOR:

*
_____
Sherwood M. Weiser

* Executed by Power of Attorney

By:/s/ W. Peter Temling
W. Peter Temling

EXHIBIT 10.92

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "Agreement") is made and entered into as of the 18th day of January, 2000, by and among, (i) Carnival Corporation, a Panamanian corporation ("CCL"), and (ii) Sherwood M. Weiser ("Weiser"), Donald E. Lefton ("Lefton"), Thomas F. Hewitt ("Hewitt"), Peter L. Sibley ("Sibley"), W. Peter Temling ("Temling") and Robert B. Sturges ("Sturges") (Weiser, Lefton, Hewitt, Sibley, Temling and Sturges are sometimes collectively referred to herein as the "Buyers" and individually as a "Buyer").

Recitals

A. CCL currently owns 2,490,000 shares (the "Purchased Shares") of common stock, $.005 par value per share (the "CRC Common Stock"), of CRC Holdings, Inc. ("CRC").

B. Subject to approval by the Louisiana Gaming Control Board, CCL desires to sell to Buyers, and Buyers desire to purchase from CCL, the Purchased Shares.

Agreement

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, the parties agree as follows:

ARTICLE I - SALE AND PURCHASE OF SHARES

1.1 Sale and Purchase of Shares.

(a) On the terms and subject to the conditions of this Agreement, CCL hereby sells, conveys, assigns, transfers and delivers to Buyers, and Buyers hereby purchase from CCL, the Purchased Shares for an aggregate purchase price of $12,285,564, as follows:

Buyer	Number of Purchased Shares	Purchase Price
Weiser	803,785	3,965,780
Lefton	803,785	3,965,780
Hewitt	298,001	1,470,582
Sibley	298,001	1,470,582
Sturges	125,290	617,964
Temling	161,138	794,876
	2,490,000	$12,285,564

(b) To effect the transfers contemplated by Section 1.1(a), CCL is hereby causing to be delivered to each Buyer, against payment therefor in accordance with Section 1.2 hereof, stock certificates representing the number of Purchased Shares set forth opposite such Buyer's name under the column "Number of Purchased Shares" in Section 1.1(a).

1.2 Purchase Price; Payment for Shares; Notice.

(a) The aggregate purchase price of $12,285,564 (the "Purchase Price") for the shares of Common Stock being purchased by Buyers hereunder is hereby being paid by each Buyer's delivery to CCL of (a) such Buyer's promissory note in the aggregate principal amount equal to the amount set forth opposite such Buyer's name under the column "Purchase Price" in Section 1.1(a), such note in the form attached hereto as Exhibit A (each a "Note" and collectively, the "Notes") and (b) a security and pledge agreement in the form attached hereto as Exhibit B (each a "Security Agreement").

(b) As the Notes provide for possible acceleration of the maturity date of such Notes in the event that Weiser or Lefton sell any shares of CRC Common Stock, Weiser and Lefton hereby agree to provide CCL prior written notice of any such proposed sale. Weiser and Lefton hereby further agree that they will not sell any shares of CRC Common Stock unless the purchaser(s) of such shares agree(s) to buy an equal percentage of the Purchased Shares at the same price and upon the same terms.

ARTICLE II - REPRESENTATIONS AND WARRANTIES OF CCL

CCL hereby represents and warrants to Buyers that:

2.1 Corporate Existence and Qualification. CCL is a corporation duly organized, validly existing and in good standing under the laws of Panama; has

the corporate power to own, manage, lease and hold its properties and to carry on its business as and where such properties are presently located and such business is presently conducted; and is duly qualified to do business as a foreign corporation in each jurisdiction where the failure to be so qualified would have a material adverse effect on its business, financial condition or results of operations.

2.2 Authority, Approval and Enforceability. This Agreement has been duly executed and delivered by CCL and CCL has all requisite corporate power and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby, and to perform its obligations hereunder. This Agreement constitutes the legal, valid and binding obligation of CCL, enforceable in accordance with its terms, except as such enforcement may be limited by general equitable principles or by applicable bankruptcy, insolvency, moratorium, or similar laws and judicial decisions from time to time in effect which affect creditors' rights generally.

2.3 Ownership and Delivery of Shares. CCL owns all of the Purchased Shares free and clear of any and all pledges, security interests, liens, charges, proxies, calls or other encumbrances of any nature whatsoever. CCL's delivery of a certificate or certificates representing the Purchased Shares to Buyers pursuant to this Agreement, against payment therefor pursuant to Section 1.2 hereof, transfers valid title to such Purchased Shares to Buyers, free and clear of any and all pledges, security interests, liens, charges, proxies, calls or other encumbrances of any nature whatsoever. There are no outstanding options, warrants, calls, subscriptions, agreements or commitments of any character, except this Agreement, to which CCL is a party obligating it to sell any Purchased Shares or which restrict the transfer of any such shares held by it.

ARTICLE III - REPRESENTATIONS AND WARRANTIES OF BUYERS

Each of the Buyers hereby severally represents and warrants to CCL that:

3.1 Authority, Approval and Enforceability. This Agreement has been duly executed and delivered by such Buyer. Such Buyer has all requisite power and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby, and to perform his obligations hereunder. This Agreement and such Buyer's Note and Security Agreement constitute the legal, valid and binding obligation of such Buyer, enforceable in accordance with their respective terms, except as such enforcement may be limited by general equitable principles or by applicable bankruptcy, insolvency, moratorium or similar laws and judicial decisions from time to time in effect which affect creditors' rights generally.

3.2 Investment Representations.

(a) Such Buyer is acquiring the Purchased Shares to be acquired by him pursuant to this Agreement for his own account and not with a view to, or for sale in connection with, a "distribution," as such term is used in Section 2(11) of the Securities Act of 1933, as amended (the "Securities Act").

(b) Such Buyer is an "accredited investor," as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

(c) Such Buyer understands that the sale of shares of CRC Common Stock under this Agreement has not been registered under the Securities Act or applicable state securities laws.

(d) Such Buyer understands that the certificates representing shares of CRC Common Stock being sold by CCL pursuant to this Agreement bear a "restricted transfer" legend substantially as follows:

> "The shares represented by this certificate have not been registered under the Securities Act of 1933 or any applicable state law. They may not be offered for sale, sold, transferred or pledged without (1) registration under the Securities Act of 1933 and any applicable state law, or (2) at holder's expense, an opinion (satisfactory to the Company) of counsel (satisfactory to the Company) that registration is not required."

(e) Such Buyer acknowledges that all matters relating to CRC, the Agreement and such Buyer's investment in the CRC Common Stock have been explained to the satisfaction of such Buyer and that such Buyer understands the speculative nature and risks involved in this investment.

(f) Such Buyer can bear the economic risks inherent in its investments in the CRC Common Stock.

(g) Such Buyer has been afforded the opportunity to ask questions of, and receive answers from CRC and has had access to all information deemed material

to an investment decision with respect to his acquisition of the Common Stock.

3.3 Representations. Such Buyer is acquiring the CRC Common Stock without having been furnished any representations or warranties of any kind whatsoever with respect to CRC's business and financial condition. Without limiting the generality of the foregoing, such Buyer acknowledges that neither CCL, CRC nor any other person has provided, and such Buyer is not relying in any way upon, any representations regarding projections or future performance of CRC.

ARTICLE IV - REPURCHASE SUBJECT TO REGULATORY APPROVAL

4.1 Sale and Purchase. Provided that (i) any and all licensing and approval of the Louisiana Gaming and Control Board required by the laws, rules and regulations of the State of Louisiana pertaining to licensed gaming activities and any other applicable foreign, federal or state authorities has been obtained ("Louisiana Regulatory Approval"), and (ii) the following transaction is in compliance with all applicable maritime laws (including the Jones Act), then during the period that any of the Notes are outstanding, upon written notice from either Weiser, on behalf of the Buyers, or CCL to the Buyers (the "Repurchase Notice"), CCL shall repurchase from Buyers and the Buyers shall sell to CCL, on the date and in the manner set forth in this Article IV, any of the Purchased Shares then held by Buyers, at the Purchase Price per share of Common Stock paid by Buyers hereunder, together with an amount necessary so that the aggregate purchase price to be paid by CCL pursuant to this Article IV returns to each Buyer his purchase price per share and also provides such Buyer with a rate of return thereon of 6.10% per annum, in each case from the Closing Date until the date the Purchased Shares are acquired by CCL pursuant to this Article IV. Each of the Buyers agree that Weiser shall have the sole right to deliver or receive the Repurchase Notice on behalf of the Buyers. Notwithstanding anything to the contrary contained herein, the repurchase of the Purchased Shares is subject to Louisiana Regulatory Approval. In the event that Louisiana Regulatory Approval is not obtained, the parties acknowledge that they shall have no recourse against the Louisiana Gaming Control Board, the Attorney General of the State of Louisiana, the Department of Safety and Corrections, Office of State Police, and their members and employees, except as provided under applicable Louisiana law, including the Louisiana Gaming Control Law, and the rules and regulations promulgated thereunder.

4.2 Terms of Payment of Purchase Price. CCL shall pay to Buyers the purchase price for all Purchased Shares acquired pursuant to this Article IV in cash; provided, however, that CCL shall have the right to reduce, deduct or otherwise offset against each payment otherwise due to a Buyer hereunder any and all amounts owed to CCL by such Buyer, including principal and accrued interest owed to CCL pursuant to the Note delivered by such Buyer pursuant to this Agreement.

4.3 Closing. The consummation of any transfer under this Article IV shall take place on the later of (i) the 10 th business day after the Repurchase Notice is received by CCL or Weiser, as the case may be, or (ii) receipt of Louisiana Regulatory Approval. The closing shall occur at the principal office of CRC, and the closing procedures shall be consistent with the provisions of this Article IV.

4.4 Tender Requirements at Closing. At the closing, the Buyers shall present to CCL share certificates for all Purchased Shares to be acquired by CCL pursuant to this Article IV, such share certificates to be in proper form for transfer. Such shares shall be transferred free of all liens and encumbrances or adverse claims of any kind of character. CCL, upon receipt of proper tenders from Buyers, shall tender payment in accordance with the terms provided in this Article IV.

ARTICLE V - MISCELLANEOUS

5.1 Further Assurances. Following the Closing, the parties shall execute and deliver such documents, and take such action, as shall be reasonably requested by any other party hereto to carry out the transactions contemplated by this Agreement.

5.2 Publicity. Neither of the parties hereto shall issue or make, or cause to have issued or made, any public release or announcement concerning this Agreement or the transactions contemplated hereby, without the advance approval in writing of the form and substance thereof by the other party hereto, which approval shall not be unreasonably withheld, except as required by law.

5.3 Notices. Any notice, request, instruction, correspondence or other document to be given hereunder by any party hereto to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by registered or certified mail, postage prepaid and return receipt requested, or by telecopier, or by a reputable overnight courier, as follows:

If to CCL:

Carnival Corporation
3655 N.W. 87th Avenue
Miami, Florida 33178
Attention: Chief Financial Officer

If to any Buyer:

c/o CRC Holdings, Inc.
3250 Mary Street, 5th Floor
Miami, Florida 33133
Attention: Chief Financial Officer

5.4 Governing Law. The provisions of this Agreement and the documents delivered pursuant hereto shall be governed by and construed in accordance with the laws of the State of Florida; provided that the exercise of all rights and remedies by any of the parties is subject to any applicable Louisiana Gaming Control Law, and the rules and regulations promulgated thereunder.

5.5 Entire Agreement; Amendments and Waivers. This Agreement, together with all exhibits and schedules attached hereto, constitutes the entire agreement between and among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as set forth specifically herein or contemplated hereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (regardless of whether similar), nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

5.6 Binding Effect and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns. Nothing in this Agreement, express or implied, is intended to confer upon any person or entity other than the parties hereto and their respective permitted successors and assigns, any rights, benefits or obligations hereunder.

5.7 Multiple Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

EXECUTED as of the date first written above.

CARNIVAL CORPORATION

By: /s/ Gerald R. Cahill
Gerald R. Cahill

*
Sherwood M. Weiser

*
Donald E. Lefton

*
Thomas F. Hewitt

*
Peter L. Sibley

*
W. Peter Temling

*
Robert B. Sturges

* Executed By Power of Attorney

By:/s/ W. Peter Temling
W. Peter Temling

EXHIBIT 10.52

CARNIVAL CORPORATION

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Effective Date: December 1, 1999

WHEREAS, Carnival Corporation ("Company") desires to establish the Carnival Corporation Supplemental Executive Retirement Plan ("Plan") for the purpose of providing to a select group of management or highly compensated employees ("Eligible Employees") certain supplemental retirement benefits, effective December 1, 1999;

NOW, THEREFORE, to effectuate its intentions, the Company hereby adopts this Plan effective as of the first day of December 1, 1999.

SECTION 1

DEFINITIONS

For purposes of the Plan, the following words and phrases shall have the following meanings unless a different meaning is plainly required by the context.

1.1 Account means a recordkeeping source from which Plan benefits are determined.

1.2 Administrator or Plan Administrator means the Company.

1.3 Beneficiary means the person, persons, trust or other entity a Participant designates by written revocable designation filed with the Company to receive payments in the event of his death.

1.4 Board means the Company's Board of Directors or a committee thereof.

1.5 Code means the Internal Revenue Code of 1986, as amended.

1.6 Company means Carnival Corporation and any successor thereto, and for purposes of determining eligibility to participate in the Plan, any affiliated company which is a member of a controlled group of corporations within the meaning of section 1563(a) of the Code with Carnival Corporation which adopts this Plan with the consent of the Company.

1.7 Compensation means an Eligible Employee's compensation from the Company, including salary, bonus, amounts deferred under the Carnival Corporation "FunShip" Nonqualified Savings Plan, and any incentive pay without regard to limitations under Section 401(a)(17) of the Internal Revenue Code. Compensation shall not include income attributable to taxable or nontaxable fringe benefits or any income that arises in connection with any equity based compensation program offered by the Company.

1.8 Effective Date means December 1, 1999.

1.9 Eligible Employee means each person determined under Section 2 as eligible to participate in the Plan.

1.10 Participant means

A. An Eligible Employee who participates under the Plan in accordance with Sections 2.1 and 3.1.

B. Each other Eligible Employee or former Eligible Employee for whom an Account is maintained.

1.11 Plan means the Carnival Corporation Supplemental Executive Retirement Plan as described in this instrument, and the same as may be amended from time to time.

1.12 Plan Year means the twelve (12) consecutive month period beginning on each January 1 and ending on the following December 31.

1.13 Retirement Plan means the Carnival Corporation Nonqualified Retirement Plan.

1.14 Termination of Employment means the termination of the Participant's services for any reason.

1.15 Year of Service means the completion of twelve consecutive months of service with the Company and shall include all service with the Company prior to the Effective Date of the Plan and any additional service credited under the Retirement Plan.

SECTION 2

PARTICIPATION IN THE PLAN

2.1 Eligibility to Participate. Robert H. Dickinson and Howard S. Frank, and any other person designated by the Board shall participate in the Plan. However, eligibility to participate in the Plan is preconditioned upon waiving any benefit under the Company's Deferred Compensation Agreement. It is the intention of the Company that this Plan constitute a "top hat" plan and therefore only those persons who are determined to be within a select group of management or highly compensated shall be entitled to participate in the Plan.

2.2 Procedure For and Effect of Admission. Each Eligible Employee shall complete such forms and provide such data as reasonably required by the Company including Beneficiary designation forms and payment of benefit forms. By becoming a Participant, an Eligible Employee shall be deemed conclusively to have assented to the provisions of this Plan and all amendments hereto.

2.3 Cessation of Participation. A Participant shall cease to be an active participant on the earlier of:

A. the date on which the Plan terminates, or

B. the date on which he ceases to be an Eligible Employee.

A former active participant will be deemed a Participant for all purposes except with respect to the right to receive "an additional benefit," as long as he retains a Plan Account.

SECTION 3

PLAN BENEFITS

3.1 Plan Benefits. The annual benefit under this Plan to which an eligible Participant or his or her Beneficiary shall be entitled shall be determined as follows:

(A) 50% of final pay ("final pay" shall mean a Participant's highest Compensation in any twelve month period within the last sixty months) reduced proportionately for each Year of Service less than 25.

minus

(B) The amount of benefits payable to the Participant under the Company's Retirement Plan;

minus

(C) The Participant's Primary Social Security Amount (as defined in the Retirement Plan) at the social security retirement age (determined without regard to such Participant's election to receive social security benefits prior to social security retirement age).

3.2 Early Retirement. A Participant may retire before a participant reaches age 65, and receive benefits pursuant to Section 3.1, upon the attainment of age 55 and the completion of at least 15 Years of Service. Such benefit shall be reduced by 3% for each year (1/4% for each month) that the Participant retires before age 65.

SECTION 4

MAINTENANCE OF
PARTICIPANT ACCOUNTS

4.1 Establishment of Accounts. The Administrator shall establish and maintain a separate bookkeeping Account in the name of each Participant solely for purposes of determining the accrued benefit of each Participant.

4.2 Relationship of the Parties. To the extent a Participant or any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of any unsecured creditor of the Company. Neither this Plan nor any action taken pursuant to the terms of

this Plan shall be considered to create a fiduciary relationship between the Company and the Participants or any other persons or to require the establishment of a trust in which the assets are beyond the claims of any unsecured creditor of the Company. Notwithstanding Section 4.3 below, the Company may, at its discretion, make contributions to a rabbi trust that will be used to pay benefits under the Plan as they become due and owing.

4.3 No Requirement to Fund. This Plan is not funded in any way or form. It is the Company's intention that this Plan be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated persons within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

SECTION 5

BENEFITS

5.1 Payment of Benefit. Subject to the approval of the Company, each Participant shall elect the form and timing of their distribution.

A.Form of Payment Except as provided in Section 3.2, a Participant or his or her Beneficiary may elect that the payment of Benefits to which a Participant or his or her Beneficiary shall be entitled under this Plan shall be made in one of the following forms:

1.Life with 5-Year Certain Benefit -- an annuity for the life of the Participant, but if the Participant dies within 5 years of the date distribution of Benefits began, the annuity is payable to the Participant's Beneficiary for the remainder of that 5-year period;
2.Life with 10-Year Certain Benefit -- an annuity for the life of the Participant, but if the Participant dies within 10 years of the date distribution of Benefits began, the annuity is payable to the Participant's Beneficiary for the remainder of that 10-year period;
3.Qualified Joint and Survivor Annuity -- an annuity for the life of the Participant with a survivor annuity for the life of the Participant's spouse, where the survivor annuity is either 50% or 100% of the amount payable during the joint lives of the Participant and the Participant's spouse;
4.Single cash distribution of the full amount payable - the actuarial equivalent present value of the Participant's Vested Interest payable at his Normal Retirement Date.

The value of such Benefit shall be determined using the same actuarial factors as provided for in the Retirement Plan.

A.Timing of Payment: The Participant's election shall indicate that payment shall be made (in the case of a lump sum election) or shall commence (in the case of an installment election):

1.as soon as administratively practicable following the Participant's Termination of Employment;

2.as soon as administratively practicable following the calendar year of the Participant's Termination of Employment;

3.in the month following the earlier of (A) the Participant's attainment of age 55 and 15 Years of Service, or (B) the Participant's attainment of age 65; or

4.in a specific month and year.

Notwithstanding the foregoing, if a Participant elects his distribution to be made or commenced in accordance with paragraph (3) above, and such date falls before the Participant's Termination of Employment, the Participant's distribution shall be made or commenced in accordance with paragraph (1) above. Notwithstanding the foregoing, subject to the approval of the Company, a Participant may change his form and timing election applicable to his benefit, provided that such request to change is made at least twelve (12) consecutive months prior to the date on which such distribution would have otherwise been made on or commenced. If a Participant dies before commencement of distribution of Participant's Benefits under the Plan, such Benefits shall be paid in a lump sum to the Participant's Beneficiary, using the same actuarial assumptions as in the Retirement Plan. If a Participant dies after commencement of distribution of his or her Benefits under the Plan, the Participant's Benefits shall be paid to the Participant's Beneficiary in accordance with the Participant's election.

5.2 Beneficiary Designation

A. Each Participant may designate a Beneficiary to receive the benefits payable in the event of the Participant's death, and designate a

successor Beneficiary to receive any benefits payable in the event of the death of any other Beneficiary.

B. A Participant may change a Beneficiary designation at any time. All Beneficiary designations and changes shall be made on an appropriate form as designated by the Plan Administrator and filed with the Plan Administrator.

C. If no person shall be designated by the Participant, or if the designated Beneficiary shall not survive the Participant, payment of the Participant's Account shall be made to the Participant's estate.

5.3 Tax Withholding. To the extent required by the law in effect at the time benefits are distributed pursuant to this Section 5, the Company shall withhold any taxes required by the federal or any state or local government from payments made hereunder.

SECTION 6

ADMINISTRATION

6.1 Appointment of Administrator. The Company shall serve as the Administrator.

6.2 Administrator's Responsibilities. The Administrator is responsible for the day to day administration of the Plan. The Administrator may appoint other persons or entities to perform any of its fiduciary functions.

6.3 Records and Accounts. The Administrator shall maintain or shall cause to be maintained accurate and detailed records and accounts of Participants and of their rights under the Plan.

6.4 Liability. The Company shall not be liable to any person for any action taken or omitted in connection with the administration of this Plan unless attributable to the fraud or willful misconduct on the part of a director, officer or agent of the Company.

6.5 Payment of Expenses. All expenses incurred in the operation or administration of this Plan shall be paid by Company.

6.6 Substitute Payee. If a Participant or Beneficiary entitled to receive any benefits hereunder is in his minority, or is, in the judgment of the Company, legally, physically, or mentally incapable of personally receiving and receipting any distribution, the Company may make distributions to a legally appointed guardian or to such other person or institution as, in the judgment of the Company, is then maintaining or has custody of the payee.

SECTION 7

CLAIMS PROCEDURE

7.1 Claims Procedures. The Administrator shall establish a claims procedure and shall afford a reasonable opportunity to any Participant whose claim for benefits has been denied for a full and fair review of the decision denying such claim. The claims procedure shall provide for a notice of denial of a claim to be received by a claimant within a reasonable period, not to exceed ninety (90) days, following the filing of a claim. The notice shall provide the reason for the denial, references to the Plan provisions on which the denial is based, a description of additional information necessary to perfect a claim and the steps required to submit a claim for review. The period to request a review must be for at least sixty (60) days after a receipt of notice of denial of a claim. A decision on review shall be made within sixty (60) days after the Plan's receipt of a request for a review unless special circumstances require a longer period in which case the Plan shall have an additional sixty (60) days. The final decision shall be in writing and shall include specific reasons for the decision and references to Plan provisions.

SECTION 8

AMENDMENT AND TERMINATION

8.1 Plan Amendment. The Plan may be amended or otherwise modified by the Board, in whole or in part, provided that no amendment or modification shall divest any Participant of any amount previously earned under Section 3.1.

8.2 Termination of the Plan. The Board reserves the right to terminate the Plan at any time in whole or in part. In the event of any such termination, the Company shall pay a benefit to the Participant or the

Beneficiary of any deceased Participant, in lieu of other benefits hereunder, equal to the value of the Participant's Account in the form and at the benefit commencement date elected by the Participant pursuant to section 5.1 of the Plan.

SECTION 9

MISCELLANEOUS

9.1 Supplemental Benefits. Unless otherwise stated herein, the benefits provided for the Participants under this Plan are in addition to benefits provided by any other plan or program of the Company and, except as otherwise expressly provided herein, the benefits of this Plan shall supplement and shall not supersede any plan or agreement between the Company and any Participant or any provisions contained herein.

9.2 Governing Law. The Plan shall be governed and construed under the laws of the State of Florida.

9.3 Spendthrift Provision. No benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or change, and any such action shall be void for all purposes of the Plan. No benefit shall in any manner be subject to the debts, contracts, liabilities, engagements or torts of any person, nor shall it be subject to attachments or other legal process for or against any person, except to such extent as may be required by law.

9.4 Binding Terms. The terms of this Plan shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators and successors.

9.5 Headings. All headings preceding the text of the several Sections hereof are inserted solely for reference and shall not constitute a part of this Plan, nor affect its meaning, construction or effect.

9.6 Rule of Interpretation. Where appropriate, words in the masculine gender shall include the feminine gender and vice versa.

9.7 Limitation of Rights. Neither the establishment of this Plan, nor any modification thereof, nor the creation of an account, nor the payment of any benefits shall be construed as giving:

A. any Participant, Beneficiary, or any other person whomsoever, any legal or equitable right against the Company unless such right shall be specifically provided for in the Plan or conferred by affirmative action of the Administrator in accordance with the terms and provisions of the Plan; or

B. any Participant the right to be retained in the service of the Company, and all Participants and other agents shall remain subject to termination to the same extent as if the Plan had never been adopted.

9.8 Severability. Should any provision of the Plan or any regulations adopted thereunder be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the other provisions or regulations unless such invalidity shall render impossible or impractical the functioning of the Plan and, in such case, the appropriate parties shall adopt a new provision or regulation to take the place of the one held illegal or invalid.

EXHIBIT 10.33

AMENDMENT TO
THE CARNIVAL CORPORATION
"FUN SHIPsm" NONQUALIFIED SAVINGS PLAN

The Carnival Corporation "Fun Shipsm " Nonqualifed Savings Plan (the "Plan") is hereby amended, effective January 1, 2000, as follows:

(1) A new Section 2.14(f) is added to the Plan to read as follows:

(f) If a Participant transfers directly from an Affiliated Company to any company in which the Company holds an equity interest (but that is not an Affiliated Company), service with such company shall be counted solely for purposes of determining a Participant's vested interest in Matching and Profit-Sharing Contributions under Article 5 of the Plan. Service with such company shall not be credited if it occurs prior to the date the individual became a Participant in the Plan or after the Participant works at any entity in which the Company does not hold an equity interest.

(2) Section 6.3 is amended to read as follows:

6.3 Establishment of Investment Funds: The Retirement Committee will establish one or more Investment Funds (such as those described in Appendix A) which will be maintained for the purpose of determining the investment return to be credited to each Participant's Account. The Retirement Committee may change the number, identity or composition of the Investment Funds from time to time. Each Participant will indicate the Investment Funds based on which amounts allocated in accordance with Articles 4 and 5 are to be adjusted. Each Participant's Account will be increased or decreased by the net amount of investment earnings or losses that it would have achieved had it actually been invested in the deemed investments. The Company is not required to purchase or hold any of the deemed investments. Investment Fund elections must be made in a minimum of 1% increments and at such times and in such manner as the Retirement Committee will specify. An active or inactive Participant periodically may change his election as to his deemed investments with respect to Employee Deferral Contributions, Bonus Deferrals, Matching Contributions or Profit-Sharing Contributions in such manner as the Retirement Committee may specify. If a Participant fails to make an Investment Fund election, the amount in the Participant's Account will be deemed to have been invested in a money market fund or any other fund as determined by the Retirement Committee.

EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(In thousands, except ratios)

	YEARS ENDED NOVEMBER 30,				
	1999	1998	1997	1996	1995
Net Income	$1,027,240	$835,885	$666,050	$566,302	$451,091
Income tax expense	2,778	3,815	6,233	9,045	9,374
Income before income taxes	1,030,018	839,700	672,283	575,347	460,465
Adjustment to Earnings:					
Minority interest	14,014	11,102			
Income from affiliates in excess of dividends received	(60,671)	(63,059)	(46,569)	(43,224)	0
Earnings as adjusted	983,361	787,743	625,714	532,123	460,465
Fixed Charges:					
Interest expense	46,956	57,772	55,898	64,092	63,080
Interest portion of rent expense (1)	3,405	3,480	3,528	3,093	2,529
Capitalized interest	40,908	35,130	16,846	25,799	18,762
Total fixed charges	91,269	96,382	76,272	92,984	84,371
Fixed charges not affecting earnings:					
Capitalized interest	(40,908)	(35,130)	(16,846)	(25,799)	(18,762)
Earnings before fixed Charges	$1,033,722	$848,995	$685,140	$599,308	$526,074
Ratio of earnings to fixed charges	11.3 x	8.8 x	9.0 x	6.4 x	6.2 x

(1) Represents one-third of rent expense, which management believes to be representative of the interest portion of rent expense.

EXHIBIT 13

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

ASSETS	NOVEMBER 30, 1999	1998
Current Assets		
Cash and cash equivalents	$ 521,771	$ 137,273
Short-term investments	22,800	5,956
Accounts receivable, net	62,887	60,837
Consumable inventories, at average cost	84,019	75,449
Prepaid expenses and other	100,159	90,764
Total current assets	791,636	370,279
Property and Equipment, Net	6,410,527	5,768,114
Investments in and Advances to Affiliates	586,922	546,693
Goodwill, less Accumulated Amortization of $85,272 and $72,255	462,340	437,464
Other Assets	34,930	56,773
	$8,286,355	$7,179,323
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	$ 206,267	$ 67,626
Accounts payable	195,879	168,546
Accrued liabilities	262,170	206,968
Customer deposits	675,816	638,383
Dividends payable	64,781	53,590
Total current liabilities	1,404,913	1,135,113
Long-Term Debt	867,515	1,563,014
Deferred Income and Other Long-Term Liabilities	82,680	63,036
Commitments and Contingencies (Notes 2, 8 and 14)		
Minority Interest		132,684
Shareholders' Equity		
Common Stock; $.01 par value; 960,000 shares authorized; 616,966 and 595,448 shares issued and outstanding	6,170	5,955
Additional paid-in capital	1,757,408	880,488
Retained earnings	4,176,498	3,379,628
Unearned stock compensation	(9,945)	(5,294)
Accumulated other comprehensive income	1,116	24,699
Total shareholders' equity	5,931,247	4,285,476
	$8,286,355	$7,179,323

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	YEARS ENDED NOVEMBER 30, 1999	1998	1997
Revenues	$3,497,470	$3,009,306	$2,447,468
Costs and Expenses			
Operating expenses	1,862,636	1,619,377	1,322,669
Selling and administrative	447,235	369,469	296,533
Depreciation and amortization	243,658	200,668	167,287
	2,553,529	2,189,514	1,786,489
Operating Income Before Income From Affiliated Operations	943,941	819,792	660,979
Income From Affiliated Operations, Net	75,758	76,732	53,091

Operating Income	1,019,896	896,524	704,066
Nonoperating Income (Expense)			
Interest income	41,932	10,257	8,675
Interest expense, net of capitalized interest	(46,956)	(57,772)	(55,898)
Other income, net	29,357	1,793	5,436
Income tax expense	(2,778)	(3,815)	(6,233)
Minority interest	(14,014)	(11,102)	
	7,541	(60,639)	(48,020)
Net Income	$1,027,240	$ 835,885	$ 666,050
Earnings Per Share:			
Basic	$1.68	$1.40	$1.12
Diluted	$1.66	$1.40	$1.12

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	YEARS ENDED NOVEMBER 30, 1999	1998	1997
OPERATING ACTIVITIES			
Net income	$1,027,240	$ 835,885	$666,050
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	243,658	200,668	167,287
Income from affiliates in excess of dividends received	(60,671)	(63,059)	(46,569)
Minority interest	14,014	11,102	
Other	4,007	(8,428)	2,540
Changes in operating assets and liabilities, excluding businesses acquired and consolidated:			
(Increase) decrease in:			
Receivables	(3,271)	137	(21,229)
Consumable inventories	(8,570)	(3,913)	(1,689)
Prepaid expenses and other	(9,465)	(15,369)	903
Increase in:			
Accounts payable	27,333	18,758	22,035
Accrued liabilities	58,016	42,401	20,042
Customer deposits	37,433	73,658	68,210
Net cash provided from operating activities	1,329,724	1,091,840	877,580
INVESTING ACTIVITIES			
Additions to property and equipment, net	(872,984)	(1,150,413)	(497,657)
Proceeds from sale of assets		47,028	17,041
Acquisition of consolidated subsidiaries, net	(54,715)	(242,868)	
Purchase of equity interests in affiliates	(1,365)		(38,378)
(Increase) decrease in short-term investments, net	(11,890)	4,052	2,748
Other (additions to) reductions in investments in and advances to affiliates, net	(310)	(380)	39,540
Other, net	30,884	21,528	21,805
Net cash used for investing activities	(910,380)	(1,321,053)	(454,901)
FINANCING ACTIVITIES			
Proceeds from issuance of Common Stock, net	741,575	11,399	5,162
Principal payments of long-term debt	(564,838)	(1,006,586)	(424,391)
Dividends paid	(219,179)	(178,458)	(130,456)
Proceeds from long-term debt	7,772	1,404,395	155,366
Other	(176)	(4,253)	
Net cash (used for) provided from financing activities	(34,846)	226,497	(394,319)
Net increase (decrease) in cash and cash equivalents	384,498	(2,716)	28,360
Cash and cash equivalents at beginning of year	137,273	139,989	111,629
Cash and cash equivalents at end of year	$521,771	$137,273	$139,989

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Comprehensive income	Common Stock $.01 Par Value Class A	Common Stock $.01 Par Value Class B	Additional paid-in-capital	Retained earnings	Unearned stock compensation	Accumulated other comprehensive income	Total shareholders' equity
Balances at November 30, 1996		$2,397	$550	$819,610	$2,207,781	$(2,489)	$3,035	$3,030,884
Comprehensive income:								
Net income	$666,050				666,050			666,050
Changes in securities valuation allowance	355						355	355
Foreign currency translation adjustment	3,592						3,592	3,592
Total comprehensive income	$669,997							
Cash dividends					(142,618)			(142,618)
Issuance of stock upon conversion of convertible notes		23		39,755				39,778
Conversion of Class B Common Stock into Class A Common Stock		550	(550)					
Issuance of stock under stock plans		2		6,732		(947)		5,787
Amortization of unearned stock compensation						1,270		1,270
Balances at November 30, 1997, as previously reported		2,972		866,097	2,731,213	(2,166)	6,982	3,605,098
Two-for-one stock split effective June 12, 1998		2,972		(2,972)				
Balances at November 30, 1997, as adjusted		5,944		863,125	2,731,213	(2,166)	6,982	3,605,098
Comprehensive income:								
Net income	$835,885				835,885			835,885
Changes in securities valuation allowance	270						270	270
Foreign currency translation adjustment	17,447						17,447	17,447
Total comprehensive income	$853,602							
Cash dividends					(187,470)			(187,470)
Issuance of stock under stock plans		11		17,363		(4,651)		12,723
Amortization of unearned stock compensation						1,523		1,523
Balances at November 30, 1998		5,955		880,488	3,379,628	(5,294)	24,699	4,285,476
Comprehensive income:								

Net income	$1,027,240			1,027,240		1,027,240
Changes in securities valuation allowance	(4,374)				(4,374)	(4,374)
Foreign currency translation adjustment	(19,209)				(19,209)	(19,209)
Total comprehensive income	$1,003,657					
Cash dividends				(230,370)		(230,370)
Issuance of stock in public offering, net		170	725,062			725,232
Issuance of stock to acquire minority interest in Cunard Line Limited		32	127,037			127,069
Issuance of stock under stock plans		13	24,821		(7,326)	17,508
Amortization of unearned stock compensation					2,675	2,675
Balances at November 30, 1999		$6,170	$1,757,408	$4,176,498	$(9,945)	$1,116 $5,931,247

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL

Description of Business

Carnival Corporation, a Panamanian corporation, and its consolidated subsidiaries (referred to collectively as the "Company") operate five cruise lines under the brand names Carnival Cruise Lines ("Carnival"), Cunard Line ("Cunard"), Holland America Line ("Holland America"), Seabourn Cruise Line ("Seabourn") and Windstar Cruises ("Windstar") and a tour business, Holland America Westours. Carnival operates fourteen cruise ships cruising primarily in the Caribbean and the Mexican Riviera. Holland America operates nine cruise ships cruising primarily in Alaska, the Caribbean and Europe and Windstar operates four luxury, sail-powered vessels which call on more exotic locations inaccessible to larger ships, primarily in the Caribbean, Europe and Central America. Cunard and Seabourn operate two and six luxury cruise vessels, respectively, to worldwide destinations. Holland America Line-Westours Inc. markets sightseeing tours both separately and as a part of Holland America Westours cruise/tour packages. Holland America Westours operates 14 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 280 motor coaches used for sightseeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 13 private domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks.

The Company has a 50% direct equity interest in Il Ponte S.p.A. ("Il Ponte"), the parent company of Costa Crociere, S.p.A. ("Costa"), an Italian cruise company. Additionally, the Company has a 26% interest in Airtours plc ("Airtours"), a publicly traded air-inclusive integrated leisure travel company headquartered in England. Costa operates six cruise ships (an additional ship is scheduled to begin operations in July 2000) in Europe, the Caribbean and South America and its cruises are marketed primarily to Europeans. Airtours provided holidays for approximately ten million people in 1999 primarily from the United Kingdom, Germany, Scandinavia, Western Europe and North America and owns or operates over 1,000 retail travel shops, 42 aircraft, four cruise ships, 46 resort properties and develops and markets two vacation ownership resorts. Airtours also owns the other 50% of Il Ponte not owned by the Company.

Preparation of Financial Statements

The preparation of the consolidated financial statements in accordance with generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements. Actual results could differ from these estimates. All material intercompany transactions and accounts have been eliminated in consolidation.

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents include investments with original maturities of three months or less and are stated at cost. At November 30, 1999 and 1998, cash and cash equivalents include $502 million and $111 million of investments, respectively, primarily comprised of investment grade commercial paper.

Short-term investments are comprised of marketable equity and debt securities which are categorized as available for sale and, accordingly, are stated at their fair values. Unrealized gains and losses are included as a component of accumulated other comprehensive income within shareholders' equity until realized.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization is computed using the straight-line method over estimated average useful lives as follows:

	Years
Vessels	11-30
Buildings and improvements	10-40
Equipment	2-20
Leasehold improvements	Shorter of the lease term or related asset life

The Company capitalizes interest on vessels and other capital projects during the construction period. Interest is capitalized using rates equivalent to the Company's weighted average borrowing rate.

The Company reviews its long-lived assets, identifiable intangibles and goodwill and reserves for their impairment, based generally upon estimated future undiscounted cash flows, whenever events or changes in circumstances indicate the carrying amount of these assets may not be fully recoverable.

Costs associated with drydocking are capitalized as prepaid expenses and charged to expense generally over the lesser of 12 months or the period to the next scheduled drydock.

Investments in and Advances to Affiliates

The Company accounts for its investments based on its ability to exercise influence over the financial and operating policies of the investee. The Company consolidates affiliates in which it has control, as typically evidenced by a direct ownership interest of greater than 50%. For affiliates where significant influence exists, as typically evidenced by a direct ownership interest from 20% to 50%, the investment is accounted for using the equity method. When the Company does not have significant influence, as typically evidenced by a direct ownership interest of less than 20%, or where the ability to exercise control or significant influence is temporary, the investment is accounted for using the cost method.

The Company's percentage share of the affiliated companies' net income (loss), net of amortization of goodwill, as well as any related interest income or fee income from those affiliates, is recorded as "Income from Affiliated Operations, Net" in the accompanying statements of operations. The Company's investments in and advances to affiliates are reported as "Investments in and Advances to Affiliates" in the accompanying balance sheets. In the event of the issuance of stock by an affiliate, the Company generally recognizes a gain or loss (see Note 4). At November 30, 1999 and 1998, the costs in excess of the net assets acquired of affiliates ("goodwill") was $232 million and $241 million, respectively, and it is being amortized using the straight-line method over periods ranging from 30 to 40 years.

Goodwill

Goodwill of $275 million resulting from the acquisition of HAL Antillen, N.V. ("HAL"), the parent company of Holland America, Windstar and Holland America Westours, and $272 million ($235 million at November 30,1998) resulting from the acquisition of Cunard and consolidation of Seabourn is being amortized using the straight-line method over 40 years.

Foreign Currency Contracts

The Company's significant contracts to buy foreign currency are forward contracts entered into to hedge foreign currency fluctuations of firm

commitments related to the construction of cruise ships. These off-balance sheet contracts are not held for trading or speculative purposes. Changes in the market value and any discounts or premiums on these forward foreign currency contracts are recorded at maturity, which coincides with the dates when the related foreign currency payments are to be made, with any resulting gain or loss included in the cost of the vessel.

In June 1998, Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued. SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Pursuant to SFAS No. 133, changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. SFAS No. 133, as amended, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000 (December 1, 2000 for the Company). The Company has not yet determined the impact that the adoption of SFAS No. 133 will have, but does not currently expect the adoption to have a material impact on its results of operations or cash flows.

Revenue and Expense Recognition

Customer cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities on the balance sheet when received. Customer deposits are subsequently recognized as cruise revenue, together with revenue from shipboard activities and all associated direct costs of a voyage, generally upon completion of voyages with durations of ten days or less and on a pro rata basis for voyages in excess of ten days. Certain revenues and expenses from pro rata voyages are estimated. Revenues and expenses from tour and related services are recognized at the time the services are performed or expenses are incurred.

Advertising Costs

Substantially all of the Company's advertising costs are charged to expense as incurred, except costs which result in tangible assets, such as brochures, which are recorded as prepaid expenses and charged to expense as consumed. Advertising expense totaled $178 million in 1999, $142 million in 1998, and $112 million in 1997. At November 30, 1999 and 1998, $21.7 million and $18.8 million, respectively, of advertising related costs, principally brochures, were included in prepaid expenses and other in the accompanying balance sheets.

Foreign Currency Transactions and Translations

For foreign subsidiaries and affiliates using the local currency as their functional currency, assets and liabilities are translated at exchange rates in effect at the balance sheet dates and income and expenses are translated at average exchange rates. The effects of these translation adjustments are reported in accumulated other comprehensive income within shareholders' equity. Exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are included in income currently.

Income Taxes

Management believes that substantially all of the Company's income (with the exception of its United States ("U.S.") source income from the transportation, hotel and tour businesses of Holland America Westours) is exempt from U.S. federal income taxes. If the Company was found not to meet certain tests of the Internal Revenue Code, as amended, (the "Code") or if the Code were to be changed in a manner adverse to the Company, a portion of the Company's income would become subject to taxation by the U.S. at higher than normal corporate tax rates.

Earnings Per Share

In 1998, the Company adopted SFAS No. 128, "Earnings Per Share" which requires the dual presentation of basic and diluted earnings per share. Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during each period. Diluted earnings per share is computed by dividing net income, as adjusted, by the weighted average number of shares of common stock, common stock equivalents and other potentially dilutive securities outstanding during each period. In accordance with the provisions of SFAS No. 128, and as a result of the 1998 stock split, the Company has retroactively restated prior years' earnings per share (see Notes 6 and 11).

Stock-Based Compensation

The Company accounts for stock-based compensation using the intrinsic value

method and discloses certain fair market value pro forma information with respect to its stock based compensation activities (see Note 10).

Accounting Changes

In April 1998, Statement of Position 98-5 - "Reporting on the Costs of Start-Up Activities" ("SOP 98-5") was issued. SOP 98-5 requires that all start-up or pre-operating costs be expensed as incurred. In 1998, the Company adopted SOP 98-5 and, accordingly, expensed $8.7 million of previously deferred start-up costs. The $8.7 million represents the cumulative effect from the Company changing this policy, which amount was included in other nonoperating expenses in the 1998 statement of operations.

In 1999, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." Comprehensive income consists of net income and other comprehensive income, the latter includes unrealized gains and losses on available for sale securities and foreign exchange translation adjustments and is presented in the accompanying statements of shareholders' equity. The adoption of SFAS No. 130 had no effect on shareholders' equity. Prior year financial statements have been reclassified to conform to the SFAS No. 130 requirements.

In 1999, the Company adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." SFAS No. 131 supercedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise," replacing the industry segment approach with the "management" approach. The management approach designates the internal organization that is used by management for making decisions and assessing performance as the source for determining the Company's reportable segments. The adoption of SFAS No. 131 did not affect the Company's results of operations or financial position but did affect the disclosure of segment information(see Note 9).

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following (in thousands):

	November 30, 1999	1998
Vessels	$6,543,592	$5,754,218
Vessels under construction	506,477	526,529
	7,050,069	6,280,747
Land, buildings and improvements	235,333	217,597
Transportation and other equipment	395,008	322,069
Total property and equipment	7,680,410	6,820,413
Less accumulated depreciation and amortization	(1,269,883)	(1,052,299)
	$6,410,527	$5,768,114

Capitalized interest, primarily on vessels under construction, amounted to $40.9 million in 1999, $35.1 million in 1998 and $16.8 million in 1997.

NOTE 4 - INVESTMENTS IN AND ADVANCES TO AFFILIATES

In June 1997, the Company and Airtours completed a joint offer to acquire the equity securities of Costa. The Company and Airtours each own 50% of Il Ponte, a holding company which currently owns approximately 100% of Costa. The cost of the Company's 50% direct interest in Costa was approximately $141 million, of which approximately $103 million was paid by Il Ponte and the balance was paid by the Company. The $103 million paid by Il Ponte was funded through Il Ponte debt, which is guaranteed by the Company (see Note 8). The Company is recording its interest in Il Ponte's consolidated results of operations on a two-month lag basis using the equity method. It is not practicable to estimate the fair value of Il Ponte as it is not a publicly traded entity.

In April 1996, the Company acquired a 28% interest in Airtours for approximately $307 million. At November 30, 1999 and 1998, the market value of the Company's investment in Airtours, based on the closing price of Airtours' stock on the London Stock Exchange, was approximately $837 million and $835 million, respectively, as compared with the carrying value of the Company's investment in Airtours of $439 million and $432 million, respectively. The Company is recording its interest in Airtours' consolidated results of operations on a two-month lag basis using the equity method. In 1998, the Company's interest in Airtours was reduced to approximately 26% as a result of the conversion of Airtours' preference shares into Airtours' common stock and the issuance of Airtours' common stock in conjunction with two of its acquisitions, as discussed below.

In July and September 1998, Airtours issued approximately 18.5 million and

2.2 million shares of its common stock at $7.02 per share and $6.00 per share, respectively, in connection with acquisitions. These amounts were in excess of the Company's carrying value per share. The issuance of these shares reduced the Company's ownership of Airtours to approximately 26%. As a result of these transactions, the Company recognized a net gain of $14.8 million, which is included in other nonoperating income in the 1998 statement of operations.

Dividends received from affiliates were $15.1 million, $13.7 million and $11.4 million in fiscal 1999, 1998 and 1997, respectively.

Financial information for affiliated companies accounted for using the equity method is as follows (in thousands):

Balance Sheet Data:	As of End of Fiscal Years	
	1999	1998
Current assets	$2,310,485	$1,722,616
Long-term assets	$2,332,871	$2,115,373
Current liabilities	$1,802,385	$1,560,228
Long-term liabilities	$1,741,010	$1,325,220
Shareholders' equity	$1,099,961	$ 952,541

Income Statement Data:	Fiscal Years Ended		
	1999	1998	1997
Revenues	$5,963,425	$5,282,230	$3,965,223
Gross margin	$1,265,614	$1,128,305	$ 702,162
Net income	$ 255,146	$ 264,936	$ 174,354

Segment information for the Company's affiliate operations is provided in accordance with SFAS No. 131 as follows (in thousands):

	Fiscal Years Ended		
	1999	1998	1997
Operating income	$359,953	$374,560	$269,425
Depreciation and amortization	$133,302	$100,532	$ 61,936
Capital expenditures	$356,267	$184,395	$145,667

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	November 30,	
	1999	1998
Commercial paper	$	$ 368,710
Unsecured 5.65% Notes Due October 15, 2000	199,920	199,833
Unsecured 6.15% Notes Due April 15, 2008	199,564	199,512
Unsecured 6.65% Debentures Due January 15, 2028	199,274	199,249
Unsecured 6.15% Notes Due October 1, 2003	124,974	124,967
Unsecured 7.2% Debentures Due October 1, 2023	124,886	124,881
Unsecured 7.7% Notes Due July 15, 2004	99,947	99,936
Unsecured 7.05% Notes Due May 15, 2005	99,891	99,871
Notes payable secured by vessels	5,000	174,198
Other loans payable	20,326	39,483
	1,073,782	1,630,640
Less portion due within one year	(206,267)	(67,626)
	$ 867,515	$1,563,014

Since the commercial paper is backed by the long-term revolving credit facilities described below, balances outstanding under the commercial paper programs were classified as long-term in the 1998 balance sheet.

The Company's commercial paper programs are supported by a $1 billion unsecured revolving credit facility due December 2001 and a $200 million multi-currency revolving credit facility due January 2002. Both revolving credit facilities bear interest at LIBOR plus 14 basis points ("BPS") and provide for a facility fee of six BPS on each facility. Any funds outstanding under the commercial paper programs reduce the aggregate amount available under these facilities. At November 30, 1999, the Company had $1.2 billion available for borrowing under these facilities. These facilities contain covenants that require the Company, among other things, to maintain minimum debt service coverage and limit debt to capital ratios. At November 30, 1999, the Company was

in compliance with all of its debt covenants.

In late November 1999, the Company prepaid approximately $124 million of Cunard's notes payable, which were secured by vessels.

At November 30, 1999, the scheduled annual maturities of the Company's long-term debt are summarized as follows (in thousands):

Fiscal	
2000	$ 206,267
2001	5,497
2002	527
2003	125,968
2004	105,448
Thereafter	630,075
	$1,073,782

NOTE 6 - SHAREHOLDERS' EQUITY

On July 15, 1997, the Micky Arison 1994 "B" Trust (the "B Trust"), a U.S. trust whose primary beneficiary is Micky Arison, the Company's Chairman of the Board, exercised its right to convert all of the 109,914,284 shares of Class B Common Stock held by it into an equal number of shares of Class A Common Stock. Prior to July 1, 1997, the B Trust had been restricted from converting such shares under a shareholders agreement with the Company. Prior to the conversion of the Class B Common Stock, the B Trust was the controlling shareholder of the Company.

On April 13, 1998, the Company's shareholders approved amendments to the Company's Articles of Incorporation which (1) eliminated the Class B Common Stock and designated a single class of Common Stock, (2) increased the number of authorized shares of Common Stock to 960 million, and (3) authorized the Board of Directors, at its discretion, to issue up to 40 million shares of Preferred Stock. The Preferred Stock is issuable in series which may vary as to certain rights and preferences and has a $.01 par value. At November 30, 1999 and 1998, no Preferred Stock had been issued.

On April 13, 1998, the Board of Directors approved a two-for-one split of the Company's Common Stock. The additional shares were distributed on June 12, 1998 to shareholders of record on May 29, 1998. All share and per share data presented herein has been retroactively restated to give effect to this stock split.

In December 1998, the Company issued 17 million shares of its Common Stock in a public offering and received net proceeds of approximately $725 million. The Company issued the stock concurrent with the addition of the Company's Common Stock to the S&P 500 Composite Index.

At November 30, 1999, there were approximately 15.8 million shares of Common Stock reserved for issuance pursuant to the Company's stock option, employee stock purchase, management incentive, dividend reinvestment and restricted stock plans.

During 1999, the Company declared cash dividends aggregating $0.375 per share for the year. In October 1999, the Board of Directors increased the quarterly dividends from $0.09 per share to $0.105 per share.

At November 30, 1999 and 1998, retained earnings included undistributed earnings of affiliates (accounted for using the equity method) of approximately $198 million and $138 million, respectively. The Company does not expect that additional income taxes will be incurred on future distributions of such earnings and, accordingly, no deferred income taxes have been provided for the distribution of these earnings. At November 30, 1999 and 1998, accumulated other comprehensive income within shareholders' equity included cumulative foreign currency translation adjustments which increased shareholders' equity by $6.0 million and $25.2 million, respectively.

NOTE 7 - FINANCIAL INSTRUMENTS

The Company estimates the fair market value of financial instruments through the use of public market prices, quotes from financial institutions and other available information. Considerable judgment is required in interpreting data to develop estimates of market value and, accordingly, amounts are not necessarily indicative of the amounts that

the Company could realize in a current market exchange.

Certain Short-Term Financial Instruments

The carrying amounts of cash, cash equivalents and accrued liabilities approximate their fair values due to the short-term maturities of these instruments.

Other Assets

At November 30, 1999 and 1998, long-term other assets include marketable securities held in a "Rabbi Trust" for certain of the Company's non-qualified benefit plans, long-term receivables and other restricted securities. These assets have carrying values of $28.3 million and $48.7 million and have fair values of $28.3 million and $40 million at November 30, 1999 and 1998, respectively. Fair value is estimated based on quoted market prices or expected future discounted cash flows.

Long-term Debt

At November 30, 1999 and 1998, the fair value of the Company's long-term debt, including the current portion, was approximately $1.021 billion and $1.647 billion, respectively, which was approximately $53 million less than and $16 million more than the carrying values on those respective dates. The difference between the fair value of the long-term debt and the carrying value was due to the Company's issuance of fixed rate debt obligations at interest rates that are above or below market rates in existence at the measurement dates. The fair value of the Company's long-term debt is estimated based on the quoted market price for the same or similar issues. The Company is prohibited from redeeming substantially all of its long-term debt before its maturity.

Foreign Currency Contracts

The Company enters into forward foreign currency contracts to reduce its exposures relating to rate changes in foreign currency. These contracts are subject to gain or loss from changes in foreign currency rates, however, any realized gain or loss will be offset by gains or losses on the underlying hedged foreign currency transactions. Certain exposures to credit losses related to counterparty nonperformance exist, however, the Company does not anticipate nonperformance by the counterparties as they are large, well-established financial institutions. The fair values of the Company's forward hedging instruments discussed below are estimated based on prices quoted by financial institutions for these instruments.

Several of the Company's contracts for the construction of cruise vessels are denominated in either Italian Lira or German Deutsche Marks. The Company is a party to forward foreign currency contracts with notional amounts of $1.86 billion and $745 million at November 30, 1999 and 1998, respectively, to fix the price of these vessels into U.S. dollars (see Note 8). At November 30, 1999 and 1998, these forward contracts had an estimated fair value of approximately $1.81 billion and $815 million, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Capital Expenditures

A description of ships under contract for construction at November 30, 1999 is as follows (in millions, except passenger capacity data):

Vessel	Expected Service Date(1)	Shipyard	Passenger Capacity(2)	Estimated Total Cost(3)
Carnival				
Carnival Victory	9/00	Fincantieri	2,758	$ 450
Carnival Spirit	4/01	Masa-Yards	2,120	375
Carnival Pride	1/02	Masa-Yards (4)	2,120	375
Carnival Legend	8/02	Masa Yards (4)	2,120	375
Carnival Conquest	12/02	Fincantieri	2,758	450
Carnival Glory	8/03	Fincantieri	2,758	450
Total Carnival			14,634	2,475
Holland America				
Zaandam	5/00	Fincantieri(5)	1,440	300
Amsterdam	11/00	Fincantieri	1,380	300

Newbuild	10/02	Fincantieri(5)	1,820	400
Newbuild	8/03	Fincantieri(5)	1,820	400
Total Holland America			6,460	1,400
Total			21,094	$3,875

(1) The expected service date is the date the vessel is expected to begin revenue generating activities.

(2) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

(3) Estimated total cost of the completed vessel includes the contract price with the shipyard, design and engineering fees, capitalized interest, various owner supplied items and construction oversight costs.

(4) These construction contracts are denominated in German Deutsche Marks and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

(5) These construction contracts are denominated in Italian Lira and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

In connection with the ships under contract for construction, the Company has paid approximately $506 million through November 30, 1999 and anticipates paying the remaining estimated total cost as follows (in millions):

Fiscal	
2000	$ 764
2001	756
2002	1,129
2003	720
	$3,369

Litigation

Several actions (collectively the "Passenger Complaints") have been filed against Carnival and one action has been filed against Holland America Westours on behalf of purported classes of persons who paid port charges to Carnival or Holland America, alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages or, alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief. The actions against Carnival are in various stages of progress and are proceeding.

Holland America Westours has entered into a settlement agreement for the one Passenger Complaint filed against it. The settlement agreement was approved by the court on September 28, 1998. One member of the settlement class appealed the court's approval of the settlement and a decision on such appeal is expected shortly. A further appeal could be taken by either party which could result in the settlement being delayed for an additional one year. Unless the appeal is successful, Holland America will issue travel vouchers with a face value of $10-$50 depending on specified criteria, to certain of its passengers who are U.S. residents and who sailed between April 1992 and April 1996, and will pay a portion of the plaintiffs' legal fees. The amount and timing of the travel vouchers to be redeemed and the effects of the travel voucher redemption on revenues is not reasonably determinable. Accordingly, the Company has not established a liability for the travel voucher portion of the settlements and will account for the redemption of the vouchers as a reduction of future revenues. In 1998, the Company established a liability for the estimated distribution costs of the settlement notices and plaintiffs' legal costs.

Several complaints were filed against Carnival and/or Holland America Westours (collectively the "Travel Agent Complaints") on behalf of purported classes of travel agencies who had booked a cruise with Carnival or Holland America, claiming that advertising practices regarding port charges resulted in an improper commission bypass. These actions, filed in California, Washington and Florida, allege violations of state consumer protection laws, claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud, and they seek unspecified compensatory damages (or alternatively, the payment of usual and customary commissions on port charges paid by passengers in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive

damages and injunctive relief. These actions are in various stages of progress and are proceeding.

It is not now possible to determine the ultimate outcome of the pending Passenger and Travel Agent Complaints if such claims should proceed to trial. Management believes it has meritorious defenses to the claims. Management understands that purported class actions similar to the Passenger and Travel Agent Complaints have been filed against several other cruise lines.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such claims and lawsuits, which are not covered by insurance, would not have a material adverse effect on the Company's financial condition or results of operations.

Ship Lease Transactions

During August and December 1998, the Company entered into lease out and lease back transactions with respect to two of its vessels. The Company has effectively guaranteed certain obligations or provided letters of credit to participants in the transactions which, at November 30, 1999, total approximately $358 million. Only in the remote event of nonperformance by certain major financial institutions, which have long-term credit ratings of AAA, would the Company be required to make any payments under these guarantees. After approximately 18 years, the Company has the right to exercise purchase options that would terminate these transactions. As a result of these transactions, the Company received approximately $22 million (net) in both August and December 1998 which is recorded as deferred income on the balance sheets and is being amortized to nonoperating income over approximately 18 years.

Operating Leases

Rent expense for all operating leases, primarily office and warehouse space, for fiscal 1999, 1998 and 1997 was approximately $10.2 million, $10.4 million and $10.6 million, respectively. At November 30, 1999, minimum annual rentals for all operating leases, with initial or remaining terms in excess of one year, were as follows (in thousands):

Fiscal	
2000	$ 9,601
2001	7,444
2002	6,066
2003	5,044
2004	4,621
Thereafter	24,032
	$56,808

Guarantees of Debt

At November 30, 1999, the Company has guaranteed approximately $107 million of debt, including $88.6 million of Il Ponte's acquisition indebtedness for the Company's interest in Costa.

Other

At November 30, 1999, the Company has a commitment through 2013, cancellable under certain remote circumstances, to pay a minimum amount for its annual usage of certain port facilities as follows (in thousands):

Fiscal	
2000	$ 8,853
2001	9,402
2002	9,315
2003	11,548
2004	11,528
Thereafter	125,937
	$176,583

The Company has contracted for the sale in October 2000 of one of Holland America's ships, the Nieuw Amsterdam, for $114.5 million in cash and notes. This sale is expected to result in a minimal gain in fiscal 2000.

NOTE 9 - SEGMENT INFORMATION

In 1999, the Company adopted SFAS No. 131. The Company's cruise segment operates five cruise brands which have been aggregated as a single operating segment based on the similarity of their economic characteristics. Cruise revenues are comprised of sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from certain on board activities and other related services. The tour segment represents the operations of Holland America Westours.

The significant accounting policies of the segments are the same as those described in Note 1 - "Summary of Significant Accounting Policies." Segment data includes intersegment revenues, as well as a cost allocation of certain corporate expenses to each segment. Intersegment revenues primarily represent charges for the cruise portion of a tour when a cruise is sold as a part of a tour package. Information about the cruise and tour segments for fiscal 1999, 1998 and 1997 is as follows (in thousands):

	Revenues	Operating income (loss)	Depreciation and amortization	Capital expenditures	Segment assets
1999					
Cruise	$3,286,701	$ 947,452	$232,942	$ 836,351	$6,938,411
Tour	271,828	10,403	10,716	25,191	185,591
Affiliate operations		75,758			586,922
Reconciling items (a)	(61,059)	(13,914)		11,442	575,431
	$3,497,470	$1,019,699	$243,658	$ 872,984	$8,286,355
1998					
Cruise	$2,797,856	$822,242	$189,345	$1,113,191	$6,327,599
Tour	274,491	9,248	9,491	28,480	174,140
Affiliate operations		76,732			546,693
Reconciling items (a)	(63,041)	(11,698)	1,832	8,742	130,891
	$3,009,306	$896,524	$200,668	$1,150,413	$7,179,323
1997					
Cruise	$2,257,567	$656,009	$157,454	$ 414,963	$4,617,583
Tour	242,646	13,262	8,862	42,507	163,941
Affiliate operations		53,091			479,329
Reconciling items (a)	(52,745)	(8,292)	971	40,187	165,922
	$2,447,468	$714,070	$167,287	$ 497,657	$5,426,775

(a) Revenues consist of intersegment revenues. Operating loss represents corporate expenses not allocated to segments. Capital expenditures represent corporate capital expenditures. Segment assets include cash, cash equivalents, short-term investments and other corporate assets.

See Note 4 for affiliate operations segment information which is not included in the Company's consolidated operations.

Foreign revenues represent sales made by the Company's consolidated cruise lines, which were generated from outside the U.S. Foreign assets represent assets which are located outside of the U.S. and include, among other things, all of the Company's vessels. Revenues and asset information by geographic area is as follows (in thousands):

	1999	1998	1997
Revenues			
Domestic	$3,077,499	$2,667,289	$2,234,063
Foreign	419,971	342,017	213,405
	$3,497,470	$3,009,306	$2,447,468
Assets			
Domestic	$1,249,798	$ 801,759	$ 762,994
Foreign	7,036,557	6,377,564	4,663,781
	$8,286,355	$7,179,323	$5,426,775

NOTE 10 - BENEFIT PLANS

Stock Option Plans

The Company has stock option plans for certain employees and members of the Board of Directors. The plans are administered by a committee of three directors of the Company (the "Committee") which determines who is eligible to participate, the number of shares for which options are to be granted and the amounts that may be exercised within a specified term. The option exercise price is generally established by the Committee at 100% of the fair market value of the Common Stock on the date the option is granted. Substantially all options granted during 1999, 1998 and 1997 were granted at an exercise price per share equal to the fair market value of the Company's Common Stock on the date of grant. Employee options generally vest evenly over five years and have a ten year term and director options vest immediately and have a five or ten year term. At November 30, 1999, options for 3,900,756 shares were available for future grants. A summary of the status of options in the stock option plans is as follows:

	Weighted Average Exercise Price Per Share			Number of Options Years Ended November 30,		
	1999	1998	1997	1999	1998	1997
Outstanding options- beginning of year	$14.95	$11.88	$10.38	5,987,574	5,502,580	4,871,880
Options granted	$44.54	$27.34	$19.55	1,641,400	1,157,344	858,000
Options exercised	$11.01	$10.53	$ 8.83	(956,706)	(652,350)	(222,500)
Options canceled	$26.55	$22.86	$ 8.00	(155,100)	(20,000)	(4,800)
Outstanding options- end of year	$22.70	$14.95	$11.88	6,517,168	5,987,574	5,502,580
Options exercisable - end of year	$12.64	$10.91	$10.34	3,601,993	3,405,630	3,117,380

Information with respect to stock options outstanding and stock options exercisable at November 30, 1999 is as follows:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Shares	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 1.94-$ 2.25	37,480	(1)	$ 2.06	37,480	$ 2.06
$ 6.94-$10.22	283,850	2.8	$ 7.46	279,050	$ 7.42
$10.59-$15.00	2,906,500	5.4	$11.30	2,822,500	$11.27
$16.28-$21.91	673,944	7.1	$19.28	254,269	$19.67
$24.94-$26.41	905,494	8.1	$26.41	148,694	$26.41
$34.91-$41.34	192,000	8.9	$37.04	20,000	$38.62
$44.03-$48.56	1,517,900	9.0	$45.41	40,000	$46.88
Total	6,517,168	6.8	$22.70	3,601,993	$12.64

(1) These stock options do not have an expiration date.

During fiscal 1998, the Company adopted SFAS No. 123 and pursuant to its provisions elected to continue using the intrinsic-value method of accounting for stock-based awards. Accordingly, the Company has not recognized compensation expense for its noncompensatory stock option awards. The following table reflects the Company's historical net income and earnings per share and pro forma net income and earnings per share for fiscal 1999, 1998 and 1997 had the Company elected to adopt the fair value approach (which charges earnings for the estimated fair value of stock options) of SFAS No. 123 (in thousands, except per share data):

	1999	1998	1997
Net income:			

As reported	$1,027,240	$835,885	$666,050
Pro forma	$1,022,053	$831,165	$664,324
Earnings per share:			
As reported:			
Basic	$1.68	$1.40	$1.12
Diluted	$1.66	$1.40	$1.12
Pro forma:			
Basic	$1.66	$1.40	$1.12
Diluted	$1.65	$1.39	$1.12

These pro forma amounts may not be representative of the effect on pro forma net income in future years, since the estimated fair value of stock options is amortized over the vesting period, pro forma compensation expense related to grants made prior to 1996 is not considered and additional options may be granted in future years.

The weighted average fair values of the Company's options granted during fiscal 1999, 1998 and 1997 were $15.15, $7.61 and $5.79 per share, respectively, at the dates of grant. The fair values of options were estimated using the Black-Scholes option pricing model with the following weighted average assumptions for fiscal 1999, 1998 and 1997, respectively; expected dividend yields of 0.80%, 1.62%, and 1.78%; expected volatility of 26.3%, 20.5%, and 22.7%; risk free interest rates of 4.8%, 5.3% and 6.2%; and expected option life of six years for all periods.

Restricted Stock Plans

The Company has restricted stock plans under which four key employees are granted restricted shares of the Company's Common Stock. Shares are awarded in the name of each of the participants, who have all the rights of other Common Stock shareholders, subject to certain restriction and forfeiture provisions. During fiscal 1999, 1998 and 1997, 150,000, 150,000 and 46,574 shares of Common Stock valued at $6.8 million, $4.4 million and $.9 million, respectively, were issued. Unearned stock compensation is recorded in stockholders' equity at the date of award based on the quoted market price of the shares on the date of grant and is amortized to expense over the vesting period. As of November 30, 1999 and 1998 there were 385,283 shares and 321,038 shares, respectively, issued under the plans which remain to be vested.

Management Incentive Plans

Most shoreside managerial employees of Carnival and HAL participate in management incentive plans. Certain of the participating employees receive a portion of their incentive compensation award in Common Stock of the Company, instead of the entire amount being paid in cash. During fiscal 1999, 1998 and 1997, 49,734, 61,214 and 85,430 shares of Common Stock with a quoted market value of $1.7 million, $1.6 million and $1.3 million, respectively, were issued under these plans.

Defined Benefit Pension Plans

The Company has two defined benefit pension plans (qualified and non-qualified) that are available to certain full-time Carnival and corporate shoreside employees who were employed with the Company prior to January 1, 1998. These plans were closed to new participants on January 1, 1998. In addition, the Company has one non-qualified defined benefit plan, established in 1998, which is available to certain of Carnival's shipboard employees. The Company's funding policy for the qualified defined benefit plan is to annually contribute at least the minimum amount required under the applicable labor regulations. The non-qualified plans are unfunded. Pension expense for the defined benefit pension plans was $3.6 million, $1.9 million and $2.5 million for fiscal 1999, 1998 and 1997, respectively.

Defined Contribution Plans

The Company has various defined contribution plans, available to substantially all U.S. and Canadian employees, and certain United Kingdom and Carnival shipboard employees. The Company contributes to these plans based on employee contributions, salary levels and length of service. Total expense relating to these plans in fiscal 1999, 1998 and 1997 was $6.1 million, $5.3 million and $2.5 million, respectively.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan which is authorized to issue up to 4,000,000 shares of Common Stock to substantially all employees of Carnival Corporation and its wholly owned subsidiaries. The purchase price is derived from a formula based on 85% of the fair market value of the Common Stock during the six-month purchase period, as defined. During fiscal 1999,

1998 and 1997, the Company issued 144,911, 175,971 and 173,776 shares, respectively, at a weighted average share price of $60.01, $14.45 and $19.21, respectively, under this plan.

NOTE 11 - EARNINGS PER SHARE

Earnings per share have been computed as follows (in thousands, except per share data):

	Years Ended November 30,		
	1999	1998	1997
Basic:			
Net income	$1,027,240	$835,885	$666,050
Average common shares outstanding	612,484	595,037	594,076
Earnings per share	$1.68	$1.40	$1.12
Diluted:			
Net income	$1,027,240	$835,885	$666,050
Effect on net income of assumed issuance of affiliate securities	(3,299)		(356)
Interest expense related to convertible notes			38
Net income available assuming dilution	$1,023,941	$835,885	$665,732
Average common shares outstanding	612,484	595,037	594,076
Effect of dilutive securities:			
Additional shares issuable upon:			
Assumed conversion of convertible notes			128
Various stock plans	3,516	3,411	2,344
Average shares outstanding assuming dilution	616,000	598,448	596,548
Earnings per share	$1.66	$1.40	$1.12

NOTE 12 - ACQUISITION

On May 28, 1998, the Company and a group of investors acquired the operating assets of Cunard, a cruise company operating five luxury cruise ships, for $500 million, adjusted for a working capital deficiency and debt assumed. The Company accounted for the acquisition using the purchase accounting method. Simultaneous with the acquisition, Seabourn Cruise Line Limited ("Seabourn Ltd."), a luxury cruise line in which the Company owned a 50% interest, was combined with Cunard. The Company owned approximately 68% of the combined entity, which is named Cunard Line Limited. Commencing on May 28, 1998, the financial results of Cunard Line Limited have been included in the Company's consolidated financial statements. Prior to May 28, 1998, the Company's 50% interest in Seabourn Ltd. was accounted for using the equity method (see Notes 2 and 4). During fiscal 1999 the seller of Cunard adjusted the above Cunard purchase price which resulted in a cash payment to Cunard of approximately $30 million.

Had the above transactions occurred on December 1, 1997, the Company's unaudited consolidated revenues for fiscal 1998 would have been approximately $3.23 billion. The impact on the Company's fiscal 1998 unaudited net income and earnings per share would have been immaterial.

On November 15, 1999, the Company exercised its purchase option and acquired the remaining 32% minority interest in Cunard Line Limited for approximately 3.2 million shares of its Common Stock and $76.5 million in cash. Had this transaction occurred on December 1, 1997, the impact on the Company's fiscal 1999 and 1998 unaudited net income and earnings per share would have been immaterial. The Company also accounted for this transaction using the purchase method.

The preliminary impact on the Company's assets and liabilities related to the 1998 acquisition of Cunard and consolidation of Seabourn was as follows (in millions):

Fair value of Cunard assets	$553
Seabourn assets consolidated	191
Debt assumed	(157)
Other liabilities assumed	(199)
Minority interest	(122)
Cash paid for acquisition	266

Other adjustments	(14)
	252
Cash of acquired companies	(9)
Net cash paid as reflected in the 1998 Statement of Cash Flows	$243

NOTE 13 - SUPPLEMENTAL CASH FLOW INFORMATION

	YEARS ENDED NOVEMBER 30,		
	1999	1998	1997
	(in thousands)		
Cash paid for:			
Interest (net of amount capitalized)	$ 49,836	$ 54,572	$ 56,967
Income taxes	$ 3,841	$ 5,144	$ 5,755
Noncash investing and financing activities:			
Common Stock issued for acquisition of Cunard Line Limited minority interest	$127,069		
Common Stock issued under various stock plans	$ 8,991	$ 5,975	$ 2,247
Common Stock issued upon conversion of convertible notes			$ 39,085
Sale of Rotterdam V			$ 31,208

Note 14 - SUBSEQUENT EVENTS (UNAUDITED)

On January 23, 2000, the Company entered into a letter of intent to acquire Fairfield Communities, Inc. ("FCI"), one of the largest vacation ownership companies in North America. The agreement calls for each share of FCI common stock to be converted into .3164 shares of Carnival Common Stock. FCI has approximately 48.5 million shares outstanding on a fully diluted basis. It is intended that the transaction will be accounted for as a pooling-of-interests. Completion of the transaction is conditioned upon the receipt of all regulatory and government approvals, FCI stockholder approval and other customary conditions, including the completion of satisfactory due diligence and definitive documentation. No assurance can be given that the foregoing conditions will be satisfied or that the transaction will be consummated.

On February 2, 2000, the Company entered into an agreement to acquire a 40 percent interest in Arrasas Limited ("Arrasas"), a wholly owned subsidiary of Star Cruises PLC ("Star"). Arrasas was formed by Star to pursue the acquisition of NCL Holding ASA ("NCL"), the parent company of Norwegian Cruise Line and Orient Lines. The cost of this 40 percent interest is anticipated to be approximately equal to 40 percent of the price paid by Arrasas to acquire the NCL shares. If Arrasas is successful in acquiring 100% of NCL, the cost of the Company's investment in Arrasas would be approximately $470 million. The Company has agreed to loan to Arrasas its pro rata portion of the NCL purchase price, which is expected to be funded in February 2000. The non-interest bearing loan will mature on the earlier of the Company's purchase of the Arrasas shares or termination of the agreement. The purchase by the Company of the Arrasas shares is conditioned upon the receipt of all regulatory and government approvals. The agreement may be terminated by either party if such approvals are not obtained by December 31, 2000 or by the Company if it shall determine that it will be unable to obtain such approvals. No assurance can be given that the foregoing conditions will be satisfied or that the transaction will be consummated.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Carnival Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, cash flows and shareholders' equity present fairly, in all material respects, the financial position of Carnival Corporation and its subsidiaries at November 30, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 1999 in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and

evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

Miami, Florida
January 24, 2000

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The Company earns its cruise revenues primarily from (i) the sale of passenger tickets, which includes accommodations, meals and most shipboard activities, (ii) the sale of air transportation to and from the cruise ships and (iii) the sale of goods and services on board its cruise ships, such as casino gaming, bar sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of Holland America Westours.

For selected segment information related to the Company's revenues, operating income and other financial information, see Note 9 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information for the periods indicated is as follows:

	YEARS ENDED NOVEMBER 30,		
	1999	1998	1997
Revenues	100%	100%	100%
Costs and Expenses:			
Operating expenses	53	54	54
Selling and administrative	13	12	12
Depreciation and amortization	7	7	7
Operating Income Before Income From Affiliated Operations	27	27	27
Income From Affiliated Operations, Net	2	3	2
Operating Income	29	30	29
Nonoperating Expense		(2)	(2)
Net Income	29%	28%	27%
Selected Statistical Information (in thousands):			
Passengers carried	2,366	2,045	1,945
Passenger cruise days (1)	14,947	13,009	11,908
Occupancy percentage (2)	104.3%	106.3%	108.3%

(1) A passenger cruise day is one passenger sailing for a period of one day. For example, one passenger sailing on a one week cruise is seven passenger cruise days.
(2) The Company acquired a majority interest in Cunard Line Limited on May 28, 1998. Since that date, Cunard's revenues and operating results have been included in the Company's operating results. Cunard's ships generally sail with lower occupancy percentages than the Company's other brands.

GENERAL

The growth in the Company's revenues during the last three fiscal years has primarily been a function of the expansion of its fleet capacity and its ability to obtain higher net revenue yields (net revenue per available berth) than in

previous years.

The Company's cruise and tour operations experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for its cruise operations is moderately seasonal. Historically, demand for cruises has been greatest during the summer months. The Company's tour revenues are highly seasonal with a majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

The year over year percentage increase in average passenger capacity for the Company's cruise brands is expected to be approximately 11.6% during fiscal 2000 as compared to fiscal 1999. This increase is primarily a result of the introduction into service of the Carnival Triumph in July 1999 and Holland America's Volendam in November 1999 and the expected introduction into service of the Carnival Victory in September 2000 and Holland America's Zaandam in May 2000, partially offset by the expected withdrawal from service of Holland America's Nieuw Amsterdam in October 2000.

The year over year percentage increase in average passenger capacity resulting from the delivery of vessels currently under contract for construction for fiscal 2001 and 2002, net of the impact of the expected withdrawal from service of Holland America's Nieuw Amsterdam is expected to approximate 10.2% and 7.0%, respectively. The Nieuw Amsterdam has been contracted for sale and is scheduled for closing in October 2000.

The Company and Airtours, a publicly traded leisure travel company in which the Company holds an approximate 26% interest, each own a 50% interest in Il Ponte, the parent company of Costa, an Italian cruise company. The Company records its interest in Airtours and Il Ponte using the equity method of accounting and records its portion of Airtours' and Il Ponte's consolidated operating results on a two-month lag basis. Airtours' revenues are very seasonal due to the nature of the European leisure travel industry. Costa's revenues are moderately seasonal. Typically, Airtours' and Costa's quarters ending June 30 and September 30 experience higher revenues, with revenues in the quarter ending September 30 being the highest.

FISCAL 1999 COMPARED TO FISCAL 1998

Revenues

The increase in total revenues of $488 million, or 16.2%, was entirely due to a 17.5% increase in cruise revenues. The cruise revenue changes resulted from an increase of approximately 17.2% in passenger capacity and a 2.6% increase in total revenue per passenger cruise day, partially offset by a 2.3% decrease in occupancy rates. The increase in passenger capacity resulted from the acquisition of Cunard Line Limited in late May 1998, which increased 1999 capacity by 5.6%, and the balance of the increase resulted primarily from the introduction into service of Carnival's Elation and Paradise in March and November 1998, respectively, and the Carnival Triumph in July 1999, as well as Carnival's Ecstasy being in service throughout fiscal 1999 (see 1998 Nonoperating Income (Expense)). Both the increase in revenue per passenger cruise day and the decrease in occupancy rates was primarily due to Cunard Line Limited's higher revenue per passenger cruise day and lower occupancy rates than the Company's other brands and, to a lesser extent, an increase in revenue per passenger cruise day for the Carnival and Holland America brands.

As a result of the 1999 military conflict in the Balkans, the Company's second half Mediterranean cruise revenues were negatively impacted. Although management lessened this impact by, among other things, changing the itineraries of certain of its Mediterranean cruises, offering additional incentives and increasing advertising expenditures, the 1999 Mediterranean cruise results were still lower than originally expected.

Costs and Expenses

Operating expenses increased $243.3 million, or 15.0%. Cruise operating costs increased by $250.2 million, or 17.1%, to $1.71 billion in 1999 from $1.46 billion in 1998. Cruise operating costs increased in 1999 primarily due to additional costs associated with the increased passenger capacity and increases in airfare and fuel costs. Airfare costs increased primarily due to a higher rate per air passenger partially offset by a lower percentage of passengers electing the Company's air program. Commencing in the fourth quarter of fiscal 1999, the Company began to incur significantly higher fuel costs due to a very large increase in the price of bunker fuel. Assuming fiscal 2000 fuel prices remain at the same levels as the end of the fiscal 1999 fourth quarter, the Company's fuel costs will increase in fiscal 2000 by approximately $30 million versus fiscal 1999 due to the higher fuel prices. Cruise operating costs as a percentage of cruise revenues were 52% and 52.1% in 1999 and 1998, respectively.

Selling and administrative expenses increased $77.8 million, or 21.0%, primarily due to an increase in advertising and payroll and related costs. Selling and administrative expenses as a percentage of revenues were 12.8% and 12.3%, respectively.

Cunard Line Limited's cruise operating costs and selling and administrative expenses as a percentage of revenues are higher than the Company's other brands. Accordingly, the Company's expense ratios are higher in 1999 due to the inclusion of Cunard Line Limited's expenses since the third quarter of 1998.

Depreciation and amortization increased by $43.0 million, or 21.4%, to $243.7 million in 1999 from $200.7 million in 1998 primarily due to the additional depreciation associated with the increase in the size of the fleet and the acquisition and consolidation of Cunard and Seabourn.

Affiliated Operations

During 1999, the Company recorded $75.8 million of income from affiliated operations as compared with $76.7 million of income in 1998. The Company's portion of Airtours' income decreased $3.2 million, or 8.1%, to $36.2 million. The Company recorded income of $39.9 million during both 1999 and 1998 related to its interest in Il Ponte. The affiliated operations for 1998 include seasonal losses from the first half of 1998 from Seabourn after which its results are included in the Company's consolidated results.

See the "General" section for a discussion of Airtours' and Costa's seasonality. See Note 4 in the accompanying financial statements for more information regarding the Company's affiliated operations.

Nonoperating Income (Expense)

Interest income increased $31.7 million in 1999 due primarily to higher average investment balances resulting from the investment of proceeds received by the Company upon the sale of its Common Stock in December 1998 (see Note 6 in the accompanying financial statements).

Gross interest expense (excluding capitalized interest) decreased slightly to $87.9 million from $92.9 million primarily as a result of lower average outstanding debt balances. Capitalized interest increased $5.8 million during 1999 as compared with 1998 due primarily to higher levels of investments in ship construction projects.

Other income in 1999 of $29.4 million primarily relates to $21.4 million of compensation received from the shipyard related to the late deliveries of the Volendam and Carnival Triumph, net of certain related expenses, collection of $4.5 million of insurance proceeds, recognition of $2.3 million of ship lease transaction income and $13.6 million of other non-recurring gains. In addition, other income was partially reduced for, among other things, an $8.8 million expense for the writedown of the Company's investment in Wyndham International common stock and $3.2 million of expenses related to the small engine room fire on the Carnival ship Tropicale.

Minority interest was $14.0 million in 1999 compared with $11.1 million in 1998 which represents the minority shareholders' interest in Cunard Line Limited's net income. On November 15,1999, the Company acquired the remaining minority interest in Cunard at which point no further minority interest expense will be incurred by the Company.

FISCAL 1998 COMPARED TO FISCAL 1997

Revenues

The increase in total revenues of $561.8 million, or 23.0%, was due primarily to an increase in cruise revenues of $540.3 million, or 23.9%. Approximately $281.9 million of the cruise revenue increase is due to the acquisition and consolidation of Cunard and Seabourn and $258.4 million is due to increased cruise revenues from Carnival, Holland America and Windstar. The increase from Carnival, Holland America and Windstar resulted from an increase of approximately 7.0% in total revenue per passenger cruise day and a 4.8% increase in passenger capacity, offset slightly by a .6% decrease in occupancy rates. Total revenue per passenger cruise day increased primarily due to strong demand for the Company's cruise brands and the introduction of Holland America's new Rotterdam VI in November 1997, which obtained higher pricing. Passenger capacity increased due to the addition of Carnival's Elation in March 1998 and Windstar's Wind Surf in May 1998, partially offset by the Ecstasy being out of service for two months during 1998 (see Nonoperating Income (Expense)). Tour revenues increased $31.8 million, or 13.1% to $274.5 million in 1998 from $242.6 million in 1997 due primarily to an increase in the number of tours sold.

Cost and Expenses

Operating expenses increased $190.1 million, or 12.4%. Cruise operating costs increased by $274.2 million, or 23.1% in 1998. Approximately $177.5 million of the cruise operating costs increase is due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, cruise operating costs as a percentage of cruise revenues were 50.9% and 52.5% in 1998 and 1997, respectively. Cruise operating costs, excluding Cunard and Seabourn, increased primarily as a result of increases in passenger capacity and airfare costs, partially offset by lower fuel costs. Airfare costs increased due to a higher rate per air passenger as well as a higher percentage of passengers electing the Company's air program. Tour operating expenses increased $32.8 million, or 17.2% primarily due to the increase in tour volume and higher expenses incurred primarily as a result of increased tour content.

Selling and administrative expenses increased $72.9 million, or 24.6%, of which $46.8 million, or 15.8%, was due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, selling and administrative expenses as a percentage of revenues were 11.8% and 12.1% in 1998 and 1997, respectively. Selling and administrative expenses, excluding Cunard and Seabourn, increased primarily as a result of increases in advertising and payroll and related costs.

Depreciation and amortization increased by $33.4 million, or 20.0%, to $200.7 million in 1998 from $167.3 million in 1997 primarily due to the additional depreciation associated with the increase in the size of the fleet and the acquisition and consolidation of Cunard and Seabourn.

Affiliated Operations

During 1998, the Company recorded $76.7 million of income from affiliated operations as compared with $53.1 million of income in 1997. The Company's portion of Airtours' income increased $3.7 million to $39.4 million in 1998. The Company recorded income of $39.9 million and $15.5 million during 1998 and 1997, respectively, related to its interest in Il Ponte. The Company did not record earnings from its investment in Il Ponte in the first nine months of 1997 since Il Ponte was acquired in June 1997 and its consolidated operating results are recorded on a two-month lag basis.

Nonoperating Income (Expense)

Gross interest expense (excluding capitalized interest) increased $20.2 million in 1998 primarily as a result of higher average outstanding debt balances, arising from the acquisition and consolidation of Cunard and Seabourn as well as investments in new vessel projects. Capitalized interest increased $18.3 million due primarily to higher levels of investments in ship construction projects during fiscal 1998 as compared with fiscal 1997.

Included in other income in 1998 were gains of $8.4 and $14.8 million resulting from the closing of the sale of CHC International Inc.'s hotel management division and Airtours' issuances of its common stock, respectively. Additionally, other expense includes $8.7 million of previously deferred start-up costs, which were expensed in 1998 and represent the cumulative effect from the Company changing its policy in connection with its early adoption of SOP 98-5 (see Notes 2 and 4 in the accompanying financial statements).

In July 1998, a fire occurred on Carnival Cruise Lines' Ecstasy which damaged the ship's aft section. The time necessary to complete repairs to the Ecstasy resulted in the ship being out of service for approximately two months during 1998. The Ecstasy fire resulted in a reduction in earnings of approximately $19.3 million in 1998. This reduction was comprised of lost revenue, net of related variable expenses, of $12.0 million, and costs associated with repairs to the ship, passenger handling and various other costs, net of estimated insurance recoveries, of $7.3 million. The costs of $7.3 million were included in other expenses.

Minority interest was $11.1 million which represents the minority shareholders' interest in Cunard Line Limited's net income since its acquisition and consolidation by the Company on May 28, 1998.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Cash

The Company's business provided $1.33 billion of net cash from operations during fiscal 1999, an increase of 21.8% compared to fiscal 1998. The increase was primarily due to higher net income.

In December 1998, the Company issued 17 million shares of its Common Stock in a public offering and received net proceeds of approximately $725 million.

The Company issued the stock concurrent with the addition of the Company's common stock to the S&P 500 Composite Index.

Uses of Cash

During fiscal 1999, the Company made net expenditures of approximately $873 million on capital projects, of which $695 million was spent in connection with its ongoing shipbuilding program. The shipbuilding expenditures included the final payments on the Carnival Triumph and Holland America's Volendam, which were delivered to the Company in July and October, respectively. The nonshipbuilding capital expenditures consisted primarily of computer and transportation equipment, vessel refurbishments, tour assets and other equipment.

The Company paid $76.5 million related to the acquisition of the minority interest in Cunard (see Note 12 in the accompanying financial statements).

The Company had net repayments of $368.7 million under its commercial paper programs and made scheduled principal payments totaling $67.6 million pursuant to various notes payable. Additionally in late November 1999, the Company prepaid approximately $124 million of Cunard's notes payable (see Note 5 in the accompanying financial statements). Finally, the Company paid cash dividends of $219.2 million in fiscal 1999.

Future Commitments

As of February 4, 2000, the Company, excluding Costa, has contracts for the delivery of twelve new vessels over the next five years. The Company's remaining obligation under these contracts is to pay approximately $800 million during fiscal 2000 relating to the construction and delivery of these new ships and approximately $3.4 billion thereafter.

In addition to these ship construction contracts, the Company has entered into one shipbuilding option and is also in various stages of negotiation with shipbuilding yards for additional ships. No assurance can be given that this option or these negotiations will result in additional ship construction contracts.

At November 30, 1999, the Company had $1.07 billion of long-term debt of which $206 million is due in fiscal 2000. See Notes 5, 8 and 14 in the accompanying financial statements for more information regarding the Company's debts and commitments.

Funding Sources

At November 30, 1999, the Company had approximately $545 million in cash, cash equivalents and short-term investments. These funds along with cash from operations are expected to be the Company's principal source of capital to fund its debt service requirements, ship construction costs and its investment in Arrasas (see Note 14). Additionally, the Company may also fund a portion of these cash requirements from borrowings under its revolving credit facilities or commercial paper programs. At November 30, 1999, the Company had approximately $1.2 billion available for borrowing under its revolving credit facilities.

To the extent that the Company is required to or chooses to fund future cash requirements from sources other than as discussed above, management believes that it will be able to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets.

OTHER MATTERS

Year 2000

The Year 2000 computer issue was primarily the result of computer programs using a two-digit format, as opposed to four digits, to indicate the year. Such programs would have been unable to interpret dates beyond the year 1999, which could have caused a system failure or other computer errors and a disruption in the operation of such systems. The Company dedicated significant resources to fix this problem before the end of 1999, and it has successfully transitioned from 1999 to 2000 without any significant issue arising in its business processes. The Company does not believe any subsequent Year 2000 computer issues will have a significant impact on its business.

The total aggregate expenditures to address Year 2000 issues were approximately $16 million, of which $8 million has been charged to expense and $8 million has been capitalized related to the accelerated replacement of non-compliant systems due to Year 2000 issues.

Market Risks

The Company is principally exposed to market risks from fluctuations in interest rates, foreign currency exchange rates and fuel and equity prices. The Company seeks to minimize these risks through its regular operating and financing activities, its long-term investment strategy and, when considered appropriate, through the use of derivative financial instruments. The Company's policy is to not use financial instruments for trading or other speculative purposes.

In order to limit its exposure to interest rate fluctuations, the Company has entered into fixed rate debt instruments for substantially all of its long-term debt. The Company's primary foreign currency exchange risk relates to its outstanding obligations under its foreign currency denominated shipbuilding contracts. The Company manages this risk through the use of foreign currency forward contracts (see Notes 2 and 7 in the accompanying financial statements).

Additionally, the Company's investments in foreign affiliates subjects it to foreign currency exchange rate and equity price risks. Management considers its investments in foreign affiliates to be denominated in relatively stable currencies and of a long-term nature and, accordingly, does not typically manage its related foreign currency exchange rate and equity price risks through the use of financial instruments.

Cruise ship expenses are impacted by changes in bunker fuel prices. Bunker fuel consumed over the past five fiscal years represented approximately four to five percent of the Company's operating expenses. The Company endeavors to acquire bunker fuel at the lowest possible prevailing prices given, among other things, its substantial buying power and ability to refuel certain of its ships at ports which offer competitive price advantages.

The Company has typically not used financial instruments to hedge its exposure to the bunker fuel price market risk. However, management is continuing to monitor this market risk, and may, in the future, decide to use financial instruments to reduce this risk. See costs and expenses for fiscal 1999 compared to fiscal 1998 for further discussion.

Other market risk exposures to the Company relate to food commodity prices and the selling of certain of its cruises and incurring certain cruise-related expenses in foreign currencies. The Company does not expect changes in food commodity prices and foreign currency denominated cruise revenue and expenses to materially affect its operating results, however, management monitors such items to determine if any actions, including the use of financial instruments, would be warranted to reduce such market risk exposures.

Exposure to Interest Rates

At November 30, 1999, the Company's long-term debt had a carrying value of $1.074 billion. The fair value of this debt at November 30, 1999 was $1.021 billion. Based upon a hypothetical 10% decrease or increase in the period end market interest rate, the fair value of this liability would increase or decrease by approximately $43 million.

This hypothetical amount is determined by considering the impact of the hypothetical interest rates on the Company's existing debt. This analysis does not consider the effects of the changes in the level of overall economic activity that could exist in such environments. Furthermore, since substantially all of the Company's fixed rate debt cannot be prepaid, it is most likely management would be unable to take any significant steps to mitigate its exposure in the event of a significant decrease in market interest rates.

Exposure to Exchange Rates

As a result of the Company having outstanding obligations under ship construction contracts denominated in a foreign currency, it is affected by fluctuations in the value of the U.S. dollar as compared to certain European currencies. Foreign currency forward contracts are used to hedge against this risk. Accordingly, increases and decreases in the fair value of these foreign currency forward contracts are offset by changes in the U.S. dollar value of the net underlying foreign currency denominated ship construction obligations.

At November 30, 1999, the Company's foreign currency forward contracts which hedge its shipbuilding activities had notional amounts and maturity dates of $232 million, $360 million, $662 million, $315 million and $292 million in 2000, 2001, 2002, 2003 and 2004, respectively. The fair value of these contracts was $1.8 billion at November 30, 1999. Based upon a 10% strengthening or weakening of the U.S. dollar compared to the Euro, assuming no changes in comparative interest rates, the estimated fair value of these contracts would decrease or increase by $181 million which would be offset by a decrease or increase of $181 million in the U.S. dollar value of the related foreign currency ship construction obligations.

The cost of shipbuilding orders which the Company may place in the future may be affected by foreign currency exchange rate fluctuations. Should the U.S. dollar weaken relative to the Euro, future orders for new ship construction in certain European shipyards may be at higher prices.

SELECTED FINANCIAL DATA

The selected financial data presented below for the fiscal years 1995 through 1999 and as of the end of each such fiscal year are derived from the financial statements of the Company and should be read in conjunction with such financial statements and the related notes.

	Years Ended November 30,				
	1999	1998	1997	1996	1995
	(in thousands, except per share data)				
Income Statement Data:					
Revenues	$3,497,470	$3,009,306	$2,447,468	$2,212,572	$1,998,150
Operating income before income from affiliated operations	$ 943,941	$ 819,792	$ 660,979	$ 551,461	$ 490,038
Operating income	$1,019,699	$ 896,524	$ 714,070	$ 597,428	$ 490,038
Net income	$1,027,240	$ 835,885	$ 666,050	$ 566,302	$ 451,091
Earnings per share (1):					
Basic	$ 1.68	$ 1.40	$ 1.12	$ .98	$ .79
Diluted	$ 1.66	$ 1.40	$ 1.12	$ .96	$ .79
Dividends declared per share (1)	$ .375	$ .315	$ .240	$ .190	$ .158
Passenger cruise days	14,947	13,009	11,908	10,583	9,201
Occupancy percentage (2)	104.3%	106.3%	108.3%	107.6%	105.0%

	As of November 30,				
	1999	1998	1997	1996	1995
	(in thousands)				
Balance Sheet Data:					
Total assets	$8,286,355	$7,179,323	$5,426,775	$5,101,888	$4,105,487
Long-term debt and convertible notes	$ 867,515	$1,563,014	$1,015,294	$1,316,632	$1,150,031
Total shareholders' equity	$5,931,247	$4,285,476	$3,605,098	$3,030,884	$2,344,873

(1) All per share amounts have been adjusted to reflect a two-for-one stock split effective June 12, 1998.

(2) In accordance with cruise industry practice, occupancy percentage is calculated based upon two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

MARKET PRICE FOR COMMON STOCK

The following table sets forth for the periods indicated the high and low Common Stock sales prices, as adjusted for the June 12, 1998 two-for-one stock split, on the New York Stock Exchange:

	High	Low
Fiscal Year ended November 30, 1999:		
First Quarter	$49.125	$34.875
Second Quarter	$53.500	$38.500
Third Quarter	$50.500	$39.750
Fourth Quarter	$51.875	$38.125
Fiscal Year ended November 30, 1998:		
First Quarter	$29.500	$24.938
Second Quarter	$38.250	$29.531
Third Quarter	$42.625	$28.438

Fourth Quarter $35.438 $19.000

As of January 19, 2000, there were approximately 4,579 holders of record of the Company's Common Stock. While no tax treaty currently exists between the Republic of Panama and the United States, under current law, the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama.

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial results for fiscal 1999 were as follows:

	Quarters Ended			
	February 28,	May 31,	August 31,	November 30,
	(in thousands, except per share data)			
Revenues	$748,258	$796,149	$1,161,821	$791,242
Gross profit	$332,155	$363,723	$ 589,408	$349,548
Operating income before income from affiliated operations	$163,481	$199,295	$ 416,408	$164,757
Operating income	$157,564	$198,113	$ 427,184	$236,838
Net income	$157,761	$203,342	$ 415,093	$251,044
Earnings per share:				
Basic	$ .26	$ .33	$ .68	$ .41
Diluted	$ .26	$ .33	$ .67	$ .40
Dividends declared per share	$ .09	$ .09	$ .09	$ .105

Quarterly financial results for fiscal 1998 were as follows:

	Quarters Ended			
	February 28,	May 31,	August 31,	November 30,
	(in thousands, except per share data)			
Revenues	$557,838	$661,358	$1,061,539	$728,571
Gross profit	$250,243	$299,002	$ 521,196	$319,488
Operating income before income from affiliated operations	$128,401	$167,794	$ 365,007	$158,590
Operating income	$117,720	$165,441	$ 378,849	$234,514
Net income	$109,914	$160,596	$ 344,752	$220,623
Earnings per share (1):				
Basic	$ .18	$ .27	$ .58	$ .37
Diluted	$ .18	$ .27	$ .58	$ .37
Dividends declared per share (1)	$ .075	$ .075	$ .075	$ .09

(1) Adjusted for the June 12, 1998 two-for-one stock split.

FORWARD-LOOKING STATEMENTS

Certain statements in the Shareholders' Letter and under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; consumer demand for cruises including the effects on consumer demand of armed conflicts, political instability or adverse media publicity; increases in cruise industry capacity; changes in tax laws and regulations; the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; changes in food and fuel commodity prices; delivery of new vessels on

schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; changes in foreign currency prices which may impact the income or loss from certain affiliated operations and certain cruise related revenues and expenses; and changes in laws and regulations applicable to the Company.

EXHIBIT 21

LIST OF SUBSIDIARIES AND AFFILIATES OF CARNIVAL CORPORATION

	Name of Subsidiary	Jurisdiction of Incorporation or Organization
(14)	Airtours plc (25.81% interest)	United Kingdom
(9)	Alaska Overland, Inc.	Alaska
(5)	Alaska Travel Center, Inc.	Washington
	Carnival Investments Limited	Bahamas
(15)	Carnival Investments (UK) Limited	United Kingdom
(15)	Carnival Operations (UK) Limited	United Kingdom
(16)	Carnival Services (UK) Limited	United Kingdom
	Carnival (UK) plc	United Kingdom
	Celebration Cruises Inc.	Liberia
	Consorcio H (49% interest)	Mexico
(10)	Costa Crociere S.p.A.	Italy
	Crowne Plaza Holdings, Inc.	Florida
(18)	Cunard Celtic Hotel Services Limited	Hong Kong
(19)	Cunard Celtic Limited	Hong Kong
(12)	Cunard Fleet Management Services Limited	Bahamas
	Cunard Line Limited	Bermuda
(12)	Cunard Line Limited AS	Norway
(12)	Cunard Seabourn Air Limited	United Kingdom
(17)	Cunard Seabourn Limited (UK)	United Kingdom
(5)	Evergreen Trails, Inc.	Washington
	Futura Cruises Inc.	Panama
	Gemward Limited	Ireland
	Golden Falcon International S.A.	Panama
	HAL Antillen N.V.	Netherlands Antilles
(1)	HAL Beheer B.V.	Netherlands
(1)	HAL Buitenland B.V.	Netherlands
(1)	HAL Cruises Limited	Bahamas
(1)	HAL Marine N.V.	Netherlands Antilles
(1)	HAL Maritime Ltd.	Netherlands Antilles
(1)	HAL Nautical N.V.	Netherlands Antilles
(1)	HAL Nederland N.V.	Netherlands Antilles
(1)	HAL Properties Limited	Bahamas
(1)	HAL Services B.V.	Holland
(3)	Holland America Line Inc.	Delaware
(1)	Holland America Line N.V.	Netherlands Antilles
(4)	Holland America Line-Westours Inc.	Washington
(3)(13)	Il Ponte S.p.A. (50.0% interest)	Italy
(5)	Leisure Corporation	Alaska
(16)	Sea Vacations Limited	United Kingdom
(11)	Sea Vacations UK Limited	United Kingdom
(6)	Trailways Tours, Inc.	Washington
	Trident Insurance Company Limited	Bermuda
	Utopia Cruises Inc.	Panama
(5)(7)	Westmark Hotels of Canada Limited	Canada
(5)	Westmark Hotels, Inc.	Alaska
(8)	Westmark Kodiak Inc.	Alaska
(8)	Westmark Third Avenue Inc.	Alaska
(5)	Westours Motor Coaches, Inc.	Alaska
(5)	White Pass & Yukon Motorcoaches Inc.	Alaska
(2)	Wind Spirit Limited	Bahamas
(2)	Wind Star Limited	Bahamas
(1)	Wind Surf Limited	Bahamas
(1)	Windstar Sail Cruises Limited	Bahamas
(5)	Worldwide Shore Services Inc.	Washington

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(1) Subsidiary of HAL Antillen N.V.
(2) Subsidiary of Windstar Sail Cruises Limited
(3) Subsidiary of HAL Buitenland B.V.
(4) Subsidiary of Holland America Line Inc.
(5) Subsidiary of Holland America Line-Westours Inc.
(6) Subsidiary of Evergreen Trails, Inc.
(7) Holland America Line-Westours Inc. owns all of the common stock and noncumulative redeemable preferred stock, while Westmark Hotels, Inc. owns all of the redeemable preferred Class B stock and the redeemable preferred Class C stock
(8) Subsidiary of Westmark Hotels, Inc.
(9) Subsidiary of Westours Motor Coaches, Inc.
(10) Subsidiary of Il Ponte S.p.A.

(11) Subsidiary of Sea Vacations Limited
(12) Subsidiary of Cunard Line Limited
(13) Owned 50% by Airtours plc
(14) Airtours plc is an affiliate of Carnival Investments (UK) Limited
(15) Subsidiary of Carnival (UK) plc
(16) Subsidiary of Carnival Operations (UK) Limited
(17) Subsidiary of Cunard Seabourn Air Limited
(18) Subsidiary of Cunard Celtic Limited
(19) Subsidiary of Cunard Fleet Management Services Limited

EXHIBIT 23

Consent of Independent Certified Public Accountants

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 33-63563, No. 333-43269, No. 333-68999 and No. 333-72729) and Registration Statements on Form S-8 (No. 33-45287, No. 33-45288, No. 33-51195, No. 33-53099 and No. 333-43885) and Registration Statement on Form S-1 (No. 33-14844) of Carnival Corporation of our report dated January 24, 2000 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K.

/s/PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
February 23, 2000

5
1,000

YEAR
NOV-30-1999
NOV-30-1999
521,771
22,800
62,887
0
84,019
791,636
7,680,410
1,269,883
8,286,355
1,404,913
867,515
6,170
0
0
5,925,077
8,286,355
0
3,497,470
0
1,862,636
0
0
46,956
1,044,032
(2,778)
1,027,240
0
0
0
1,027,240
1.68
1.66

Exhibit 7

(1999-02-25 Carnival 10-K)

FORM 10-K
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 1998
OR

[ ]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-9610

CARNIVAL CORPORATION
(Exact name of registrant as specified in its charter)

Republic of Panama (State or other jurisdiction of incorporation or organization)	59-1562976 (I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue, Miami, Florida (Address of principal executive offices)	33178-2428 (Zip Code)

Registrant's telephone number, including area code (305) 599-2600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock ($.01 par value)	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in any definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ].

The aggregate market value of the voting stock held by non-affiliates of the Registrant is approximately $14,371,000,000 based upon the closing market price on February 12, 1999 of a share of Common Stock on the New York Stock Exchange as reported by the Wall Street Journal.

At February 12, 1999, the Registrant had outstanding 612,903,484 shares of its Common Stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrant's 1998 annual report to shareholders to be furnished to the Commission pursuant to Rule 14a-3(b) of the Exchange Act is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Part and Item of the Form 10-K	
Part II	
Item 5(a) and (b).	Market for the Registrant's Common Equity and Related Stockholder Matters - Market Information and Holders
Item 6.	Selected Financial Data

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Item 8. Financial Statements and Supplementary Data

The information described below and contained in the Registrant's 1999 definitive Proxy Statement, to be filed with the Commission is incorporated by reference into this Form 10-K.

Part and Item of the Form 10-K

Part III

Item 10. Directors and Executive Officers of the Registrant

Item 11. Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management

Item 13. Certain Relationships and Related Transactions

PART I

Item 1. Business

A. General

Carnival Corporation was incorporated under the laws of the Republic of Panama in November 1974. Carnival Corporation, including its wholly and majority owned subsidiaries (referred to collectively as the "Company"), is the world's largest multiple-night cruise company based on the number of passengers carried, revenues generated and available capacity. The Company offers a broad range of leading cruise brands serving the contemporary cruise market through Carnival Cruise Lines ("Carnival"), the premium cruise market through Holland America Line ("Holland America") and the luxury cruise market through Cunard Line ("Cunard"), Seabourn Cruise Line ("Seabourn") and Windstar Cruises ("Windstar") (collectively the "Majority Owned Cruise Operations"). The Company also owns equity interests in Costa Crociere S.p.A. ("Costa"), an Italian cruise company, and Airtours plc ("Airtours"), an integrated leisure travel group of companies which also operates cruise ships (collectively the "Affiliated Cruise Operations"). Costa and Airtours' Sun Cruises target the contemporary cruise market.

A summary of the cruise operations of the Company and its affiliates is as follows:

Cruise Brand	Percentage Owned by Carnival Corporation	Number of Ships	Passenger Capacity(1)	Primary Geographic Market
Majority Owned Cruise Operations:				
Carnival	100%	13	24,404	North America
Holland America	100%	8	10,302	North America
Windstar	100%	4	756	North America
Cunard (2)	68%	5	3,380	Worldwide
Seabourn (2)	68%	3	624	North America
		33	39,466	
Affiliated Cruise Operations:				
Costa	50%(3)	7	7,644	Europe
Airtours' Sun Cruises	26%	3	2,924	Europe
		10	10,568	
		43	50,034	

(1) In accordance with cruise industry practice, all passenger capacities indicated within this document are calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

(2) In May 1998, the Company and a group of investors acquired the assets of Cunard, a cruise company operating five luxury ships, for $500 million,

as adjusted. Simultaneous with the acquisition, Seabourn Cruise Line Limited, a luxury cruise line in which the Company owned a 50% interest, was combined with Cunard. The Company now owns 68% of the combined entity, which is named Cunard Line Limited. See Note 13 to the Financial Statements as included in Exhibit 13 to this Form 10-K.

(3) The 50% equity interest of Costa not owned by the Company is owned by Airtours. Including the Company's interest in Airtours, it beneficially owns 63% of Costa.

Historically, the Company's cruise brands have been marketed primarily in North America. The Company began to globalize its cruise business by expanding its markets into Europe through the acquisition of its interest in Airtours in April 1996, Costa in June 1997 and Cunard in May 1998. Airtours, which is headquartered in Manchester, England, is the largest air inclusive tour operator in the world, selling packaged tours in the Austrian, British, Belgian, Dutch, French, German, Irish, Polish, Scandinavian, Swiss and North American markets. Additionally, it operates three cruise ships (a fourth ship is expected to enter service in April 1999) under the Sun Cruises name. Costa, which is headquartered in Genoa, Italy, has sales offices in Argentina, Brazil, England, Florida, France, Italy, Spain and Switzerland and sells the majority of its cruises in Southern Europe, primarily in Italy, France and Spain. Cunard Line Limited, which is headquartered in Miami, Florida, has Cunard and Seabourn sales offices in Miami, New York City, England, Germany and Australia, and sells a substantial number of its cruises in Europe, primarily in the United Kingdom and Germany. The cruise markets in Europe are much smaller than the North American market. Industry-wide European cruise passengers carried in 1998 are estimated to be approximately 1.3 million compared to approximately 5.4 million from North America.

The Company has signed agreements with two shipyards providing for the construction of additional cruise ships. A summary of new ship agreements for the Company's Majority Owned Cruise Operations is as follows:

VESSEL	EXPECTED SERVICE DATE(1)	PASSENGER CAPACITY
Carnival:		
Carnival Triumph	7/99	2,758
Carnival Victory	8/00	2,758
Newbuild	4/01	2,100
Carnival Conquest	12/02	2,758
Carnival Glory	8/03	2,758
Total Carnival		13,132(2)
Holland America:		
Volendam	8/99	1,440
Zaandam	3/00	1,440
Newbuild	11/00	1,380
Total Holland America		4,260
Total		17,392

(1) The expected service date is the date the vessel is expected to begin revenue generating activities.

(2) The Company also has options for the construction of two additional vessels each with a passenger capacity of 2,100. No assurance can be given that the options to construct the vessels will be exercised.

As a result of this shipbuilding program the Company currently expects the passenger capacity for its Majority Owned Cruise Operations to increase from 39,466 to 56,858, or by 44.1%, by the summer of 2003, assuming none of the Company's existing fleet is retired, no new contracts are entered into and the options described above are not exercised.

During 1997, the Company announced that it was in negotiations with shipyards to build a new class of ships for each of its Carnival, Holland America and Costa brands. The first of these orders has been placed by Costa to construct the Costa Atlantica, a 2,112 passenger capacity, 82,000 gross registered ton vessel, which is expected to enter service in the spring of 2000. In February 1998, the Company announced agreements for this new class of vessel for the Carnival brand, which include a contract to purchase one vessel for delivery in 2001 and options to acquire two additional vessels. Additionally, although no assurances can be made, the Company hopes to finalize orders for a new class of vessel for Holland America and an ocean liner for Cunard, known as the Queen Mary Project, in 1999.

In addition to its cruise operations, the Company operates a tour

business, through Holland America Line-Westours Inc. ("Holland America Westours"), which markets sightseeing tours both separately and as a part of Holland America cruise/tour packages. Holland America Westours operates 14 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 280 motor coaches used for sightseeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 13 private domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks.

B. Cruise Ship Segment - Majority Owned Cruise Operations

North American Cruise Industry

The passenger cruise industry as it exists today began in approximately 1970. Over time, the industry has evolved from a trans-ocean carrier service into a vacation alternative to land-based resorts and sightseeing destinations. According to Cruise Lines International Association ("CLIA"), an industry trade group, in 1970 approximately 500,000 North American passengers took cruises for three consecutive nights or more. CLIA estimates that this number reached 5.4 million passengers in 1998, an average compound annual growth rate of 8.9% since 1970. Also, according to CLIA, by the end of 1998 the number of ships in service totaled 145 with an aggregate capacity of approximately 140,000 lower berths. CLIA estimates that the number of passengers carried in North America increased from 5.051 million in 1997 to 5.4 million in 1998 or 6.9%.

CLIA estimates that the number of cruise passengers will grow to approximately 6.0 million in 1999. CLIA projections (updated for recently announced shipbuilding contracts) indicate that by the end of 1999, 2000 and 2001 North America will be served by 155, 167 and 174 vessels, respectively, having an aggregate capacity of approximately 155,000, 172,000 and 185,000 lower berths, respectively. CLIA estimates of new ship introductions are based on scheduled ship deliveries and could change. The lead time for design, construction and delivery of a typical large cruise ship is approximately two to three years. Additionally, CLIA's estimates of capacity do not include assumptions related to unannounced ship withdrawals due to age or changes in itineraries and, accordingly, could indicate a higher percentage growth in capacity than will actually occur. Nonetheless, management believes net capacity serving North American cruise passengers will increase over the next several years, barring unforeseen events.

A comparison of CLIA's North American cruise passengers and Company total worldwide passenger growth over the last five years based on passengers carried for at least three consecutive nights is as follows:

YEAR	NORTH AMERICAN CRUISE PASSENGERS(1) (Calendar Year)	COMPANY CRUISE PASSENGERS(2) (Fiscal Year)
1998	5,400,000(est.)	2,045,000
1997	5,051,000	1,945,000
1996	4,659,000	1,764,000
1995	4,378,000	1,543,000
1994	4,448,000	1,354,000

(1) Source: CLIA
(2) Represents the Company's worldwide cruise passengers.

From 1994 through 1998, the Company's average compound annual growth rate in total number of passengers carried worldwide was 10.9% versus the industry average of 5.1% for North America.

The Company's passenger capacity has grown from 23,995 at November 30, 1994 to 39,466 at November 30, 1998. In 1995, with the delivery of the Imagination, capacity increased by 2,040 berths. During 1996, net capacity increased by 4,802 berths due to delivery of the Inspiration, the Veendam and the Carnival Destiny, net of the 1,146 berth decrease due to the sale of the Festivale. In 1997 net capacity increased 241 berths due to the delivery of the Rotterdam VI net of the 1,075 berth decrease due to the sale of the Rotterdam V. During 1998, with the delivery of the Elation and the Paradise, the purchase of the Wind Surf, the acquisition of Cunard and the consolidation of Seabourn, capacity increased by 8,396 berths.

In spite of the cruise industry's growth since 1970, management believes cruises represent only approximately 2% of the applicable North American vacation market, defined as persons who travel for leisure

purposes on trips of three nights or longer involving at least one night's stay in a hotel. Only an estimated 11% of the North American population has ever taken a cruise.

Cruise Ships and Itineraries

Under the Carnival name, the Company serves the contemporary market with 13 ships (the "Carnival Ships"). All of the Carnival Ships were designed by and built for Carnival, including 12 SuperLiners, which are among the largest in the cruise industry. Nine of the Carnival Ships operate in the Caribbean during all or a portion of the year and two Carnival Ships call on ports on the Mexican Riviera year round. Carnival Ships also offer cruises to Alaska, Canada, the Hawaiian Islands, the Bahamas and the Panama Canal. See "Sales and Marketing".

Through its wholly owned subsidiary, HAL Antillen, N.V. ("HAL"), the Company operates 12 ships offering premium or luxury vacations. Eight of these ships, the Rotterdam, Nieuw Amsterdam, Noordam, Westerdam, Statendam, Maasdam, Ryndam and Veendam, are operated under the Holland America name (the "Holland America Ships"). The remaining four ships, the Wind Star, Wind Song, Wind Spirit and Wind Surf, are operated under the Windstar name (the "Windstar Ships").

The Holland America Ships offer premium cruises of various lengths in Alaska, the Caribbean, Panama Canal, Europe, Hawaii, South America and other worldwide itineraries. Cruise lengths vary from seven to 97 days, with a large proportion of cruises being seven or ten days in length. Periodically, the Holland America Ships make longer grand cruises or operate on special itineraries. For example, in 1998, the Rotterdam made a 97-day world cruise and the Nieuw Amsterdam made a series of 15-day South China Sea Explorer cruises. Holland America will continue to offer these special and longer itineraries in order to increase travel opportunities for its customers and strengthen its cruise offerings in view of the fleet expansion. The majority of the Holland America Ships operate in the Caribbean during fall to spring and in Alaska and Europe during spring to fall. In order to offer a unique destination and compete with other cruise lines more effectively while operating in the Caribbean, in December 1997 Holland America introduced into its Caribbean itineraries a private island, Half Moon Cay. Half Moon Cay is a 2400-acre island acquired by Holland America in December 1996. Facilities were constructed on the island on 45 acres along a crescent-shaped white sand beach. The remainder of the island remains undeveloped. The facilities on Half Moon Cay include bars, shops, restrooms, a post office, a chapel and an ice cream shop, as well as a food pavilion with open-air dining shelters and a bandstand.

The four Windstar Ships currently operate in the Caribbean, Europe and Costa Rica and offer a casual, yet luxurious, cruise experience onboard these modern sail ships.

Through Cunard Line Limited, the Company operates eight ships. Five of these ships currently operate under the Cunard brand (the "Cunard Ships") and three operate under the Seabourn brand (the "Seabourn Ships"). The Cunard and Seabourn Ships offer luxury cruises of varying lengths in the Caribbean, Panama Canal, Europe, Transatlantic, South America, Asia and other worldwide itineraries. Cruise length varies from six to 104 days, with many of the cruises being six to 14 days in length. Periodically, these ships make longer grand cruises or operate on special itineraries. For example, Cunard offers two world cruises and a New England Autumn cruise.

Summary information concerning the Company's ships is as follows (primary areas of operation reflect 1998 itineraries and are subject to change in future years).

NAME	REGISTRY	YEAR BUILT	PAX CAP	GROSS REGISTERED TONS	1998 PRIMARY AREAS OF OPERATION
Carnival:					
Paradise	Panama	1998	2,040	70,367	(1)
Elation	Panama	1998	2,040	70,367	Mexican Riviera
Carnival Destiny	Panama	1996	2,642	101,350	Caribbean
Inspiration	Panama	1996	2,040	70,367	Caribbean
Imagination	Panama	1995	2,040	70,367	Caribbean
Fascination	Panama	1994	2,040	70,367	Caribbean
Sensation	Panama	1993	2,044	70,367	Caribbean
Ecstasy	Liberia	1991	2,040	70,367	Caribbean
Fantasy	Liberia	1990	2,044	70,367	Bahamas

Celebration	Liberia	1987	1,486	47,262	Caribbean
Jubilee	Panama	1986	1,486	47,262	Alaska, Hawaii, Mexican Riviera, Panama Canal
Holiday	Panama	1985	1,448	46,052	Mexican Riviera
Tropicale	Liberia	1982	1,014	36,674	Caribbean
Total Carnival Ships Capacity.....			24,404		
Holland America:					
Rotterdam	Netherlands	1997	1,316	62,000	Europe, Worldwide
Veendam	Bahamas	1996	1,266	55,451	Eastern Canada, Caribbean
Ryndam	Netherlands	1994	1,266	55,451	Alaska, Caribbean
Maasdam	Netherlands	1993	1,266	55,451	Alaska, Panama Canal
Statendam	Netherlands	1993	1,266	55,451	Alaska, Hawaii, Caribbean
Westerdam	Netherlands	1986	1,494	53,872	Alaska, Caribbean
Noordam	Netherlands	1984	1,214	33,930	Alaska, Caribbean
Nieuw Amsterdam	Netherlands	1983	1,214	33,930	Alaska, South America, Asia/Pacific
Total Holland America Ships Capacity.....			10,302		
Windstar Cruises:					
Wind Surf	Bahamas	1990	312	14,745	Caribbean, Europe
Wind Spirit	Bahamas	1988	148	5,736	Caribbean, Europe
Wind Song	Bahamas	1987	148	5,703	Costa Rica, Europe
Wind Star	Bahamas	1986	148	5,703	Caribbean, Europe
Total Windstar Ships Capacity.....			756		
Cunard:					
Royal Viking Sun	Bahamas	1988	758	37,845	Worldwide (2)
Sea Goddess II	Bahamas	1985	116	4,253	Asia, Europe (2)
Sea Goddess I	Bahamas	1984	116	4,253	Caribbean, Europe (2)
Vistafjord	Bahamas	1973	675	24,492	Worldwide (3)
Queen Elizabeth 2	England	1969	1,715	70,327	Transatlantic, Worldwide
Total Cunard Ships Capacity.....			3,380		
Seabourn:					
Seabourn Legend	Norway	1992	208	9,975	Pacific, Europe
Seabourn Spirit	Norway	1989	208	9,975	Asia, Europe
Seabourn Pride	Norway	1988	208	9,975	South America, Europe, Caribbean
Total Seabourn Ships Capacity.....			624		
Total Capacity.....			39,466		

(1) The Paradise was in service for only five days during fiscal 1998. During fiscal 1999, the primary area of operation is expected to be the Caribbean.
(2) In late 1999, these ships will be transferred to Seabourn.
(3) In late 1999, this ship's name will be changed to the Caronia.

Cruise Ship Construction

The Company has signed agreements with two shipyards providing for the construction of additional cruise ships. A summary of new ship agreements for the Company's Majority Owned Cruise Operations is as follows:

VESSEL	EXPECTED SERVICE DATE(1)	SHIPYARD	PAX CAP	GROSS REGISTERED TONS	ESTIMATED TOTAL COST(2)	REMAINING COST TO BE PAID
					(In millions)	
Carnival						
Carnival Triumph	7/99	Fincantieri(3)	2,758	101,000	$ 410	$ 299
Carnival Victory	8/00	Fincantieri	2,758	101,000	440	434
Newbuild	4/01	Masa-Yards	2,100	82,000	375	357
Carnival Conquest	12/02	Fincantieri	2,758	101,000	450	429
Carnival Glory	8/03	Fincantieri	2,758	101,000	450	429
Total Carnival Ships			13,132		2,125	1,948
Holland America						
Volendam	8/99	Fincantieri(3)	1,440	63,000	300	240
Zaandam	3/00	Fincantieri(3)	1,440	63,000	300	256

Newbuild	11/00	Fincantieri	1,380	61,000	300	55
Total Holland America Ships			4,260		900	531
Total (4)			17,392		$3,025	$2,499

(1) No assurances can be made that the vessels under construction will be introduced into service by the expected service dates.
(2) Estimated total cost is the total cost of the completed vessel and includes the contract price with the shipyard, design and engineering fees, estimated capitalized interest, various owner supplied items and construction oversight costs.
(3) These construction contracts are denominated in Italian Lira and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.
(4) The Company has options for the construction of two additional 82,000 gross registered ton vessels, each with a passenger capacity of 2,100. The estimated total cost of approximately $400 million each is denominated principally in German Marks and has not been fixed into U.S. dollars. No assurance can be given that the options to construct the vessels will be exercised.

During 1997, the Company announced that it was in negotiations with shipyards to build a new class of ships for each of its Carnival, Holland America and Costa brands. The first of these orders has been placed by Costa to construct the Costa Atlantica, a 2,112 passenger, 82,000 gross registered ton vessel for approximately 700 billion Lira (approximately U.S. $410 million), which is expected to enter service in the spring of 2000. In February 1998, the Company announced other agreements for this new class of vessel for the Carnival brand, which include a contract to purchase one vessel for delivery in 2001 and options to acquire two additional vessels described above. Additionally, although no assurances can be made, the Company hopes to finalize orders for a new class of vessel for Holland America and an ocean liner for Cunard in 1999.

Cruise Pricing

Each of the Company's cruise brands publishes brochures with prices for the upcoming seasons. Brochure prices vary by cruise line, by category of cabin, by ship and itinerary. Brochure prices are regularly discounted through the Company's early booking discount program and other promotions. The cruise price includes all meals and entertainment onboard and use of, or admission to, a wide variety of activities and facilities, such as a fully equipped casino, nightclubs, theatrical shows, movies, parties, a discotheque, a health club and swimming pools, on each ship.

On-Board and Other Revenues

The Company derives revenues from certain on-board activities and services including casino gaming, bar sales, gift shop sales, entertainment arcades, shore tours, art auctions, photography, spa services and promotional advertising by merchants located in ports of call.

The casinos, which contain slot machines and gaming tables including blackjack, and in most cases craps, roulette and stud poker, are generally open only when the ships are at sea in international waters. The Company also earns revenue from the sale of alcoholic and other beverages. On-board activities are either performed directly by the Company or by independent concessionaires, from which the Company collects a percentage of revenues.

The Company receives additional revenue from the sale to its passengers of shore excursions at each ship's ports of call. They include bus and taxi sightseeing excursions, local boat and beach parties, and nightclub and casino visits. On the Carnival, Windstar, Cunard and Seabourn Ships, such shore excursions are primarily operated by independent tour operators. On the Holland America Ships, shore excursions are operated by Holland America Westours and independent parties.

In conjunction with its cruise vacations on its ships, all of the Company's cruise operations sell pre-cruise and post-cruise land packages. Carnival packages generally include one, two or three-night vacations near attractions, such as Universal Studios and Walt Disney World in Orlando, Florida, or in proximity to other vacation destinations in Central and South Florida, Los Angeles, California and San Juan, Puerto Rico. Holland America packages outside of Alaska generally include one, two or three-night vacations, including stays in unique European port cities or near attractions in Central and South Florida. Cunard and Seabourn packages include numerous luxury and/or exotic packages, such as world class golf programs, wine tastings and tours of the Galapagos Islands and the Hidden Kingdoms of Nepal.

In conjunction with its Alaskan cruise vacations on its Holland America and Carnival Ships, the Company sells pre- and post-cruise land packages which are more fully described below (see Part I, Item 1. Business, C. Tour Segment).

Passengers

The aggregate number of passengers carried and occupancy percentage for the Company's ships is as follows:

	YEARS ENDED NOVEMBER 30,		
	1998	1997	1996
Passengers Carried	2,045,000	1,945,000	1,764,000
Occupancy Percentage (1)	106.3%	108.3%	107.6%

(1) In accordance with cruise industry practice, occupancy percentage is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

The actual occupancy percentage for all cruises on the Company's ships during each quarter of fiscal 1997 and 1998 was as follows:

QUARTERS ENDED	OCCUPANCY PERCENTAGE
February 28, 1997	106.4%
May 31, 1997	108.0
August 31, 1997	114.3
November 30, 1997	104.2
February 28, 1998	105.9
May 31, 1998	105.4
August 31, 1998	111.5
November 30, 1998	102.1

Sales and Marketing

The Company's brands are positioned to appeal to each of the three major market segments (contemporary, premium and luxury). The contemporary segment is served typically by cruises that are seven days or shorter in length, are priced at per diems of $200 or less, and feature a casual ambiance. The Company believes that the success and growth of the Carnival brand is attributable in large part to its early recognition of this market segmentation and its efforts to reach and promote the expansion of the contemporary segment. The premium segment typically is served by cruises that last for seven to 14 days or more at per diems of $250 or higher, and appeal principally to more affluent customers. The luxury segment, which is not as large as the other segments, is served by cruises with per diems of $300 or higher.

During 1998, the Company created a marketing association called "The World's Leading Cruise Lines" for its family of six cruise brands, including Costa, in order to both educate the consumer about the overall breadth of the Company's cruise brands, as well as to increase the effectiveness and efficiency of marketing the brands. This initiative is meant to supplement the existing marketing programs of each individual brand.

The Company's various cruise lines employ over 300 personnel, excluding reservation agents, in the sales and sales support area, who among other things, focus on motivating, training and supporting the retail travel agent community which sells substantially all of the Company's cruises, which arrangement is encouraged as a matter of policy. Travel agents generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume. Commission rates on cruise vacations are often higher than commission rates earned by travel agents on sales of airline tickets and hotel rooms. Moreover, since cruise vacations are substantially all-inclusive, sales of the Company's cruise vacations generally yield higher commissions to travel agents than commissions earned on selling airline tickets and hotel rooms. During fiscal 1998, no controlled group of travel agencies accounted for more than 10% of the Company's consolidated revenues.

Carnival

Carnival believes that its success is due in large part to its unique brand positioning within the industry. Carnival markets the Carnival Ship cruises not only as alternatives to competitors' cruises, but as vacation alternatives to land-based resorts and sightseeing destinations. Carnival seeks to attract passengers from the broad vacation market, including those who have never been on a cruise ship before and who might not otherwise consider a cruise as a vacation alternative. Carnival's strategy has been to emphasize the cruise experience itself rather than particular destinations, as well as the advantages of a prepaid, all-inclusive vacation package. Carnival markets the Carnival Ship cruises as the "Fun Ships" experience, which includes a wide variety of shipboard activities and entertainment, such as full-scale casinos and nightclubs, an atmosphere of pampered service and high quality food.

The Company markets the Carnival Ships as the "Fun Ships" and uses, among others, the themes "Carnival's Got the Fun" and "The Most Popular Cruise Line in the World!". Carnival advertises nationally directly to consumers on network television and through extensive print media. Carnival believes its advertising generates interest in cruise vacations generally and results in a higher degree of consumer awareness of the "Fun Ships" concept and the "Carnival" name in particular. Substantially all of Carnival's cruise bookings are made through travel agents. In fiscal 1998, Carnival took reservations from about 29,000 of approximately 49,000 travel agency locations known to the Company in the United States and Canada. Travel agents generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume.

Carnival engages in substantial promotional efforts designed to motivate and educate retail travel agents about its "Fun Ships" cruise vacations. Carnival employs approximately 110 business development managers and 50 in-house service representatives to motivate independent travel agents and to promote its cruises. Carnival believes it has one of the largest sales forces in the industry.

To facilitate access and to simplify the reservation process, Carnival employs approximately 700 reservation agents to take bookings from independent travel agents. Carnival's fully-automated reservation system allows its reservation agents to respond quickly to book staterooms on its ships. Additionally, through Leisure Shopper and Cruise Director, travel agents have the ability to make reservations through their own computer terminals directly into Carnival's computerized reservations system.

Substantially all of Carnival's cruises are generally booked several months in advance of the sailing date. This lead time allows Carnival to adjust its prices, if necessary, in relation to demand for available cabins, as indicated by the level of advance bookings. Carnival's SuperSaver fares, introduced several years ago, are designed to encourage potential passengers to book cruise reservations earlier, which helps the Company to more effectively manage overall yields (pricing and occupancy). Carnival's payment terms require that a passenger pay approximately 20% of the cruise price within seven days of the reservation date and the balance not later than 45 days before the sailing date for three, four and five day cruises and 70 days before the sailing date for seven-day cruises.

Holland America and Windstar

The Holland America and Windstar Ships cater to the premium and luxury markets, respectively. The Company believes that the hallmarks of the Holland America experience are beautiful ships and gracious, attentive service. Holland America communicates this difference as "A Tradition of Excellence", a reference to its long-standing reputation for "world class" service and cruise itineraries.

Substantially all of Holland America's bookings are made through travel agents. In fiscal 1998, Holland America took reservations from about 20,000 of approximately 49,000 travel agency locations known to the Company in the United States and Canada. Travel agents generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume.

Holland America has focused much of its sales effort at creating an excellent relationship with the travel agency community. This is related to its marketing philosophy that travel agents have a large impact on the consumer cruise selection process and will recommend Holland America more often because of its excellent reputation for service to both consumers and independent travel agents. Holland America solicits continuous feedback from consumers and the independent travel agents making bookings with Holland America to ensure they are receiving excellent service.

Holland America's marketing communication strategy is primarily composed of newspaper and magazine advertising, large scale brochure distribution, direct mail solicitations to past passengers (referred to as "alumni") and television and radio spots. Holland America engages in substantial promotional efforts designed to motivate and educate retail travel agents about its products. Holland America employs approximately 45 field sales representatives, 23 inside sales representatives and 16 sales and service representatives to support the field sales force. To facilitate access to Holland America and to simplify the reservation process for the Holland America Ships, Holland America employs approximately 260 reservation agents to take bookings from travel agents. Additionally, through Leisure Shopper and Cruise Director, travel agents have the ability to make reservations directly into Holland America's reservations system. Holland America's cruises generally are booked several months in advance of the sailing date.

Windstar has its own marketing and reservations staff. Field sales representatives for both Holland America and Carnival act as field sales representatives for Windstar. Marketing efforts are devoted primarily to i) travel agent support and awareness, ii) direct mail solicitation of past passengers and iii) distribution of brochures. The marketing features the distinctive nature of the graceful, modern sail ships and the distinctive "casually elegant" experience on "intimate itineraries" (apart from the normal cruise experience). Windstar's cruise market positioning is embodied in the phrase "180 degrees from ordinary".

Cunard and Seabourn

Since December 1995, the Company has owned a 50% equity interest in Seabourn Cruise Line Limited. Simultaneously with the Company's acquisition of the assets of Cunard in May 1998, Cunard and Seabourn were combined to form Cunard Line Limited, in which the Company owns a 68% equity interest. Cunard Line Limited currently operates eight ships in its Cunard and Seabourn brands.

The Cunard brand currently operates five ships in the luxury market segment. Cunard's most visible asset is the Queen Elizabeth 2 (the "QE2"). The QE2 is the only active passenger ship of its size built specifically for navigating ocean waters and currently offering Transatlantic cruises, and thus enjoys a unique standing among modern passenger ships. Since being acquired by the Company, Cunard has redefined itself as the brand that offers classic "Old World" cruising with a British essence.

The Seabourn brand currently operates three ships, which offer ultra-luxury cruising with an intense focus on service and cuisine, which management believes enables Seabourn to be marketed as the "Best of the Best" in luxury worldwide cruising.

Seabourn and Cunard currently market and sell their products through one combined sales and marketing organization. This combined organization has sales offices in Miami, New York City, England, Germany and Australia. Marketing efforts are devoted primarily to i) travel agent support and awareness, ii) direct mail solicitation of past passengers and iii) targeted print media campaigns and brochure distribution. Cunard Line Limited has consolidated and streamlined its entire organization, including its sales and marketing activities, and implemented a new pricing program called "Simplicity Pricing", a less complicated pricing structure than previously used.

Cunard Line Limited employs approximately 47 field sales representatives, 25 inside sales representatives and seven sales and service representatives to support its field sales force. They also employ approximately 99 Cruise Sales Consultants to take bookings, substantially all of which come from travel agents. Travel agents generally receive a standard commission of approximately 10% plus the potential for additional commissions based upon sales volume.

During late 1999, Cunard will be refurbishing the Royal Viking Sun and will transfer it along with the Sea Goddess I and II ships to the Seabourn brand. Management believes these ships more appropriately fit within the Seabourn brand. Additionally, after a major refurbishment in late 1999, Cunard's Vistafjord will be renamed the "Caronia", the name once used by two of Cunard's former "Old World" ships. The QE2 will also undergo a major refurbishment in late 1999. Management is currently revising cruising itineraries and schedules for the year 2000 in order to more appropriately coordinate individual ship itineraries with their new branding strategies.

Seasonality

The Company's different businesses experience varying degrees of

seasonality. The Company's revenue from the sale of passenger tickets for Carnival, Cunard, Seabourn and Windstar ships is moderately seasonal. Historically, revenues for Carnival, Cunard, Seabourn and Windstar cruises have been greater during the periods from late June through August and lower during the fall months. Holland America cruise revenues are more seasonal than the Company's other brands' cruise revenues. Revenues for Holland America cruises are highest during the summer months when Holland America ships operate in Alaska and Europe for which it obtains higher pricing. Revenues for Holland America cruises are lower during the winter months when Holland America ships sail in more competitive markets.

Competition

In addition to competing with each other, cruise lines compete for consumer disposable leisure time dollars with other vacation alternatives such as land-based resort hotels and sightseeing destinations, and consumer demand for such activities is typically influenced by general economic conditions.

As described under Part I, Item 1. Business, B. Cruise Ship Segment, North American Cruise Industry, the North American cruise industry had an aggregate of 145 ships and 140,000 lower berths at the end of 1998. From the end of 1998 through the end of 2001, CLIA currently estimates that 29 new ships will be introduced into the North American market with a capacity of approximately 45,000 lower berths. These estimates of new ship introductions are based on scheduled ship deliveries and the actual number of ships could change. The lead time for design, construction and delivery of a typical large cruise ship is approximately two to three years. Additionally, these estimates of capacity do not include assumptions related to unannounced ship withdrawals due to age or changes in itineraries and, accordingly, could indicate a higher percentage growth in capacity than will actually occur. Nonetheless, management believes net capacity serving North American cruise passengers will increase over the next several years, barring unforeseen events, and thus may increase the levels of competition within the industry.

The Company is the largest cruise company in the world based on passengers carried, revenues generated and available capacity. The primary methods of competition among cruise lines are in the areas of cruise pricing, cruise product and cruise destination. Each of the Company's cruise brands and its primary cruise competition is discussed below.

The Carnival Ships compete with cruise ships operated by five different cruise lines which operate year round from Florida, California or Puerto Rico with similar itineraries and with nine other cruise lines operating seasonally from ports in Florida, California or Puerto Rico, including cruise ships operated by Holland America and Costa. Competition for cruise passengers is substantial. Ships operated by Royal Caribbean International and Norwegian Cruise Line sail regularly from Miami and ships operated by Celebrity Cruises, owned by Royal Caribbean Cruises Ltd., and Princess Cruises sail regularly from Ft. Lauderdale on itineraries similar to those of the Carnival Ships. Carnival competes year round with ships operated by Royal Caribbean International embarking from Los Angeles to the west coast of Mexico. Cruise lines such as Norwegian Cruise Line, Royal Caribbean International and Princess Cruises offer voyages competing with Carnival from San Juan to the Caribbean.

In 1998, the Walt Disney Co. entered the cruise market with the introduction of the first of two new cruise ships. The Disney ship competes primarily with Carnival in the Caribbean and Bahamian marketplaces.

In Alaska, Holland America and Carnival compete directly with cruise ships operated by nine different cruise lines with the largest competitors being Princess Cruises, Royal Caribbean International and Celebrity Cruises. Over the past several years, there has been a steady increase in the available capacity among cruise lines operating in Alaska. In the Caribbean, Holland America competes with cruise ships operated by 16 different cruise lines, its primary competitors being Princess Cruises, Royal Caribbean International, Celebrity Cruises and Norwegian Cruise Line, as well as Carnival and Costa.

The Windstar, Cunard and Seabourn ships' primary unaffiliated competitors within the cruise industry include: Crystal Cruises, Radisson Seven Seas, Renaissance Cruises and Silversea Cruises.

Governmental Regulations

The Company's ships are registered in the Bahamas, England, Liberia, Netherlands, Norway or Panama, as more fully described under Part I, Item 1. Business, B. Cruise Ships and Itineraries and, accordingly, are regulated by these jurisdictions. The Company's ships that call on United

States ports are subject to inspection by the United States Coast Guard for compliance with the Convention for the Safety of Life at Sea and by the United States Public Health Service for sanitary standards. The Company is also regulated by the Federal Maritime Commission ("FMC"), which, among other things, certifies the Company on the basis of its ability to meet obligations to passengers for refunds in case of nonperformance. The Company believes it is in compliance with all material regulations applicable to its ships and has all the necessary licenses to conduct its business. In connection with a significant portion of its Alaska cruise operations, Holland America relies on concession permits from the National Park Service, which are periodically renewed, to operate its cruise ships in Glacier Bay National Park. There can be no assurance that these permits will continue to be renewed or that regulations relating to the renewal of such permits, including preference rights, will remain unchanged in the future.

The International Maritime Organization (the "IMO"), which operates under the United Nations, has adopted safety standards as part of the "Safety of Life at Sea" ("SOLAS") Convention, generally applicable to all passenger ships carrying 36 or more passengers. Generally, SOLAS establishes vessel design, structural features, materials, construction and life saving equipment requirements to improve passenger safety. The current SOLAS requirements are phased in through the year 2010.

In 1993, SOLAS was amended to adopt the "International Safety Management Code" (the "ISM Code"). The ISM Code provides an international standard for the safe management and operation of ships and for pollution prevention. The ISM Code became mandatory for passenger vessel operators, such as the Company, on July 1, 1998. All of the Company's Majority Owned Cruise Operations and Affiliated Cruise Operations have obtained the required certificates demonstrating compliance with the ISM Code.

Public Law 89-777 administered by the FMC requires most cruise line operators to establish financial responsibility for nonperformance of transportation. The FMC's regulations require that a cruise line demonstrate its financial responsibility through a guaranty, escrow arrangement, surety bond, insurance or self-insurance. Currently, the amount required must equal 110% of the cruise line's highest amount of customer deposits over a two-year period up to a maximum coverage level of $15 million. In 1995, the FMC introduced proposals to increase the coverage requirements under the FMC regulations. These proposed changes to the regulations are viewed favorably by the Company and, if enacted, are not expected to have a material effect on the Company.

Management believes that virtually all of the Company's income (with the exception of the United States source income from the transportation, hotel and tour business of Holland America Westours) is exempt from United States federal income taxes. If the Company was found not to meet certain tests under the Internal Revenue Code or if the Internal Revenue Code were to be changed in a manner adverse to the Company, much of the Company's income would become subject to taxation by the U.S. at higher than normal corporate tax rates. For an additional discussion of the Company's taxation, see Note 2 to the Company's Consolidated Financial Statements in Exhibit 13 incorporated by reference into this Annual Report on Form 10-K.

From time to time, various other regulatory and legislative changes have been or may be proposed that could have an effect on the cruise industry in general.

Financial Information

For financial information about the Company's cruise ship segment with respect to each of the three years in the period ended November 30, 1998, see Note 10 "Segment Information" to the Company's Consolidated Financial Statements in Exhibit 13 incorporated by reference into this Annual Report on Form 10-K.

C. Tour Segment

In addition to its cruise business, the Company markets sightseeing tours separately and as a part of cruise/tour packages under the Holland America Westours and Gray Line names. Tour operations are based in Alaska, Washington State and western Canada. Since a substantial portion of Holland America Westours' business is derived from the sale of tour packages in Alaska during the summer tour season, tour operations are highly seasonal.

Holland America Westours

Holland America Westours is an indirect wholly owned subsidiary of HAL, a wholly owned subsidiary of the Company. The group of companies which together comprise the tour operations perform three independent yet

interrelated functions. During 1998, as part of an integrated travel program to destinations in Alaska, the tour service group offered 58 different tour programs varying in length from 10 to 18 days. The transportation group and hotel group support the tour service group by supplying facilities needed to conduct tours. Facilities include dayboats, motor coaches, rail cars and hotels.

Two luxury dayboats perform an important role in the integrated Alaska travel program offering tours to the glaciers of Alaska and the Yukon River. The Yukon Queen cruises the Yukon River between Dawson City, Yukon Territory and Eagle, Alaska and the Ptarmigan operates on Portage Lake in Alaska. The two dayboats have a combined capacity of 249 passengers.

A fleet of over 280 motor coaches using the trade name Gray Line operate in Alaska, Washington and western Canada. These motor coaches are used for extended trips, city sightseeing tours and charter hire. Holland America Westours conducts its tours both as part of a cruise/tour package and as individual sightseeing products sold under the Gray Line name. Additionally, Holland America Westours operates express Gray Line motor coach service between downtown Seattle and the Seattle-Tacoma International Airport.

Thirteen private domed rail cars, which are called "McKinley Explorers", run on the Alaska Railroad between Anchorage and Fairbanks, stopping at Denali National Park.

In connection with its tour operations, Holland America Westours owns or leases motor coach maintenance shops in Seattle, Washington, and in Juneau, Fairbanks, Anchorage, Skagway and Ketchikan, Alaska. Holland America Westours also owns or leases service offices at Anchorage, Denali Park, Fairbanks, Juneau, Ketchikan and Skagway in Alaska, at Whitehorse in the Yukon Territory, in Seattle, Washington, Vancouver, British Columbia and Victoria, British Columbia. Certain real property facilities on federal land are used in Holland America Westours' tour operations pursuant to permits from the applicable federal agencies.

Westmark Hotels

Holland America Westours owns and/or operates 14 hotels in Alaska and the Canadian Yukon under the name Westmark Hotels. Four of the hotels are located in Canada's Yukon Territory and offer a combined total of 585 rooms. The remaining 10 hotels, all located throughout Alaska, provide a total of 1,455 rooms, bringing the total number of hotel rooms to 2,040.

The hotels play an important role in Holland America Westours tour programs during the summer months when they provide accommodations to the tour passengers. The hotels located in the larger metropolitan areas remain open during the entire year, acting during the winter season as centers for local community activities while continuing to accommodate the traveling public. Most of the Westmark hotels include dining, lounge and conference or meeting room facilities. Certain hotels have gift shops and other tourist services on the premises.

The hotels are summarized as follows:

NAME	LOCATION	ROOMS	OPEN DURING 1998 SEASON
Alaska Hotels:			
Westmark Anchorage	Anchorage	198	year-round
Westmark Inn	Anchorage	91	seasonal
Westmark Inn	Fairbanks	170	seasonal
Westmark Fairbanks	Fairbanks	244	year-round
The Baranof	Juneau	196	year-round
Westmark Cape Fox	Ketchikan	72	year-round
Westmark Shee Atika	Sitka	101	year-round
Westmark Inn Skagway	Skagway	195	seasonal
Westmark Tok	Tok	92	seasonal
Westmark Valdez	Valdez	97	year-round
		1,455	
Canadian Hotels (Yukon Territory):			
Westmark Inn	Beaver Creek	174	seasonal
Westmark Klondike Inn	Whitehorse	99	seasonal
Westmark Whitehorse	Whitehorse	181	year-round
Westmark Inn	Dawson	131	seasonal
		585	
		2,040	

Eleven of the hotels are wholly owned by Holland America Westours

subsidiaries. Of the remaining three hotels, the Westmark Cape Fox and Westmark Shee Atika are operated by Westmark under management or lease arrangements involving third parties and the Westmark Anchorage is 90% owned by a Holland America Westours subsidiary.

For the hotels that operate year-round, the occupancy percentage for fiscal 1998 was 57.4% (55.9% for fiscal 1997), and for the hotels that operate only during the summer months, the occupancy percentage for fiscal 1998 was 71.6% (71.4% for fiscal 1997).

Sales and Marketing

Holland America Westours has its own marketing staff devoted to i) travel agent support and awareness, ii) direct mail solicitation of past customers, iii) use of consumer magazine and newspaper advertising to develop prospects and enhance awareness and iv) distribution of brochures. Additionally, television and radio spots are used to market its tour and cruise packages. The Westours marketing message leverages the company's 52 years of Alaska tourism leadership and its extensive array of hotel and transportation assets to create a brand preference for Holland America Westours. To the prospective vacationer the company endeavors to convince them that "Westours is Alaska".

Holland America Westours tours are marketed both separately and as part of cruise/tour packages. Although most Holland America Westours cruise/tours include a Holland America cruise as the cruise segment, other cruise lines also market Holland America Westours tours as a part of their cruise/tour packages and sightseeing excursions. Tours sold separately are marketed through independent travel agents and also directly by Holland America Westours, utilizing sales desks in major hotels. General marketing for the hotels is done through various media in Alaska, Canada and the contiguous United States. Travel agents, particularly in Alaska, are solicited, and displays are used in airports in Seattle, Washington, Portland, Oregon and various Alaskan cities. Room rates at Westmark Hotels are on the upper end of the scale for hotels in Alaska and the Canadian Yukon.

Concessions

Certain tours in Alaska are conducted on federal property requiring concession permits from the applicable federal agencies, such as the National Park Service and the United States Forest Service.

Seasonality

Holland America Westours tour revenues are extremely seasonal with a large majority generated during the late spring and summer months in connection with the Alaska cruise season. Holland America Westours tours are conducted in Washington State, western Canada and Alaska. The Alaska tours coincide to a great extent with the Alaska cruise season, May through September. Washington tours are conducted year-round although demand is greatest during the summer months. During periods in which tour demand is low, Holland America Westours seeks to maximize its motor coach charter activity such as operating charter tours to ski resorts in Washington and western Canada.

Competition

Holland America Westours competes with independent tour operators and motor coach charter operators in Washington, Alaska and the Canadian Rockies. The primary competitors in Alaska and the Canadian Rockies are Princess Tours (with approximately 150 motor coaches and three hotels) and Alaska Sightseeing/Trav-Alaska (with approximately 30 motor coaches). The primary competitor in Washington is Gazelle (with approximately 15 motor coaches).

Westmark Hotels compete with various hotels throughout Alaska, many of which charge prices below those charged by Westmark Hotels. Dining facilities in the hotels also compete with the many restaurants in the same geographic areas.

Government Regulations

Holland America Westours motor coach operations are subject to regulation both at the federal and state levels, including primarily the U.S. Department of Transportation, the Washington Utilities Department of Transportation, the British Columbia Motor Carrier Commission and the Alaska Department of Transportation. Certain of Holland America Westours tours involve federal properties and are subject to regulation by various federal agencies, such as the National Park Service and the U.S. Forest Service.

In connection with the operation of its beverage facilities in the Westmark Hotels, Holland America Westours is required to comply with state, county and/or city ordinances regulating the sale and consumption of alcoholic beverages. Violations of these ordinances could result in fines, suspensions or revocation of such licenses and preclude the sale of any alcoholic beverages by the hotel involved.

In the operation of its hotels, Holland America Westours is required to comply with applicable building and fire codes. Changes in these codes have in the past and may in the future, require expenditures to ensure continuing compliance such as the installation of sprinkler systems.

From time to time, various other regulatory and legislative changes have been or may be proposed that could have an effect on the tour industry in general.

Financial Information

For financial information about the Company's tour segment with respect to each of the three years in the period ended November 30, 1998, see Note 10 "Segment Information" to the Company's Consolidated Financial Statements in Exhibit 13 incorporated by reference into this Annual Report on Form 10-K.

D. Employees

The Company's operations have approximately 3,800 full-time and 1,800 part-time/seasonal employees engaged in shoreside operations. The Company also employs approximately 1,200 officers and 15,200 crew and staff on its ships. Due to the seasonality of its Alaska and Canadian operations, HAL and its subsidiaries increase their work force during the summer months, employing additional full-time and part-time personnel. The Company has entered into agreements with unions covering certain employees in its hotel, motorcoach and ship operations. The Company considers its employee and union relations generally to be good.

E. Suppliers

The Company's largest purchases are for airfare, advertising, fuel, food and related items, hotel supplies and products related to passenger accommodation. Although the Company chooses to use a limited number of suppliers for most of its food and fuel purchases, most of the necessary supplies are available from numerous sources at competitive prices. The use of a limited number of suppliers enables the Company to, among other things, obtain volume discounts.

Management believes that there are currently eight shipyards in the world capable of the quality construction of large passenger cruise ships. The Company currently has contracts, including options, with two of these shipyards for the construction of ten ships to enter service over the next five years (see Part I, Item 1. Business, B. Cruise Ship Segment - Majority Owned Cruise Operations - Cruise Ship Construction). The Company's primary competitors also have contracts to construct new cruise ships (see Part I, Item 1. Business, B. Cruise Ship Segment - Majority Owned Cruise Operations - - Competition). If the Company elects to build additional ships in the future, there is no assurance that any of these shipyards will have the available capacity to build additional new ships for the Company at the times desired by the Company or that the shipyards will agree to build additional ships at a cost acceptable to the Company. Additionally, there is no assurance that ships under contract for construction will be delivered.

F. Insurance

The Company maintains insurance covering legal liabilities related to crew, passengers and other third parties on its ships in operation through The Standard Steamship Owners Protection & Indemnity Association Limited (the "SSOPIA"), Steamship Mutual Underwriting Association Ltd. (the "SMUAL") and Assurance Foreningen Gard (the "GARD"). The amount and terms of this insurance is governed by the rules of the foregoing protection and indemnity associations.

The Company currently maintains insurance on the hull and machinery of each vessel in amounts equal to the approximate market value of each vessel. The Company maintains war risk insurance on each vessel which includes legal liability to crew and passengers, including terrorist risks for which coverage would be excluded under SSOPIA, SMUAL or GARD. The coverage for hull and machinery and war risks is provided by international markets, including underwriters at Lloyds.

The Company, as currently required by the FMC, maintains at all times three $15 million performance bonds for all of the Company's ships, to cover passenger ticket liabilities in the event of a canceled or interrupted cruise. See Part I, Item 1. Business, B. Cruise Ship Segment - Majority Owned Cruise Operations - Governmental Regulations for a discussion of changes to the performance bond requirements proposed by the FMC. The Company also maintains other performance bonds as required by various foreign authorities who regulate certain of the Company's operations in their jurisdictions.

The Company maintains certain levels of self insurance for the above mentioned risks through the use of substantial deductibles. Such deductibles may be increased in the future. The Company does not currently carry coverage related to loss of earnings or revenues for its cruise operations other than for the QE2.

The Company also maintains various other insurance policies to protect the assets and earnings arising from the operations of Holland America Westours and other activities.

G. Investments in Affiliates

Airtours plc

In April 1996, the Company acquired a 28% interest in Airtours for approximately $307 million. In 1998, the Company's interest in Airtours was reduced to approximately 26% as a result of the conversion of Airtours preference shares into Airtours common stock and the issuance of Airtours common stock in conjunction with two of its acquisitions. Airtours is the largest air inclusive tour operator in the world and is publicly traded on the London Stock Exchange. Airtours provides air inclusive packaged holidays to the Austrian, British, Belgian, Dutch, French, German, Irish, Polish, Scandinavian, Swiss and North American markets. Airtours provided holidays to approximately eight million people in fiscal 1998 and owns or operates over 800 retail travel shops, 26 holiday hotels, three cruise ships (an additional ship is scheduled to be delivered in 1999), 36 aircraft and develops and markets vacation ownership resorts in the Canary Islands and Orlando, Florida. The cruise ships are operated under the Sun Cruises brand. In 1997, Airtours acquired a 50% interest in Costa, as discussed below. During 1998, Airtours made several acquisitions, including a 36% interest in FTi, a German tour operator, and a 100% interest in Direct Holidays, a direct to customer retail tour operator in the United Kingdom. Airtours also acquired tour operations based in Ireland and Atlanta, Georgia. In December 1998, Airtours successfully completed an approximate $500 million convertible debenture offering, which will provide Airtours with additional working capital to fund its operations and/or future acquisitions, as required. If this convertible debt was converted into Airtours common stock, the Company's interest in Airtours would be reduced to approximately 23%.

Costa Crociere S.p.A.

In June 1997, the Company and Airtours completed a joint offer to acquire the equity securities of Costa, an Italian cruise company. With the completion of the offer, the Company and Airtours each own 50% of Il Ponte, S.p.A. ("Il Ponte"), a holding company, which was purchased from the Costa family. As a result of the acquisition, Il Ponte owns approximately 100% of Costa. The cost of the Company's acquisition of its 50% direct interest was approximately $141 million, of which approximately $103 million was paid by Il Ponte and the balance was paid by the Company. The $103 million paid by Il Ponte was funded through Il Ponte debt, which is guaranteed by the Company.

Costa is headquartered in Genoa, Italy and is Europe's largest cruise line based on number of passengers carried and available capacity. Costa is primarily targeted to the contemporary market and has sales offices in Argentina, Brazil, England, Florida, France, Italy, Spain and Switzerland, and employs over 200 personnel in the sales and sales support area, excluding reservation agents. Costa's ships' primary itineraries include Europe, the Caribbean and South America. The major market for Costa cruises is Southern Europe with the majority of Costa's cruises being sold in Italy, Spain and France.

The itineraries of Costa's ships during the summer months consist primarily of various locations in Europe. During the winter months, the vessels operate primarily in the Caribbean and South America. See Part I, Item 1. Business, B. Cruise Ship Segment for a discussion of competition and certain government regulations, which affect Costa.

Costa operates six ships which are registered in Liberia and one registered in the Bahamas which have an aggregate passenger capacity of

7,644 passengers. In January 1998, Costa signed an agreement to construct an eighth ship, the Costa Atlantica, with a passenger capacity of 2,112 for approximately 700 billion Lira (see "Cruise Ship Construction").

Seasonality

The Company's equity in the earnings of Airtours and Il Ponte are recorded on a two-month lag basis using the equity method of accounting. Costa's and Airtours' earnings are seasonal due to the nature of the European leisure travel industry and European cruise season. Typically, Airtours' and Costa's quarters ending June 30 and September 30 experience higher earnings, with earnings in quarter ending September 30 being their highest.

H. Trademarks

The Company owns numerous trademarks which it believes are widely recognized throughout the world and have considerable value.

Item 2. Properties

The Company's cruise ships and private island, Half Moon Cay, are described in Section B of Item 1 under the heading Cruise Ship Segment - Cruise Ships and Itineraries. The properties associated with Holland America Westours tour operations are described in Section C of Item 1 under the heading "Tour Segment".

Carnival's principal shoreside operations and the Company's corporate headquarters are located at 3655 N.W. 87th Avenue, Miami, Florida. These Company-owned facilities include approximately 456,000 square feet of office space. HAL headquarters are at 300 Elliott Avenue West in Seattle, Washington in approximately 128,000 square feet of leased office space. Cunard Line Limited headquarters are at 6100 Blue Lagoon Drive in Miami, Florida in approximately 51,000 square feet of leased office space.

The Company's cruise ships, tour properties and shoreside operations facilities are well maintained and in good condition.

Item 3. Legal Proceedings

Several actions (collectively, the "Passenger Complaints"), as previously reported, have been filed against Carnival or Holland America Westours on behalf of purported classes of persons who paid port charges to Carnival or Holland America, alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages or, alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief. The status of each pending Passenger Complaint is as follows:

In 1996, four Passenger Complaints were filed against Carnival in the Circuit Court for the Eleventh Judicial Circuit in Dade County, Florida, by Michelle Hackbarth, Larry Katz, Michelle A. Sutton, Pedro Rene Mier, and others, respectively, on behalf of purported nationwide classes. In February 1998, Carnival's motions to dismiss the plaintiffs' second amended complaints were granted in part and denied in part. In May 1998, the court consolidated all four actions. The court has lifted, solely with respect to the issue of class certification, a previously-imposed stay on discovery. Plaintiffs' motion for class certification was argued on January 13, 1999, and a decision on that motion has not yet been rendered.

Carnival had previously reached an agreement-in-principle to settle the action filed against it by Michelle Hackbarth and others under terms that would apply to a nationwide class of Carnival passengers. That agreement-in-principle was subject to the parties' entering into a definitive agreement. A definitive agreement was not executed, and the action is now proceeding.

In March 1997, a Passenger Complaint was filed against Carnival in the Chancery court in Dyer County, Tennessee, by Brent Mezzacasa and others, on behalf of a purported nationwide class. The complaint also named, as co-defendants, Norwegian Cruise Lines, Royal Caribbean Cruise Lines and Princess Cruise Lines. Simultaneous with the filing of the complaint, the court granted Plaintiffs' motion to conditionally certify the class. In October 1997, the court granted Carnival's motion to dismiss on the grounds of inconvenient forum. Plaintiffs' appeal from that order is under consideration in the Tennessee Court of Appeals.

In April 1997, a Passenger Complaint was filed against Carnival in the Court of Common Pleas, Montgomery County, Ohio, by Cathy J. Miller and others, on behalf of a purported statewide class. Carnival's motion to dismiss on inconvenient forum grounds is under consideration. In October 1997, a Passenger Complaint was filed against Carnival in Georgia state court by Elizabeth Forsling on behalf of a purported statewide class, and in February 1999, the court granted Carnival's motion to dismiss on inconvenient forum grounds.

In March 1998, a Passenger Complaint was filed against Carnival in the Circuit Court for the 20th Judicial Circuit in St. Clair County, Illinois, by John R. Birdsell and others on behalf of a purported nationwide class. The complaint also names, as co-defendants, Norwegian Cruise Lines, Royal Caribbean Cruise Lines and Princess Cruise Lines. The court overruled Carnival's objection to the court's exercise of personal jurisdiction and denied its motion to dismiss on grounds of improper forum. Carnival is now appealing the trial court's decision and plaintiffs have moved to certify a class.

In April 1996, a Passenger Complaint was filed against Holland America Westours in the Superior Court in King County, Washington, by Francine Pickett and others on behalf of a purported nationwide class. The court denied both Holland America Westours' motion to dismiss and the plaintiffs' motion for class certification. Thereafter Holland America Westours entered into a settlement agreement for this action, the only Passenger Complaint filed against it. The settlement agreement was approved by the court on September 28, 1998. Five members of the settlement class have appealed the court's approval of the settlement. The appeal is likely to take between one and two years to be resolved. Unless the appeal is successful, Holland America will issue travel vouchers with a face value of $10-$50 depending on specified criteria, to certain of its passengers who are U.S. residents and who sailed between April 1992 and April 1996, and will pay a portion of the plaintiffs' legal fees. The amount and timing of the travel vouchers to be redeemed and the effects of the travel voucher redemption on revenues is not reasonably determinable. Accordingly, the Company will account for the redemption of the vouchers as a reduction of future revenues. In 1998, the Company established a liability for the estimated distribution costs of the settlement notices and plaintiffs' legal costs.

Several complaints have been filed against Carnival and/or Holland America Westours (collectively the "Travel Agent Complaints") on behalf of purported classes of travel agencies who had booked a cruise with Carnival or Holland America, claiming that advertising practices regarding port charges resulted in an improper commission bypass. These actions allege violations of state consumer protection laws, claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud, and they seek unspecified compensatory damages (or alternatively, the payment of usual and customary commissions on port charges paid by passengers in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief. The status of each pending Travel Agent Complaint is as follows:

In August 1997, a Travel Agent Complaint was filed against Carnival in the Circuit Court for the Eleventh Judicial Circuit in Dade County, Florida, by N.G.L. Travel Associates, on behalf of a purported nationwide class of travel agencies who booked cruises with Carnival. The court dismissed the action with prejudice in January 1999, and plaintiff has appealed.

In September 1997, a Travel Agent Complaint was filed against Holland America Westours in the Superior Court of the State of Washington for King County by N.G.L. Travel Associates on behalf of a purported nationwide class of travel agencies who booked cruises with Holland America. Holland America Westours filed summary judgment motions as to all of the claims. The motions were granted as to every claim except for one alleging a breach of contract under the Sales Agreement between Holland America Westours and GEM, the travel agent consortium of which N.G.L. Travel Associates was a member. Both parties have requested the court to reconsider its rulings on the summary judgment motions; those requests are pending. The court has ruled that a class of travel agents will be certified in this matter. The exact composition of the class is uncertain at this time as the order signed by the court is inconsistent with the previous decisions made by the court on the summary judgment motions. Holland America Westours expects the situation to be clarified in the near future and may appeal the court's class certification order.

In August 1996, a Travel Agent Complaint was filed against Carnival and Holland America Westours in the Superior Court in Los Angeles, County, California, by Nelsons Travel Associates, on behalf of purported nationwide classes of travel agencies who booked cruises with Carnival and Holland

America. Upon Carnival's and Holland America Westours' motions to dismiss or stay the action on the grounds of inconvenient forum, the court stayed the action, pending resolution of the Florida and Washington actions.

In February 1998, a Travel Agent Complaint was filed against Carnival in Alabama state court by Flora Price and others on behalf of a purported statewide class of travel agencies who booked cruises with Carnival. The case was removed to the United States District Court for the Northern District of Alabama which granted Carnival's motion to dismiss or transfer on the grounds of inconvenient forum.

It is not now possible to determine the ultimate outcome of the pending Passenger and Travel Agent Complaints if such claims should proceed to trial. Management believes it has meritorious defenses to the claims. Management understands that purported class actions similar to the Passenger and Travel Agent Complaints have been filed against several other cruise lines.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Executive Officers of the Registrant

Pursuant to General Instruction G(3), the information regarding executive officers of the Company called for by Item 401(b) of Regulation S-K is hereby included in Part 1 of this Annual Report on Form 10-K.

The following table sets forth the name, age and title of each executive officer. Titles listed relate to positions within the Company unless otherwise noted.

NAME	AGE	POSITION
Micky Arison	49	Chairman of the Board of Directors and Chief Executive Officer
Gerald R. Cahill	47	Senior Vice President-Finance and Chief Financial Officer
Robert H. Dickinson	56	President and Chief Operating Officer of Carnival and Director
Howard S. Frank	57	Vice Chairman of the Board of Directors and Chief Operating Officer
A. Kirk Lanterman	67	Chairman of the Board of Directors and Chief Executive Officer of Holland America Line-Westours Inc. and Director
Peter T. McHugh	51	President and Chief Operating Officer of Holland America Line-Westours Inc.
Lowell Zemnick	55	Vice President and Treasurer
Meshulam Zonis	65	Senior Vice President-Operations of Carnival and Director

Business Experience of Officers

Micky Arison, has been Chief Executive Officer since 1979 and Chairman of the Board of Directors since 1990. He was President from 1979 to May 1993 and has also been a director since June 1987. Prior to 1979, he served Carnival for successive two-year periods as sales agent, reservations manager and as Vice President in charge of passenger traffic. He is the son of Ted Arison, Carnival Corporation's founder.

Gerald R. Cahill, is a Certified Public Accountant and has been Senior Vice President-Finance, Chief Financial Officer and Chief Accounting Officer since January 1998. From September 1994 to January 1998 he was Vice President-Finance. He was the Chief Financial Officer from 1988 to 1992 and the Chief Operating Officer from 1992 to 1994 of Safecard Services, Inc. From 1979 to 1988 he held financial positions at Resorts International Inc. and, prior to that, spent six years with Price Waterhouse LLP.

Robert H. Dickinson, has been President and Chief Operating Officer of Carnival since May 1993. From 1979 to May 1993, he was Senior Vice President-Sales and Marketing of Carnival. He has also been a director since June 1987.

Howard S. Frank, has been Vice Chairman of the Board of Directors since October 1993, Chief Operating Officer since January 1998 and a director since 1992. From July 1989 to January 1998 he was Chief Financial

Officer and Chief Accounting Officer and from July 1989 to October 1993 he was Senior Vice President Finance. From July 1975 through June 1989, he was a partner with Price Waterhouse LLP.

A. Kirk Lanterman, is a Certified Public Accountant and has been a director since April 1992. He has been Chairman of the Board of Directors of Holland America Line-Westours Inc. since March 1997 and has been Chief Executive Officer of Holland America Line-Westours Inc. since January 1989. From January 1983 to March 1997, he was President of Holland America Line-Westours Inc. and from January 1983 to January 1989 he was Chief Operating Officer of Holland America Line-Westours Inc.

Peter T. McHugh, has been President and Chief Operating Officer of Holland America Line-Westours Inc. since March 1997. From January 1996 to March 1997 he was Executive Vice President of Holland America Line-Westours Inc. From January 1992 to December 1995 he was Chief Executive Officer and Responsible Officer of Pan American World Airways.

Lowell Zemnick, is a Certified Public Accountant and has been a Vice President since 1980 and Treasurer since September 1990. He was the Chief Financial Officer of Carnival from 1980 to September 1990 and was the Chief Financial Officer of Carnival Corporation from May 1987 through June 1989.

Meshulam Zonis, has been Senior Vice President-Operations of Carnival since 1979. He has also been a director since June 1987. From 1974 through 1979, he was Vice President-Operations of Carnival.

Special Note Regarding Forward-Looking Statements

Certain statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this Annual Report on Form 10-K and certain oral statements by authorized officers of the Company constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; consumer demand for cruises; pricing policies followed by competitors of the Company; increases in cruise industry capacity; changes in tax laws and regulations; the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; delivery of new vessels on schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; computer program Year 2000 compliance; and changes in laws and regulations applicable to the Company.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

A. Market Information

The information required by Item 201(a) of Regulation S-K, Market Information, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

B. Holders

The information required by Item 201(b) of Regulation S-K, Holders of common stock, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

C. Dividends

The Company declared cash dividends on all of its Common Stock in the amount of $.055 per share in each of the first three quarters of fiscal 1997, $.075 in the fourth quarter of fiscal 1997, $.075 in each of the first three quarters of fiscal 1998, and $.09 in the fourth quarter of fiscal 1998 and first quarter of fiscal 1999. Payment of future dividends on the Common Stock will depend upon, among other factors, the Company's earnings, financial condition and capital requirements. The Company may also declare special dividends to all stockholders in the event that members of the Arison family and certain related entities (the "Arison Group") are required to pay additional income taxes by reason of their ownership of the Common Stock because of an income tax audit of the

Company. On April 13, 1998, the Board of Directors of the Company approved a two-for-one split of its common stock. The additional shares were distributed on June 12, 1998 to shareholders of record on May 29, 1998. All share and per share data presented herein has been retroactively restated to give effect to this stock split.

While no tax treaty currently exists between the Republic of Panama and the United States, under current law the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama. Dividends paid by the Company will be taxable as ordinary income for United States Federal income tax purposes to the extent of the Company's current or accumulated earnings and profits, but generally will not qualify for any dividends-received deduction.

The payment and amount of any dividend is within the discretion of the Board of Directors, and it is possible that the amount of any dividend may vary from the levels discussed above.

Item 6. Selected Financial Data

The information required by Item 6, Selected Financial Data for each of the five years in the period ended November 30, 1998, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information required by Item 7A, Quantitative and Qualitative Disclosures About Market Risk, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 8. Financial Statements and Supplementary Data

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated January 25, 1999, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Items 10, 11, 12 and 13. Directors and Executive Officers of the Registrant, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management, and Certain Relationships and Related Transactions

The information required by Items 10, 11, 12 and 13 is incorporated by reference to the Registrant's definitive Proxy Statement to be filed with the Commission not later than 120 days after the close of the fiscal year except that the information concerning the Registrant's executive officers called for by Item 401(b) of Regulation S-K has been included in Part I of this Annual Report on Form 10-K.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1)-(2) Financial Statements and Schedules:

The financial statements shown in Exhibit 13 are hereby incorporated herein by reference.

(3) Exhibits:

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this Annual Report on Form 10-K and such Exhibit Index is hereby incorporated herein by reference.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended November 30, 1998.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, and the State of Florida on this 24th day of February, 1999.

CARNIVAL CORPORATION

By /s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Micky Arison Micky Arison	Chairman of the Board of Directors and Chief Executive Officer	February 24, 1999
/s/ Howard S. Frank Howard S. Frank	Vice Chairman of the Board of Directors and Chief Operating Officer	February 24, 1999
/s/ Gerald R. Cahill Gerald R. Cahill	Senior Vice President-Finance and Chief Financial and Accounting Officer	February 24, 1999
/s/ Shari Arison Shari Arison	Director	February 24, 1999
/s/ Maks L. Birnbach Maks L. Birnbach	Director	February 24, 1999
/s/ Richard G. Capen, Jr. Richard G. Capen, Jr.	Director	February 24, 1999
/s/ David Crossland David Crossland	Director	February 24, 1999
/s/ Robert H. Dickinson Robert H. Dickinson	Director	February 24, 1999
/s/ James M. Dubin James M. Dubin	Director	February 24, 1999
/s/ A. Kirk Lanterman A. Kirk Lanterman	Director	February 24, 1999
/s/ Modesto A. Maidique Modesto A. Maidique	Director	February 24, 1999
/s/ William S. Ruben William S. Ruben	Director	February 24, 1999
/s/ Stuart S. Subotnick Stuart S. Subotnick	Director	February 24, 1999
/s/ Sherwood M. Weiser Sherwood M. Weiser	Director	February 24, 1999
/s/ Meshulam Zonis Meshulam Zonis	Director	February 24, 1999
/s/ Uzi Zucker Uzi Zucker	Director	February 24, 1999

INDEX TO EXHIBITS

Page No. in Sequential Numbering System

Exhibits

3.1-Second Amended and Restated Articles of Incorporation of the Company. (1)

3.2-Form of By-laws of the Company.(2)

4.1-Agreement of the Company dated February 25, 1999 to furnish certain debt instruments to the Securities and Exchange Commission.

4.2-Revolving Credit Agreement dated as of July 1, 1993, Amended and Restated as of December 17, 1996, by and among Carnival Corporation, Citibank, N.A. and various other lenders.(3)

4.3-Form of Indenture, dated March 1, 1993, between Carnival Cruise Lines, Inc. and First Trust National Association, as Trustee, relating to the Debt Securities, including form of Debt Security.(4)

10.1-Retirement and Consulting Agreement dated November 18, 1998 between Alton Kirk Lanterman, Carnival Corporation and Holland America Line-Westours Inc.

10.2-Executive Long-term Compensation Agreement dated January 16, 1998 between Robert H. Dickinson and Carnival Corporation. (5)

10.3-1994 Carnival Cruise Line Key Management Incentive Plan as amended on January 5, 1998. (6)

10.4-Amended and Restated Carnival Corporation 1992 Stock Option Plan. (7)

10.5-Carnival Cruise Lines, Inc. 1993 Restricted Stock Plan adopted on January 15, 1993 and as amended January 5, 1998 and December 21, 1998.

10.6-Carnival Corporation "Fun Ship" Nonqualified Savings Plan. (8)

10.7 -Amendments to The Carnival Corporation Nonqualified Retirement Plan for Highly Compensated. (9)

10.8-Letter Agreement dated July 11, 1989, between the Company and the Ted Arison Irrevocable Trust. (10)

10.9-Amendment to Consulting Agreement Dated August 5, 1996 between the Company and Arison Investments Ltd. (11)

10.10-Carnival Cruise Lines, Inc. 1987 Stock Option Plan.(12)

10.11-Carnival Cruise Lines, Inc. 1987 Restricted Stock Plan.(13)

10.12-Carnival Cruise Lines, Inc. Retirement Plan.(14)

10.13-Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan.(15)

10.14-1993 Outside Directors' Stock Option Plan.(16)

10.15-HAL Antillen N.V. and subsidiaries Key Management Incentive Plan.

10.16-Form of Deferred Compensation Agreement between the Company and each of Meshulam Zonis and Robert H. Dickinson.(17)

10.17-Consulting Agreement/Registration Rights Agreement dated June 14, 1991, between the Company and Ted Arison.(18)

10.18-Indemnity Agreement between the Company and Ted Arison.(19)

10.19-First Amendment to Consulting Agreement/Registration Rights Agreement.(20)

10.20-Consulting Agreement dated July 31, 1992, between the Company and Arison Investments Ltd.(21)

10.21-Organization agreement dated February 25, 1994 between the Company and the principals of The Continental Companies.(22)

10.22-Stock Purchase Agreement between Carnival Corporation and CHC International.(23)

10.23-Stock Purchase Agreement between Carnival Corporation, Sherwood Weiser and others.(24)

10.24-Shareholders' Agreement dated February 21, 1996 between Carnival Corporation and David Crossland.(25)

10.25-Maks L. Birnbach Director's Agreement.(26)

10.26-William S. Ruben Director's Agreement.(27)

10.27-Stuart Subotnick Director's Agreement.(28)

10.28-Sherwood M. Weiser Director's Agreement.(29)

10.29-Uzi Zucker Director's Agreement. (30)

10.30-David Crossland Director's Agreement.(31)

10.31-James M. Dubin Director's Agreement.(32)

10.32-Modesto M. Maidique Director's Agreement.(33)

10.33-Richard G. Capen Director's Agreement.(34)

10.34-Shari Arison Dorsman Director's Agreement.(35)

10.35-Amendment of Stock Purchase Agreement and Security and Pledge Agreement, dated June 15, 1998, between Carnival Corporation, Sherwood Weiser and others.

10.36-Executive Long-term Compensation Agreement dated January 11, 1999, between the Company and Micky Arison.

10.37-Executive Long-term Compensation Agreement dated January 11, 1999, between the Company and Howard S. Frank.

10.38-Note Extension and Satisfaction Agreement, dated February 17, 1999, between Carnival Corporation, Sherwood Weiser and others.

12.0-Ratio of Earnings to Fixed Charges.

13.0-Portions of 1998 Annual Report incorporated by reference into 1998 Annual Report on Form 10-K.

21-Subsidiaries of the Company.

23.0-Consent of PricewaterhouseCoopers LLP.

27.0-Financial Data Schedule (for SEC use only).

Sequential
Numbering
System
Exhibits

(1)Incorporated by reference to Exhibit No. 3 to the registrant's registration statement on Form S-3 (File No. 333-68999), filed with the Securities and Exchange Commission.

(2)Incorporated by reference to Exhibit No. 3.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(3)Incorporated by reference to Exhibit No. 4.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(4)Incorporated by reference to Exhibit No. 4 to the registrant's registration statement on Form S-3 (File No. 33-53136), filed with the Securities and Exchange Commission.

(5)Incorporated by reference to Exhibit No. 10.2 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(6)Incorporated by reference to Exhibit No. 10.3 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(7)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(8)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(9)Incorporated by reference to Exhibit No. 10.7 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(10)Incorporated by reference to Exhibit No. 4.10 to the registrant's registration statement on Form S-1 (File No. 33-31795), filed with the Securities and Exchange Commission.

(11)Incorporated by reference to Exhibit No. 10.2 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(12)Incorporated by reference to Exhibit No. 10.1 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(13)Incorporated by reference to Exhibit No. 10.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(14)Incorporated by reference to Exhibit No. 10.3 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(15)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(16)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1993 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(17)Incorporated by reference to Exhibit No. 10.17 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(18)Incorporated by reference to Exhibit No. 4.3 to post-effective amendment no. 1 on Form S-3 to the registrant's registration statement on Form S-1 (File No. 33-24747), filed with the Securities and Exchange Commission.

(19)Incorporated by reference to Exhibit No. 10.18 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(20)Incorporated by reference to Exhibit No. 10.40 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(21)Incorporated by reference to Exhibit No. 10.39 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(22)Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(23)Incorporated by reference to Exhibit No. 10.31 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(24)Incorporated by reference to Exhibit No. 10.32 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(25)Incorporated by reference to Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(26)Incorporated by reference to Exhibit No. 28.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(27)Incorporated by reference to Exhibit No. 28.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(28)Incorporated by reference to Exhibit No. 28.3 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(29)Incorporated by reference to Exhibit No. 28.4 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(30)Incorporated by reference to Exhibit No. 28.5 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(31)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(32)Incorporated by reference to Exhibit No. 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(33)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(34)Incorporated by reference to Exhibit No. 10.7 to the registrant's Annual Report on Form 10-K for the fiscal year ended

November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(35)Incorporated by reference to Exhibit No. 10.8 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

EXHIBIT 4.1

February 24, 1999

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, DC 20549

RE: Carnival Corporation
Commission File No. 1-9610

Gentlemen:

Pursuant to Item 601 (b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation (the "Company") hereby agrees to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission, and, in accordance with such regulation, such instruments are not being filed as part of the Annual Report on Form 10-K of the Company for its fiscal year ended November 30, 1998.

Very truly yours,

CARNIVAL CORPORATION

/s/ Arnaldo Perez

Arnaldo Perez
General Counsel

EXHIBIT 10.1

RETIREMENT AND CONSULTING AGREEMENT

AGREEMENT made this 18th day of November, 1998 between CARNIVAL CORPORATION, having its principal place of business at 3655 N.W. 87th Avenue, Miami, Florida 33178, and its wholly owned subsidiary, Holland America Line-Westours Inc., having its principal place of business at 300 Elliott Avenue West, Seattle, Washington 98119 (collectively, the "Companies") and Alton Kirk Lanterman, ("Lanterman"), residing at 714 W. Galer Street, Seattle, Washington, 98119.

RECITALS

A. Lanterman has served as Chairman or President and Chief Executive Officer of Holland America Line-Westours Inc. ("HAL") since January 1989, and has performed exemplary service during said years.

B. The Companies desire to compensate Lanterman for such exemplary service by way of retirement pay.

C. The Companies desire to retain Lanterman's consulting services following such retirement on the terms set forth in this Agreement.

IN CONSIDERATION of past services as related above and the consulting services related below, it is agreed as follows:

1. Compensation For Past Services and Consulting Services

1.1 For a period of fifteen (15) years following the date of retirement by Lanterman from active services with the Companies (the "Retirement Date"), the Companies shall pay to Lanterman, in monthly installments of $88,625, an annual compensation of $1,063,500.

1.2 In the event of Lanterman's death prior to the Retirement Date, or prior to the fifteenth anniversary of the Retirement Date, the unpaid balance of this total compensation ($15,952,500) shall be paid in full to Lanterman's estate within 30 days of his death. The unpaid balance shall be its then present value calculated by utilization of an interest rate of 8.5% per year.

2. Consulting Services

Commencing on the Retirement Date and for a period of fifteen (15) years, Lanterman agrees to perform consulting services for the Companies in regard to the business operations of HAL upon the specific written request of the Companies. Such services shall be provided during normal business hours, on such dates, for such time and at such locations as shall be agreeable to Lanterman. Such services shall not require more than five (5) hours in any calendar month, unless expressly consented to by Lanterman, whose consent may be withheld for any reason whatsoever. The Companies will reimburse Lanterman for any out-of-pocket expenses incurred by him in the performance of said services.

3. Independent Contractor

Lanterman acknowledges that commencing on the Retirement Date, he will be solely an independent contractor and consultant. He further acknowledges that he will not consider himself to be an employee of the Companies, and will not be entitled to any of the Companies employment rights or benefits.

4. Confidentiality

Lanterman will keep in strictest confidence, both during the term of this Agreement and subsequent to termination of this Agreement, and will not during the term of this Agreement or thereafter disclose or divulge to any person, firm or corporation, or use directly or indirectly, for his own benefit or the benefit of others, any confidential information of the Companies, including, without limitation, any trade secrets respecting the business or affairs of the Companies which he may acquire or develop in connection with or as a result of the performance of his services hereunder. In the event of an actual or threatened breach by Lanterman of the provisions of this paragraph, the Companies shall be entitled to injunctive relief restraining Lanterman from the breach or threatened breach as its sole remedy. The Companies hereby waive their rights for damages, whether consequential or otherwise.

5. Enforceable

The provisions of this Agreement shall be enforceable notwithstanding the existence of any claim or cause of action of Lanterman against the Companies, or the Companies against Lanterman, whether predicated on this Agreement or otherwise.

6. Applicable Law

This Agreement shall be construed in accordance with the laws of the State of Washington, and venue for any litigation concerning an alleged breach of this Agreement shall be in King County, Washington, and the prevailing party shall be entitled to reasonable attorney's fees and costs incurred.

7. Entire Agreement

This Agreement contains the entire agreement of the parties relating to the subject matter hereof. A similar agreement of November 1997 shall become null and void upon the execution of this Agreement. Any notice to be given under this Agreement shall be sufficient if it is in writing and is sent by certified or registered mail to Lanterman or to the Companies to the attention of the President, or otherwise as directed by the Companies, from time to time, at the addresses as they appear in the opening paragraph of the Agreement.

8. Waiver

The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the Companies and Lanterman have duly executed this agreement as of the day and year first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Its: Vice Chairman and COO

HOLLAND AMERICA LINE-
WESTOURS INC.

By: /s/ Larry D. Calkins
Its: Vice President -
Finance

/s/ Alton Kirk Lanterman
Signature

Alton Kirk Lanterman
Print Full Name

EXHIBIT 10.5

CARNIVAL CRUISE LINES, INC.
1993 RESTRICTED STOCK PLAN

(adopted by the Board of Directors on January 15, 1993, amended on January 5, 1998 and December 21, 1998)

1. Purpose of the Plan. The purpose of the Carnival Cruise Lines, Inc., 1993 Restricted Stock Plan (the "Plan") is to provide incentives in the form of ownership of the Class A Common Stock ("Common Stock"), of Carnival Cruise Lines, Inc. (the "Company"), to certain selected employees of the Company and its subsidiaries ("Participants"), by making awards of Common Stock ("Stock Awards"), subject to certain restrictions and forfeiture provisions.

2. Participation. Participation in the Plan shall be limited to officers, directors and key employees of the Company designated from time to time by the Compensation Committee of the Board of Directors of the Company.

3. Common Stock Reserved for the Plan. The shares subject to Stock Awards under the Plan shall consist of 2,000,000 authorized but unissued shares of Common Stock or previously issued shares reacquired and held by the Company, and such amount of shares shall be and is hereby reserved for issuance pursuant to this Plan.

4. Grant of Awards. (a) The Compensation Committee shall have the authority and responsibility, within the limitations of the Plan, to determine the officers, directors and key employees of the Company to whom Stock Awards shall be granted, the number of shares of Common Stock which will comprise each Stock Award, and the vesting schedule of each Stock Award.

(b) The Company shall not issue fractional shares under the Plan.

5. Terms and Conditions. Each Stock Award granted under the Plan shall be subject to the following express terms and conditions and to such other terms and conditions as the Compensation Committee may deem appropriate:

(a) Restrictions on Forfeitable Common Stock. Each of the Common Stock granted pursuant to a Stock Award shall be subject to the following restrictions until the Participant acquires a nonforfeitable right to the shares: such shares may not be sold, exchanged, transferred, pledged, hypothecated, or otherwise disposed of by the Participant until Participant's right to such shares becomes nonforfeitable. Notwithstanding the foregoing, nothing herein shall preclude a Participant from:

(i) making a gift of any shares of Common Stock to a spouse, child, step-child, grandchild, parent, sibling, or legal dependent of the Participant; or
(ii) transferring shares of Common Stock to a corporation or partnership owned, directly or indirectly by the Participant or any of the persons listed in (i); or
(iii) making a gift of any shares of Common Stock to a trust of which the beneficiary or beneficiaries of the corpus and income are the Participant or any of the persons listed in (i);

provided that the Common Stock so given shall remain subject to the restrictions, obligations and conditions described in this section 5.

(b) Time When Common Stock Is Nonforfeitable. Participants shall acquire a fully nonforfeitable right to the Common Stock awarded under the Plan upon the earlier of (i) the date of the Participant's actual retirement at or after age 65, (ii) the date of the Participant's death or disability, or (iii) on such date as otherwise determined by the Compensation

Committee. In addition, the Participant shall acquire nonforfeitable rights to the Common Stock awarded under the Plan in accordance with the vesting (i.e., acquisition of nonforfeitable rights) schedule as set by the Compensation Committee at the time of the Stock Award, provided that full vesting under such schedule shall take place no sooner than five years after date of Stock Award and no later than ten years after such date.

(c) Forfeiture Due to Termination of Employment. Unless otherwise determined by the Plan Administration Committee, if a Participant leaves the employment of the Company for any reason other than retirement at or after age 65, or death or disability, all shares as to which the Participant does not have a nonforfeitable right shall be forfeited and returned to the Company.

(d) Definition of Disability, Years of Service, and Retirement. The term "disability" as used in this section means "total and permanent disability". The terms "total and permanent disability," "years of service," and "retirement" shall be determined in accordance with applicable Company personnel policies.

(e) Rights and Obligations With Respect to Stock. A certificate or certificates for all shares of Common Stock granted pursuant to a Stock Award hereunder shall be registered in the name of each Participant and delivered to him as soon as reasonably practicable, and he shall thereupon be a stockholder and, except as otherwise expressly provided to the contrary herein, have all the rights of a stockholder with respect to such shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such shares; provided, however, that such shares of Common Stock, and any new, additional or different securities the Participant may become entitled to receive with respect to such shares by virtue of a stock split or stock dividend or any other change in the corporate or capital structure of the Company, shall be subject to the terms and conditions hereof. In order to enforce such terms and conditions, the Company may cause a legend or legends making appropriate reference to such terms and conditions to be imposed on each share of Common Stock subject to a Stock Award.

6. Amendments or Termination. The Company may amend, alter or discontinue the Plan, but no amendment or alteration shall be made which would impair the rights of any Participant under any award previously granted without the consent of such Participant.

7. Compliance With Other Laws and Regulations. This Plan and Stock Awards hereunder shall be subject to all applicable federal and state laws, rules and regulations and such approvals by any governmental or regulatory agency or national securities exchange as may be required. The Company shall not be required to issue or deliver any certificates for shares of Common Stock prior to the completion of any registration or qualification of such shares under any federal or state law, or any ruling or regulation of any government body or national securities exchange which the Company shall, in its sole discretion, determine to be necessary or advisable.

8. Effective Date of Plan. The Plan shall be effective on the date the shareholders of the Company adopt the Plan.

KEY MANAGEMENT INCENTIVE PLAN TERMS
HAL ANTILLEN N.V. AND SUBSIDIARIES

OBJECTIVE

By providing a means whereby Plan participants can share in the net income of the Holland America Line group of companies (HAL), the Key Management Incentive Plan (the "Plan") is designed to focus managerial attention on the objective of maximizing the profitability of Holland America Line.

PLAN ADMINISTRATION

The Plan Administrator is the Chairman and Chief Executive Officer of Holland America Line-Westours Inc. (HALW). The Plan Administrator can delegate administrative functions regarding the Plan to one or more HALW Vice Presidents. The Plan Administrator has sole and final authority and discretion in resolving any questions regarding the administration or terms of the Plan not addressed in this document as well as in resolving any ambiguities that may exist in this document.

PLAN YEAR AND NET INCOME

As used in this document, the term "Plan Year" refers to HAL's fiscal year (December 1 - November 30) and the term "Net Income" refers to a Plan Year's consolidated net income for HAL Antillen N.V. and its direct and indirect subsidiaries (whose results are consolidated with those of HAL Antillen N.V. for financial reporting purposes), as reported in the Plan Year's annual audited consolidated financial statements for HAL Antillen N.V.

PARTICIPATION

The Plan Administrator shall determine which employees will be Plan participants and the specific number of Shares in the Plan that each participant will have. In making these determinations, the Plan Administrator shall consider level of responsibility, the degree the position can impact the Plan's objectives, individual experience, seniority, prior participation levels, compensation paid outside HAL for similar work and such other factors as the Plan Administrator deems appropriate. Employees are not entitled to challenge determinations by the Plan Administrator on grounds of uniformity, consistency or similar bases. There is no limit to the number of participants or the aggregate number of Shares. Decisions regarding participation and number of Shares are made separately as to each Plan Year.

The Plan Administrator may allow new hires or employees assuming new positions to join the Plan during the Plan Year. Each participant will be advised of his/her Shares during the first 90 days of each Plan Year or, if later, within 90 days of becoming a participant. The Plan Administrator may increase or decrease a participant's Shares during a Plan Year due to changes in position responsibilities. The number of Shares as of the last day of the Plan Year is determinative for purposes of calculating payments under the Plan. Participation in the Plan is suspended during any Company approved leave of absence.

CANCELLATION OF SHARES

Except in the case of eligible retirement, death or disability requiring termination of employment, Shares are automatically cancelled immediately upon termination of employment. For these purposes, the reason for termination of employment is irrelevant. Consequently, it will make no difference if employment is terminated by the employer or the participant. The cancellation of Shares automatically terminates any right of a participant to receive any amounts under the Plan as to the Plan Year during which cancellation occurs. In other words, any participant whose employment terminates prior to the end of the Plan Year will not receive any amount under the Plan as to that Plan Year unless the termination was due to eligible retirement, death or disability requiring termination of employment. Termination of employment will not effect the amount to which a person would be entitled as to any Plan Year prior to termination. An "eligible retirement" applies to persons who, at the time of retirement, are at least

65 years of age and have been employed by the HAL group of companies for at least the immediately preceding 15 years.

METHOD OF CALCULATING SHARE VALUES AND PAYMENT

The dollar value of a Share will be a fixed value (determined as provided below) as to those participants that had fixed Share values during the fiscal year ending November 30, 1997. The dollar value of a Share for all other participants shall be variable:

a. Fixed Shares: Participants with a fixed Share value will receive $50.00/Share for each $1,000,000 of Net Income during the Plan Year (pro rated for increments of less than $1,000,000). The fixed Share value is subject to adjustment by the Plan Administrator at any time prior to the commencement of the Plan Year to which such adjustment relates.

b. Variable Shares: Prior to the beginning of each Plan Year, the Plan Administrator, with the approval of the HALW Board of Directors, will establish a Plan Percentage for that Plan Year except that until changed by the HALW Board of Directors, the Plan Percentage shall be 3.4%. The dollar value of each variable Share will equal an amount computed by:

(i) taking an amount equal to the Plan Percentage of the Net Income and deducting from that the total amount paid to participants with fixed Shares; and

(ii) dividing that amount by the total number of variable Shares as of the last day of the Plan Year.

Notwithstanding the foregoing, the dollar value of a Share for any Plan participant who participates in the Plan for less than 12 months (i.e., due to suspension in Plan participation, because he/she only becomes a participant after December 1st of the Plan Year, because of an eligible retirement, because he/she dies or because he/she is required to terminate employment due to disability) shall be proportionately reduced to reflect the actual duration of Plan participation (in full months). For pro ration purposes, only those months in which the participant had at least 15 days of active employment will be included. For example, if a participant was on a Company approved leave of absence for 3 months (or only became a Plan participant on February 20th or died on September 8th), the value of each Share of that participant will be 75% (9/12ths) of the value of a Share for a full-year participant. The aggregate reduction in payments shall be allocated pro rata among all participants.

Payment of the Share value will be made on a date determined by the Plan Administrator but in any event within 75 days after the conclusion of the Plan Year. At the discretion of the Plan Administrator, advance partial payments may be made based on anticipated Net Income. All payments are subject to applicable withholding taxes. Cash awards are subject to partial payment in Carnival Stock on the terms described below.

SENIOR MANAGEMENT COMMON STOCK AWARD

A predetermined portion of the Plan payment otherwise due will be made to specified participants in the form of Carnival Corporation Class A shares of common stock ("Carnival Stock") based on the following table:

Share Level	Amount of Incentive Award in Carnival Stock
20 or more	25%
10 - 19.99	20%
Less than 10	-0-

Notwithstanding the foregoing, no portion of any payment to the Plan Administrator, in his/her capacity as a participant, shall be made in Carnival Stock. The actual number of shares of Carnival Stock to be received by each participant referred to in

the foregoing table shall be determined by dividing the amount of the participant's Plan payment to be received in Carnival Stock (as above provided) by the average closing price for Carnival Stock for the last ten (10) trading days of the Plan Year, as quoted on the national stock exchange on which the Carnival Stock is traded. Fractional shares of Carnival Stock will not be issued.

The value of Carnival Stock received by Plan participants will be reported to governmental taxing authorities, and taxes shall be withheld in respect of such Carnival Stock, in accordance with the requirements of applicable law. Carnival Stock issued will be subject to a restriction on sale commencing from date of issuance and continuing until, but not including, the first trading day in the second January following the end of the Plan Year in respect of which the Carnival Stock was issued (e.g., Carnival Stock issued in respect of the Plan Year ending November 30, 1998 would be subject to a restriction on sale that would not end until the first trading day in January, 2000). Holders will be eligible to receive dividends during the restriction period.

DURATION OF PLAN

The Plan will be effective until terminated by the HAL Antillen N.V. Board of Directors. Termination will be effective beginning with the second full Plan Year following action by the Board of Directors.

PURCHASE FOR INVESTMENT

Whether or not the shares of Carnival Stock covered by the Plan have been registered under the Securities Act of 1933, as amended, each person acquiring shares of Carnival Stock under the Plan may be required by Carnival to give a representation in writing that such person is acquiring such shares for investment and not with a view to, or for sale in connection with, the distribution of any part thereof. Carnival will endorse any necessary legend referring to the foregoing restriction upon the certificate or certificates representing any shares of Carnival Stock issued or transferred to the Plan participants upon the grant of any shares of Carnival Stock under the Plan.

AMENDMENT OF PLAN

Any amendment to the Plan shall comply with all applicable laws and applicable stock exchange listing requirements.

GOVERNMENTAL AND OTHER REGULATIONS

The Plan and the Carnival Stock awards under the Plan shall be subject to all applicable federal and state laws, rules and regulations and such approvals by any governmental or regulatory agency or national securities exchange, as may be required. Carnival Corporation shall not be required to issue or deliver any certificates or shares of Carnival Stock prior to the completion of any registration or qualification of such shares under any federal or state law, or any ruling or regulations of any governmental body or national securities exchange which Carnival Corporation shall, in its sole discretion, determine to be necessary or advisable.

AMENDMENT OF
STOCK PURCHASE AGREEMENT
AND
SECURITY AND PLEDGE AGREEMENT

This Amendment of Stock Purchase Agreement and Security and Pledge Agreement (this "Amendment") is dated as of the 15th day of June, 1998 by and among (i) Carnival Corporation ("CCL") and (ii) Sherwood M. Weiser ("Weiser"), Donald E. Lefton ("Lefton"), Thomas F. Hewitt ("Hewitt"), Peter Sibley ("Sibley"), W. Peter Temling ("Temling") and Robert B. Sturges ("Sturges") (Weiser, Lefton, Hewitt, Sibley, Temling and Sturges are sometime collectively referred to herein a the "Buyers" and individually as a "Buyer").

R E C I T A L S:

A. CCL and the Buyers entered into that certain Stock Purchase Agreement dated as of November 30, 1994 (the "Purchase Agreement") pursuant to which the Buyers acquired an aggregate of 2,610,000 (as adjusted for 2-for-1 stock split) shares of CHC International, Inc. ("CHC") Common Stock.

B. The purchase price for such shares of CHC Common Stock was paid by each Buyer's delivery to CCL of (a) such Buyer's promissory note in the amount set forth in the Agreement (collectively, the "Original Notes") and (b) a Security and Pledge Agreement dated as of November 30, 1994, pursuant to which each Buyer granted to CCL a security interest in and to the CHC Common Stock it acquired pursuant to the Agreement (each, a "Pledge Agreement").

C. The entire principal balance and all interest accrued under the Original Notes remains outstanding on the date hereof.

D. The Buyers desire to exchange the shares of CHC Common Stock for shares of Wyndham International, Inc. ("Wyndham") Series A Redeemable Convertible Preferred Stock and Series B Redeemable Convertible Preferred Stock pursuant to that certain Agreement and Plan of Merger by and among Patriot American Hospitality Operating Company (n/k/a Wyndham International, Inc.), Patriot American Hospitality, Inc. and CHC dated as of September 30, 1997 and other documents contemplated thereby (collectively, the "Merger Documents").

E. Certain shares of CHC Common Stock are currently pledged as collateral for the Original Notes. The Buyers desire to substitute such collateral with shares of (i) CSMC-Management Services Inc. (which name may be later changed to CCR International, Inc.) Common Stock (the "CSMC Shares") and (ii) Wyndham Series A Redeemable Convertible Preferred Stock and Series B Redeemable Convertible Preferred Stock, in the amounts set forth on Exhibit A hereto (the "WYNDHAM Shares", which together with the CSMC Shares shall be referred to herein as the "WYNDHAM/CSMC Shares").

F. CCL has agreed to accept the Wyndham/CSMC Shares as substitute collateral as for the loans evidenced by the Original Notes further provided herein.

G. The principal balance of the loans evidenced by the Original Notes, will be renewed and evidenced by Renewal Promissory Notes dated the date hereof from each of the Buyers (the "Renewal Notes").

In consideration of these recitals and the covenants contained in this Amendment, the parties agree as follows:

1. Definitions. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

2. Recitals. The parties hereto acknowledge and agree that the foregoing recitals are true and correct and constitute a part of this Amendment.

3. Amendments of the Purchase Agreement.

(a) Section 4.1 of the Purchase Agreement shall be deleted and replaced in its entirety with the following:

"4.1 Sale and Purchase. Subject to Article V, at any time between May 30, 1996 and June 30, 1999, upon written notice from Weiser (the "Put Notice"), CCL shall purchase from Buyers, on the date and in the manner set forth in this Article IV, all (but not less than all) of the CSMC Management Services, Inc. Common Stock, par value $.01 per share, (the "CSMC Shares") and the Wyndham International, Inc. Series A Redeemable Convertible Preferred Stock, par value $.01 per share, and Series B Redeemable Convertible Preferred Stock, par value $.01 per share, (the "WYNDHAM Shares", which collectively with the CSMC Shares shall be referred to as the "WYNDHAM/CSMC Shares"), described on Exhibit A to the Amendment of Stock Purchase Agreement and Security and Pledge Agreement dated June 15, 1998 then held by Buyers, at the Purchase Price paid by Buyers hereunder, together with an amount necessary so that the aggregate purchase price to be paid by CCL pursuant to this Article IV returns to each Buyer his original investment of $6.25 per share of CHC International, Inc. Common Stock (as adjusted for the 2-for-1 stock split) purchased from CCL on the date of CCL's sale of the Purchased Shares hereunder (the "Closing Date") and also provides such Buyer with a rate of return thereon of 6.10% per annum, in each case from the Closing Date until the date the Wyndham/CSMC Shares are acquired by CCL pursuant to this Article IV. Each of the Buyers agrees that Weiser shall have the sole right to deliver the Put Notice. For the sake of clarity, the parties acknowledge that this Section 4.1 has been amended in order to permit the Buyers to exchange the Purchased Shares. In order to put CCL in the same position as it was prior to such sale, the 'put' provided for under this Section 4.1 shall apply to the Wyndham/CSMC Shares, which were acquired by the Buyers at the time of and in connection with the exchange of the Purchased Shares."

(b) All references contained in the Sections 4.2 and 4.4 of the Purchase Agreement to "Purchased Shares" are hereby deleted and replaced in their entirety with "WYNDHAM/CSMC Shares".

(c) All references contained in Article V of the Purchase Agreement to "fourth anniversary" are hereby deleted and replaced in their entirety with "June 30, 1999".

4. Amendments of Each Pledge Agreement.

(a) Subsection (a) of Section 1 of each Pledge Agreement is hereby deleted and replaced in its entirety with the following:

"(a) the number of shares of Common Stock, par value $.005 per share, of CSMC Management Services Inc., and the number of shares of Series A Redeemable Convertible Preferred Stock, par value $.01 per share, and Series B Redeemable Convertible Preferred Stock, par value $.01 per share, of Wyndham International, Inc. set forth opposite such Debtor's name on Exhibit A to the Amendment of Stock Purchase Agreement and Security and Pledge Agreement dated as of June 15, 1998 (the "Amendment")(collectively the "WYNDHAM/CSMC Shares");";

(b) Section 2 of each Pledge Agreement is hereby deleted and replaced in its entirety with the following:

"2. Stock Purchase Agreement. This Agreement was executed and delivered pursuant to the terms, conditions and requirements of the Stock Purchase Agreement dated as of November 30, 1994, as amended (the "Purchase Agreement") pursuant to which Secured Party sold certain shares of common stock of CHC

International, Inc. to Debtor. As of the date of the Amendment, Debtor exchanged all of such shares of CHC International, Inc. for the Wyndham/CSMC Shares and substituted such shares as Collateral hereunder. The security interests herein granted ("Security Interests") shall secure full payment and performance of: (a) that certain Promissory Note dated November 30, 1994 made by Debtor and payable to Secured Party (the "Original Note"), which obligation has been renewed pursuant to that certain Renewal Promissory Note dated June 15, 1998 made by Debtor and payable to Secured Party (the "Note"); and (b) the due and punctual observance and performance of each and every agreement, covenant and condition on Debtor's part to be observed or performed under this Agreement and the Note (all of which debts, duties, liabilities and obligations hereinbefore described and covered by this Agreement and the Note are hereinafter referred to as the "Obligation")."

5. Representations and Warranties. Each Buyer hereby represents and warrants to CCL and covenants for the benefit of CCL as follows:

(a) Each Buyer is the sole legal and equitable owner of the Wyndham/CSMC Shares described on Exhibit A hereto free from any adverse claim, lien, security interest, encumbrance or other rights, title or interest of any person, except for (i) the security interest created by the Pledge Agreement, as amendment hereby; (ii) as described in Section 5(d) hereof; and (iii) claims arising under the Merger Documents.

(b) Except for the Wyndham Shares described in Section 5(d) below, each Buyer has delivered to CCL all stock certificates evidencing the Wyndham/CSMC Shares pledged and assigned as contemplated under this Amendment, together with duly executed stock powers in blank.

(c) The amount outstanding under the Renewal Note is intended by the Buyers to be and remain fully secured by the Pledge Agreement and each Buyer hereby expressly reaffirms the representations and warranties set forth in the Pledge Agreement.

(d) Immediately upon the release of the Wyndham Shares withheld from delivery by Wyndham pursuant to Section 8 of that certain Stockholder Indemnification Agreement by and among Wyndham and each of the Buyers and the other stockholders of CHC, each Buyer agrees to deliver to CCL all stock certificates actually released by Wyndham, which shares evidenced thereby have been pledged and assigned as contemplated under this Amendment, together with duly executed stock powers in blank.

6. Agreement. All parties agree that, except as provided in this Amendment, all other terms and conditions of the Purchase Agreement and Pledge Agreement remain in full force and effect.

7. Counterparts. This Amendment may be executed in any number of counterparts and by the separate parties to this Amendment in separate counterparts, all of which shall be deemed to be an original and one and the same instrument.

8. Effective Date. Notwithstanding the date of this Amendment, this Amendment shall not become effective until, and shall become effective simultaneously with, the closing of the transaction contemplated by the Merger Documents.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be made, executed and delivered as of the day and year first above written.

CARNIVAL CORPORATION

By:/s/ Gerald R. Cahill
Print Name: Gerald R. Cahill
Title: Senior Vice President and CFO

/s/ Sherwood M. Weiser
SHERWOOD M. WEISER

/s/ Donald E. Lefton
DONALD E. LEFTON

/s/ Thomas F. Hewitt
THOMAS F. HEWITT

/s/ Peter Sibley
PETER SIBLEY

/s/ W. Peter Temling
W. PETER TEMLING

/s/ Robert B. Sturges
ROBERT B. STURGES

EXHIBIT A

WYNDHAM/CSMC SHARES

Name of Buyer	CSMC Management Shares	Wyndham Series A Shares	Wyndham Series B Shares
Weiser	859,248	138,088	138,088
Lefton	859,248	138,088	138,088
Sibley	318,394	51,169	51,169
Hewitt	318,394	51,169	51,169
Sturges	127,358	20,467	20,467
Temling	127,358	20,467	20,467
TOTAL	2,610,000	419,448	419,448

EXECUTIVE LONG-TERM COMPENSATION AGREEMENT

THIS EXECUTIVE LONG-TERM COMPENSATION AGREEMENT is entered into this 11th day of January, 1999, to be effective as of the 1st day of January, 1998, by and between CARNIVAL CORPORATION ("Carnival") with its principal place of business located at 3655 N.W. 87th Avenue, Miami, Florida 33178, and MICKY ARISON (the "Individual").

R E C I T A L S

WHEREAS, the Individual is currently employed as the Chairman and Chief Executive Officer of Carnival;

WHEREAS, Carnival wishes to provide long-term incentive and reward to the Individual for the continuation of his full-time employment with Carnival, in addition to the Individual's annual compensation consisting of a base salary and annual bonus; and

WHEREAS, the Individual desires to continue in the employ of Carnival until his retirement in consideration for Carnival's payment of compensation for his services during the period prior to retirement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Carnival shall continue to employ the Individual as Chairman and Chief Executive Officer and the Individual shall continue to serve Carnival in such executive capacity until such employment is terminated by either party.

2. Subject to the provisions of this Agreement, Carnival shall pay the Individual as long-term compensation, beginning January 1, 1998 and continuing during the term of his employment with Carnival, the stock compensation benefit described as follows ("Stock Compensation Benefit"):

(A) Pursuant to the terms of Carnival's 1992 Stock Option Plan, the Individual shall receive in January of each year during the term of his employment (commencing effective January of 1998) an option to purchase 120,000 <1> shares of Carnival Corporation Common Stock (the "Stock Option Benefit"). For purposes of this Agreement, the exercise price of the options shall be the average of the high and low sales price of Common Stock on the New York Stock Exchange Corporate Tape on the date of the quarterly Board of Directors meeting held in January of each year (the "Grant Date"). Said options shall vest ratably over a five (5) year period as more particularly set forth in a Nonqualified Stock Option Agreement to be entered into annually substantially in the form attached hereto as Exhibit A.

(B) Pursuant to the terms of Carnival's 1993 Restricted Stock Plan, the Individual shall receive annually on the Grant Date 60,000 <2> restricted shares of Carnival Corporation Common Stock (the "Restricted Stock Benefit"). Except as otherwise provided in Section 3 hereof, these shares shall vest on the fifth anniversary of the date of such annual grant.

<1> The number of shares has been adjusted to reflect the 2-for-1 stock split effective June 12, 1998.
<2> The number of shares has been adjusted to reflect the 2-for-1 stock split effective June 12, 1998.

3. Notwithstanding anything herein to the contrary, no payment of any Stock Compensation Benefit shall be made, and all unvested options and restricted stock issued hereunder and all

rights under the Agreement shall be forfeited, if any of the following events shall occur:

(A) The Individual's employment with Carnival is terminated for cause. For purposes of this Agreement, "for cause" shall be defined as any action or inaction by the Individual which constitutes fraud, embezzlement, misappropriation, dishonesty, breach of trust, a felony or moral turpitude, as determined by its Board of Directors;

(B) The Individual voluntarily terminates his employment with Carnival prior to attaining sixty (60) years of age unless such voluntary termination is directly related to the Individual being diagnosed with a terminal medical condition;

(C) The Individual shall engage in competition, as more particularly described in Section 6 hereof, either (i) during the term of his employment with Carnival; (ii) following the Individual's voluntary termination of his employment with Carnival; or (iii) following Carnival's termination of the Individual's employment with Carnival either for cause, as defined in (A) above, or other than for cause; or

(D) The Individual violates the nondisclosure provisions set forth in Section 7 hereof.

In the event the Individual voluntarily terminates his employment either (a) following attaining the age of sixty (60) or (b) prior to attaining the age of sixty (60) as a direct result of the Individual being diagnosed with a terminal medical condition, then all unvested options and restricted stock previously granted hereunder will not be forfeited by the Individual and will continue to vest as scheduled, unless and until the Individual engages in competition in violation of Section 6 hereof or violates the nondisclosure provisions set forth in Section 7 hereof.

In the event Carnival terminates the Individual's employment with Carnival for a reason other than for cause, as defined in Section 3(A) above, then, unless and until the Individual engages in competition in violation of Section 6 hereof or violates the nondisclosure provisions set forth in Section 7 hereof, (i) each annual grant of the Stock Option Benefit shall continue to vest as scheduled; and (ii) each annual grant of the Restricted Stock Benefit shall vest and shall continue to vest in accordance with the alternative vesting schedule set forth on Exhibit B ("Alternative Vesting Schedule I").

In the event the Individual voluntarily terminates his employment with Carnival within 14 days of his receipt of notice that Carnival's Board of Directors or appropriate committee of the Board, has determined that the Individual's annual grant of the Restricted Stock Benefit will be reduced by more than 25% in any one year, then (i) all unvested options issued hereunder shall be forfeited; (ii) each annual grant of the Restricted Stock Benefit shall be subject to the alternative vesting schedule set forth on Exhibit C ("Alternative Vesting Schedule II"); and (iii) all unvested restricted stock issued hereunder, after application of Alternative Vesting Schedule II, and all rights under this Agreement shall be forfeited. Notwithstanding the foregoing, this paragraph of Section 3 shall be null and void once the Individual attains the age of sixty (60).

4. Intentionally Deleted.

5. Each annual grant of the Stock Compensation Benefit is contingent on the Individual's satisfactory performance of his duties as determined by Carnival's Board of Directors or appropriate committee of the Board.

6. The services of the Individual are unique, extraordinary and essential to the business of Carnival, particularly in view of the Individual's access to Carnival's confidential information and trade secrets. Accordingly, in consideration of the Stock Compensation Benefits payable hereunder, the Individual agrees that he will not, without the prior written approval of the Board of Directors, at anytime during the term of his employment with Carnival and (except as

provided below) for five (5) years following the date on which the Individual's employment with Carnival terminates, directly or indirectly, within the United States or its territories, engage in any business activity directly or indirectly competitive with the business of Carnival, or its subsidiaries or divisions, or serve as an officer, director, owner, consultant, or employee of any organization then in competition with Carnival or any of its subsidiaries or divisions. In addition, the Individual agrees that during such five (5) year period following his employment with Carnival, he will not solicit, either directly or indirectly, any employee of Carnival, its subsidiaries or division, who was such at the time of the Individual's separation from employment hereunder. In the event that the provisions of this Section 6 should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitations permitted by applicable law.

Notwithstanding the foregoing, the provisions of this Section 6 shall be null and void if, prior to attaining the age of sixty (60), the Individual voluntarily terminates his employment with Carnival within 14 days of his receipt of notice that Carnival's Board of Directors or appropriate committee of the Board, has determined that the Individual's annual grant of the Restricted Stock Benefit will be reduced by more than 25% in any one year.

7. The Individual expressly agrees and understands that Carnival owns and/or controls information and material which is not generally available to third parties and which Carnival considers confidential, including, without limitation, methods, products, processes, customer lists, trade secrets and other information applicable to its business and that it may from time to time acquire, improve or produce additional methods, products, processes, customers lists, trade secrets and other information (collectively, the "Confidential Information"). The Individual hereby acknowledges that each element of the Confidential Information constitutes a unique and valuable asset of Carnival, and that certain items of the Confidential Information have been acquired from third parties upon the express condition that such items would not be disclosed to Carnival and its officers and agents other than in the ordinary course of business. The Individual hereby acknowledges that disclosure of Carnival's Confidential Information to and/or use by anyone other than in Carnival's ordinary course of business would result in irreparable and continuing damage to Carnival. Accordingly, the Individual agrees to hold the Confidential Information in the strictest secrecy, and covenants that, during the term of his employment with Carnival or at any time thereafter, he will not, without the prior written consent of the Board of Directors, directly or indirectly, allow any element of the Confidential Information to be disclosed, published or used, nor permit the Confidential Information to be discussed, published or used, either by himself or by any third parties, except in effecting Individual's duties for Carnival in the ordinary course of business. The Individual agrees to keep all such records in connection with the Individual's employment as Carnival may direct, and all such records shall be the sole and absolute property of Carnival. The Individual further agrees that, within five (5) days of Carnival's request, he shall surrender to Carnival any and all documents, memoranda, books, papers, letters, price lists, notebooks, reports, logbooks, code books, salesmen records, customer lists, activity reports, video or audio recordings, computer programs and any and all other data and information and any and all copies thereof relating to Carnival's business or any Confidential Information.

8. Except as otherwise provide in Section 6 hereof, the restrictive covenants contained in Sections 6 and 7 herein shall survive the termination or expiration of this Agreement and any termination of the Individual's employment.

9. Nothing herein shall be construed as conferring upon the Individual the right to continue in the employ of Carnival as an executive or in any other capacity.

10. The Stock Compensation Benefit payable under this Agreement shall not be deemed salary or other compensation to the Individual for the purpose of computing benefits to which such Individual may be entitled under any pension or profit sharing

plan or other arrangement of Carnival for the benefit of its employees.

11. The Compensation Committee of Carnival's Board of Directors shall have the full power and authority to interpret, construe and administer this Agreement. No officer or director of Carnival shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Agreement unless such action or omission is attributable to his own willful misconduct or lack of good faith.

12. This Agreement shall not be, nor shall it be construed to constitute an employment agreement between the Individual and Carnival.

13. This Agreement shall be governed by, and shall be construed and interpreted in accordance with, the laws of the State of Florida and the parties agree to submit to the jurisdiction of the United States District Court for the Southern District of Florida for the resolution of any disputes arising under this Agreement.

14. In the event that any party to this Agreement institutes suit against the other party to this Agreement to enforce any of its rights hereunder, the "prevailing party" in such action shall be entitled to recover from the other party all reasonable costs incurred in pursuing such action, including reasonable attorneys' fees. For purposes of this Agreement, "prevailing party" shall mean the party recovering judgment in the case and not being liable on any counterclaim brought in the case.

15. This Agreement constitutes the entire agreement between Carnival and the Individual with respect to the long-term compensation of the Individual as described herein and supersedes all prior negotiations, agreements, understandings and arrangements, both oral and written, between Carnival and the Individual with respect to such subject matter. This Agreement may not be modified in any way, except by a written instrument executed by each of Carnival and the Individual.

16. This Agreement shall be for the benefit of, and shall be binding upon, each of Carnival and the Individual and their respective heirs, personal representatives, legal representatives, successors and assigns.

17. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part hereof, all of which are inserted conditionally on their being valid in law. In the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid by a court of competent jurisdiction, then, in any such event, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted.

18. The waiver by either party of a breach or violation of any term or provision of this Agreement by the other party shall not operate nor be construed as a waiver of any subsequent breach or violation of any provision of this Agreement nor of any other right or remedy.

IN WITNESS WHEREOF, each of the parties has executed and delivered this Agreement as of the date first above written.

CARNIVAL CORPORATION

By:/s/ Howard S. Frank
Howard S. Frank
Title: Vice Chairman and Chief
Operating Officer

/s/ Micky Arison
Micky Arison

EXHIBIT A

CARNIVAL CORPORATION
1992 STOCK OPTION PLAN

NONQUALIFIED STOCK OPTION AGREEMENT

Carnival Corporation, f/k/a Carnival Cruise Lines, Inc. (the "Company"), having heretofore adopted the Carnival Corporation 1992 Stock Option Plan (the "Plan") and entered into that certain Executive Long-Term Compensation Agreement effective as of January 1, 1998 between the Company and Micky Arison (the "Compensation Agreement"), hereby irrevocably grants to MICKY ARISON (the "Optionee"), effective _____ (the "Grant Date"), the right and option (the "Option") to purchase One Hundred Twenty Thousand (120,000) shares of Common Stock on the following terms and conditions:

1. Each defined term used in this Agreement and not otherwise defined herein shall have the meaning assigned to it in the Plan.

2. This Option shall not be exercisable, in whole or in part, except as follows:

a) Exercisable as to Twenty Four Thousand (24,000) shares of Common Stock on or after the first anniversary of the Grant Date;

b) Exercisable as to an additional Twenty Four Thousand (24,000) shares of Common Stock on or after the second anniversary of the Grant Date;

c) Exercisable as to an additional Twenty Four Thousand (24,000) shares of Common Stock on or after the third anniversary of the Grant Date;

d) Exercisable as to an additional Twenty Four Thousand (24,000) shares of Common Stock on or after the fourth anniversary of the Grant Date;

e) Exercisable as to an additional Twenty Four Thousand (24,000) shares of Common Stock on or after the fifth anniversary of the Grant Date.

3. Notwithstanding the provisions of paragraph 2, if Optionee's employment by the Company or any Subsidiary shall terminate by reason of his death or Disability, this Option shall become immediately exercisable in full in respect of the aggregate number of shares of Common Stock covered hereby.

4. Unless otherwise provided in the Compensation Agreement, the unexercised portion of this Option shall automatically and without notice terminate and become null and void at the time of the earliest of the following to occur:

a) the expiration of ten (10) years from the Grant Date;

b) the expiration of one (1) year from the date the Optionee's employment with the Company or any of its Subsidiaries shall terminate by reason of Disability; provided, however, that if the Optionee shall die during such one-year period, the provisions of subparagraph (c) below shall apply;

c) the expiration of one (1) year from the date of the Optionee's death, if such death occurs either during employment by the Company or any of its Subsidiaries or during the one-year period described in subparagraph (b) above;

d) the date the Company terminates the Optionee's employment with the Company or any of its Subsidiaries "for cause" (as defined in the Compensation Agreement);

e) the date on which the Optionee voluntarily terminates his employment with the Company or any of its Subsidiaries prior to attaining sixty (60) years of age, unless such voluntary termination is directly related to the Optionee being diagnosed with a terminal medical condition; and

f) the violation by the Optionee of noncompete and/or nondisclosure provisions set forth in Sections 6 and 7 of the Compensation Agreement.

5. The purchase price for each of the shares of Common Stock purchased pursuant to this Option shall be _____ and ____/100 Dollars ($_____). This Option is not intended to be an "incentive stock option" within the meaning of Section 422(b) of the Internal Revenue Code of 1986, as amended.

6. Unless Optionee utilizes a cashless exercise program, if available and authorized by the Company from time to time, this Option shall be deemed exercised when the Optionee (a) delivers written notice to the Company at its principal business office, directed to the attention of its Secretary, of the decision to exercise, specifying the number of shares with respect to which this Option is exercised and the price per share designated in this Option, and (b) concurrently tenders to the Company full payment for the shares of Common Stock to be purchased pursuant to such exercise. Full payment for shares of Common Stock purchased by the Optionee shall be made at the time of any exercise, in whole or in part, of this Option, and certificates for such shares shall be delivered to the Optionee as soon thereafter as is reasonably possible. No shares of Common Stock shall be transferred to the Optionee until full payment therefor has been made, and the Optionee shall have none of the rights of a shareholder with respect to any shares of Common Stock subject to this Option until a certificate for such shares shall have been issued and delivered to the Optionee. Such payment shall be made in cash or by check or money order payable to the Company, in each case payable in U.S. Currency. (In the Committee's discretion, such payment may be made by delivery of shares of Common Stock having a fair market value [determined as of the date this Option is so exercised in whole or in part] that, when added to the value of any cash, check, promissory note or money order satisfying the foregoing requirements, will equal the aggregate purchase price.)

7. This Option and the rights evidenced hereby are not transferable in any manner other than by will or by the laws of descent and distribution and during the Optionee's lifetime shall be exercisable only by the Optionee (or the Optionee's court-appointed legal representative).

8. The Company's obligation to deliver shares of Common Stock upon the exercise of this Option shall be subject to all applicable federal, state and local withholding requirements, including the payment by the Optionee of any applicable federal, state and local withholding tax. The Company may withhold delivery of shares of Common Stock until the Optionee pays to the Company the amount of tax it is required to withhold under any applicable law. If the Optionee fails to remit to the Company such tax, the Company may sell such portion of the shares of Common Stock as are sufficient to satisfy the Company's obligation to withhold such tax.

9. The Company's obligation to deliver shares of Common Stock in respect of this Option shall be subject to all applicable laws, rules and regulations and such approvals by any governmental agency as may be required.

10. The Optionee, by his acceptance hereof, represents and warrants to the Company that his purchase of shares of Common Stock upon the exercise of this Option shall be for investment and not with a view to, or for sale in connection with, the distribution of any part thereof; provided, however, that this representation and warranty shall be inoperative if, in the opinion of counsel to the Company, a proposed sale or distribution of such shares is pursuant to an applicable effective registration statement under the Securities Act of 1933, as amended, and any applicable state "blue sky" or other securities laws or is exempt from registration thereunder. The Company will endorse an appropriate legend referring to the

foregoing restriction upon the certificate or certificates representing any shares of Common Stock issued or transferred to the Optionee upon the exercise of this Option.

11. This Agreement shall be subject to all the terms and provisions of the Plan and the Compensation Agreement, which are incorporated by reference herein and are made a part hereof, including without limitation the provisions of paragraph 13 of the Plan generally relating to adjustments to the number of shares of Common Stock subject to this Option and to the Option purchase price on certain changes in capitalization and the effects of certain reorganizations and other transactions. In the event there is any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern. By entering into this Agreement, the Optionee agrees and acknowledges his receipt of a copy of the Plan.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the Company has caused these presents to be signed by its duly authorized officer as of the _____ day of January, _____.

CARNIVAL CORPORATION

By:_____
Howard S. Frank
Title:Vice Chairman and Chief Operating Officer

ACCEPTED AND AGREED THIS _____
DAY OF JANUARY, _____.

_____
Micky Arison
Optionee

EXHIBIT B

ALTERNATIVE VESTING SCHEDULE I

1. Vest as to 20% of the Restricted Stock Benefit on the first anniversary of the grant date thereof;

2. Vest as to 40% of the Restricted Stock Benefit on the second anniversary of the grant date thereof;

3. Vest as to 60% of the Restricted Stock Benefit on the third anniversary of the grant date thereof;

4. Vest as to 80% of the Restricted Stock Benefit on the fourth anniversary of the grant date thereof; and

5. Vest as to 100% of the Restricted Stock Benefit on the fifth anniversary of the grant date thereof.

EXHIBIT C

ALTERNATIVE VESTING SCHEDULE II

1. Vested as to 0% of the Restricted Stock Benefit if termination occurs between the grant date and the first anniversary of the grant date thereof;

2. Vested as to 20% of the Restricted Stock Benefit if termination occurs between the first and second anniversaries of the grant date thereof;

3. Vested as to 40% of the Restricted Stock Benefit if termination occurs between the second and third anniversaries of the grant date thereof;

4. Vested as to 60% of the Restricted Stock Benefit if termination occurs between the third and fourth anniversaries of the grant date thereof;

5. Vested as to 80% of the Restricted Stock Benefit if termination occurs between fourth and fifth anniversaries of the grant date thereof; and

6. Vested as to 100% of the Restricted Stock Benefit if termination occurs after the fifth anniversary of the grant date thereof.

EXECUTIVE LONG-TERM COMPENSATION AGREEMENT

THIS EXECUTIVE LONG-TERM COMPENSATION AGREEMENT is entered into this 11th day of January, 1999, to be effective as of the 1st day of January, 1998, by and between CARNIVAL CORPORATION ("Carnival") with its principal place of business located at 3655 N.W. 87th Avenue, Miami, Florida 33178, and HOWARD S. FRANK (the "Individual").

R E C I T A L S

WHEREAS, the Individual is currently employed as the Vice Chairman and Chief Operating Officer of Carnival;

WHEREAS, Carnival wishes to provide long-term incentive and reward to the Individual for the continuation of his full-time employment with Carnival, in addition to the Individual's annual compensation consisting of a base salary and annual bonus; and

WHEREAS, the Individual desires to continue in the employ of Carnival until his retirement in consideration for Carnival's payment of compensation for his services during the period prior to retirement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Carnival shall continue to employ the Individual as Vice Chairman and Chief Operating Officer and the Individual shall continue to serve Carnival in such executive capacity until such employment is terminated by either party.

2. Subject to the provisions of this Agreement, Carnival shall pay the Individual as long-term compensation, beginning January 1, 1998 and continuing during the term of his employment with Carnival, the stock compensation benefit described as follows ("Stock Compensation Benefit"):

(A) Pursuant to the terms of Carnival's 1992 Stock Option Plan, the Individual shall receive in January of each year during the term of his employment (commencing effective January of 1998) an option to purchase 100,000 <1> shares of Carnival Corporation Common Stock (the "Stock Option Benefit"). For purposes of this Agreement, the exercise price of the options shall be the average of the high and low sales price of Common Stock on the New York Stock Exchange Corporate Tape on the date of the quarterly Board of Directors meeting held in January of each year (the "Grant Date"). Said options shall vest ratably over a five (5) year period as more particularly set forth in a Nonqualified Stock Option Agreement to be entered into annually substantially in the form attached hereto as Exhibit A.

(B) Pursuant to the terms of Carnival's 1993 Restricted Stock Plan, the Individual shall receive annually on the Grant Date 50,000 <2> restricted shares of Carnival Corporation Common Stock (the "Restricted Stock Benefit"). Except as otherwise provided in Section 3 hereof, these shares shall vest on the fifth anniversary of the date of such annual grant.

<1> The number of shares has been adjusted to reflect the 2-for-1 stock split effective June 12, 1998.
<2> The number of shares has been adjusted to reflect the 2-for-1 stock split effective June 12, 1998.

3. Notwithstanding anything herein to the contrary, no payment of any Stock Compensation Benefit shall be made, and all unvested options and restricted stock issued hereunder and all

rights under the Agreement shall be forfeited, if any of the following events shall occur:

(A) The Individual's employment with Carnival is terminated for cause. For purposes of this Agreement, "for cause" shall be defined as any action or inaction by the Individual which constitutes fraud, embezzlement, misappropriation, dishonesty, breach of trust, a felony or moral turpitude, as determined by its Board of Directors;

(B) The Individual voluntarily terminates his employment with Carnival prior to attaining sixty-two (62) years of age unless such voluntary termination is directly related to the Individual being diagnosed with a terminal medical condition;

(C) The Individual shall engage in competition, as more particularly described in Section 6 hereof, either (i) during the term of his employment with Carnival; (ii) following the Individual's voluntary termination of his employment with Carnival; or (iii) following Carnival's termination of the Individual's employment with Carnival either for cause, as defined in (A) above, or other than for cause; or

(D) The Individual violates the nondisclosure provisions set forth in Section 7 hereof.

In the event the Individual voluntarily terminates his employment either (a) following attaining the age of sixty-two (62) or (b) prior to attaining the age of sixty-two (62) as a direct result of the Individual being diagnosed with a terminal medical condition, then all unvested options and restricted stock previously granted hereunder will not be forfeited by the Individual and will continue to vest as scheduled, unless and until the Individual engages in competition in violation of Section 6 hereof or violates the nondisclosure provisions set forth in Section 7 hereof.

In the event Carnival terminates the Individual's employment with Carnival for a reason other than for cause, as defined in Section 3(A) above, then, unless and until the Individual engages in competition in violation of Section 6 hereof or violates the nondisclosure provisions set forth in Section 7 hereof, (i) each annual grant of the Stock Option Benefit shall continue to vest as scheduled; and (ii) each annual grant of the Restricted Stock Benefit shall vest and shall continue to vest in accordance with the alternative vesting schedule set forth on Exhibit B ("Alternative Vesting Schedule I").

In the event the Individual voluntarily terminates his employment with Carnival within 14 days of his receipt of notice that Carnival's Chairman and Chief Executive Officer, with approval and ratification of the Board of Directors or appropriate committee of the Board, has determined that the Individual's annual grant of the Restricted Stock Benefit will be reduced by more than 25% in any one year, then (i) all unvested options issued hereunder shall be forfeited; (ii) each annual grant of the Restricted Stock Benefit shall be subject to the alternative vesting schedule set forth on Exhibit C ("Alternative Vesting Schedule II"); and (iii) all unvested restricted stock issued hereunder, after application of Alternative Vesting Schedule II, and all rights under this Agreement shall be forfeited. Notwithstanding the foregoing, this paragraph of Section 3 shall be null and void once the Individual attains the age of sixty-two (62).

4. Intentionally Deleted.

5. Each annual grant of the Stock Compensation Benefit is contingent on the Individual's satisfactory performance of his duties as determined by Carnival's Chairman, and ratified and approved by Carnival's Board of Directors or appropriate committee of the Board.

6. The services of the Individual are unique, extraordinary and essential to the business of Carnival, particularly in view of the Individual's access to Carnival's confidential information and trade secrets. Accordingly, in consideration of the Stock Compensation Benefits payable

hereunder, the Individual agrees that he will not, without the prior written approval of the Board of Directors, at any time during the term of his employment with Carnival and (except as provided below) for five (5) years following the date on which the Individual's employment with Carnival terminates, directly or indirectly, within the United States or its territories, engage in any business activity directly or indirectly competitive with the business of Carnival, or its subsidiaries or divisions, or serve as an officer, director, owner, consultant, or employee of any organization then in competition with Carnival or any of its subsidiaries or divisions. In addition, the Individual agrees that during such five (5) year period following his employment with Carnival, he will not solicit, either directly or indirectly, any employee of Carnival, its subsidiaries or division, who was such at the time of the Individual's separation from employment hereunder. In the event that the provisions of this Section 6 should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitations permitted by applicable law.

Notwithstanding the foregoing, the provisions of this Section 6 shall be null and void if, prior to attaining the age of sixty-two (62), the Individual voluntarily terminates his employment with Carnival within 14 days of his receipt of notice that Carnival's Chairman, with approval and ratification of the Board of Directors or appropriate committee of the Board, has determined that the Individual's annual grant of the Restricted Stock Benefit will be reduced by more than 25% in any one year.

7. The Individual expressly agrees and understands that Carnival owns and/or controls information and material which is not generally available to third parties and which Carnival considers confidential, including, without limitation, methods, products, processes, customer lists, trade secrets and other information applicable to its business and that it may from time to time acquire, improve or produce additional methods, products, processes, customers lists, trade secrets and other information (collectively, the "Confidential Information"). The Individual hereby acknowledges that each element of the Confidential Information constitutes a unique and valuable asset of Carnival, and that certain items of the Confidential Information have been acquired from third parties upon the express condition that such items would not be disclosed to Carnival and its officers and agents other than in the ordinary course of business. The Individual hereby acknowledges that disclosure of Carnival's Confidential Information to and/or use by anyone other than in Carnival's ordinary course of business would result in irreparable and continuing damage to Carnival. Accordingly, the Individual agrees to hold the Confidential Information in the strictest secrecy, and covenants that, during the term of his employment with Carnival or at any time thereafter, he will not, without the prior written consent of the Board of Directors, directly or indirectly, allow any element of the Confidential Information to be disclosed, published or used, nor permit the Confidential Information to be discussed, published or used, either by himself or by any third parties, except in effecting Individual's duties for Carnival in the ordinary course of business. The Individual agrees to keep all such records in connection with the Individual's employment as Carnival may direct, and all such records shall be the sole and absolute property of Carnival. The Individual further agrees that, within five (5) days of Carnival's request, he shall surrender to Carnival any and all documents, memoranda, books, papers, letters, price lists, notebooks, reports, logbooks, code books, salesmen records, customer lists, activity reports, video or audio recordings, computer programs and any and all other data and information and any and all copies thereof relating to Carnival's business or any Confidential Information.

8. Except as otherwise provide in Section 6 hereof, the restrictive covenants contained in Sections 6 and 7 herein shall survive the termination or expiration of this Agreement and any termination of the Individual's employment.

9. Nothing herein shall be construed as conferring upon the Individual the right to continue in the employ of Carnival as an executive or in any other capacity.

10. The Stock Compensation Benefit payable under this

Agreement shall not be deemed salary or other compensation to the Individual for the purpose of computing benefits to which such Individual may be entitled under any pension or profit sharing plan or other arrangement of Carnival for the benefit of its employees.

11. The Compensation Committee of Carnival's Board of Directors shall have the full power and authority to interpret, construe and administer this Agreement. No officer or director of Carnival shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Agreement unless such action or omission is attributable to his own willful misconduct or lack of good faith.

12. This Agreement shall not be, nor shall it be construed to constitute an employment agreement between the Individual and Carnival.

13. This Agreement shall be governed by, and shall be construed and interpreted in accordance with, the laws of the State of Florida and the parties agree to submit to the jurisdiction of the United States District Court for the Southern District of Florida for the resolution of any disputes arising under this Agreement.

14. In the event that any party to this Agreement institutes suit against the other party to this Agreement to enforce any of its rights hereunder, the "prevailing party" in such action shall be entitled to recover from the other party all reasonable costs incurred in pursuing such action, including reasonable attorneys' fees. For purposes of this Agreement, "prevailing party" shall mean the party recovering judgment in the case and not being liable on any counterclaim brought in the case.

15. This Agreement constitutes the entire agreement between Carnival and the Individual with respect to the long-term compensation of the Individual as described herein and supersedes all prior negotiations, agreements, understandings and arrangements, both oral and written, between Carnival and the Individual with respect to such subject matter. This Agreement may not be modified in any way, except by a written instrument executed by each of Carnival and the Individual.

16. This Agreement shall be for the benefit of, and shall be binding upon, each of Carnival and the Individual and their respective heirs, personal representatives, legal representatives, successors and assigns.

17. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part hereof, all of which are inserted conditionally on their being valid in law. In the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid by a court of competent jurisdiction, then, in any such event, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted.

18. The waiver by either party of a breach or violation of any term or provision of this Agreement by the other party shall not operate nor be construed as a waiver of any subsequent breach or violation of any provision of this Agreement nor of any other right or remedy.

IN WITNESS WHEREOF, each of the parties has executed and delivered this Agreement as of the date first above written.

CARNIVAL CORPORATION

By:/s/ Micky Arison
Micky Arison
Title: Chairman and Chief
Executive Officer

/s/ Howard S. Frank
Howard S. Frank

EXHIBIT A

CARNIVAL CORPORATION
1992 STOCK OPTION PLAN

NONQUALIFIED STOCK OPTION AGREEMENT

Carnival Corporation, f/k/a Carnival Cruise Lines, Inc. (the "Company"), having heretofore adopted the Carnival Corporation 1992 Stock Option Plan (the "Plan") and entered into that certain Executive Long-Term Compensation Agreement effective as of January 1, 1998 between the Company and Howard S. Frank (the "Compensation Agreement"), hereby irrevocably grants to HOWARD S. FRANK (the "Optionee"), effective _____ (the "Grant Date"), the right and option (the "Option") to purchase One Hundred Thousand (100,000) shares of Common Stock on the following terms and conditions:

1. Each defined term used in this Agreement and not otherwise defined herein shall have the meaning assigned to it in the Plan.

2. This Option shall not be exercisable, in whole or in part, except as follows:

a) Exercisable as to Twenty Thousand (20,000) shares of Common Stock on or after the first anniversary of the Grant Date;

b) Exercisable as to an additional Twenty Thousand (20,000) shares of Common Stock on or after the second anniversary of the Grant Date;

c) Exercisable as to an additional Twenty Thousand (20,000) shares of Common Stock on or after the third anniversary of the Grant Date;

d) Exercisable as to an additional Twenty Thousand (20,000) shares of Common Stock on or after the fourth anniversary of the Grant Date;

e) Exercisable as to an additional Twenty Thousand (20,000) shares of Common Stock on or after the fifth anniversary of the Grant Date.

3. Notwithstanding the provisions of paragraph 2, if Optionee's employment by the Company or any Subsidiary shall terminate by reason of his death or Disability, this Option shall become immediately exercisable in full in respect of the aggregate number of shares of Common Stock covered hereby.

4. Unless otherwise provided in the Compensation Agreement, the unexercised portion of this Option shall automatically and without notice terminate and become null and void at the time of the earliest of the following to occur:

a) the expiration of ten (10) years from the Grant Date;

b) the expiration of one (1) year from the date the Optionee's employment with the Company or any of its Subsidiaries shall terminate by reason of Disability; provided, however, that if the Optionee shall die during such one-year period, the provisions of subparagraph (c) below shall apply;

c) the expiration of one (1) year from the date of the Optionee's death, if such death occurs either during employment by the Company or any of its Subsidiaries or during the one-year period described in subparagraph (b) above;

d) the date the Company terminates the Optionee's employment with the Company or any of its Subsidiaries "for cause" (as defined in the Compensation Agreement);

e) the date on which the Optionee voluntarily terminates his employment with the Company or any of its Subsidiaries prior to attaining sixty two (62) years of age, unless such voluntary termination is directly related to the Optionee being diagnosed with a terminal medical condition; and

f) the violation by the Optionee of noncompete and/or nondisclosure provisions set forth in Sections 6 and 7 of the Compensation Agreement.

5. The purchase price for each of the shares of Common Stock purchased pursuant to this Option shall be _____ and _____/100 Dollars ($_____). This Option is not intended to be an "incentive stock option" within the meaning of Section 422(b) of the Internal Revenue Code of 1986, as amended.

6. Unless Optionee utilizes a cashless exercise program, if available and authorized by the Company from time to time, this Option shall be deemed exercised when the Optionee (a) delivers written notice to the Company at its principal business office, directed to the attention of its Secretary, of the decision to exercise, specifying the number of shares with respect to which this Option is exercised and the price per share designated in this Option, and (b) concurrently tenders to the Company full payment for the shares of Common Stock to be purchased pursuant to such exercise. Full payment for shares of Common Stock purchased by the Optionee shall be made at the time of any exercise, in whole or in part, of this Option, and certificates for such shares shall be delivered to the Optionee as soon thereafter as is reasonably possible. No shares of Common Stock shall be transferred to the Optionee until full payment therefor has been made, and the Optionee shall have none of the rights of a shareholder with respect to any shares of Common Stock subject to this Option until a certificate for such shares shall have been issued and delivered to the Optionee. Such payment shall be made in cash or by check or money order payable to the Company, in each case payable in U.S. Currency. (In the Committee's discretion, such payment may be made by delivery of shares of Common Stock having a fair market value [determined as of the date this Option is so exercised in whole or in part] that, when added to the value of any cash, check, promissory note or money order satisfying the foregoing requirements, will equal the aggregate purchase price.)

7. This Option and the rights evidenced hereby are not transferable in any manner other than by will or by the laws of descent and distribution and during the Optionee's lifetime shall be exercisable only by the Optionee (or the Optionee's court-appointed legal representative).

8. The Company's obligation to deliver shares of Common Stock upon the exercise of this Option shall be subject to all applicable federal, state and local withholding requirements, including the payment by the Optionee of any applicable federal, state and local withholding tax. The Company may withhold delivery of shares of Common Stock until the Optionee pays to the Company the amount of tax it is required to withhold under any applicable law. If the Optionee fails to remit to the Company such tax, the Company may sell such portion of the shares of Common Stock as are sufficient to satisfy the Company's obligation to withhold such tax.

9. The Company's obligation to deliver shares of Common Stock in respect of this Option shall be subject to all applicable laws, rules and regulations and such approvals by any governmental agency as may be required.

10. The Optionee, by his acceptance hereof, represents and warrants to the Company that his purchase of shares of Common Stock upon the exercise of this Option shall be for investment and not with a view to, or for sale in connection with, the distribution of any part thereof; provided, however, that this representation and warranty shall be inoperative if, in the opinion of counsel to the Company, a proposed sale or distribution of such shares is pursuant to an applicable effective registration statement under the Securities Act of 1933, as amended, and any applicable state "blue sky" or other securities laws or is exempt from registration thereunder. The Company will endorse an appropriate legend referring to the

foregoing restriction upon the certificate or certificates representing any shares of Common Stock issued or transferred to the Optionee upon the exercise of this Option.

11. This Agreement shall be subject to all the terms and provisions of the Plan and the Compensation Agreement, which are incorporated by reference herein and are made a part hereof, including without limitation the provisions of paragraph 13 of the Plan generally relating to adjustments to the number of shares of Common Stock subject to this Option and to the Option purchase price on certain changes in capitalization and the effects of certain reorganizations and other transactions. In the event there is any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern. By entering into this Agreement, the Optionee agrees and acknowledges his receipt of a copy of the Plan.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the Company has caused these presents to be signed by its duly authorized officer as of the _____ day of January, _____.

CARNIVAL CORPORATION

By:_____
Micky Arison
Title:Chairman and Chief Executive Officer

ACCEPTED AND AGREED THIS _____
DAY OF JANUARY, _____.

_____
Howard S. Frank
Optionee

EXHIBIT B

ALTERNATIVE VESTING SCHEDULE I

1. Vest as to 20% of the Restricted Stock Benefit on the first anniversary of the grant date thereof;

2. Vest as to 40% of the Restricted Stock Benefit on the second anniversary of the grant date thereof;

3. Vest as to 60% of the Restricted Stock Benefit on the third anniversary of the grant date thereof;

4. Vest as to 80% of the Restricted Stock Benefit on the fourth anniversary of the grant date thereof; and

5. Vest as to 100% of the Restricted Stock Benefit on the fifth anniversary of the grant date thereof.

EXHIBIT C

ALTERNATIVE VESTING SCHEDULE II

1. Vested as to 0% of the Restricted Stock Benefit if termination occurs between the grant date and the first anniversary of the grant date thereof;

2. Vested as to 20% of the Restricted Stock Benefit if termination occurs between the first and second anniversaries of the grant date thereof;

3. Vested as to 40% of the Restricted Stock Benefit if termination occurs between the second and third anniversaries of the grant date thereof;

4. Vested as to 60% of the Restricted Stock Benefit if termination occurs between the third and fourth anniversaries of the grant date thereof;

5. Vested as to 80% of the Restricted Stock Benefit if termination occurs between fourth and fifth anniversaries of the grant date thereof; and

6. Vested as to 100% of the Restricted Stock Benefit if termination occurs after the fifth anniversary of the grant date thereof.

EXHIBIT 10.38

NOTE EXTENSION AND SATISFACTION AGREEMENT

This Note Extension and Satisfaction Agreement, dated as of February 17, 1999 (this "Agreement"), is entered into by and among the shareholders of CRC Holdings, Inc. ("CRC") identified on Schedule A attached hereto (each a "Shareholder" and, collectively, the "Shareholders") and Carnival Corporation, a Panama corporation ("CCL").

WHEREAS, each Shareholder owns, beneficially and of record, the number of shares of common stock, par value $.005 per share ("CRC Common Stock"), of CRC set forth opposite such Shareholder's name on Schedule A (collectively, the "Shares"), which Shares are currently pledged to CCL to secure in part certain obligations of the Shareholders owing to CCL, as evidenced by promissory notes (collectively, the "CCL Notes") made by the Shareholders in favor of CCL (Schedule B attached hereto sets forth, for each Shareholder as of the date hereof, the outstanding principal amount of and accrued and unpaid interest on such Shareholder's CCL Note before and after giving effect to the transactions (the "Related Transactions") contemplated by the Stock Purchase Agreement, dated as of the date hereof, among CCL and the Shareholders);

WHEREAS, the CCL Notes were executed and delivered by the Shareholders in connection with the transactions contemplated by the Stock Purchase Agreement, dated as of November 30, 1994, as amended (the "Stock Purchase Agreement"), among CCL and the Shareholders;

WHEREAS, CRC and Jackpot Enterprises, Inc. ("Jackpot") have entered into that certain Agreement and Plan of Merger, dated as of the date hereof (the "Merger Agreement"), pursuant to which, among other things, following the spinoff (the "Spinoff") of certain assets and liabilities of CRC as described in the Merger Agreement, CRC will be merged (the "Merger") with and into Jackpot;

WHEREAS, as consideration for the Merger, Jackpot has agreed (i) to issue and deliver to holders of CRC Common Stock at the effective time of the Merger (the "Effective Time") (other than CCL and the Shareholders in respect of the Shares) and certain holders of options to purchase CRC Common Stock the number of shares of common stock, $.01 par value per share, of Jackpot (the "Share Merger Consideration") determined in accordance with the Merger Agreement, (ii) to issue a promissory note to CCL in exchange for shares of CRC Common Stock held beneficially and of record by CCL at the Effective Time in the principal amount determined in accordance with the Merger Agreement (the "Jackpot Note I") and (iii) to issue substantially identical promissory notes to the Shareholders in exchange for the Shares in the principal amount determined in accordance with the Merger Agreement (the "Jackpot Note II" and, together with the Share Merger Consideration and the Jackpot Note I, the "Merger Consideration"), all as set forth in the Merger Agreement;

WHEREAS, subject to the conditions herein set forth and concurrently with the consummation of the Merger, the Shareholders desire to repay in full amounts remaining outstanding under the CCL Notes by (i) assigning to CCL all of the Shareholders' right, title and interest in and to the Jackpot Note II and (ii) transferring to CCL the Spinco Interest (as defined herein) received by the Shareholders pursuant to the Spinoff; and

WHEREAS, in order to facilitate the repayment of the CCL Notes as contemplated herein, CCL has agreed to (i) extend the maturity of the CCL Notes to provide adequate time for the Merger to be consummated and (ii) provide for the release of the Shares from the lien of the Security and Pledge Agreements, dated as of November 30, 1994, as amended (collectively, the "Pledge Agreements"), between each Shareholder and CCL, pursuant to which the Shareholders pledged, among other things, the Shares as collateral security for the CCL Notes.

NOW THEREFORE, in consideration of the foregoing and

the mutual representations, warranties and agreements contained herein, the parties hereto agree as follows:

1. Extension of Maturity. In order to facilitate the repayment in full of the CCL Notes as contemplated herein, CCL hereby agrees effective as of the date hereof, that (a) the maturity of the CCL Notes shall be extended to the earlier of (i) the closing date of the Merger and (ii) December 31, 1999, or such later date specified in an amendment to Section 6.01(b)(i) of the Merger Agreement and (b) interest in respect of the CCL Notes shall cease to accrue (it being understood and agreed that (x) upon any termination of this Agreement under Section 8 below interest will accrue retroactive to the date hereof on the terms set forth in the CCL Notes with respect to the portion of the principal amount of the CCL Notes as shall remain unsatisfied on the date of such termination and (y) in the event the Related Transactions shall not have been consummated as described under Section 7(b)(iii), interest will accrue retroactive to the date hereof on the terms set forth in the CCL Notes with respect to the portion of the principal amount of the CCL Notes as shall remain unsatisfied following the Closing hereunder).

2. Repayment of the CCL Notes; Release of Shareholder Agreements.

(a) Upon delivery to CCL at the Closing as provided in Section 4 below of (i) the Jackpot Note II (which shall be assigned by the Shareholders to CCL hereunder with the consent of Jackpot as contemplated by and immediately upon the closing under the Merger Agreement) and (ii) certificates evidencing 2,610,000 membership units or other equivalent equity interests (the "Spinco Interest") of the limited liability entity to be formed to effectuate the Spinoff ("Spinco") (representing 21.5189% of the aggregate equity interests of Spinco on a fully diluted basis at the time of the Spinoff), in the case of each of clauses (i) and (ii) free and clear of any liens, claims, options, defects in title, proxies, voting agreements, shareholder agreements, charges or encumbrances of any nature or kind ("Encumbrances"), the CCL Notes shall be deemed repaid and satisfied in full (assuming the Related Transactions have been consummated).

(b) Effective immediately upon full satisfaction of the CCL Notes as provided in clause (a) above, CCL, in respect of the Shareholders, and the Shareholders, in respect of CCL, hereby irrevocably and unconditionally release and forever discharge each other, and each of their respective agents, attorneys, affiliates, heirs and legal representatives and, in the case of the release of CCL, the officers, directors and shareholders of CCL and its subsidiaries, and the respective successors and assigns of any of the foregoing, from any and all claims, demands, debts, liabilities, obligations, causes of actions or claims for relief of any kind or nature, whether known or unknown, which they may have or which may hereafter be asserted or accrue against any of them resulting from or in any way relating to any of the Stock Purchase Agreement, the CCL Notes, the Pledge Agreements and any other related instruments or agreements (collectively, the "Shareholder Agreements").

3. Closing. Subject to the conditions herein set forth, the closing (the "Closing") shall take place at the offices of CRC Holdings, Inc., 3250 Mary Street, Miami, Florida 33133, at 9:00 a.m., on the closing date of the Merger, or at such other place and time as may be mutually agreed by the parties. The actual time and date of the Closing is herein referred to as the "Closing Date."

4. Deliveries at the Closing. At the Closing: (a) CCL will deliver to the Shareholders the Shares, free and clear of any liens in favor of CCL, including, but not limited to, the liens created pursuant to the Pledge Agreements and the other Shareholder Agreements; and (b) the Shareholders will deliver or cause to be delivered to CCL free and clear of any Encumbrances (i) the Jackpot Note II, (ii) certificates representing the Spinco Interest and (iii) any other documents, certificates or agreements that in the reasonable judgment of CCL are necessary to make effective the transactions contemplated by this Agreement and vest in CCL good, valid and marketable title to the Jackpot Note II and the Spinco Interest, free and clear of any Encumbrances. Effective immediately upon such delivery, each Shareholder (severally and not jointly, and without

representation or warranty except as provided herein) hereby assigns and transfers to CCL all of such Shareholder's right, title and interest in and to the Jackpot Note II.

5. Shareholders' Representations and Warranties. Each Shareholder severally (but not jointly) represents and warrants to CCL as follows:

(a) Such Shareholder has the full power, authority and legal right to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by such Shareholder and constitutes a valid and binding agreement of such Shareholder, enforceable against such Shareholder in accordance with its terms, subject to applicable principles of equity, bankruptcy, reorganization, insolvency or other laws affecting the enforcement of creditors' rights generally.

(c) Upon the occurrence of the Spinoff, such Shareholder will have good, valid and marketable title to its portion of the Spinco Interest, free and clear of any Encumbrances, other than under the Shareholder Agreements, and upon transfer to CCL by such Shareholder of its portion of the Spinco Interest and the Jackpot Note II and satisfaction of the CCL Notes as provided hereunder, CCL will acquire record and good, valid and marketable title to such portion of the Spinco Interest and the Jackpot Note II, free and clear of all Encumbrances.

6. CCL Representations and Warranties. CCL represents and warrants to the Shareholders as follows:

(a) CCL is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. CCL has the full power, authority and legal right to execute, deliver and carry out the terms and provisions of this Agreement, to consummate the transactions contemplated hereby and to perform, comply with or satisfy all of the agreements, obligations and conditions required to be complied with or satisfied by CCL under this Agreement, and has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

(b) This Agreement has been duly and validly authorized, executed and delivered by CCL and constitutes a valid and binding agreement of CCL, enforceable against CCL in accordance with its terms, subject to applicable principles of equity, bankruptcy, reorganization, insolvency or other laws affecting the enforcement of creditors' rights generally.

7. Conditions to the Obligations of the Shareholders and CCL.

(a) The obligations of the Shareholders hereunder are subject to the compliance by CCL with the deliveries specified in Section 4 of this Agreement and the satisfaction or, if permitted by applicable law, waiver of the following condition:

(i) the representations and warranties of CCL shall be true and correct at and as of the Closing Date as though such representations and warranties were made at and as of such date.

(b) The obligations of CCL hereunder are subject to the compliance by the Shareholders with the deliveries specified in Section 4 of this Agreement and the satisfaction or, if permitted by applicable law, waiver of the following conditions:

(i) the representations and warranties of the Shareholders shall be true and correct at and as of the Closing Date as though such representations and warranties were made at and as of such date;

(ii) all of the conditions to the Merger shall have been satisfied or waived by the appropriate parties and the Spinoff shall have occurred; and

(iii) the Related Transactions shall have been consummated; provided, that in the event the Related Transactions shall not have been consummated the parties will endeavor in good faith to negotiate an appropriate modification to this Agreement to provide for a partial repayment of the CCL Notes.

8. Termination. The transactions contemplated herein may be terminated or abandoned at any time prior to the Closing:

(a) by mutual consent of CCL and the Shareholders holding a majority of the Shares;

(b) by any party if the Merger shall not have occurred on or before December 31, 1999, or such later date specified in an amendment to Section 6.01(b)(i) of the Merger Agreement for termination thereof; and

(c) automatically, upon termination of the Merger Agreement.

CCL and the Shareholders acknowledge and agree that notwithstanding any termination of this Agreement, the extension of the maturity of the CCL Notes to December 31, 1999 shall survive such termination.

9. Miscellaneous.

(a) All representations, warranties and covenants shall survive the Closing.

(b) This Agreement may be executed in any number of counterparts, each of which shall, when executed, be deemed to be an original and all of which shall be deemed to be one and the same instrument.

(c) This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Florida, without reference to the conflict of laws principles thereof.

IN WITNESS WHEREOF, each Shareholder and CCL has executed or caused this Agreement to be executed on the date first above written.

/s/ Sherwood M. Weiser
Sherwood M. Weiser

/s/ Donald E. Lefton
Donald E. Lefton

/s/ Thomas Hewitt
Thomas Hewitt

/s/ Peter Sibley
Peter Sibley

/s/ W. Peter Temling
W. Peter Temling

/s/ Robert Sturges
Robert Sturges

CARNIVAL CORPORATION

By: /s/ Gerald R. Cahill
Name: Gerald R. Cahill

Title: Sr. Vice President-Finance and CFO

Schedule A

Name of Shareholder	Number of Shares
Sherwood Weiser	859,248
Donald Lefton	859,248
Thomas Hewitt	318,394
Peter Sibley	318,394
Robert Sturges	127,358
Peter Temling	127,358

Schedule B

	Principal and Accrued Interest	
Name of Shareholder	Before Related Transactions	After Related Transactions
Sherwood Weiser	$6,641,505	$4,966,497
Donald Lefton	6,641,505	4,966,497
Thomas Hewitt	2,461,007	1,840,334
Peter Sibley	2,461,007	1,840,334
Robert Sturges	984,406	736,136
Peter Temling	984,406	736,136
Total	$20,173,837	$15,085,934

EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(In thousands, except ratios)

	YEARS ENDED NOVEMBER 30,				
	1998	1997	1996	1995	1994
Income from continuing operations	$835,885	$666,050	$566,302	$451,091	$381,765
Income tax expense	3,815	6,233	9,045	9,374	10,053
Income from continuing operations before income taxes	839,700	672,283	575,347	460,465	391,818
Adjustment to earnings:					
Minority interest	11,102				
Income from affiliates in excess of dividends received	(63,059)	(46,569)	(43,224)	0	0
Earnings as adjusted	787,743	625,714	532,123	460,465	391,818
Fixed Charges:					
Interest expense, net	57,772	55,898	64,092	63,080	51,378
Interest portion of rent expense (1)	3,480	3,528	3,093	2,529	2,575
Fixed charges associated with discontinued operations					928
Capitalized interest	35,130	16,846	25,799	18,762	21,888
Total fixed charges	96,382	76,272	92,984	84,371	76,769
Fixed charges not affecting earnings:					
Capitalized interest	(35,130)	(16,846)	(25,799)	(18,762)	(21,888)
Earnings before fixed charges	$848,995	$685,140	$599,308	$526,074	$446,699
Ratio of earnings to fixed charges	8.8 x	9.0 x	6.4 x	6.2x	5.8 x

(1) Represents one-third of rent expense, which management believes to be representative of the interest portion of rent expense.

EXHIBIT 13

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

ASSETS	NOVEMBER 30, 1998	1997
CURRENT ASSETS		
Cash and cash equivalents	$ 137,273	$ 139,989
Short-term investments	5,956	9,738
Accounts receivable, net	60,837	57,090
Consumable inventories, at average cost	75,449	54,970
Prepaid expenses and other	90,764	74,238
Total current assets	370,279	336,025
PROPERTY AND EQUIPMENT, Net	5,768,114	4,327,413
OTHER ASSETS		
Investments in and advances to affiliates	546,693	479,329
Goodwill, less accumulated amortization of $72,255 and $62,256	437,464	212,607
Other assets	56,773	71,401
	$7,179,323	$5,426,775
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 67,626	$ 59,620
Accounts payable	168,546	106,783
Accrued liabilities	206,968	154,253
Customer deposits	638,383	420,908
Dividends payable	53,590	44,578
Total current liabilities	1,135,113	786,142
LONG-TERM DEBT	1,563,014	1,015,294
DEFERRED INCOME AND OTHER LONG-TERM LIABILITIES	63,036	20,241
COMMITMENTS AND CONTINGENCIES (Notes 2 and 9)		
MINORITY INTEREST	132,684	
SHAREHOLDERS' EQUITY		
Common Stock; $.01 par value; 960,000 shares authorized; 595,448 and 594,408 shares issued and outstanding	5,955	5,944
Paid-in-capital	880,488	863,125
Retained earnings	3,379,628	2,731,213
Other	19,405	4,816
Total shareholders' equity	4,285,476	3,605,098
	$7,179,323	$5,426,775

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	YEARS ENDED NOVEMBER 30, 1998	1997	1996
REVENUES	$3,009,306	$2,447,468	$2,212,572
COSTS AND EXPENSES			
Operating expenses	1,619,377	1,322,669	1,241,269
Selling and administrative	369,469	296,533	274,855
Depreciation and amortization	200,668	167,287	144,987
	2,189,514	1,786,489	1,661,111
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	819,792	660,979	551,461
INCOME FROM AFFILIATED OPERATIONS, NET	76,732	53,091	45,967

OPERATING INCOME	896,524	714,070	597,428
NONOPERATING INCOME (EXPENSE)			
Interest income	10,257	8,675	18,597
Interest expense, net of capitalized interest	(57,772)	(55,898)	(64,092)
Other income, net	1,793	5,436	23,414
Income tax expense	(3,815)	(6,233)	(9,045)
Minority interest	(11,102)		
	(60,639)	(48,020)	(31,126)
NET INCOME	$ 835,885	$ 666,050	$ 566,302
EARNINGS PER SHARE:			
Basic	$1.40	$1.12	$.98
Diluted	$1.40	$1.12	$.96

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	YEARS ENDED NOVEMBER 30, 1998	1997	1996
OPERATING ACTIVITIES			
Net income	$ 835,885	$666,050	$566,302
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	200,668	167,287	144,987
Income from affiliates in excess of dividends received	(63,059)	(46,569)	(43,224)
Minority interest	11,102		
Other	(8,428)	2,540	19,639
Changes in operating assets and liabilities, excluding businesses acquired and consolidated:			
Decrease (increase) in:			
Receivables	137	(21,229)	(4,432)
Consumable inventories	(3,913)	(1,689)	(4,461)
Prepaid expenses and other	(15,369)	903	(4,919)
Increase (decrease) in:			
Accounts payable	18,758	22,035	(5,489)
Accrued liabilities	42,401	20,042	13,028
Customer deposits	73,658	68,210	60,092
Net cash provided from operating activities	1,091,840	877,580	741,523
INVESTING ACTIVITIES			
Additions to property and equipment, net	(1,150,413)	(497,657)	(901,905)
Proceeds from sale of assets	47,028	17,041	94,291
Proceeds from litigation settlements applied to cost of ships			43,050
Acquisition of consolidated subsidiaries, net	(242,868)		
Purchase of equity interests in affiliates		(38,378)	(163,112)
Other (additions to) reductions in investments in and advances to affiliates, net	(380)	39,540	(23,903)
Decrease in short-term investments, net	4,052	2,748	37,710
Other, net	21,528	21,805	94,644
Net cash used for investing activities	(1,321,053)	(454,901)	(819,225)
FINANCING ACTIVITIES			
Proceeds from long-term debt	1,404,395	155,366	971,361
Principal payments of long-term debt	(1,006,586)	(424,391)	(735,246)
Dividends paid	(178,458)	(130,456)	(103,877)
Proceeds from issuance of Common Stock	11,399	5,162	3,728
Other	(4,253)		
Net cash provided from (used for) financing activities	226,497	(394,319)	135,966
Net (decrease) increase in cash and cash equivalents	(2,716)	28,360	58,264
Cash and cash equivalents at beginning of year	139,989	111,629	53,365
Cash and cash equivalents at end of year	$ 137,273	$139,989	$111,629

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - GENERAL

Description of Business

Carnival Corporation, a Panamanian corporation, and its wholly and majority owned subsidiaries (referred to collectively as the "Company") operate five cruise lines under the brand names Carnival Cruise Lines ("Carnival"), Cunard Line ("Cunard"), Holland America Line ("Holland America"), Seabourn Cruise Line ("Seabourn") and Windstar Cruises ("Windstar") and a tour business, Holland America Westours. Carnival operates thirteen cruise ships cruising primarily in the Caribbean, Mexican Riviera and Alaska. Holland America operates eight cruise ships cruising primarily in Alaska, the Caribbean and Europe and Windstar operates four luxury, sail-powered vessels which call on more exotic locations inaccessible to larger ships, primarily in the Caribbean, Europe and Central America. Cunard and Seabourn operate five and three luxury cruise vessels, respectively, to worldwide destinations (see Note 13). Holland America Line-Westours Inc. markets sightseeing tours both separately and as a part of Holland America cruise/tour packages. Holland America Westours operates 14 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 280 motor coaches used for sightseeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 13 private domed rail cars which are run on the Alaskan Railroad between Anchorage and Fairbanks.

The Company has a 50% direct equity interest in Il Ponte S.p.A. ("Il Ponte"), the parent company of Costa Crociere, S.p.A. ("Costa"), an Italian cruise company. Additionally, the Company has a 26% interest in Airtours plc ("Airtours"), a large publicly traded air-inclusive integrated leisure travel company headquartered in England, and a 23% interest in a casino development and management company, CRC Holdings, Inc. ("CRC"). Costa operates seven cruise ships in Europe, the Caribbean and South America and its cruises are marketed primarily to Europeans. Airtours provided holidays for approximately eight million people in 1998 primarily from the United Kingdom, Scandinavia and North America and owns or operates over 800 retail travel shops, 36 aircraft, three cruise ships (an additional ship is scheduled to be delivered in 1999), 26 holiday hotels and develops and markets vacation ownership resorts. Airtours also owns the other 50% of Il Ponte not owned by the Company. CRC's casino activities are located in the United States and Canada.

Preparation of Financial Statements

The accompanying financial statements present the consolidated balance sheets, statements of operations and cash flows of the Company. Preparation of financial statements in accordance with generally accepted accounting principles requires the use of management estimates. Actual results could differ from these estimates. All material intercompany transactions and accounts have been eliminated in consolidation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents include investments with original maturities of three months or less and are stated at cost which approximates market value. At November 30, 1998 and 1997, cash and cash equivalents include $94 million and $105 million of investments, respectively, primarily comprised of commercial paper.

Short-term investments are comprised of marketable debt which are categorized as available for sale and, accordingly, are stated at their fair values. Unrealized gains and losses are included as a component of other shareholders' equity until realized.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization is computed using the straight-line method over estimated useful lives as follows:

	YEARS
Vessels	11-30
Buildings and improvements	10-40
Equipment	2-20
Leasehold improvements	shorter of the lease term or related asset life

The Company capitalizes interest on vessels and other capital projects during the construction period. Interest is capitalized using rates equivalent to the Company's weighted average borrowing rate.

The Company reviews its long-lived assets, identifiable intangibles and goodwill and reserves for their impairment, based generally upon estimated future undiscounted cash flows, whenever events or changes in circumstances indicate the carrying amount of these assets may not be fully recoverable.

Costs associated with drydocking are capitalized as prepaid expenses and charged to expense generally over the lesser of 12 months or the period to the next scheduled drydock.

Investments in and Advances to Affiliates

The Company accounts for its investments based on its ability to exercise influence over the financial and operating policies of the investee. The Company consolidates affiliates in which it has control, as typically evidenced by a direct ownership interest of greater than 50%. For affiliates where significant influence exists, as typically evidenced by a direct ownership interest from 20% to 50%, the investment is accounted for using the equity method. When the Company does not have significant influence, as typically evidenced by a direct ownership interest of less than 20% or where the ability to exercise control or significant influence is temporary, the investment is accounted for using the cost method.

The Company's percentage share of the affiliated companies' net income (loss), net of amortization of goodwill, as well as any related interest income or royalty fee income from those affiliates, is recorded as "Income from Affiliated Operations, Net" in the accompanying statements of operations. The Company's investments in and advances to affiliates are reported as "Investments in and Advances to Affiliates" in the accompanying balance sheets. In the event of the issuance of stock by an affiliate, the Company generally recognizes a gain or loss (see Note 4). At November 30, 1998 and 1997, the costs in excess of the net assets acquired of affiliates ("goodwill") was $241 and $266 million, respectively, and it is being amortized using the straight-line method over periods ranging from 30 to 40 years.

Goodwill

Goodwill of $275 million resulting from the acquisition of HAL Antillen, N.V. ("HAL"), the parent company of Holland America, Windstar and Holland America Westours, and $235 million resulting from the acquisition of Cunard and consolidation of Seabourn is being amortized using the straight-line method over 40 years.

Foreign Currency Contracts

All of the Company's significant contracts to buy foreign currency are forward contracts entered into to hedge foreign currency fluctuations of firm commitments related to the construction of cruise ships. These off-balance sheet contracts are not held for trading purposes. Changes in the market value and any discounts or premiums on these forward foreign currency contracts are recorded at maturity, which coincides with the dates when the related foreign currency payments are to be made, with any resulting gain or loss included in the cost of the vessel.

Revenue and Expense Recognition

Customer cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities on the balance sheet when received. Customer deposits are subsequently recognized as cruise revenue, together with revenue from shipboard activities and all associated direct costs of a voyage, generally upon completion of voyages with durations of ten days or less and on a pro rata basis for voyages in excess of ten days. Certain revenues and expenses from pro rata voyages are estimated. Revenues and expenses from tour and related services are recognized at the time the services are performed or expenses are incurred.

Advertising Costs

Substantially all of the Company's advertising costs are charged to expense as incurred, except costs which result in tangible assets, such as brochures, which are recorded as prepaid expenses and charged to expense as consumed. Advertising expense totaled $142 million in 1998, $112 million in 1997 and $109 million in 1996. At November 30, 1998 and 1997, $18.8 million and $17.2 million, respectively, of advertising related costs, principally brochures, were included in prepaid expenses and other in the accompanying balance sheets.

Foreign Currency Transactions

Substantially all of the Company's operating and financing transactions are settled in U.S. dollars. Gains or losses resulting from these types of transactions which are denominated in other currencies and remeasurements of assets and liabilities denominated in other currencies are recognized in income currently.

Income Taxes

Under the Internal Revenue Code, corporations incorporated outside the United States ("U.S.") are exempt from U.S. corporate income tax on U.S. source income from international passenger cruise operations if (i) their countries of incorporation exempt shipping operations of U.S. persons from income tax (the "Incorporation Test") and (ii) they meet one of three tests with respect to their stockholders: a "CFC Test" (which is satisfied if the company is a controlled foreign corporation), an "Ultimate Owner Test" (which is satisfied if the majority of the company's stock is ultimately owned by residents of certain foreign countries) or a "Publicly Traded Test" (described below). The Company's cruise ship operations meet the Incorporation Test since they are incorporated in countries which exempt U.S. persons involved in shipping operations from their income tax. The Company does not currently meet either the CFC Test or the Ultimate Owner Test. However, management believes that the Company has met the Publicly Traded Test since July 16, 1997. During fiscal 1996 and through July 15, 1997 of fiscal 1997, management believes that the Company met the CFC Test. Accordingly, management believes that the Company's income from cruise operations has been and is exempt from U.S. income tax. However, there is no authority that addresses the treatment of a corporation that meets the CFC Test and the Publicly Traded Test for only part of its taxable year, as the Company did in fiscal 1997.

A corporation meets the Publicly Traded Test if the stock of the corporation (or its direct or indirect corporate parent) is "primarily and regularly traded on an established securities market" in the U.S. Although no U.S. Department of Treasury ("Treasury") regulations have been promulgated which explain when stock is primarily and regularly traded for purposes of this exemption, Treasury regulations have been promulgated which interpret a similar phrase under another section. Under that section's regulations, stock is considered primarily and regularly traded if (i) 80% (by vote and value) of the stock of the corporation is listed on an established securities market in the U.S. where more shares are traded than in any other country, (ii) trades of the stock are effected on that market, other than in small quantities, on at least 60 days during the taxable year, (iii) the aggregate number of shares so traded is equal to 10% or more of the average number of shares outstanding during the taxable year, and (iv) the company is not "closely held." Management believes that the Company meets these requirements.

The Company has only one class of stock outstanding, the Common Stock, which is listed on the New York Stock Exchange ("NYSE") where more shares trade than in any other country. Trades of the Common Stock have been effected in more than acceptable quantities on every business day since the Company's initial public offering, and the annual volume of these trades has significantly exceeded 10% of the average number of shares outstanding. Moreover, management believes that any stock traded on the NYSE is considered as traded on a qualifying exchange and, to the best of management's knowledge, the Company is not closely held because no person other than members of the Arison family and certain related entities (the "Arison Group") owns more than 5% of the Company's stock and the Arison Group holds less than 50% of the outstanding shares.

Accordingly, management believes that virtually all of the Company's income (with the exception of its U.S. source income from the transportation, hotel and tour businesses of Holland America Westours) is exempt from U.S. federal income taxes. If the Company was found not to meet the Publicly Traded Test (and also did not meet the CFC Test or the Ultimate Owner Test) or if the Internal Revenue Code were to be changed in a manner adverse to the Company, much of the Company's income would become subject to taxation by the U.S. at higher than normal corporate tax rates.

Earnings Per Share

In 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share" which requires the dual presentation of basic and diluted earnings per share. Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during each period. Diluted earnings per share is computed by dividing net income, as adjusted, by the weighted average number of shares of common stock, common stock equivalents and other potentially dilutive securities outstanding during each period. In accordance with the provisions of SFAS No. 128, and as a result of the 1998 stock split, the Company has retroactively restated prior years' earnings per share (see Notes 6 and 12).

Stock-Based Compensation

The Company accounts for stock-based compensation using the intrinsic value method and discloses certain fair market value pro forma information with respect to its stock-based compensation activities (see Note 11).

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	November 30,	
	1998	1997
	(in thousands)	
Vessels	$5,754,218	$4,536,382
Vessels under construction	526,529	182,929
	6,280,747	4,719,311
Land, buildings and improvements	217,597	194,013
Transportation and other equipment	322,069	268,520
Total property and equipment	6,820,413	5,181,844
Less accumulated depreciation and amortization	(1,052,299)	(854,431)
	$5,768,114	$4,327,413

Interest costs associated with the construction of property and equipment, consisting primarily of vessels, are capitalized during the construction period and amounted to $35.1 million in 1998, $16.8 million in 1997 and $25.8 million in 1996.

NOTE 4 - INVESTMENTS IN AND ADVANCES TO AFFILIATES

In June 1997, the Company and Airtours completed a joint offer to acquire the equity securities of Costa, an Italian cruise company. The Company and Airtours each own 50% of Il Ponte, a holding company which currently owns approximately 100% of Costa. The cost of the Company's acquisition of its 50% direct interest was approximately $141 million, of which approximately $103 million was paid by Il Ponte and the balance was paid by the Company. The $103 million paid by Il Ponte was funded through

Il Ponte debt, which is guaranteed by the Company and is outstanding at November 30, 1998. The Company is recording its interest in Il Ponte's consolidated results of operations on a two-month lag basis using the equity method. It is not practicable to estimate the fair value of Il Ponte as it is not a publicly traded entity.

In April 1996, the Company acquired a 28% interest in Airtours for approximately $307 million. Approximately $163 million was paid in cash and the balance in 10,602,372 shares of the Company's Common Stock. At November 30, 1998, the market value of the Company's investment in Airtours, based on the closing price of Airtours' stock on the London Stock Exchange, was approximately $835 million as compared with the carrying value of the Company's investment in Airtours of $432 million. The Company is recording its interest in Airtours' consolidated results of operations on a two-month lag basis using the equity method. In 1998, the Company's interest in Airtours has been reduced to approximately 26% as a result of the conversion of Airtours preference shares into Airtours common stock and the issuance of Airtours common stock in conjunction with two of its acquisitions, as discussed below.

In July and September 1998, Airtours issued approximately 18.5 million and 2.2 million shares of its common stock at $7.02 per share and $6.00 per share, respectively, in connection with acquisitions. The issuance of these shares reduced the Company's ownership of Airtours from approximately 27% to 26%. As a result of these transactions, the Company recognized a net gain, after a provision for deferred income taxes, of $14.8 million, which is included in other nonoperating income in the accompanying statements of operations.

At November 30, 1997, the Company owned a 23% interest in CHC International, Inc. ("CHC"), a hotel and casino management and development company. In June 1998, CHC consummated its merger with Patriot American Hospitality, Inc. ("Patriot"), whereby Patriot acquired CHC's hotel management division and CHC's shareholders received shares of redeemable preferred stock convertible into Patriot common stock ("Patriot Stock"). Immediately prior to this merger, CHC's gaming division was spun off into CRC, in which the Company continues to own a 23% interest. As a result of the merger with Patriot, the Company recognized a gain of $8.4 million, which is included in other nonoperating income in the accompanying statements of operations. The Company accounts for this investment using the equity method.

Additionally, the Company holds $16.3 million of secured 6% notes receivable (the "TCC Notes") from the 1994 sale of a 25% interest in CHC to other shareholders of CHC (the "TCC Principals"). One of the TCC Principals is a member of the Company's board of directors. The TCC Notes, as amended, contain a put option which the TCC Principals can exercise, requiring the Company to repurchase all of these CRC shares representing approximately 24% of CRC and 838,896 shares of Patriot Stock (received by the TCC Principals as a result of the above merger) in exchange for the full principal and interest due under the TCC Notes. At November 30, 1998, the carrying value of the Company's CRC investment, including the TCC Notes and a $1.5 million interest bearing note receivable from CRC, is approximately $21.7 million as compared to an estimated fair value of approximately $29 million. The estimated fair value of this investment was determined based on expected future discounted cash flows, public market prices and other available information.

In September 1997, the Company announced that it was dissolving its Asian cruise joint venture with Hyundai Merchant Marine (formed in September 1996) and would repurchase the cruise ship Tropicale from the joint venture. In September 1997, the Company repurchased the Tropicale from the joint venture for $93 million. The remaining deferred gain of $55.2 million which resulted from the sale of the Tropicale to the joint venture in 1996, was reclassified as a reduction of the Company's cost basis of the Tropicale upon its repurchase from the joint venture.

Dividends received from affiliates were $13.7 million, $11.4 million and $2.7 million in fiscal 1998, 1997 and 1996, respectively.

Financial information for affiliated companies accounted for using the equity method is as follows (in thousands):

Balance Sheet Data:	As of End of Fiscal Year	
	1998	1997

Current assets	$1,722,616	$1,207,311
Long-term assets	$2,115,373	$1,792,080
Current liabilities	$1,560,228	$1,359,822
Long-term liabilities	$1,325,220	$1,250,973
Shareholders' equity	$ 952,541	$ 478,596

Income Statement Data:	Fiscal Years Ended		
	1998	1997	1996
Revenues	$5,282,230	$3,965,223	$2,877,892
Gross margin	$1,128,305	$ 702,162	$ 444,009
Net income	$ 264,936	$ 174,354	$ 106,605

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of the following:

	November 30,	
	1998	1997
	(in thousands)	
Commercial paper	$ 368,710	$ 288,614
Unsecured 5.75% Notes Due March 15, 1998		200,000
Unsecured 5.65% Notes Due October 15, 2000	199,833	
Unsecured 6.15% Notes Due April 15, 2008	199,512	
Unsecured 6.65% Debentures Due January 15, 2028	199,249	
Mortgages and other loans payable bearing interest at rates ranging from 5.1% to 9.1%, secured by vessels, maturing through 2009	174,198	79,830
Unsecured 6.15% Notes Due October 1, 2003	124,967	124,960
Unsecured 7.20% Debentures Due October 1, 2023	124,881	124,876
Unsecured 7.7% Notes Due July 15, 2004	99,936	99,924
Unsecured 7.05% Notes Due May 15, 2005	99,871	99,851
Other loans payable	39,483	56,859
	1,630,640	1,074,914
Less portion due within one year	(67,626)	(59,620)
	$1,563,014	$1,015,294

At November 30, 1998, the outstanding commercial paper bears interest at approximately 5% and was due in December 1998. At November 30, 1997, the interest rate on the outstanding commercial paper was approximately 5.6%. Since the commercial paper is backed by the long-term revolving credit facilities described below, balances outstanding under the commercial paper programs have been classified as long-term in the accompanying balance sheets.

The Company's commercial paper programs are supported by a $1 billion unsecured revolving credit facility due December 2001 and a $200 million multi-currency revolving credit facility due January 2002. Both revolving credit facilities bear interest at LIBOR plus 14 basis points ("BPS") and provide for a facility fee of six BPS on each facility. Any funds outstanding under the commercial paper programs reduce the aggregate amount available under these facilities. At November 30, 1998, the Company had $831.3 million available for borrowing under these facilities. These facilities contain covenants that require the Company, among other things, to maintain minimum debt service coverage and limit debt to capital ratios. At November 30, 1998, the Company was in compliance with all of its debt covenants.

The Unsecured 5.75% Notes Due March 15, 1998, which were outstanding at November 30, 1997, were repaid through the issuance of long-term debt and, accordingly, were classified as long-term in the accompanying balance sheet.

At November 30, 1998, property and equipment with a net book value of $595 million was pledged as collateral against the mortgage indebtedness.

At November 30, 1998, the scheduled annual maturities of the Company's long-term debt are summarized as follows (in thousands):

Fiscal	
1999	$ 67,626
2000	220,231

2001	24,830
2002	83,548
2003	144,825
Thereafter	784,580
	$1,630,640

NOTE 6 - SHAREHOLDERS' EQUITY

An analysis of the changes in shareholders' equity for each of the three years in the period ended November 30, 1998 is as follows:

	COMMON STOCK $.01 PAR VALUE CLASS A	CLASS B	PAID-IN- CAPITAL	RETAINED EARNINGS	OTHER	TOTAL
			(in thousands)			
Balances at November 30, 1995	$2,298	$550	$594,811	$1,752,140	$(4,926)	$2,344,873
Net income				566,302		566,302
Cash dividends				(110,661)		(110,661)
Changes in securities valuation allowance					(199)	(199)
Foreign currency translation adjustment					4,126	4,126
Issuance of stock upon conversion of convertible notes	44		76,250			76,294
Issuance of stock in connection with investment in Airtours	53		144,118			144,171
Issuance of stock under stock plans	2		4,431			4,433
Vested portion of stock under restricted stock plan					1,545	1,545
Balances at November 30, 1996	2,397	550	819,610	2,207,781	546	3,030,884
Net income				666,050		666,050
Cash dividends				(142,618)		(142,618)
Changes in securities valuation allowance					355	355
Foreign currency translation adjustment					3,592	3,592
Issuance of stock upon conversion of convertible notes	23		39,755			39,778
Conversion of Class B Common Stock into Class A Common Stock	550	(550)				
Issuance of stock under stock plans	2		6,732		(947)	5,787
Vested portion of stock under restricted stock plan					1,270	1,270
Balances at November 30, 1997, as previously reported	2,972		866,097	2,731,213	4,816	3,605,098
Two-for-one stock split effective June 12, 1998	2,972		(2,972)			
Balances at November 30, 1997, as adjusted	5,944		863,125	2,731,213	4,816	3,605,098
Net income				835,885		835,885
Cash dividends				(187,470)		(187,470)
Changes in securities valuation allowance					270	270
Foreign currency translation adjustment					17,447	17,447
Issuance of stock under stock plans	11		17,363		(4,651)	12,723
Vested portion of stock under restricted stock plan					1,523	1,523
Balances at November 30, 1998	$5,955		$880,488	$3,379,628	$19,405	$4,285,476

On April 13, 1998, the Board of Directors approved a two-for-one split of the Company's Common Stock. The additional shares were distributed on June 12, 1998 to shareholders of record on May 29, 1998. All share and per share data presented herein has been retroactively restated to give effect to this stock split.

On July 15, 1997, the Micky Arison 1994 "B" Trust (the "B Trust"), a U.S. trust whose primary beneficiary is Micky Arison, the Company's Chairman of the Board, exercised its right to convert all of the 109,914,284 shares of Class B Common Stock held by it into an equal number of shares of Class A Common Stock. Prior to July 1, 1997, the B Trust had been restricted from converting such shares under a shareholders agreement with the Company. Prior to the conversion of the Class B Common Stock, the B Trust was the controlling shareholder of the Company.

On April 13, 1998, the Company's shareholders approved amendments to the Company's Articles of Incorporation which (1) eliminated the Class B Common Stock and designated a single class of Common Stock, (2) increased the number of authorized shares of Common Stock to 960 million, and (3) authorized the Board of Directors, at its discretion, to issue up to 40 million shares of Preferred Stock. The Preferred Stock is issuable in series which may vary as to certain rights and preferences and has a $.01 par value. At November 30, 1998, no Preferred Stock had been issued.

At November 30, 1998 there were approximately 16.9 million shares of Common Stock reserved for issuance pursuant to the Company's stock option, employee stock purchase, management incentive, dividend reinvestment and restricted stock plans.

During 1998, the Company declared quarterly cash dividends aggregating $.315 per share. In October 1998, the Board of Directors increased the quarterly dividends from $.075 per share to $.09 per share.

At November 30, 1998, retained earnings included undistributed earnings of affiliates (accounted for using the equity method) of approximately $138 million. At November 30, 1998 and 1997, other shareholders' equity included cumulative foreign currency translation adjustments which increased shareholders' equity by $25.2 million and $7.7 million, respectively.

NOTE 7 - FINANCIAL INSTRUMENTS

The Company estimates the fair market value of financial instruments through the use of public market prices, quotes from financial institutions and other available information. Considerable judgment is required in interpreting data to develop estimates of market value and, accordingly, amounts are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Certain Short-Term Financial Instruments

The carrying amounts of cash, cash equivalents, accrued liabilities and dividends payable approximate their fair values due to the short-term maturities of these instruments.

Other Assets

At November 30, 1998, long-term other assets include Patriot Stock (see Note 4), other marketable securities held in a "Rabbi Trust" for certain of the Company's non-qualified benefit plans and long-term receivables. These assets have a carrying value of $48.7 million and have a fair value of approximately $40 million. Fair value is estimated based on quoted market prices or expected future discounted cash flows.

Long-term Debt

At November 30, 1998 and 1997, the fair value of the Company's long-term debt, including the current portion, was approximately $1.647 billion and $1.089 billion, respectively, which was approximately $16 million and $14 million more than the carrying value, respectively. The fair value of the long-term debt is more than the carrying value due to the Company's issuance of fixed rate debt obligations at interest rates above market rates at the measurement dates. The fair value of the Company's long-term debt is estimated based on the quoted market price for the same or similar issues or on the applicable year end rates offered to the Company for debt of similar terms and maturity.

Foreign Currency Contracts

The Company enters into forward foreign currency contracts to reduce its exposures relating to rate changes in foreign currency. These contracts are subject to gain or loss from changes in foreign currency rates, however, any realized gain or loss will be offset by gains or losses on the underlying hedged foreign currency transactions. Certain exposures to credit losses related to counterparty nonperformance exist,

however, the Company does not anticipate nonperformance by the counterparties as they are large, well-established financial institutions. The fair values of the Company's forward hedging instruments discussed below are estimated based on prices quoted by financial institutions for these or similar instruments, adjusted for maturity differences.

Several of the Company's contracts for the construction of cruise vessels are denominated in Italian Lira. The Company entered into forward foreign currency contracts with notional amounts of $745 million and $834 million at November 30, 1998 and 1997, respectively, to fix the price of these vessels into U.S. dollars (see Note 9). At November 30, 1998 and 1997, these forward contracts had an estimated fair value of approximately $815 million and $876 million, resulting in gains of $70 million and $41 million, respectively.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company's Chairman of the Board was the indirect majority shareholder of Carnival Air Lines, Inc. ("Carnival Air"), an airline which conducted charter services and scheduled carrier services. In September 1997, Carnival Air was merged with and became a wholly owned subsidiary of Pan Am Corporation ("Pan Am"). As a result of the merger, the Company's Chairman of the Board became an indirect shareholder of approximately 42% of Pan Am. During 1998, Pan Am filed for bankruptcy and the Company agreed, as part of Pan Am's plan of reorganization and in exchange for a release of claims, to waive its $1.6 million unsecured claim for accrued and unpaid licensing fees. Accordingly, the Company wrote off its receivable from Pan Am in 1998.

The Company's Chairman of the Board is the indirect sole shareholder of the sole general partner of the partnership ("Partnership") which owns the Miami Heat, a professional basketball team. During 1998, the Company entered into a two-year sponsorship agreement with the Partnership under which the Company agreed to pay an aggregate of approximately $.7 million in exchange for various advertising and other services.

A director of the Company is employed by an investment banking firm which was paid approximately $2.7 million in underwriting fees for assisting the Company in connection with its issuances of long-term debt during fiscal 1998. Additionally, the Company paid this firm approximately $2.1 million in underwriting fees in connection with its public offering of Common Stock in December 1998 (see Note 16).

A director of the Company is a partner in a law firm which acted as the Company's primary outside counsel and provided services to the Company in connection with various litigation, corporate and other matters. The Company paid the law firm $.9 million, $1.1 million and $1.0 million in fiscal 1998, 1997 and 1996, respectively.

The owner of a travel agency located in Seattle, Washington is the wife of an executive officer and director of the Company. The travel agency sells cruises and other products and receives a commission based on the amount of sales. During fiscal 1998, 1997 and 1996, the travel agency generated revenues for the Company of approximately $11 million, $8 million and $7 million, respectively, and received commissions from the Company related to such revenues of approximately $1.7 million, $1.2 million and $1.2 million, respectively.

Pursuant to agreements between the Company, its founder and certain irrevocable trusts, the beneficiaries of which are the children of the Company's founder and certain others, the Company has granted certain registration rights with respect to a substantial portion of their shares of Common Stock. The Company has agreed to prepare and file with the Securities and Exchange Commission a registration statement and pay all expenses relating to such registration, except for these parties' legal fees and disbursements, selling costs, underwriting discounts and applicable filing fees.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Capital Expenditures

A description of ships under contract for construction at November 30, 1998 is as follows (in millions, except passenger capacity data):

	Expected	Estimated	Remaining

Vessel	Service Date (1)	Shipyard	Passenger Capacity(2)	Total Cost(3)	Cost to Be Paid
Carnival:					
Carnival Triumph	7/99	Fincantieri(4)	2,758	$ 410	$ 299
Carnival Victory	8/00	Fincantieri	2,758	440	434
Newbuild	4/01	Masa-Yards	2,100	375	357
Carnival Conquest	12/02	Fincantieri	2,758	450	429
Carnival Glory	8/03	Fincantieri	2,758	450	429
Total Carnival			13,132	2,125	1,948
Holland America:					
Volendam	8/99	Fincantieri(4)	1,440	300	240
Zaandam	3/00	Fincantieri(4)	1,440	300	256
Newbuild	11/00	Fincantieri	1,380	300	55
Total Holland America			4,260	900	551
Total			17,392	$3,025	$2,499

(1) The expected service date is the date the vessel is expected to begin revenue generating activities.
(2) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.
(3) Estimated total cost is the total cost of the completed vessel and includes the contract price with the shipyard, design and engineering fees, estimated capitalized interest, various owner supplied items and construction oversight costs.
(4) These construction contracts are denominated in Italian Lira and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts (see Note 7).

In connection with the vessels under construction, the Company has paid $526 million through November 30, 1998 and anticipates paying approximately $680 million during fiscal 1999 and approximately $1.8 billion thereafter.

Litigation

Several actions (collectively the "Passenger Complaints") have been filed against Carnival or Holland America Westours on behalf of purported classes of persons who paid port charges to Carnival or Holland America, alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages or, alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief. These actions are in various stages of progress and are proceeding.

Holland America Westours recently entered into a settlement agreement for the one Passenger Complaint filed against it. The settlement agreement was approved by the court on September 28, 1998. Five members of the settlement class have appealed the court's approval of the settlement. The appeal is likely to take between one and two years to be resolved. Unless the appeal is successful, Holland America will issue travel vouchers with a face value of $10-$50 depending on specified criteria, to certain of its passengers who are U.S. residents and who sailed between April 1992 and April 1996, and will pay a portion of the plaintiffs' legal fees. The amount and timing of the travel vouchers to be redeemed and the effects of the travel voucher redemption on revenues is not reasonably determinable. Accordingly, the Company has not established a liability for the travel voucher portion of the settlements and will account for the redemption of the vouchers as a reduction of future revenues. In 1998 the Company established a liability for the estimated distribution costs of the settlement notices and plaintiffs' legal costs.

Several complaints were filed against Carnival and/or Holland America Westours (collectively the "Travel Agent Complaints") on behalf of purported classes of travel agencies who had booked a cruise with Carnival or Holland America, claiming that advertising practices regarding port charges resulted in an improper commission bypass. These actions, filed in California, Alabama, Washington and Florida, allege violations of state consumer protection laws, claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud, and they seek unspecified compensatory damages (or alternatively, the payment of usual and customary commissions on port charges paid by passengers in excess of

certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief. These actions are in various stages of progress and are proceeding.

It is not now possible to determine the ultimate outcome of the pending Passenger and Travel Agent Complaints. Management believes it has meritorious defenses to the claims. Management understands that purported class actions similar to the Passenger and Travel Agent Complaints have been filed against several other cruise lines.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such suits, which are not covered by insurance would not have a material adverse effect on the Company's financial condition or results of operations.

Ship Lease Transaction

During August 1998, the Company entered into a lease out and lease back transaction with respect to one of its vessels. The Company has effectively guaranteed certain obligations or provided letters of credit to participants in the transaction which, at November 30, 1998, total approximately $300 million. Only in the remote event of nonperformance by certain major financial institutions, which have long-term credit ratings of AAA, would the Company be required to make any payments under these guarantees. After 18 years, the Company has the right to exercise a purchase option that would terminate this transaction. As a result of this transaction, the Company received approximately $22 million (net) which is recorded as deferred income on the balance sheet and is being amortized to nonoperating income over 18 years.

Operating Leases

Rent expense for all operating leases, primarily office and warehouse space, for fiscal 1998, 1997 and 1996 was approximately $10.4 million, $10.6 million and $9.3 million, respectively. At November 30, 1998, minimum annual rentals for all operating leases, with initial or remaining terms in excess of one year, were as follows (in thousands):

Fiscal	
1999	$ 8,280
2000	8,421
2001	6,538
2002	5,281
2003	4,278
Thereafter	26,158
	$58,956

Guaranty

At November 30, 1998, the Company has guaranteed approximately $103 million of the debt of Il Ponte that was incurred in connection with the Company's acquisition of an interest in Costa (see Note 4).

Other

At November 30, 1998, the Company has a commitment through 2013, cancellable under certain remote circumstances, to pay a minimum amount for its annual usage of certain port facilities as follows (in thousands):

Fiscal	
1999	$ 6,863
2000	8,853
2001	9,402
2002	9,315
2003	11,548
Thereafter	137,465
	$183,446

NOTE 10 - SEGMENT INFORMATION

The Company's cruise segment currently operates twenty-nine passenger cruise ships and four luxury sailing vessels. Cruise revenues are comprised of sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from on-board activities and other related services. The tour business represents the operations of Holland America Westours. The corporate segment is primarily comprised of cash and cash equivalents, goodwill, and investments, including the Company's investments in and advances to

affiliates and the related earnings from these affiliates. Intersegment revenues primarily represent charges for the cruise portion of a tour when a cruise is sold as a part of a tour package. Export sales represent revenues identified with the Company's domestic operations, which were generated from outside the U.S. Segment and export sales information for each of the three years in the period ended November 30, 1998 is as follows:

	1998	1997	1996
	(in thousands)		
REVENUES			
Cruise	$2,797,856	$2,257,567	$2,003,458
Tour	274,491	242,646	263,356
Intersegment revenues	(63,041)	(52,745)	(54,242)
	$3,009,306	$2,447,468	$2,212,572
GROSS OPERATING PROFIT			
Cruise	$1,338,833	$1,072,758	$ 913,880
Tour	51,096	52,041	57,423
	$1,389,929	$1,124,799	$ 971,303
DEPRECIATION AND AMORTIZATION			
Cruise	$ 189,345	$ 157,454	$ 135,694
Tour	9,491	8,862	8,317
Corporate	1,832	971	976
	$ 200,668	$ 167,287	$ 144,987
OPERATING INCOME			
Cruise	$ 822,242	$ 656,009	$ 535,814
Tour	9,248	13,262	21,252
Corporate	65,034	44,799	40,362
	$ 896,524	$ 714,070	$ 597,428
IDENTIFIABLE ASSETS			
Cruise	$6,149,625	$4,744,140	$4,514,675
Tour	174,140	163,941	150,851
Corporate	855,558	518,694	436,362
	$7,179,323	$5,426,775	$5,101,888
CAPITAL EXPENDITURES			
Cruise	$1,113,191	$ 414,963	$ 841,871
Tour	28,480	42,507	14,964
Corporate	8,742	40,187	1,810
	$1,150,413	$ 497,657	$ 858,645
EXPORT SALES	$ 342,017	$ 213,405	$ 198,046

NOTE 11 - BENEFIT PLANS

Stock Option Plans

The Company has stock option plans for certain employees and directors. The plans are administered by a committee of three directors of the Company (the "Committee") which determines who is eligible to participate, the number of shares for which options are to be granted and the amounts that may be exercised within a specified term. The option exercise price is generally established by the Committee at 100% of the fair market value of the Common Stock on the date the option is granted. Substantially all options granted during 1998, 1997 and 1996 were granted at an exercise price per share equal to the fair market value of the Company's Common Stock on the date of grant. Employee options generally vest evenly over five years and have a ten year term and director's options vest immediately and have a five year term. Options may be extended for such periods as may be determined by the Committee but only for so long as the optionee remains an employee or director of the Company. At November 30, 1998, options for 5,387,056 shares were available for future grants. A summary of the status of options in the stock option plans is as follows:

	Weighted Average Exercise Price Per Share			Number of Options Years Ended November 30,		
	1998	1997	1996	1998	1997	1996
Outstanding Options- Beginning of Year	$11.88	$10.38	$10.18	5,502,580	4,871,880	4,949,472
Options Granted	$27.34	$19.55	$12.31	1,157,344	858,000	180,000
Options Exercised	$10.53	$ 8.83	$ 7.96	(652,350)	(222,500)	(247,992)
Options Canceled	$22.86	$ 8.00	$ 7.05	(20,000)	(4,800)	(9,600)

Outstanding Options-						
End of Year	$14.95	$11.88	$10.28	5,987,574	5,502,580	4,671,860
Options Exercisable -						
End of Year	$10.91	$10.34	$9.84	3,405,630	3,117,380	2,240,680

Information with respect to stock options outstanding and stock options exercisable at November 30, 1998 is as follows:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Shares	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$1.94 -$2.25	37,480	-- (1)	$2.06	37,480	$2.06
$6.94 -$10.22	682,900	3.8	$7.41	673,300	$7.38
$10.59-$15.00	3,313,550	6.3	$11.29	2,491,950	$11.26
$16.28-$21.91	857,644	8.1	$19.39	202,900	$19.95
$24.94-$26.41	976,000	9.1	$26.40	--	--
$34.91-$41.34	120,000	9.6	$38.00	--	--
Total	5,987,574	6.8	$14.95	3,405,630	$10.91

(1) These stock options do not have an expiration date.

During fiscal 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123, and pursuant to its provisions elected to continue using the intrinsic-value method of accounting for stock-based awards. Accordingly, the Company has not recognized compensation expense for its noncompensatory stock option awards. The following table reflects the Company's pro forma net income and earnings per share for fiscal 1998, 1997 and 1996 had the Company elected to adopt the fair value approach (which charges earnings for the estimated fair value of stock options) of SFAS No. 123:

	1998	1997	1996
	(in thousands, except per share data)		
Net Income:			
As reported	$835,885	$666,050	$566,302
Pro forma	$831,153	$664,324	$565,952
Earnings per share:			
As reported:			
Basic	$1.40	$1.12	$.98
Diluted	$1.40	$1.12	$.96
Pro forma:			
Basic	$1.40	$1.12	$.98
Diluted	$1.39	$1.12	$.96

These pro forma amounts may not be representative of the effect on pro forma net income in future years, since the estimated fair value of stock options is amortized over the vesting period, pro forma compensation expense related to grants made prior to 1996 is not considered and additional options may be granted in future years.

The weighted average fair values of the Company's options granted during fiscal 1998, 1997 and 1996 were $7.61, $5.79 and $4.49 per share, respectively, at the dates of grant. The fair values of options were estimated using the Black-Scholes option pricing model with the following weighted average assumptions for fiscal 1998, 1997 and 1996, respectively; expected dividend yields of 1.62%, 1.78% and 1.78%; expected volatility of 20.5%, 22.7% and 28.6%; risk free interest rates of 5.3%, 6.2% and 5.8%; and expected option life of six years for all periods.

Restricted Stock Plans

The Company has restricted stock plans under which certain key employees are granted restricted shares of the Company's Common Stock. Shares are awarded in the name of each of the participants, who have all the rights of other Common Stock shareholders, subject to certain restriction and forfeiture provisions. During fiscal 1998 and 1997, 150,000 and 46,574 shares of Common Stock valued at $4.4 million and $.9 million, respectively, were issued. There were no restricted shares issued during fiscal 1996. Unearned compensation is recorded in other

stockholders' equity at the date of award based on the quoted market price of the shares on the date of grant. Unearned compensation is amortized to expense over the vesting period. As of November 30, 1998 and 1997 there were 321,038 shares ($5.3 million) and 237,438 shares ($2.2 million) issued under the plans which remain to be vested (expensed), respectively.

Management Incentive Plans

Most shoreside managerial employees of Carnival and HAL participate in management incentive plans. Certain of the participating employees receive a portion of their incentive compensation award in Common Stock of the Company, instead of the entire amount being paid in cash. During fiscal 1998, 1997 and 1996, 61,214, 85,430 and 85,376 shares of Common Stock with a quoted market value of $1.6 million, $1.3 million and $1.1 million, respectively, were issued under these plans.

Defined Benefit Pension Plans

The Company adopted two defined benefit pension plans (qualified and non-qualified) effective January 1, 1989 which together covered all full-time employees of the Company working in the U.S., excluding HAL employees. Effective January 1, 1998, the Company established two defined contribution plans, a 401(K)/profit sharing plan and a non-qualified savings/profit sharing plan, with the intent to largely replace the defined benefit plans. Accordingly, no further benefits accrue under the qualified defined benefit plan after December 31, 1997. Effective January 1, 1998, participants in the non-qualified defined benefit plan elected to either remain in the non-qualified defined benefit plan or participate in the non-qualified savings/profit sharing plan. Also, during 1998, Carnival established a non-qualified defined benefit plan for certain of its shipboard employees.

The Company's funding policy for the qualified defined benefit plan is to annually contribute at least the minimum amount required under the applicable labor regulations.

Pension costs for the defined benefit pension plans were $1.9 million, $2.5 million and $2.2 million for fiscal 1998, 1997 and 1996, respectively. The curtailment of the benefits described above resulted in a minimal gain in 1998.

Defined Contribution Plans

The Company has various defined contribution plans, including the two defined contribution plans established January 1, 1998 as described above, available to substantially all U.S. and Canadian employees and certain United Kingdom employees. The Company contributes to these plans based on employee contributions, salary levels and length of service. Total expense relating to these plans in fiscal 1998, 1997 and 1996 was $5.3 million, $2.5 million and $2.4 million, respectively.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan, which is authorized to issue up to 4,000,000 shares of Common Stock to substantially all employees of Carnival Corporation and its wholly owned subsidiaries. The purchase price is derived from a formula based on 85% of the fair market value of the Common Stock during the six-month purchase period, as defined. During 1998, 1997 and 1996, the Company sold 175,971, 173,776 and 115,856 shares, respectively, at a weighted average share price of $24.45, $14.52 and $11.08, respectively, under this plan.

NOTE 12 - EARNINGS PER SHARE

Earnings per share amounts have been computed as follows (in thousands, except per share data):

	Years Ended November 30,		
	1998	1997	1996
BASIC:			
Net income	$835,885	$666,050	$566,302
Average common shares outstanding	595,037	594,076	579,008
Earnings per share	$1.40	$1.12	$.98
DILUTED:			
Net income	$835,885	$666,050	$566,302
Effect on net income of assumed issuance of affiliate securities		(356)	(3,452)

Interest expense related to convertible notes		30	4,661
Income available assuming dilution	$835,885	$665,732	$567,511
Average common shares outstanding	595,037	594,076	579,008
Effect of dilutive securities:			
Additional shares issuable upon:			
Assumed conversion of convertible notes		128	11,080
Various stock plans	3,411	2,344	1,352
Average shares outstanding assuming dilution	598,448	596,548	591,440
Earnings per share	$1.40	$1.12	$.96

NOTE 13 - ACQUISITION

On May 28, 1998, the Company and a group of investors acquired the operating assets of Cunard, a cruise company operating five luxury cruise ships, for $500 million, adjusted for a working capital deficiency and debt assumed. The Company is accounting for the acquisition using the purchase accounting method. Simultaneous with the acquisition, Seabourn Cruise Line Limited ("Seabourn"), a luxury cruise line in which the Company owned a 50% interest, was combined with Cunard. The Company owns approximately 68% of the combined entity, which is named Cunard Line Limited. Commencing on May 28, 1998, the financial results of Cunard Line Limited have been included in the Company's consolidated financial statements. Prior to May 28, 1998, the Company's 50% interest in Seabourn was accounted for using the equity method (see Notes 2 and 4).

Had the above transactions occurred on December 1, 1996, the Company's unaudited consolidated revenues for fiscal 1998 and 1997 would have been approximately $3.23 billion and $2.92 billion, respectively. The impact on the Company's fiscal 1998 and 1997 unaudited net income and earnings per share would have been immaterial.

The Company may purchase at any time the 32% minority interest in Cunard Line Limited for a maximum of approximately 5.4 million shares (subject to adjustment, as defined) of the Company's Common Stock. If the Company does not purchase the minority interest, the minority shareholders, under certain circumstances, can require the Company on May 28, 2001 to purchase their shares for a maximum of approximately 5.4 million shares (subject to adjustment, as defined) of the Company's Common Stock. Since its issuance, this option to purchase the minority interest has been antidilutive for earnings per share purposes.

The preliminary impact on the Company's assets and liabilities related to the acquisition of Cunard and consolidation of Seabourn was as follows (in millions):

Fair value of Cunard assets	$553
Seabourn assets consolidated	191
Debt assumed	(157)
Other liabilities assumed	(199)
Minority interest	(122)
Cash paid for acquisition	266
Other adjustments	(14)
	252
Cash of acquired companies	(9)
Net cash paid as reflected in the 1998 Statement of Cash Flows	$243

NOTE 14 - RECENT PRONOUNCEMENTS

In April 1998, Statement of Position 98-5 - "Reporting on the Costs of Start-Up Activities" ("SOP 98-5") was issued. SOP 98-5 requires that all start-up or pre-operating costs be expensed as incurred. In 1998, the Company adopted SOP 98-5 and, accordingly, expensed $8.7 million of previously deferred start-up costs. The $8.7 million represents the cumulative effect from the Company changing this policy, which amount is included in other nonoperating expenses in the accompanying statements of operations.

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133") was issued. SFAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. SFAS 133 is effective for all fiscal

quarters of all fiscal years beginning after June 15, 1999 (December 1, 1999 for the Company). The Company has not yet determined the impact that the adoption of SFAS 133 will have, but does not currently expect the adoption to have a material impact on its results of operations or cash flows.

NOTE 15 - SUPPLEMENTAL CASH FLOW INFORMATION

	YEARS ENDED NOVEMBER 30,		
	1998	1997	1996
		(in thousands)	
Cash paid during the year for:			
Interest (net of amount capitalized)	$ 54,572	$ 56,967	$ 68,337
Income taxes	$ 5,144	$ 5,755	$ 8,752
Noncash investing and financing activities:			
Common Stock issued under various stock plans	$ 5,975	$ 2,247	$ 1,102
Common Stock issued upon conversion of convertible notes (see Note 6)		$ 39,085	$ 76,294
Common Stock issued for acquisition of an interest in Airtours (see Note 4)			$144,171
Conversion of Class B Common Stock into Class A Common Stock		$ 550	
Sale of Rotterdam V		$ 31,208	

NOTE 16 - SUBSEQUENT EVENT

In December 1998, the Company sold 17 million shares of its Common Stock in a public offering. Net proceeds to the Company from the offering totaled approximately $725 million.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Carnival Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and of cash flows present fairly, in all material respects, the financial position of Carnival Corporation and its subsidiaries at November 30, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/PRICEWATERHOUSECOOPERS LLP

PRICEWATERHOUSECOOPERS LLP

Miami, Florida
January 25, 1999

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The Company earns its cruise revenues primarily from (i) the sale of passenger tickets, which includes accommodations, meals and most shipboard activities, (ii) the sale of air transportation to and from the cruise ship and (iii) the sale of goods and services on board its cruise ships, such as casino gaming, bar sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of Holland America Westours.

For selected segment and export sales information related to the Company's revenues, gross operating profit, operating income and other financial information, see Note 10 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information for the periods indicated is as follows:

	YEARS ENDED NOVEMBER 30,		
	1998	1997	1996
REVENUES	100%	100%	100%
COSTS AND EXPENSES:			
Operating expenses	54	54	56
Selling and administrative	12	12	12
Depreciation and amortization	7	7	7
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	27	27	25
INCOME FROM AFFILIATED OPERATIONS, NET	3	2	2
OPERATING INCOME	30	29	27
NONOPERATING EXPENSE	(2)	(2)	(1)
NET INCOME	28%	27%	26%
SELECTED STATISTICAL INFORMATION (in thousands):			
Passengers carried	2,045	1,945	1,764
Passenger cruise days (1)	13,009	11,908	10,583
Occupancy percentage	106.3%	108.3%	107.6%

(1) A passenger cruise day is one passenger sailing for a period of one day. For example, one passenger sailing on a one week cruise is seven passenger cruise days.

GENERAL

The growth in the Company's revenues during the last three fiscal years has primarily been a function of the expansion of its fleet capacity and, additionally in 1998, its ability to obtain significantly higher net yields than in previous years.

Fixed costs, including depreciation, fuel, insurance and crew costs, represent more than one-third of the Company's operating expenses and do not change significantly in relation to changes in passenger loads and aggregate passenger ticket revenue.

The Company's cruise and tour operations experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for its cruise operations is moderately seasonal. Historically, demand for cruises has been greater during the summer months. The Company's tour revenues are extremely seasonal with a majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

The year over year percentage increase in average passenger capacity

for the Company's cruise brands, excluding the impact of the acquisition and consolidation of Cunard and Seabourn, is expected to be 13.7% during fiscal 1999 as compared to fiscal 1998. This increase is primarily a result of the introduction into service of Carnival's Elation in March 1998 and Paradise in late November 1998, the expected introduction into service of the Carnival Triumph in July 1999 and Holland America's Volendam in August 1999 and the introduction into service of Windstar's Wind Surf in May 1998. Including the impact of Cunard and Seabourn, average passenger capacity is expected to increase 18.5% in fiscal 1999 as compared to fiscal 1998. The acquisition and consolidation of Cunard and Seabourn is not expected to materially affect the Company's consolidated net income in 1999.

The year over year percentage increase in average passenger capacity, excluding the impact of Cunard and Seabourn, resulting from the delivery of vessels currently under contract for construction for the fiscal years 2000 and 2001 is expected to approximate 12.9% and 11.9%, respectively. Including the impact of Cunard and Seabourn, the year over year increase in average passenger capacity for fiscal 2000 and 2001 is expected to approximate 11.7% and 10.9%, respectively.

In June 1997, the Company and Airtours, a publicly traded leisure travel company in which the Company holds a 26% interest, each acquired a 50% interest in Il Ponte, the parent company of Costa, an Italian cruise company. The Company records its interest in Airtours and Il Ponte using the equity method of accounting and records its portion of Airtours' and Il Ponte's consolidated operating results on a two-month lag basis. Demand for Airtours' and Costa's products is seasonal due to the nature of the European leisure travel industry and European cruise season. Typically, Airtours' and Costa's quarters ending June 30 and September 30 experience higher demand, with demand in the quarter ending September 30 being the highest.

Fiscal 1998 Compared To Fiscal 1997

Revenues

The increase in total revenues of $561.8 million, or 23.0%, was due primarily to an increase in cruise revenues of $540.3 million, or 23.9%. Approximately $281.9 million of the cruise revenue increase is due to the acquisition and consolidation of Cunard and Seabourn and $258.4 million is due to increased cruise revenues from Carnival, Holland America and Windstar. The increase from Carnival, Holland America and Windstar resulted from an increase of approximately 7.0% in total revenue per passenger cruise day and a 4.8% increase in passenger capacity, offset slightly by a .6% decrease in occupancy rates. Total revenue per passenger cruise day increased primarily due to strong demand for the Company's cruise brands and the introduction of Holland America's new Rotterdam VI in November 1997, which has obtained higher pricing. Passenger capacity increased due to the addition of new vessels discussed previously partially offset by the Ecstasy being out of service for two months during 1998 (see Nonoperating Income (Expense)). Tour revenues increased $31.8 million, or 13.1% to $274.5 million in 1998 from $242.6 million in 1997 due primarily to an increase in the number of tours sold.

Cost and Expenses

Operating expenses increased $296.7 million, or 22.4%. Cruise operating costs increased by $274.2 million, or 23.1% in 1998. Approximately $177.5 million of the cruise operating costs increase is due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, cruise operating costs as a percentage of cruise revenues were 50.9% and 52.5% in 1998 and 1997, respectively. Cruise operating costs, excluding Cunard and Seabourn, increased primarily as a result of increases in passenger capacity and airfare costs, partially offset by lower fuel costs. Airfare costs increased due to a higher rate per air passenger as well as a higher percentage of passengers electing the Company's air program. Tour operating expenses increased $32.8 million, or 17.2% primarily due to the increase in tour volume and higher expenses incurred primarily as a result of increased tour content.

Selling and administrative expenses increased $72.9 million, or 24.6%, of which $46.8 million, or 15.8%, was due to the acquisition and consolidation of Cunard and Seabourn. Excluding Cunard and Seabourn, selling and administrative expenses as a percentage of revenues were 11.8% and 12.1% in 1998 and 1997, respectively. Selling and administrative expenses, excluding Cunard and Seabourn, increased primarily as a result of increases in advertising and payroll and related costs.

Depreciation and amortization increased by $33.4 million, or 20.0%, to $200.1 million in 1998 from $167.3 million in 1997 primarily due to the additional depreciation associated with the increase in the size of the fleet and the acquisition and consolidation of Cunard and Seabourn.

Affiliated Operations

During 1998, the Company recorded $76.7 million of income from affiliated operations as compared with $53.1 million of income in 1997. The Company's portion of Airtours' income increased $3.7 million to $39.4 million in 1998. The Company recorded income of $39.9 million and $15.5 million during 1998 and 1997, respectively, related to its interest in Il Ponte. The Company did not record earnings from its investment in Il Ponte in the first nine months of 1997 since Il Ponte was acquired in June 1997 and its consolidated operating results are recorded on a two-month lag basis. The affiliated operations for 1998 includes Seabourn through May 28, 1998 after which its results are included in the Company's consolidated results.

Nonoperating Income (Expense)

Gross interest expense (excluding capitalized interest) increased $20.2 million in 1998 primarily as a result of higher average debt balances, arising from the acquisition and consolidation of Cunard and Seabourn as well as investments in new vessel projects. Capitalized interest increased $18.3 million due primarily to higher levels of investments in ship construction projects during fiscal 1998 as compared with fiscal 1997.

Included in other income in 1998 were gains of $8.4 and $14.8 million resulting from the closing of the sale of CHC's hotel management division and Airtours' issuances of its common stock, respectively. In the event that Airtours issues additional common stock in the future, the Company may recognize gains or losses related to these future issuances. Additionally, other expense includes $8.7 million of previously deferred start-up costs, which were expensed in 1998 and represent the cumulative effect from the Company changing its policy in connection with its early adoption of SOP 98-5 (see Notes 4 and 14 in the accompanying financial statements).

In July 1998, a fire occurred on the mooring deck on Carnival Cruise Lines' Ecstasy. There were no serious injuries to passengers or crew, however, there was damage to the ship's aft section. The time necessary to complete repairs to the Ecstasy resulted in the ship being out of service for approximately two months during 1998. The Ecstasy fire resulted in a reduction in earnings of approximately $19.3 million in 1998. This reduction was comprised of lost revenue, net of related variable expenses, of $12.0 million, and costs associated with repairs to the ship, passenger handling and various other costs, net of estimated insurance recoveries, of $7.3 million. The costs of $7.3 million were included in other expenses.

Minority interest was $11.1 million which represents the minority shareholders' interest in Cunard Line Limited's net income since its acquisition and consolidation by the Company on May 28, 1998.

Fiscal 1997 Compared To Fiscal 1996

Revenues

The increase in total revenues of $234.9 million, or 10.6%, was due primarily to an increase in cruise revenues of $254.1 million, or 12.7%, from 1996 to 1997, which was partially offset by a decrease in tour revenues. The increase in cruise revenues was primarily the result of an 11.7% increase in passenger capacity for the period resulting from the addition of Carnival's cruise ships Inspiration and Carnival Destiny in March and November 1996, respectively, and Holland America's cruise ships Veendam and Rotterdam VI in May 1996 and November 1997. The passenger capacity increase resulting from the introduction of new vessels was partially reduced by the removal from service from Carnival's fleet of the Festivale in April 1996 and Holland America's Rotterdam V in September 1997.

Occupancy rates in fiscal 1997 were up .7% and gross revenue per passenger cruise day was up .1% resulting in an increase of .9% in gross yield (total revenue per lower berth).

Revenues from the Company's tour operations decreased $20.7 million, or 7.9%, to $242.6 million in 1997 from $263.4 million in 1996. The

decrease was primarily the result of a decrease in the tour and transportation revenues due to a reduction in the number of tour passengers.

Costs and Expenses

Operating expenses increased $81.4 million, or 6.6%, from 1996 to 1997. Cruise operating costs increased by $95.2 million, or 8.7%, to $1,184.8 million in 1997 from $1,089.6 million in 1996, primarily due to additional costs associated with the increased passenger capacity in 1997. Tour operating expenses decreased $15.3 million, or 7.4%, from 1996 to 1997 primarily due to the decrease in tour passengers.

Selling and administrative costs increased $21.7 million, or 7.9%, primarily due to an increase in payroll and related costs associated with the increase in passenger capacity during 1997 as compared with 1996.

Depreciation and amortization increased by $22.3 million, or 15.4%, to $167.3 million in 1997 from $145.0 million in 1996 primarily due to the addition of the Inspiration, the Carnival Destiny and the Veendam.

Affiliated Operations

Approximately $35.7 million of income from affiliated operations in 1997 was attributable to the Company's 28% interest in Airtours. The Company acquired its equity interest in Airtours in April 1996 and recorded its share of Airtours' earnings on a two-month lag basis. During 1996, the Company's share of earnings for Airtours was recorded for Airtours' six months ended September 30, 1996, which also amounted to $35.7 million. Airtours' operations are seasonal and historically have resulted in losses for the first half of its fiscal year. Had the Company recorded its equity in Airtours' earnings for Airtours' entire fiscal year ended September 30, 1996, the Company's share of Airtours' earnings would have been $22.2 million instead of the $35.7 million recorded by the Company in 1996.

In June 1997 the Company acquired an approximate 50% interest in Il Ponte. The Company recorded its share of Il Ponte's earnings on a two-month lag basis. During 1997, the Company's share of earnings from Il Ponte, amounting to $15.5 million, was recorded for Il Ponte's three months ended September 30, 1997.

See the "General" section for a discussion of Airtours' and Costa's seasonality. See Note 4 in the accompanying financial statements for more information regarding the Company's equity investments.

Nonoperating Income (Expense)

Interest income decreased $9.9 million in 1997 primarily due to a decrease in cash equivalent balances and notes receivable. During 1996, the Company was holding 13% senior secured notes (which were redeemed in April 1996) of Norwegian Cruise Line, Ltd. and, to a lesser degree, increased cash balances. Gross interest expense (excluding capitalized interest) decreased $17.1 million in 1997 as a result of reduced debt balances. Capitalized interest decreased $9.0 million due primarily to lower levels of investments in ship construction projects during fiscal 1997 as compared with fiscal 1996.

Other income in fiscal 1997 of $5.4 million represents the net effect of the recognition of the remaining deferred gain from the sale of Carnival's Festivale, less a loss from the sale of Holland America's Rotterdam V, and certain other miscellaneous gains and losses. Other income amounted to $23.4 million in 1996 primarily as a result of a $32.0 million gain from settlement of bankruptcy claims against the Wartsila shipyard less a loss of $15.8 million on the sale of notes receivable generated from the sale of Carnival's Crystal Palace Hotel and Casino.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Cash

The Company's business provided $1.1 billion of net cash from operations during fiscal 1998, an increase of 24.4% compared to fiscal 1997. The increase was primarily due to higher net income.

In January 1998, the Company completed an offering of $200 million of 6.65% Debentures Due January 15, 2028. Additionally, in April 1998, the Company completed an offering of $200 million of 5.65% Notes Due October 15, 2000 and $200 million of 6.15% Notes Due April 15, 2008. During fiscal 1998, the Company had net borrowings of $80.1 million under

its commercial paper programs.

Uses of Cash

During fiscal 1998, the Company made net expenditures of approximately $1.15 billion on capital projects, of which $1.04 billion was spent in connection with its ongoing shipbuilding program. The shipbuilding expenditures included the final payments on Carnival's Elation and Paradise, which were delivered to the Company in late February and October, respectively, the acquisition of Windstar's Wind Surf, which went into service in May 1998 and the payment of approximately $232 million for the Holland America Newbuild scheduled to enter service in November 2000. The nonshipbuilding capital expenditures consisted primarily of improvements to a private island in the Caribbean (Holland America began to use the island during the first quarter of 1998 as a destination for certain of its itineraries), transportation equipment, vessel refurbishments, tour assets and other equipment.

The Company paid $266 million related to the acquisition of Cunard (see Note 13 in the accompanying financial statements).

The Company made scheduled principal payments totaling approximately $63.4 million under various individual vessel mortgage loans during fiscal 1998. In March 1998, the Company paid at maturity $200 million due on the 5.75% Notes Due March 15, 1998. Additionally, the Company paid cash dividends of $178.5 million in fiscal 1998.

Future Commitments

The Company has contracts for the delivery of eight new vessels over the next five years. The Company will pay approximately $680 million during fiscal 1999 relating to the construction and delivery of these new ships and approximately $1.8 billion thereafter.

In addition to these ship construction contracts, the Company has options to construct two additional vessels for Carnival for expected service in 2002, if the options are exercised. The Company is also in negotiations with several shipbuilding yards for a new class of vessel for Holland America and is in the initial planning phase of a new ocean liner for Cunard. No assurance can be given that the two options for Carnival will be exercised, the negotiations for the Holland America vessel will be successful or that the new Cunard shipbuilding project will be continued.

At November 30, 1998, the Company had $1.63 billion of long-term debt of which $67.6 million is due in fiscal 1999. See Notes 5 and 9 in the accompanying financial statements for more information regarding the Company's debts and commitments.

Funding Sources

In December 1998, the Company issued 17 million shares of its Common Stock and received net proceeds of approximately $725 million. The Company issued this stock concurrent with the addition of the Company's Common Stock to the S&P 500 Composite Index. A portion of the proceeds from the offering was used to repay $153 million of the Company's outstanding commercial paper and the remainder was invested in short-term investments. These remaining funds are available to the Company for general corporate purposes, which may include repayment of indebtedness, financing of capital commitments under its shipbuilding program and possible future acquisitions to expand its business.

At December 31, 1998, the Company had approximately $650 million in cash, cash equivalents and short-term investments. These funds along with cash from operations are expected to be the Company's principal source of capital to fund its debt service requirements and ship construction costs. Additionally, the Company may also fund a portion of these cash requirements from borrowings under its revolving credit facilities or commercial paper programs. At December 31, 1998, the Company had approximately $1.1 billion available for borrowing under its revolving credit facilities.

To the extent that the Company is required to or chooses to fund future cash requirements from sources other than as discussed above, management believes that it will be able to secure such financing from banks or through the offering of short-term debt and/or equity securities in the public or private markets.

OTHER MATTERS

The Year 2000 computer issue is primarily the result of computer programs using a two digit format, as opposed to four digits, to indicate the year. Such programs will be unable to interpret dates beyond the year 1999, which could cause a system failure or other computer errors and a disruption in the operation of such systems.

State of Readiness

The Company has established internally staffed project teams to address Year 2000 issues. Each team has implemented a plan that focuses on Year 2000 compliance efforts for information technology ("IT") and non-IT systems for their respective companies. The systems include (1) information systems software and hardware (e.g. reservations, accounting and associated systems, personal computers and software and various end-user developed applications) and (2) building facilities and shipboard equipment (e.g. shipboard navigation, control, safety, power generation and distribution systems, operating systems and shipbuilding and communication systems).

The Company's Year 2000 plan addresses the Year 2000 issues in multiple phases, including: (1) inventory of the Company's systems, equipment and suppliers that may be vulnerable to Year 2000 issues; (2) assessment of inventoried items to determine risks associated with their failure to be Year 2000 compliant; (3) testing of systems and/or components to determine if Year 2000 compliant, both prior and/or subsequent to remediation; (4) remediation and implementation of systems; and (5) contingency planning to assess reasonably likely worst case scenarios.

Inventories have been substantially completed for all Company shoreside software applications, hardware and operating systems. A risk assessment was then prepared based on feedback from the Company's respective business units. Most of the Company's critical internally developed software systems have been successfully remediated and tested. All of the Company's reservations systems have been remediated, tested and are in production. Remediation and integration testing of other critical shoreside software and hardware applications, including purchased software, are estimated to be completed by July 1999. However, ongoing certification testing of remediated systems that corroborates prior test results and corroborates integration of remediated items with related hardware and operating systems will occur throughout 1999.

Inventories have been substantially completed for all building facilities and shipboard equipment systems. A risk assessment has been substantially completed and is expected to be finalized by March 1999. In certain cases, the Company has retained third party consultants to analyze the shipboard hardware and embedded system inventories and assist the Company in testing, remediation and implementation of these applications. This process is expected to be completed by the end of the third calendar quarter of 1999. Internally developed shipboard information systems have been remediated and are expected to be tested and fully implemented on ships by mid 1999.

The Company is tracking the Year 2000 compliance status of its material vendors and suppliers via the Company's own internal vendor compliance effort. Year 2000 correspondence was sent to critical vendors and suppliers, with continued follow up for those who failed to respond. All vendor responses are currently being evaluated to assess any possible risk to or effect on the Company's operations. Prior to mid 1999, the Company expects to implement additional procedures for assessing the Year 2000 compliance status of its most critical vendors and will modify its contingency plans accordingly.

Risks of Company's Year 2000 Issues

The Company is in the process of preparing its contingency plans which will include the identification of its most reasonably likely worst case scenarios. Currently, the most reasonably likely sources of risk to the Company include (1) the disruption of transportation channels relevant to the Company's operations, including ports and transportation vendors (airlines) as a result of a general failure of support systems and necessary infrastructure; (2) the disruption of travel agency and other sales distribution systems; and (3) the inability of principal product suppliers to be Year 2000 ready, which could result in delays in deliveries from such suppliers.

Based on its current assessment efforts, the Company does not believe that Year 2000 issues will have a material adverse effect on its financial condition or results of operations. However, the Company's Year

2000 issues and any potential business interruptions, costs, damages or losses related thereto, are dependent, to a significant degree, upon the Year 2000 compliance of third parties, both domestic and international, such as government agencies, vendors and suppliers. Consequently, the Company is unable to determine at this time whether Year 2000 failures will materially affect the Company. The Company believes that its compliance efforts have and will reduce the impact on the Company of any such failures.

Contingency Plans

The Company is in the process of preparing its contingency plans to identify and determine how to handle its most reasonably likely worst case scenarios. Preliminary contingency plans are currently being drafted. Comprehensive contingency plans are estimated to be complete by mid 1999.

Costs

The Company does not expect that the costs associated with its Year 2000 efforts will be material. The Company estimates aggregate expenditures of approximately $16 million to address Year 2000 issues. These aggregate expenditures include $9 million of costs that are being charged to expense and $7 million of costs, related to the accelerated replacement of non-compliant systems due to Year 2000 issues, which will be capitalized. The total amount expended through November 30, 1998 was approximately $8 million, of which $4 million has been charged to expense and $4 million has been capitalized. These costs do not include costs incurred by the Company as a result of the failure of any third parties, including suppliers, to become Year 2000 compliant or costs to implement any contingency plans.

Market Risks

The Company is principally exposed to market risks from fluctuations in interest rates, foreign currency exchange rates and equity prices. The Company seeks to minimize these risks through its regular operating and financing activities, its long-term investment strategy and, when considered appropriate, through the use of derivative financial instruments. The Company's policy is to not use financial instruments for trading or other speculative purposes.

In order to limit its exposure to interest rate fluctuations, the Company has entered into fixed rate debt instruments for the majority of its long-term debt. The Company's primary foreign currency exchange risk relates to its outstanding obligations under its foreign currency denominated shipbuilding contracts. The Company manages this risk through the use of foreign currency forward contracts (see Notes 2 and 7 in the accompanying financial statements).

Additionally, the Company's investments in foreign affiliates subjects it to foreign currency exchange rate and equity price risks. Management considers its investments in foreign affiliates to be denominated in relatively stable currencies and of a long-term nature and, accordingly, does not typically manage its related foreign currency exchange rate and equity price risks through the use of financial instruments.

Other market risk exposures to the Company relate to food and fuel commodity prices and the selling of certain of its cruises and incurring certain cruise-related expenses in foreign currencies. The Company does not typically manage these risks through the use of financial instruments. However, the Company does not expect changes in food and fuel commodity prices and foreign currency denominated cruise revenue and expenses to materially affect its operating results.

Exposure to Interest Rates

At November 30, 1998, the Company's long-term debt had a carrying value of $1.631 billion. The fair value of this debt at November 30, 1998 was $1.647 billion. Based upon a hypothetical 10% decrease or increase in the period end market interest rate, the fair value of this liability would increase or decrease by approximately $46 million.

This hypothetical amount is determined by considering the impact of the hypothetical interest rates on the Company's existing debt. This analysis does not consider the effects of the changes in the level of overall economic activity that could exist in such environments. Furthermore, since substantially all of the Company's fixed rate debt cannot be prepaid, it is most likely management would be unable to take any significant steps to mitigate its exposure in the event of a

significant decrease in market interest rates.

Exposure to Exchange Rates

As a result of the Company having outstanding obligations under ship construction contracts denominated in a foreign currency, it is affected by fluctuations in the value of the U.S. dollar as compared to certain European currencies. Foreign currency forward contracts are used to hedge against this risk. Accordingly, increases and decreases in the fair value of these foreign currency forward contracts are offset by changes in the U.S. dollar value of the net underlying foreign currency denominated ship construction obligations.

At November 30, 1998, the Company's foreign currency forward contracts which hedge its shipbuilding activities had notional amounts and maturity dates of $539 million in 1999 and $206 million in 2000. The fair value of these contracts was $815 million at November 30, 1998. Based upon a 10% strengthening or weakening of the U.S. dollar compared to the Euro, the estimated fair value of these contracts would decrease or increase by $82 million which would be offset by a decrease or increase of $82 million in the U.S. dollar value of the related foreign currency ship construction obligations.

The cost of shipbuilding orders which the Company may place in the future may be affected by foreign currency exchange rate fluctuations. Should the U.S. dollar weaken relative to the Euro, future orders for new ship construction in certain European shipyards may be at higher prices.

SELECTED FINANCIAL DATA

The selected financial data presented below for the fiscal years 1994 through 1998 and as of the end of each such fiscal year are derived from the financial statements of the Company and should be read in conjunction with such financial statements and the related notes.

	YEARS ENDED NOVEMBER 30,				
	1998	1997	1996	1995	1994
	(in thousands, except per share data)				
INCOME STATEMENT DATA:					
Revenues	$3,009,306	$2,447,468	$2,212,572	$1,998,150	$1,806,016
Operating income before income from affiliated operations	$ 819,792	$ 660,979	$ 551,461	$ 490,038	$ 443,674
Operating income	$ 896,524	$ 714,070	$ 597,428	$ 490,038	$ 443,674
Net income	$ 835,885	$ 666,050	$ 566,302	$ 451,091	$ 381,765
Earnings per share (1):					
Basic	$1.40	$1.12	$.98	$.79	$.68
Diluted	$1.40	$1.12	$.96	$.79	$.67
Dividends declared per share (1)	$.315	$.240	$.190	$.158	$.142
Passenger cruise days	13,009	11,908	10,583	9,201	8,102
Occupancy percentage (2)	106.3%	108.3%	107.6%	105.0%	104.0%

	AS OF NOVEMBER 30,				
	1998	1997	1996	1995	1994
	(in thousands)				
BALANCE SHEET DATA:					
Total assets	$7,179,323	$5,426,775	$5,101,888	$4,105,487	$3,669,823
Long-term debt and convertible notes	$1,563,014	$1,015,294	$1,316,632	$1,150,031	$1,161,904
Total shareholders' equity	$4,285,476	$3,605,098	$3,030,884	$2,344,873	$1,928,934

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(1) All per share amounts have been adjusted to reflect two-for-one stock splits effective November 30, 1994 and June 12, 1998.

(2) In accordance with cruise industry practice, occupancy percentage is calculated based upon two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

MARKET PRICE FOR COMMON STOCK

The following table sets forth for the periods indicated the high and low Common Stock sales prices, as adjusted for the June 12, 1998 two-for-one stock split, on the New York Stock Exchange:

	HIGH	LOW
Fiscal Year ended November 30, 1998:		
First Quarter	$29.500	$24.938
Second Quarter	$38.250	$29.531
Third Quarter	$42.625	$28.438
Fourth Quarter	$35.438	$19.000
Fiscal Year ended November 30, 1997:		
First Quarter	$18.375	$14.875
Second Quarter	$19.750	$17.063
Third Quarter	$22.625	$18.813
Fourth Quarter	$27.125	$21.844

As of January 18, 1999, there were approximately 4,540 holders of record of the Company's Common Stock. While no tax treaty currently exists between the Republic of Panama and the United States, under current law, the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama.

SELECTED QUARTERLY FINANCIAL DATA (unaudited)

Quarterly financial results for fiscal 1998 are as follows:

	QUARTERS ENDED			
	FEBRUARY 28,	MAY 31,	AUGUST 31,	NOVEMBER 30,
	(in thousands, except per share data)			
Revenues	$557,838	$661,358	$1,061,539	$728,571
Gross profit	$250,243	$299,002	$ 521,196	$319,488
Operating income before income from affiliated operations	$128,401	$167,794	$ 365,007	$158,590
Operating income	$117,720	$165,441	$ 378,849	$234,514
Net income	$109,914	$160,596	$ 344,752	$220,623
Earnings per share (1):				
Basic	$.18	$.27	$.58	$.37
Diluted	$.18	$.27	$.58	$.37
Dividends declared per share (1)	$.075	$.075	$.075	$.09

Quarterly financial results for fiscal 1997 are as follows:

	QUARTERS ENDED			
	FEBRUARY 28,	MAY 31,	AUGUST 31,	NOVEMBER 30,
	(in thousands, except per share data)			
Revenues	$521,082	$596,614	$805,421	$524,351
Gross profit	$224,144	$258,930	$417,301	$224,424
Operating income before income from affiliated operations	$103,944	$140,253	$308,590	$108,192
Operating income	$ 94,962	$137,541	$318,961	$162,606
Net income	$ 85,360	$127,447	$297,893	$155,350
Earnings per share (1):				
Basic	$.14	$.21	$.50	$.26
Diluted	$.14	$.21	$.50	$.26
Dividends declared per share (1)	$.055	$.055	$.055	$.075

(1) Adjusted for the June 12, 1998 two-for-one stock split.

FORWARD-LOOKING STATEMENTS

Certain statements in the Shareholders' Letter and under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; consumer demand for cruises; pricing policies followed by competitors of the Company; increases in cruise industry capacity; changes in tax laws and regulations; the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; delivery of new vessels on schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; computer program Year 2000 compliance; and changes in laws and regulations applicable to the Company.

EXHIBIT 21

LIST OF SUBSIDIARIES AND AFFILIATES OF CARNIVAL CORPORATION

	Name of Subsidiary	Jurisdiction of Incorporation or Organization
(15)	Airtours plc (26% interest)	United Kingdom
(9)	Alaska Overland, Inc.	Alaska
(5)	Alaska Travel Center, Inc.	Washington
(8)	Anchorage Hotel Associates, Inc. (90% interest)	Alaska
	Carnival Investments Limited	Bahamas
	Carnival (UK) plc	United Kingdom
	Celebration Cruises Inc.	Liberia
(11)	Costa Crociere S.p.A.	Italy
	CRC Holdings, Inc. (23.18% interest)	Florida
	Crowne Plaza Holdings, Inc.	Florida
(10)	Cunard Line Limited (68.3% interest)	Bahamas
(13)	Cunard White Star Limited	Bermuda
(5)	Evergreen Trails, Inc.	Washington
	Futura Cruises Inc.	Panama
	Gemward Limited	Ireland
	Golden Falcon International S.A.	Panama
	HAL Antillen N.V.	Netherlands Antilles
(1)	HAL Beheer B.V.	Netherlands
(1)	HAL Buitenland B.V.	Netherlands
(1)	HAL Cruises Limited	Bahamas
(1)	HAL Properties Limited	Bahamas
(1)	HAL Services B.V.	Holland
(1)	HAL Shipping Limited	British Virgin Islands
(3)	Holland America Line Inc.	Delaware
(1)	Holland America Line N.V.	Netherlands Antilles
(4)	Holland America Line-Westours Inc.	Washington
(3)(14)	Il Ponte S.p.A. (50.0% interest)	Italy
	Jubilee Cruises Inc.	Liberia
(5)	Leisure Corporation	Alaska
(12)	SeaVacations Limited	United Kingdom
	SeaVacations UK Limited	United Kingdom
(6)	Trailways Tours, Inc.	Washington
	Trident Insurance Company Limited	Bermuda
	Utopia Cruises Inc.	Panama
(1)	West Coast Cruise Limited	British Virgin Islands
(5)(7)	Westmark Hotels of Canada Limited	Canada
(5)	Westmark Hotels, Inc.	Alaska
(8)	Westmark Kodiak Inc.	Alaska
(8)	Westmark Third Avenue Inc.	Alaska
(5)	Westours Motor Coaches, Inc.	Alaska
(5)	White Pass & Yukon Motorcoaches Inc.	Alaska
(2)	Wind Spirit Limited	Bahamas
(2)	Wind Star Limited	Bahamas
(1)	Wind Surf Limited	Bahamas
(1)	Windstar Sail Cruises Limited	Bahamas
(1)	Worldwide Shore Services Inc.	Washington

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(1) Subsidiary of HAL Antillen N.V.
(2) Subsidiary of Windstar Sail Cruises Limited
(3) Subsidiary of HAL Buitenland B.V.
(4) Subsidiary of Holland America Line Inc.
(5) Subsidiary of Holland America Line-Westours Inc.
(6) Subsidiary of Evergreen Trails, Inc.
(7) Holland America Line-Westours Inc. owns all of the common stock and noncumulative redeemable preferred stock, while Westmark Hotels, Inc. owns all of the redeemable preferred Class B stock and the redeemable preferred Class C stock
(8) Subsidiary of Westmark Hotels, Inc.
(9) Subsidiary of Westours Motor Coaches, Inc.
(10) Subsidiary of Carnival Investments Limited
(11) Subsidiary of Il Ponte S.p.A.
(12) Subsidiary of SeaVacations UK Limited
(13) Subsidiary of Cunard Line Limited
(14) Owned 50% by Airtours plc
(15) Airtours plc is an affiliate of Carnival (UK) plc

EXHIBIT 23

Consent of Independent Certified Public Accountants

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Forms S-3 (No. 33-63563, No. 333-43269 and No. 333-68999) and Registration Statements on Forms S-8 (No. 33-45287, No. 33-45288, No. 33-51195, No. 33-53099 and No. 333-43885) of Carnival Corporation of our report dated January 25, 1999 appearing on page 34 of the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K.

/S/ PRICEWATERHOUSECOOPERS LLP

PRICEWATERHOUSECOOPERS LLP
February 24, 1999

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1,000

YEAR
NOV-30-1998
NOV-30-1998
137,273
5,956
60,837
0
75,449
370,279
6,820,413
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5,955
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0
4,279,521
7,179,323
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1,619,377
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0
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3,815
835,885
0
0
0
835,885
1.40
1.40

Exhibit 8

(1998-02-27 Carnival 10-K)

FORM 10-K
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 1997
OR

[ ]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-9610

CARNIVAL CORPORATION
(Exact name of registrant as specified in its charter)

Republic of Panama (State or other jurisdiction of incorporation or organization)	59-1562976 (I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue, Miami, Florida (Address of principal executive offices)	33178-2428 (Zip Code)

Registrant's telephone number, including area code (305) 599-2600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Class A Common Stock ($.01 par value)	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in any definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X].

The aggregate market value of the voting stock held by non-affiliates of the Registrant is approximately $8,841,000,000 based upon the closing market price on February 24, 1998 of a share of Class A Common Stock on the New York Stock Exchange as reported by the Wall Street Journal.

At February 24, 1998, the Registrant had outstanding 297,388,986 shares of its Class A Common Stock, $.01 par value and zero shares of its Class B Common Stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrant's 1997 annual report to shareholders to be furnished to the Commission pursuant to Rule 14a-3(b) of the Exchange Act is shown in Exhibit 13 and is incorporated by reference into this Form 10-K.

Part and Item of the Form 10-K	
Part II	
Item 5(a) and (b).	Market for the Registrant's Common Stock and Related Stockholder Matters - Market Information and Holders
Item 6.	Selected Financial Data
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 8.	Financial Statements and Supplementary Data

The information described below and contained in the Registrant's 1998 definitive Proxy Statement, to be filed with the Commission is incorporated by reference into this Form 10-K.

Part and Item of the Form 10-K	
Part III	
Item 10.	Directors and Executive Officers of the Registrant.
Item 11.	Executive Compensation.
Item 12.	Security Ownership of Certain Beneficial Owners and Management.
Item 13.	Certain Relationships and Related Transactions.

PART I

Item 1. Business

A. General

Carnival Corporation was incorporated under the laws of the Republic of Panama in November 1974. Carnival Corporation, including its wholly owned subsidiaries (the "Company"), is the world's largest multiple-night cruise company based on the number of passengers carried, revenues generated, and available capacity. The Company offers a broad range of cruise products, serving the contemporary cruise market through Carnival Cruise Lines ("Carnival"), the premium cruise market through Holland America Line ("HAL") and the luxury cruise market through Windstar Cruises (collectively the "Wholly Owned Cruise Operations"). The Company also directly or indirectly owns equity interests in Seabourn Cruise Line ("Seabourn"), Costa Crociere S.p.A. ("Costa"), and Airtours plc ("Airtours"), an integrated leisure travel group of companies which also operates cruise ships (collectively the "Affiliated Cruise Operations"). Seabourn targets the luxury market and Costa and Airtours' Sun Cruises target the contemporary market.

The following table summarizes the cruise operations of the Company:

Cruise Brand	Percentage Owned by the Company	Number of Ships	Passenger Capacity(1)	Primary Geographic Market
Wholly Owned Cruise Operations:				
Carnival Cruise Lines	100%	11	20,332	North America
Holland America Line	100%	8	10,302	North America
Windstar Cruises	100%	3	444	North America
		22	31,078	
Affiliated Cruise Operations:				
Costa Crociere	50%(2)	7	7,710	Europe
Seabourn Cruise Line	50%	3	612	North America
Airtours' Sun Cruises	28%	3	2,924	Europe
		13	11,246	
		35	42,324	

(1) In accordance with industry practice all capacities indicated within this document are calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

(2) The 50% of Costa not owned by the Company is owned by Airtours. The Company, including the Company's interest in Airtours, indirectly owns 64% of Costa.

Historically, the Company's cruise products have been marketed primarily in North America. Beginning in 1996, the Company took steps to expand its markets into Europe through the acquisition of its interest in Airtours in 1996 and Costa in June 1997. Airtours is the largest air inclusive tour operator in the world, sells packaged tours in the British, Belgian, French, Dutch, Scandinavian and North American markets and operates three cruise ships under the Sun Cruises name. Costa, which is headquartered in Italy, sells the majority of its cruises in Southern Europe, primarily Italy, France and Spain. The cruise markets in Europe are much smaller than the North American market. European cruise

passengers carried in 1997 are estimated to be approximately 1.2 million compared to approximately 2 million from North America.

The Company has signed agreements with various shipyards providing for the construction of additional cruise ships. The following table reflects a summary of new ship agreements for the Company's Wholly Owned Cruise Operations:

VESSEL	EXPECTED SERVICE DATE(1)	PASSENGER CAPACITY
Carnival Cruise Lines:		
Elation	3/98	2,040
Paradise	12/98	2,040
Carnival Triumph	7/99	2,766
Carnival Victory	8/00	2,766
CCL Newbuild	12/00	2,100
CCL Newbuild	2001	2,100(2)
CCL Newbuild	2002	2,100(2)
Total Carnival Cruise Line		15,912
Holland America Line:		
Volendam	6/99	1,440
Zaandam	12/99	1,440
HAL Newbuild	9/00	1,380
Total Holland America Line		4,260
Windstar Cruises:		
Wind Surf	5/98	312(3)
Total		20,484

(1) The expected service date is the date the vessel is expected to begin revenue generating activities.
(2) The Company has an option for the construction of the vessel. The option price is denominated in German Marks and has not been fixed into U.S. Dollars. No assurance can be given that the option to construct the vessel will be exercised.
(3) The Wind Surf is the existing Club Med I which the Company is acquiring from Club Mediterranee, S.A. and Services et Transports.

As a result of this shipbuilding program, the Company currently expects, assuming none of the Company's existing fleet is retired, its passenger capacity for its Wholly Owned Cruise Operations will increase by 52% to 47,362 by the end of 2000.

During 1997, the Company announced that it was in negotiations with shipyards to build a new class of ships for each of its Carnival Cruise Lines, Holland America Line and Costa brands which are expected to cost approximately $2 billion. In this regard, in January 1998, the Company announced that the first of these orders had been placed by Costa to construct a 2,100 passenger, 82,000 gross registered ton vessel for approximately 700 billion Lira (approximately U.S. $390 million). In February 1998, the Company announced other agreements to construct a new class of vessel for its Carnival Cruise Line brand. The agreements for this new class of vessel for the Carnival Cruise Lines brand, which are included in the table above, include a contract to purchase one vessel in 2000 and options to acquire an additional vessel in each of 2001 and 2002. Additional orders of a new class of vessel for Holland America Line are expected to be finalized in 1998.

In addition to its cruise operations, the Company operates a tour business, through Holland America Line-Westours Inc. ("Holland America Westours"), which markets sightseeing tours both separately and as a part of HAL cruise/tour packages. Holland America Westours operates 14 hotels in Alaska and the Canadian Yukon, two luxury day-boats offering tours to the glaciers of Alaska and the Yukon River, over 300 motor coaches used for sightseeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 13 private domed rail cars which are run on the Alaskan railroad between Anchorage and Fairbanks.

B. Cruise Ship Segment - Wholly Owned Cruise Operations

North American Cruise Industry

The passenger cruise industry as it exists today began in approximately 1970. Over time, the industry has evolved from a trans-ocean carrier service into a vacation alternative to land-based resorts and sight-seeing destinations. According to Cruise Lines International Association ("CLIA"), an industry trade group, in 1970 approximately

500,000 North American passengers took cruises for three consecutive nights or more. CLIA estimates that this number reached 5 million passengers in 1997, an average compound annual growth rate of 8.9% since 1970. Also, according to CLIA, by the end of 1997 the number of ships in service totaled 136 with an aggregate capacity of approximately 119,000 berths. CLIA estimates that the number of passengers carried in North America increased from 4.6 million in 1996 to 5.0 million in 1997 or approximately 8.7%.

CLIA estimates that the number of cruise passengers will grow to approximately 5.3 million in 1998. CLIA projections (updated for recently announced shipbuilding contracts) indicate that by the end of 1998, 1999 and 2000 North America will be served by 144, 151 and 157 vessels, respectively, having an aggregate capacity of approximately 132,000, 147,000 and 160,000 berths, respectively. CLIA estimates of new ship introductions are based on scheduled ship deliveries and could increase. The lead time for design, construction and delivery of a typical cruise ship is approximately two to three years. In addition, CLIA's estimates of capacity do not include assumptions related to unannounced ship withdrawals due to age or changes in itineraries and, as a result, could indicate a higher percentage growth in capacity than will actually occur. Nonetheless, net capacity in the North American cruise market will most likely increase over the next several years.

The following table sets forth the North American industry and Company growth over the past five years based on passengers carried for at least three consecutive nights:

YEAR	NORTH AMERICAN CRUISE PASSENGERS* (Calendar)	WHOLLY OWNED CRUISE OPERATIONS PASSENGERS CARRIED (Fiscal)
1997	5,000,000(est)	1,945,000
1996	4,659,000	1,764,000
1995	4,378,000	1,543,000
1994	4,448,000	1,354,000
1993	4,480,000	1,154,000

*Source: CLIA.

From 1993 through 1997, the Company's average compound annual growth rate in number of passengers carried was 13.9% versus the industry average of 2.8%.

The Company's passenger capacity has grown from 21,626 at November 30, 1993 to 31,078 at November 30, 1997. During 1994, net capacity increased by 2,369 berths due to the delivery of the Fascination and Ryndam, net of the 937 decrease in berths related to the sale of the Carnivale. In 1995, with the delivery of the Imagination, capacity increased by 2,040 berths. During 1996, net capacity increased by 4,802 berths due to delivery of the Inspiration, the Veendam and the Carnival Destiny, net of the 1,146 decrease in passenger capacity related to the sale of the Festivale. In 1997 net capacity increased 241 berths due to the delivery of the Rotterdam VI net of the 1,075 decrease in passenger capacity due to the sale of the Rotterdam V.

In spite of the cruise industry's growth since 1970, the Company believes cruises represent only approximately 2% of the applicable North American vacation market, defined as persons who travel for leisure purposes on trips of three nights or longer involving at least one night's stay in a hotel. Only an estimated 8% of the North American population has ever taken a cruise.

Cruise Ships and Itineraries

Under the Carnival Cruise Lines name, the Company serves the contemporary market with eleven ships (the "Carnival Ships"). All of the Carnival Ships were designed by and built for Carnival, including ten SuperLiners which are among the largest in the cruise industry. Nine of the Carnival Ships operate in the Caribbean during all or a portion of the year and two Carnival Ships call on ports in the Mexican Riviera year round. One Carnival Ship also offers cruises to Alaska, the Hawaiian Islands and the Panama Canal. See "Sales and Marketing".

Through its subsidiary, HAL, the Company operates eleven ships offering premium or luxury specialty vacations. Eight of these ships, the Rotterdam, the Nieuw Amsterdam, the Noordam, the Westerdam, the Statendam,

the Maasdam, the Ryndam and the Veendam, are operated under the Holland America Line name (the "HAL Ships"). The remaining three ships, the Wind Star, the Wind Song and the Wind Spirit, are operated under the Windstar Cruises name (the "Windstar Ships").

The HAL Ships offer premium cruises of various lengths in the Caribbean, Alaska, Panama Canal, Europe, the Mediterranean, Hawaii, South Pacific, South America and the Orient. Cruise lengths vary from one to 102 days, with a large proportion of cruises being seven or ten days in length. Periodically, the HAL Ships make longer grand cruises or operate on special itineraries. For example, in 1997, the Rotterdam made a 102-day world cruise, and the Nieuw Amsterdam made a 62 day grand Orient voyage. HAL will continue to offer these special and longer itineraries in order to increase travel opportunities for its customers and strengthen its cruise offerings in view of the fleet expansion. The majority of the HAL Ships operate in the Caribbean during fall to early spring and in Alaska during late spring to early fall. In order to offer a unique destination and compete with other cruise lines more effectively while operating in the Caribbean, in December 1997 Holland America Line introduced into its Caribbean itineraries a private island, Half Moon Cay. Half Moon Cay is a 2400 acre island acquired by Holland America Line in December 1996. Facilities were constructed on the island on 45 acres along a crescent-shaped white sand beach. The remainder of the island remains undeveloped. The facilities on Half Moon Cay include bars, shops, restrooms, a post office, chapel, ice cream shop as well as a food pavilion with open-air dining shelters and a bandstand.

The three Windstar Ships currently operate in the Caribbean, the Mediterranean and Costa Rica.

The following table presents summary information concerning the Company's ships. Areas of operation reflect 1997 itineraries and are subject to change.

NAME	REGISTRY	YEAR BUILT	YEAR FIRST IN COMPANY SERVICE	PAX CAP(1)	GROSS REGISTERED TONS	LENGTH & WIDTH	1997 PRIMARY AREAS OF OPERATION
Carnival Cruise Lines:							
Carnival Destiny	Panama	1996	1997	2,642	101,350	893/116	Caribbean
Inspiration	Panama	1996	1996	2,040	70,367	855/104	Caribbean
Imagination	Panama	1995	1995	2,040	70,367	855/104	Caribbean
Fascination	Panama	1994	1994	2,040	70,367	855/104	Caribbean
Sensation	Panama	1993	1993	2,040	70,367	855/104	Caribbean
Ecstasy	Liberia	1991	1991	2,040	70,367	855/104	Caribbean
Fantasy	Liberia	1990	1990	2,044	70,367	855/104	Bahamas
Celebration	Liberia	1987	1987	1,486	47,262	738/92	Caribbean
Jubilee	Panama	1986	1986	1,486	47,262	738/92	Mexican Riviera
Holiday	Panama	1985	1985	1,452	46,052	727/92	Mexican Riviera
Tropicale	Liberia	1982	1982	1,022	36,674	660/85	Alaska, Caribbean
Total Carnival Ships Capacity.....				20,332			
Holland America Line:							
Rotterdam	Netherlands	1997	1997	1,316	62,000	780/106	Alaska(2), Worldwide
Veendam	Bahamas	1996	1996	1,266	55,451	720/101	Alaska, Caribbean
Ryndam	Netherlands	1994	1994	1,266	55,451	720/101	Alaska, Caribbean
Maasdam	Netherlands	1993	1993	1,266	55,451	720/101	Europe, Panama Canal
Statendam	Netherlands	1993	1993	1,266	55,451	720/101	Alaska, Caribbean
Westerdam	Netherlands	1986	1988	1,494	53,872	798/95	Canada, Caribbean
Noordam	Netherlands	1984	1984	1,214	33,930	704/89	Alaska, Caribbean
Nieuw Amsterdam	Netherlands	1983	1983	1,214	33,930	704/89	Alaska, Caribbean
Total HAL Ships Capacity.....				10,302			
Windstar Cruises:							
Wind Spirit	Bahamas	1988	1988	148	5,736	440/52	Caribbean, Mediterranean
Wind Song	Bahamas	1987	1987	148	5,703	440/52	Costa Rica, Tahiti
Wind Star	Bahamas	1986	1986	148	5,703	440/52	Caribbean,

Mediterranean
Total Windstar Ships Capacity..... 444
Total Capacity..... 31,078

(1) In accordance with industry practice passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.
(2) In the summer of 1997, the Rotterdam V's area of operation was Alaska. In the summer of 1998, the Rotterdam VI's itinerary will be in Europe.

Cruise Ship Construction

The Company has signed agreements with various shipyards providing for the construction of additional cruise ships. The following table reflects a summary of new ship agreements for the Company's Wholly Owned Cruise Operations:

VESSEL	EXPECTED SERVICE DATE(1)	SHIPYARD	PAX CAP(2)	TONS	ESTIMATED COST	REMAINING TO BE PAID
					(In millions)	
Carnival Cruise Lines						
Elation	3/98	Masa-Yards	2,040	70,367	$ 300	$ 245
Paradise	12/98	Masa-Yards	2,040	70,367	300	280
Carnival Triumph	7/99	Fincantieri(3)	2,766	101,000	410	352
Carnival Victory	8/00	Fincantieri	2,766	101,000	440	435
CCL Newbuild	12/00	Masa-Yards	2,100	82,000	375	375
CCL Newbuild	2001	Masa-Yards(4)	2,100	82,000	375	375
CCL Newbuild	2002	Masa-Yards(4)	2,100	82,000	375	375
Total Carnival Ships Capacity			15,912		2,575	2,437
Holland America Line						
Volendam	6/99	Fincantieri(3)	1,440	63,000	300	274
Zaandam	12/99	Fincantieri(3)	1,440	63,000	300	286
HAL Newbuild	9/00	Fincantieri(3)	1,380	61,000	300	300
Total HAL Ships Capacity			4,260		900	860
Windstar Cruises						
Wind Surf	5/98	Purchase(5)	312	14,745	45	40
Total			20,484		$3,520	$3,337

(1) The expected service date is the date the vessel is expected to begin revenue generating activities.
(2) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.
(3) The construction contracts with such shipyards are denominated in Italian Lire. Contracts have been fixed into U.S. Dollars through the utilization of forward currency contracts.
(4) The Company has an option for the construction of the vessel. The option price is denominated in German Marks and has not been fixed into U.S. Dollars. No assurance can be given that the option to construct the vessel will be exercised.
(5) The Wind Surf is the existing Club Med I which the Company is acquiring from Club Mediterranee, S.A. and Services et Transports.

During 1997, the Company announced that it was in negotiations with shipyards to build a new class of ships for each of its Carnival Cruise Lines, Holland America Line and Costa brands which are expected to cost approximately $2 billion. In this regard, in January 1998, the Company announced that the first of these orders had been placed by Costa to construct a 2,100 passenger, 82,000 gross registered ton vessel for approximately 700 billion Lira (approximately U.S. $390 million). In February 1998, the Company announced other agreements to construct a new class of vessel for its Carnival Cruise Line brand. The agreements for this new class of vessel for the Carnival Cruise Lines brand, which are included in the table above, include a contract to purchase one vessel in 2000 and options to acquire an additional vessel in each of 2001 and 2002. Additional orders of a new class of vessel for Holland America Line are expected to be finalized in 1998.

Cruise Pricing

Each of the Company's cruise brands publishes brochures with prices for the upcoming seasons. Brochure prices vary by cruise line and within cruise lines by category of cabin and in some cases by ship itinerary. Brochure prices are regularly discounted through the Company's early booking discount program and other promotions. The cruise price includes all meals and entertainment onboard and use of, or admission to, a wide variety of activities and facilities, such as a fully equipped casino, nightclubs, theatrical shows, movies, parties, a discotheque, a health club and swimming pools on each ship.

On-Board and Other Revenues

The Company derives revenues from certain on-board activities and services including casino gaming, liquor sales, gift shop sales, shore tours, photography, spa services and promotional advertising by merchants located in ports of call.

The casinos, which contain slot machines and gaming tables including blackjack, craps, roulette and stud poker, are generally open only when the ships are at sea in international waters. The Company also earns revenue from the sale of alcoholic and other beverages. Most onboard activities are managed by the Company while certain other activities are managed by independent concessionaires from which the Company collects a percentage of revenues.

The Company receives additional revenue from the sale to its passengers of shore excursions at each ship's ports of call. They include bus and taxi sight-seeing excursions, local boat and beach parties, and nightclub and casino visits. On the Carnival Ships and Windstar Ships, such shore excursions are primarily operated by independent tour operators. On the HAL Ships, shore excursions are operated by Holland America Westours and independent parties.

In conjunction with its cruise vacations on the Carnival Ships, the Company sells pre-cruise and post-cruise land packages. Such packages generally include one, two or three-night vacations at locations such as Walt Disney World in Orlando, Florida or resorts in the South Florida and the San Juan, Puerto Rico areas.

In conjunction with its cruise vacations on the HAL Ships, HAL sells pre-cruise and post-cruise land packages which are more fully described below. (See "Item 1. Business - Tour Segment")

Passengers

The following table sets forth the aggregate number of passengers carried and percentage occupancy for the Company's ships for the periods indicated:

	FISCAL YEAR ENDED NOVEMBER 30,		
	1997	1996	1995
Number of Passengers	1,945,000	1,764,000	1,543,000
Occupancy Percentage*	108.3%	107.6%	105.0%

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*In accordance with cruise industry practice, total capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers. Occupancy percentages in excess of 100% indicate that more than two passengers occupied some cabins.

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The following table sets forth the actual occupancy percentage for all cruises on the Company's ships during each quarter for the fiscal years ended November 30, 1996 and November 30, 1997:

QUARTER ENDING	OCCUPANCY PERCENTAGE
February 29, 1996	107.1
May 31, 1996	107.2
August 31, 1996	114.5
November 30, 1996	101.1
February 28, 1997	106.4
May 31, 1997	108.0
August 31, 1997	114.3

Sales and Marketing

The Company's products are positioned to appeal to the contemporary, premium and luxury-specialty segments. The luxury-specialty segment, which is not as large as the other segments, is served by cruises with per diems of $300 or higher. The premium segment typically is served by cruises that last for 7 to 14 days or more at per diems of $250 or higher, and appeal principally to more affluent customers. The contemporary segment, on the other hand, is served typically by cruises that are 7 days or shorter in length, are priced at per diems of $200 or less, and feature a casual ambiance. The Company believes that the success and growth of the Carnival brand is attributable in large part to its early recognition of this market segmentation and its efforts to reach and promote the expansion of the contemporary segment.

Carnival Cruise Lines

Carnival believes that its success is due in large part to its unique product positioning within the industry. Carnival markets the Carnival Ship cruises not only as alternatives to competitors' cruises, but as vacation alternatives to land-based resorts and sight-seeing destinations. Carnival seeks to attract passengers from the broad vacation market, including those who have never been on a cruise ship before and who might not otherwise consider a cruise as a vacation alternative. Carnival's strategy has been to emphasize the cruise experience itself rather than particular destinations, as well as the advantages of a prepaid, all-inclusive vacation package. Carnival markets the Carnival Ship cruises as the "Fun Ships" experience, which includes a wide variety of shipboard activities and entertainment, such as full-scale casinos and nightclubs, an atmosphere of pampered service and high quality food.

The Company markets the Carnival Ships as the "Fun Ships" and uses the themes "Carnival's Got the Fun" and "The Most Popular Cruise Line in the World", among others. Carnival advertises nationally directly to consumers on network television and through extensive print media. Carnival believes its advertising generates interest in cruise vacations generally and results in a higher degree of consumer awareness of the "Fun Ships" concept and the "Carnival" name in particular. Substantially all of Carnival's cruise bookings are made through travel agents, which arrangement is encouraged as a matter of policy. In fiscal 1997, Carnival took reservations from about 30,000 of approximately 48,000 travel agencies in the United States and Canada. Travel agents receive a standard commission of 10% plus the potential of an additional commission based on sales volume. Moreover, because cruise vacations are substantially all-inclusive, sales of Carnival cruise vacations yield a significantly higher commission to travel agents than selling air tickets and hotel rooms. During fiscal 1997, no controlled group of travel agencies accounted for more than 10% of Carnival's revenues.

Carnival engages in substantial promotional efforts designed to motivate and educate retail travel agents about its "Fun Ships" cruise vacations. Carnival employs approximately 90 business development managers and 30 in-house service representatives to motivate independent travel agents and promote its cruises. Carnival believes it has one of the largest sales forces in the industry.

To facilitate access and to simplify the reservation process, Carnival employs approximately 360 reservation agents to take bookings from independent travel agents. Carnival's fully-automated reservation system allows its reservation agents to respond quickly to book cabins on its ships. In addition, through Leisure Shopper and Cruise Director, travel agents have the ability to make reservations through computer terminals directly into Carnival's computerized reservations system.

Carnival's cruises generally are substantially booked several months in advance of the sailing date. This lead time allows Carnival to adjust its prices, if necessary, in relation to demand for available cabins, as indicated by the level of advance bookings. Carnival's SuperSaver fares, introduced several years ago, are designed to encourage potential passengers to book cruise reservations earlier, which helps the Company to more effectively manage yields (pricing and occupancy). Carnival's payment terms require that a passenger pay approximately 15% of the cruise price within 7 days of the reservation date and the balance not later than 45 days before the sailing date for 3- and 4-day cruises and 70 days before the sailing date for 7-day cruises.

Holland America Line (HAL) and Windstar

The HAL and Windstar Ships cater to the premium and luxury-specialty markets, respectively. The Company believes that the hallmarks of the HAL experience are beautiful ships and gracious, attentive service. HAL communicates this difference as "A Tradition of Excellence", a reference to its long standing reputation as a first class and grand cruise line.

Substantially all of HAL's bookings are made through travel agents, which arrangement HAL encourages as a matter of policy. In fiscal 1997, HAL took reservations from about 20,000 of approximately 48,000 travel agencies in the United States and Canada. Travel agents receive a standard commission of between 10% and 15%, depending upon the specific cruise product sold, with the potential for override commissions based upon sales volume. During 1997, no controlled group of travel agencies accounted for more than 10% of HAL's total revenue.

HAL has focused much of its sales effort at creating an excellent relationship with the travel agency community. This is related to the HAL marketing philosophy that travel agents have a large impact on the consumer cruise selection process and will recommend HAL more often because of its excellent reputation for service to both consumers and independent travel agents. HAL solicits continuous feedback from consumers and the independent travel agents making bookings with HAL to ensure they are receiving excellent service.

HAL's marketing communication strategy is primarily composed of newspaper and magazine advertising, large scale brochure distribution and direct mail solicitations to past passengers (referred to as "alumni"), television and radio. HAL engages in substantial promotional efforts designed to motivate and educate retail travel agents about its products. HAL employs approximately 45 field sales representatives, 23 inside sales representatives and 16 sales and service representatives to support the field sales force. To facilitate access to HAL and to simplify the reservation process for the HAL ships, HAL employs approximately 260 reservation agents to take bookings from travel agents. In addition, through Leisure Shopper and Cruise Director, travel agents have the ability to make reservations directly into HAL's reservations system. HAL's cruises generally are booked several months in advance of the sailing date.

Windstar Cruises has its own marketing and reservations staff. Field sales representatives for both HAL and Carnival act as field sales representatives for Windstar. Marketing efforts are primarily devoted to i) travel agent support and awareness, ii) direct mail solicitation of past passengers and iii) distribution of brochures. The marketing features the distinctive nature of the graceful, modern sail ships and the distinctive "casually elegant" experience on "intimate itineraries" (apart from the normal cruise experience). Windstar's cruise market positioning is embodied in the phrase "180 degrees from ordinary".

Seasonality

The Company's different businesses experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for Carnival Cruise Lines (Carnival") ships is moderately seasonal. Historically, demand for Carnival cruises has been greater during the periods from late June through August and lower during the fall months. HAL cruise revenues are more seasonal than Carnival's cruise revenues. Demand for HAL cruises is strongest during the summer months when HAL ships operate in Alaska and Europe for which HAL obtains higher pricing. Demand for HAL cruises is lower during the winter months when HAL ships sail in more competitive markets.

Competition

In addition to competing with each other, cruise lines compete for consumer disposable leisure time dollars with other vacation alternatives such as land-based resort hotels and sight-seeing destinations, and public demand for such activities is influenced by general economic conditions.

As described under Part I, Item 1. Business, B. Cruise Ship Segment, Industry, the North American cruise industry had an aggregate of 136 ships and 119,000 berths at the end of 1997. From the end of 1997 through the end of 2000, the Company currently estimates 21 new ships will be introduced into the North American market with a capacity of approximately 41,000 berths. These estimates of new ship introductions are based on scheduled ship deliveries and the actual number of ships could increase. The lead time for design, construction and delivery of a typical cruise ship is approximately two to three years. In addition, these estimates of capacity do not include assumptions related to unannounced ship withdrawals due to age or changes in itineraries and, as a result, could indicate a higher percentage growth in capacity than will actually occur. Nonetheless,

net capacity in the North American cruise market will most likely increase over the next several years and thus may increase the levels of competition within the industry.

The Company, including all of its cruise products, is the largest cruise company in the world based on passengers carried, revenues generated and available capacity. The primary methods of competition among cruise lines are in the areas of cruise pricing, cruise product and cruise destination. A discussion of each of the Company's cruise products and its primary cruise competition is included below.

The Carnival Ships compete with cruise ships operated by six different cruise lines which operate year round from Florida, California and Puerto Rico with similar itineraries and with ten other cruise lines operating seasonally from ports in Florida, California and Puerto Rico, including cruise ships operated by HAL. Competition for cruise passengers is substantial. Ships operated by Royal Caribbean International and Norwegian Cruise Line sail regularly from Miami and Celebrity Cruises sails regularly from Ft. Lauderdale on itineraries similar to those of the Carnival Ships. Carnival competes year round with ships operated by Royal Caribbean International embarking from Los Angeles to the west coast of Mexico. Cruise lines such as Norwegian Cruise Line, Royal Caribbean International and Princess Cruises offer voyages competing with Carnival from San Juan to the Caribbean.

In Alaska, HAL and Carnival compete directly with cruise ships operated by ten different cruise lines with the largest competitors being Princess Cruises and Royal Caribbean International. Over the past several years, there has been a steady increase in the available capacity among all cruise lines operating in Alaska. In the Caribbean, HAL competes with cruise ships operated by 16 different cruise lines, its primary competitors being Princess Cruises, Royal Caribbean International, Celebrity Cruises and Norwegian Cruise Line, as well as the Carnival Ships.

The ships of Windstar Cruises compete primarily with small luxury boutique hotels and resorts worldwide. Within the cruise industry Windstar's primary competitors include: Radisson Seven Seas, Cunard's Sea Goddesses, and to a lesser extent Silver Sea Cruises.

During 1997, Royal Caribbean International acquired Celebrity Cruises and became a larger competitor. In addition, in 1998 the Walt Disney Co. is entering the cruise market with the introduction of the first of two cruise ships.

Governmental Regulation

The Ecstasy, Fantasy, Celebration and Tropicale are Liberian flagged ships and the balance of the Carnival Ships are registered in Panama. The Ryndam, Maasdam, Statendam, Westerdam, Noordam, Nieuw Amsterdam and the Rotterdam are registered in the Netherlands, while the Veendam is flagged in the Bahamas. The Windstar Ships are registered in the Bahamas. The ships that sail in United States waters are subject to inspection by the United States Coast Guard for compliance with the Convention for the Safety of Life at Sea and by the United States Public Health Service for sanitary standards. The Company is also regulated by the Federal Maritime Commission, which, among other things, certifies ships on the basis of the ability of the Company to meet obligations to passengers for refunds in case of nonperformance. The Company believes it is in compliance with all material regulations applicable to its ships and has all licenses necessary to the conduct of its business. In connection with a significant portion of its Alaska cruise operations, HAL relies on a concession permit from the National Park Service, which is periodically renewed, to operate its cruise ships in Glacier Bay National Park. There can be no assurance that the permits will continue to be renewed or that regulations relating to the renewal of such permits, including preference rights, will remain unchanged in the future.

The International Maritime Organization has adopted safety standards as part of the "Safety of Life at Sea" ("SOLAS") Convention, applicable generally to all passenger ships carrying 36 or more passengers. Generally, SOLAS imposes enhanced vessel structural requirements designed to improve passenger safety. The SOLAS requirements are phased in through the year 2010.

In 1993, SOLAS was amended to adopt the "International Safety Management Code" (the "ISM Code"). The ISM Code provides an international standard for the safe management and operations of ships and for pollution prevention. The ISM Code will become mandatory for passenger vessel operators, such as the Company, on July 1, 1998. All of the Company's Wholly Owned Cruise Operations have obtained the required certificates demonstrating compliance with the ISM Code and, the Company believes that

all of its Affiliated Cruise Operations will obtain the required certificates demonstrating compliance with the ISM Code before July 1, 1998.

Public Law 89-777 administered by the Federal Maritime Commission ("FMC") requires most cruise line operators to establish financial responsibility for nonperformance of transportation. The FMC's regulations require that a cruise line demonstrate its financial responsibility through a guaranty, escrow arrangement, surety bond, insurance or self-insurance. Currently, the amount required must equal 110% of the cruise line's highest amount of customer deposits over a two-year period up to a maximum coverage level of $15 million. In 1995, the FMC introduced proposals to increase the coverage requirements under the FMC regulations. These proposed changes to the regulations are viewed favorably by the Company and, if enacted, are not expected to have a material effect on the Company.

From time to time, various other regulatory and legislative changes have been or may in the future be proposed that could have an effect on the cruise industry in general.

Financial Information

For financial information about the Company's cruise ship segment with respect to the three fiscal years ended November 30, 1997, see Note 10 "Segment Information" to the Company's Consolidated Financial Statements in Exhibit 13 incorporated by reference into this Annual Report on Form 10-K.

C. Tour Segment

In addition to its cruise business, HAL markets sight-seeing tours separately and as a part of cruise/tour packages under the Holland America Westours name. Tour operations are based in Alaska, Washington State and western Canada. Since a substantial portion of Holland America Westours' business is derived from the sale of tour packages in Alaska during the summer tour season, tour operations are highly seasonal.

Holland America Westours

Holland America Line-Westours Inc. ("Holland America Westours") is a wholly-owned subsidiary of HAL. The group of subsidiaries which together comprise the tour operations perform three independent yet interrelated functions. During 1997, as part of an integrated travel program to destinations in Alaska, the tour service group offered 35 different tour programs varying in length from 9 to 18 days. The transportation group and hotel group support the tour service group by supplying facilities needed to conduct tours. Facilities include dayboats, motor coaches, rail cars and hotels.

Two luxury dayboats perform an important role in the integrated Alaska travel program offering tours to the glaciers of Alaska and the Yukon River. The Yukon Queen cruises the Yukon River between Dawson City, Yukon Territory and Eagle, Alaska and the Ptarmigan operates on Portage Lake in Alaska. The two dayboats have a combined capacity of 249 passengers.

A fleet of over 300 motor coaches using the trade name Gray Line operates in Alaska, Washington and western Canada. These motor coaches are used for extended trips, city sight-seeing tours and charter hire. HAL conducts its tours both as part of a cruise/tour package and as individual sight-seeing products sold under the Gray Line name. In addition, HAL operates express Gray Line motor coach service between downtown Seattle and the Seattle-Tacoma International Airport.

Thirteen private domed rail cars, which are called "McKinley Explorers", run on the Alaska railroad between Anchorage and Fairbanks, stopping at Denali National Park.

In connection with its tour operations, HAL owns or leases motor coach maintenance shops in Seattle, and at Juneau, Fairbanks, Anchorage, Skagway and Ketchikan in Alaska. HAL also owns or leases service offices at Anchorage, Denali Park, Fairbanks, Juneau, Ketchikan and Skagway in Alaska, at Whitehorse in the Yukon Territory, in Seattle and at Vancouver in British Columbia. Certain real property facilities on federal land are used in HAL's tour operations pursuant to permits from the applicable federal agencies.

Westmark Hotels

HAL owns and/or operates 14 hotels in Alaska and the Canadian Yukon under the name Westmark Hotels. Four of the hotels are located in Canada's Yukon Territory and offer a combined total of 585 rooms. The remaining 10 hotels, all located throughout Alaska, provide a total of 1,463 rooms,

bringing the total number of hotel rooms to 2,048.

The hotels play an important role in HAL's tour program during the summer months when they provide accommodations to the tour passengers. The hotels located in the larger metropolitan areas remain open during the entire year, acting during the winter season as centers for local community activities while continuing to accommodate the traveling public. Most of HAL's hotels include dining, lounge and conference or meeting room facilities. Certain hotels have gift shops and other tourist services on the premises.

The hotels are summarized in the following table:

HOTEL NAME	LOCATION	ROOMS	OPEN DURING 1997 SEASON
Alaska Hotels:			
Westmark Anchorage	Anchorage	198	year-round
Westmark Inn	Anchorage	90	seasonal
Westmark Inn	Fairbanks	173	seasonal
Westmark Fairbanks	Fairbanks	238	year-round
The Baranof	Juneau	193	year-round
Westmark Cape Fox	Ketchikan	72	year-round
Westmark Shee Atika	Sitka	101	year-round
Westmark Inn Skagway	Skagway	209	seasonal
Westmark Tok	Tok	92	seasonal
Westmark Valdez	Valdez	97	year-round
Canadian Hotels (Yukon Territory):			
Westmark Inn	Beaver Creek	174	seasonal
Westmark Klondike Inn	Whitehorse	99	seasonal
Westmark Whitehorse	Whitehorse	181	year-round
Westmark Inn	Dawson	131	seasonal

Eleven of the hotels are owned by a HAL subsidiary. The remaining three hotels, Westmark Anchorage, Westmark Cape Fox and Westmark Shee Atika, are operated by Westmark under arrangements involving third parties such as management agreements and leases.

For the hotels that operate year-round, the occupancy percentage for 1997 was 55.9%, and for the hotels that operate only during the summer months, the occupancy percentage for 1997 was 71.4%.

Seasonality

The Company's tour revenues are extremely seasonal with a large majority generated during the late spring and summer months in connection with the Alaska cruise season. Holland America Westours' tours are conducted in Washington State, Canada and Alaska. The Alaska tours coincide to a great extent with the Alaska cruise season, May through September. Washington tours are conducted year-round although demand is greatest during the summer months. During periods in which tour demand is low, HAL seeks to maximize its motor coach charter activity such as operating charter tours to ski resorts in Washington and Canada.

Sales and Marketing

Holland America Westours has its own marketing staff devoted to a) travel agent support and awareness, b) direct mail solicitation of past passengers, c) use of consumer magazine and newspaper advertising to develop prospects and enhance awareness and d) distribution of brochures. The Westours marketing message leverages the company's 51 years of Alaska tourism leadership and its extensive array of hotel and transportation assets to create a brand preference for Holland America Westours. To the prospective vacationer the company endeavors to convince them that "Westours is Alaska".

HAL tours are marketed both separately and as part of cruise-tour packages. Although most HAL cruise-tours include a HAL cruise as the cruise segment, other cruise lines also market HAL tours as a part of their cruise-tour packages and sight-seeing excursions. Tours sold separately are marketed through independent travel agents and also directly by HAL, utilizing sales desks in major hotels. General marketing for the hotels is done through various media in Alaska, Canada and the continental United States. Travel agents, particularly in Alaska, are solicited, and displays are used in airports in Seattle, Washington, Portland, Oregon and various Alaskan cities. Rates at Westmark Hotels are on the upper end of the scale for hotels in Alaska and the Canadian Yukon.

Concessions

Certain tours in Alaska are conducted on federal property requiring concession permits from the applicable federal agencies such as the National Park Service or the United States Forest Service.

Competition

Holland America Westours competes with independent tour operators and motor coach charter operators in Washington, Alaska and the Canadian Rockies. The primary competitors in Alaska are Princess Tours (which owns approximately 139 motor coaches and three hotels) and Alaska Sightseeing/Trav-Alaska (which owns approximately 40 motor coaches). The primary competitor in Washington is Gazelle (with approximately 18 motor coaches).

Westmark Hotels compete with various hotels throughout Alaska, many of which charge prices below those charged by HAL. Dining facilities in the hotels also compete with the many restaurants in the same geographic areas.

Government Regulation

HAL's motor coach operations are subject to regulation both at the federal and state levels, including primarily the U.S. Department of Transportation, the Washington Utilities Department of Transportation, the British Columbia Motor Carrier Commission and the Alaska Department of Transportation. Certain of HAL's tours involve federal properties and are subject to regulation by various federal agencies such as the National Park Service and the U.S. Forest Service.

In connection with the operation of its beverage facilities in the Westmark Hotels, HAL is required to comply with state, county and/or city ordinances regulating the sale and consumption of alcoholic beverages. Violations of these ordinances could result in fines, suspensions or revocation of such licenses and preclude the sale of any alcoholic beverages by the hotel involved.

In the operation of its hotels, HAL is required to comply with applicable building and fire codes. Changes in these codes have in the past and may in the future, require expenditures to ensure continuing compliance such as the installation of sprinkler systems.

Financial Information

For financial information about the Company's tour segment with respect to the three fiscal years ended November 30, 1997, see Note 10 "Segment Information" to the Company's Consolidated Financial Statements in Exhibit 13 incorporated by reference into this Annual Report on Form 10-K.

D. Employees

The Company's Carnival operations have approximately 1,670 full-time and 310 part-time employees engaged in shoreside operations. Carnival also employs approximately 350 officers and 8,140 crew and staff on the Carnival Ships.

The Company's HAL operations have approximately 3,200 employees engaged in shoreside, tour and hotel operations, of which approximately 1,500 employees hold part-time/seasonal positions. HAL also employs approximately 250 officers and 4,180 crew and staff on the HAL Ships and Windstar Ships. Due to the seasonality of its Alaska and Canadian operations, HAL tends to increase its work force during the summer months, employing significant additional full-time and part-time personnel. HAL has entered into agreements with unions covering certain employees in its hotel, motorcoach and ship operations.

The Company considers its employee relations generally to be good.

E. Suppliers

The Company's largest purchases are for airfare, advertising, fuel, food and related items, hotel supplies and products related to passenger accommodation. Although the Company chooses to use a limited number of suppliers for most of its food and fuel purchases, most of the necessary supplies are available from numerous sources at competitive prices. The use of a limited number of suppliers enables the Company to obtain volume discounts.

The Company believes that there are five shipyards in the world currently capable of constructing quality passenger cruise ships. The Company currently has contracts with two of these shipyards for the construction of eight ships to enter service over the next three years (see

Part I, Item 1. Business, B. Cruise Ship Segment - Wholly Owned Cruise Operations - Cruise Ship Construction). Some of the Company's competitors also have contracts to construct several new cruise ships (see Part I, Item 1. Business, B. Cruise Ship Segment - Wholly Owned Cruise Operations - Competition). If the Company elects to build additional ships in the future, there is no assurance that any of the four shipyards will have the available capacity to build additional new ships for the Company at the times desired by the Company or that the shipyards will agree to build additional ships at a cost acceptable to the Company. In addition, there is no assurance that ships under contract for construction will be delivered on schedule.

F. Insurance

The Company maintains insurance covering legal liabilities related to crew, passengers and other third parties on the Carnival Ships and the HAL Ships in operation through The Standard Steamship Owners Protection & Indemnity Association Limited (the "SSOPIA") and the Steamship Mutual Underwriting Association Ltd. (the "SMUAL"). The amount and terms of these insurances are governed by the rules of the foregoing associations.

The Company currently maintains insurance on the hull and machinery of each vessel in amounts equal to the approximate market value of each vessel. The Company maintains war risk insurance on each vessel which includes legal liability to crew and passengers including terrorist risks for which coverage would be excluded from SSOPIA or SMUAL. The coverage for hull and machinery and war risks is provided by international markets, including underwriters at Lloyds. The Company, as currently required by the FMC, maintains at all times two $15 million performance bonds for the Carnival Ships, and the HAL and Windstar Ships, respectively, to cover passenger ticket liabilities in the event of a canceled or interrupted cruise. See "Cruise Ship Segment - Wholly Owned Cruise Operations - Governmental Regulation" for a discussion of changes to the performance bond requirements proposed by the FMC.

The Company maintains certain levels of self insurance for liabilities and hull and machinery through the use of substantial deductibles. Such deductibles may be increased in the future. The Company does not carry coverage related to loss of earnings or revenues for its cruise operations.

The Company also maintains various insurance policies to protect the assets, earnings and liabilities arising from the operation of Holland America Westours.

G. Investments in Affiliates

Seabourn Cruise Line

In April 1992, the Company acquired 25% of the capital stock of Seabourn. As part of the transaction, the Company also made a subordinated secured ten-year loan of $15 million to Seabourn and a $10 million convertible loan to Seabourn. In December 1995, the $10 million convertible loan was converted by the Company into an additional 25% equity interest in Seabourn. Seabourn operates three ultra-luxury ships, which have an aggregate capacity of 612 passengers and have itineraries in the Caribbean, the Baltic, the Mediterranean, the Far East and other world-wide destinations. The Seabourn cruises are primarily marketed in North America.

Airtours plc

In April 1996, the Company acquired a 28% interest in Airtours for approximately $307 million. Airtours is the largest air inclusive tour operator in the world and is publicly traded on the London Stock Exchange. Airtours provides air inclusive packaged holidays to the British, Belgian, French, Dutch, Scandinavian and North American markets. Airtours provides holidays to approximately 7 million people per year and owns or operates 37 hotels, three cruise ships and 37 aircraft. The three cruise ships are operated under the Sun Cruises brand. During 1997, Airtours acquired two tour operators - Sun International in Belgium and Suntrips in Northern California, and a 50% interest in Costa Crociere S.p.A., a cruise company discussed below.

Costa Crociere S.p.A.

In June 1997, the Company and Airtours completed a joint offer to acquire the equity securities of Costa, an Italian cruise company. With the completion of the offer, the Company and Airtours each own 50% of Il Ponte, S.p.A. ("Il Ponte"), a holding company which was purchased from the Costa family. As a result of the acquisition, Il Ponte owns approximately 100% of Costa. The cost of the Company's acquisition of its interest was

approximately $141 million, of which approximately $103 million was paid by Il Ponte and the balance was paid by the Company. The $103 million paid by Il Ponte was funded through Il Ponte debt which is guaranteed by the Company.

Costa is headquartered in Italy and is Europe's largest cruise line. Costa is primarily targeted to the contemporary market. Costa's ships' primary itineraries include the Mediterranean, Northern Europe, the Caribbean and South America. The major market for Costa cruises is Southern Europe with the majority of Costa's cruises being sold in Italy, Spain and France.

The itineraries of Costa's ships during the summer months consist primarily of various locations in the Mediterranean and Northern Europe. During the winter months, the vessels operate primarily in the Caribbean and South America.

Costa operates seven ships which have an aggregate capacity of 7,710 passengers. In January 1998, Costa signed an agreement to construct an eighth ship with a capacity of approximately 2,100 passenger for approximately 700 billion Lire (see "Cruise Ship Construction").

Joint Venture with Hyundai Merchant Marine Co. Ltd.

In September 1996, the Company and Hyundai Merchant Marine Co. Ltd. ("HMM") signed an agreement to form a 50/50 joint venture to develop the Asian cruise vacation market (the "Joint Venture"). The Company and HMM each contributed $4.8 million as the initial capital of the Joint Venture. In addition, in November 1996 the Company sold Carnival Cruise Lines' cruise ship Tropicale to the Joint Venture for approximately $95.5 million cash. The Company then chartered the vessel from the Joint Venture until the Joint Venture would be ready to begin cruise operations in the Asian market in or around the spring of 1998.

In September 1997, the Joint Venture was dissolved and the Company repurchased the Tropicale from the Joint Venture for $93 million.

Seasonality

The Company's equity in the earnings of Costa and Airtours are recorded on a two month lag basis using the equity basis of accounting. Costa's and Airtours' earnings are seasonal due to the seasonal nature of the European leisure travel industry and the Mediterranean cruise season. During the last several years, Airtours' and Costa's quarters ending June 30 and September 30 have been profitable, with the quarter ending September 30 being their most profitable quarter. During this same period, Airtours and Costa experienced seasonal losses in their quarters ending December 31 and March 31.

Item 2. Properties

The Company's cruise ships are described in Section B of Item 1 under the heading "Cruise Ship Segment". The properties associated with HAL's tour operations are described in Section C of Item 1 under the heading "Tour Segment".

Carnival's shoreside operations and the Company's corporate headquarters are located at 3655 N.W. 87th Avenue, Miami, Florida. These facilities include approximately 456,000 square feet of office space. HAL headquarters are at 300 Elliott Avenue West in Seattle, Washington in leased space in an office building. The lease is for approximately 128,000 square feet.

The Company's cruise ships, tour properties and shoreside operations facilities are well maintained and in good condition.

Item 3. Legal Proceedings

Several actions (collectively the "Passenger Complaints") have been filed against the Company or Holland America Westours on behalf of purported classes of persons who paid port charges to the Company or Holland America Westours, alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. Four such actions are pending against the Company in the Circuit Court for Miami-Dade County, Florida, and others are pending against the Company in state or federal courts in Tennessee, Arizona, Ohio, Kentucky, Michigan, Georgia, and Alabama. One such action was filed against Holland America Westours in the Superior Court in King County, Washington. The Florida, Tennessee, Alabama and Washington actions have been brought on behalf of purported nationwide classes; the others on behalf of purported statewide

classes. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages or, alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief.

The Company's motion to dismiss amended complaints in the Florida actions was granted in part and denied in part. In each of the other actions, the Company filed motions to dismiss or transfer on the grounds of inconvenient forum. The Kentucky, Arizona and Tennessee Courts granted the Company's motions dismissing those actions, and the plaintiffs in both cases intend to appeal. The Company's motions are still under judicial consideration in each of the other actions. Holland America Westours' motion to dismiss the Washington action was denied, as was the plaintiffs' motion for class certification.

In June and August 1996, two complaints were filed against the Company and Holland America Westours, respectively, in California Superior Court (collectively the "Travel Agent Complaints") on behalf of purported classes of travel agencies who during the past four years booked a cruise with the Company or Holland America Westours, claiming that advertising practices regarding port charges resulted in an improper commission bypass. These actions allege claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud, and they seek unspecified compensatory damages (or alternatively, the payment of usual and customary commissions on port charges paid by passengers in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief. The court granted the motions of the Company and Holland America Westours to dismiss one of the California actions and stay the second such action on grounds of forum non conveniens. The plaintiff in the dismissed California action filed a complaint in Florida similar to the one it had filed in California. The Company has moved to dismiss this complaint.

The pending Passenger and Travel Agent Complaints are in preliminary stages and it is not now possible to determine the ultimate outcome of the lawsuits. Management believes that the Company has substantial and meritorious defenses to the claims. Management understands that purported class actions similar to the Passenger and Travel Agent Complaints have been filed against several other cruise lines.

The United States Attorney for the District of Alaska is conducting an investigation to determine if a Holland America Line vessel discharged bilge water, alleged to have contained oil or oily water mixtures, at various locations allegedly within the United States territorial waters at various times during the summer and early fall of 1994. Holland America is continuing its efforts to resolve this matter. If a resolution is not reached, a significant possibility exists that the U.S. government would commence proceedings against Holland America alleging improper record keeping practices and an improper discharge of oily water into the U.S. territorial waters. It is not possible to predict the outcome of those proceedings. Management does not believe, however, that the amount of potential penalties will have a material impact upon the Company.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such suits which are not covered by insurance would not have a material adverse effect on the Company's financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Executive Officers of the Registrant

Pursuant to General Instruction G(3), the information regarding executive officers of the Company called for by Item 401(b) of Regulation S-K is hereby included in Part 1 of this Annual Report on Form 10-K.

The following table sets forth the name, age and title of each executive officer. Titles listed relate to positions within Carnival Corporation unless otherwise noted.

NAME	AGE	POSITION

Micky Arison	48	Chairman of the Board and Chief Executive Officer
Gerald R. Cahill	46	Senior Vice President-Finance and Chief Financial Officer
Pamela C. Conover	41	Vice President-Strategic Planning
Robert H. Dickinson	55	President and Chief Operating Officer of Carnival and Director
Howard S. Frank	56	Vice-Chairman, Chief Operating Officer and Director
A. Kirk Lanterman	66	Chairman of the Board and Chief Executive Officer of Holland America Line-Westours Inc. and Director
Peter T. McHugh	50	President and Chief Operating Officer of Holland America Line-Westours Inc.
Roderick K. McLeod	57	Senior Vice President-Marketing
Lowell Zemnick	54	Vice President and Treasurer
Meshulam Zonis	64	Senior Vice President-Operations of Carnival and Director

Business Experience of Officers

Micky Arison, age 48, has been Chief Executive Officer since 1979 and Chairman of the Board since 1990. He was President from 1979 to May 1993 and has also been a director since June 1987. Prior to 1979, he served Carnival for successive two-year periods as sales agent, reservations manager and as Vice President in charge of passenger traffic. He is the son of Ted Arison, Carnival Corporation's founder.

Gerald R. Cahill, age 46, is a Certified Public Accountant and has been Senior Vice President-Finance, Chief Financial Officer and Chief Accounting Officer since January 1998. From September 1994 to January 1998 he was Vice President-Finance. He was the Chief Financial Officer from 1988 to 1992 and the Chief Operating Officer from 1992 to 1994 of Safecard Services, Inc. From 1979 to 1988 he held financial positions at Resorts International Inc. and, prior to that, spent six years with Price Waterhouse LLP.

Pamela C. Conover, age 41, has been Vice President-Strategic Planning since May 1995. She was the Chief Executive Officer of Epirotiki Cruise Line from May 1994 through April 1995. From 1985 through 1994 she worked as a Vice President of Citibank N.A. New York and subsequently as a Managing Director of Citicorp Securities Inc.

Robert H. Dickinson, age 55, has been President and Chief Operating Officer of Carnival since May 1993. From 1979 to May 1993, he was Senior Vice President--Sales and Marketing of Carnival. He has also been a director since June 1987.

Howard S. Frank, age 56, has been Vice-Chairman of the Board since October 1993, Chief Operating Officer since January 1998 and a director since 1992. From July 1989 to January 1998 he was Chief Financial Officer and Chief Accounting Officer and from July 1989 to October 1993 he was Senior Vice President-Finance. From July 1975 through June 1989, he was a partner with Price Waterhouse LLP. He is also a member of the Board of Directors of Pan Am Corporation.

A. Kirk Lanterman, age 66, is a Certified Public Accountant and has been Chairman of the Board and Chief Executive Officer of Holland America Line-Westours Inc. since January 1989 and a director since 1992. From 1983 to January 1989, he was President and Chief Operating Officer of Holland America Line-Westours Inc. From 1979 to 1983, he was President of Westours which merged in 1983 with Holland America Line.

Peter T. McHugh, age 50, has been President and Chief Operating Officer of Holland America Line Westours Inc. since March 1997. From January 1996 to March 1997 he was Executive Vice President of Holland America Line Westours, Inc. From January 1992 to December 1995 he was Chief Executive Officer and Responsible Officer of Pan American World Airways.

Roderick K. McLeod, age 57, has been Senior Vice President-Marketing since July 1997. From June 1996 to July 1997, he was Senior Vice President Marketing with the Miami Heat. From October 1988 to June 1996 he worked with Royal Caribbean Cruises Ltd. and was Executive Vice President of Sales, Marketing & Passenger Services. From August 1986 to October 1988 he was the President & Chief Operating Officer of Norwegian Cruise Line.

Lowell Zemnick, age 54, is a Certified Public Accountant and has been Vice President since 1980 and Treasurer since September 1990. He was the

Chief Financial Officer of Carnival from 1980 to September 1990 and was the Chief Financial Officer of Carnival Corporation from May 1987 through June 1989.

Meshulam Zonis, age 64, has been Senior Vice President-Operations of Carnival since 1979. He has also been a director since June 1987. From 1974 through 1979, he was Vice President-Operations of Carnival.

Special Note Regarding Forward-Looking Statements

Certain statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this Form 10-K constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; increases in cruise industry capacity; changes in tax laws and regulations (see "Taxation of the Company"); the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; delivery of new vessels on schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; and changes in laws and government regulations applicable to the Company (including the implementation of the "Safety of Life at Sea Convention" and changes in FMC surety and guaranty arrangements).

PART II

Item 5. Market for the Registrant's Common Stock and Related Stockholders Matters

A. Market Information

The information required by Item 201(a) of Regulation S-K, market information, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

B. Holders

The information required by Item 201(b) of Regulation S-K, holders of common stock, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

C. Dividends

The Company declared cash dividends on its Class A and Class B Common Stock (the "Common Stock") of $.09 per share in each of the first three quarters of fiscal 1996, $.11 in the fourth quarter of fiscal 1996, $.11 in each of the first three quarters of fiscal 1997, and $.15 in the fourth quarter of fiscal 1997 and first quarter of fiscal 1998. Payment of future quarterly dividends on the Common Stock will depend, among other factors, upon the Company's earnings, financial condition and capital requirements. The Company may also declare special dividends to all stockholders in the event that members of the Arison family and certain related entities (the "Arison Group") are required to pay additional income taxes by reason of their ownership of the Common Stock because of an income tax audit of the Company.

While no tax treaty currently exists between the Republic of Panama and the United States, under current law the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama. Dividends paid by the Company will be taxable as ordinary income for United States Federal income tax purposes to the extent of the Company's current or accumulated earnings and profits, but generally will not qualify for any dividends-received deduction.

The payment and amount of any dividend is within the discretion of the Board of Directors, and it is possible that the amount of any dividend may vary from the levels discussed above.

D. Taxation of the Company

Non U.S. companies are exempt from U.S. corporate income tax on U.S. source income from international passenger cruise operations if (i) their

countries of incorporation exempt shipping operations of U.S. persons from income tax (the "Incorporation Test") and (ii) they meet either the CFC Test" or the "Publicly Traded Test". The Company and its subsidiaries involved in the cruise ship operations meet the Incorporation Test because they are incorporated in countries which provide the required exemption to U.S. persons involved in shipping operations. A company meets the CFC Test if it is a controlled foreign corporation ("CFC"). A CFC is defined by the Internal Revenue Code as a foreign corporation more than 50% of the vote or value of whose stock is owned by U.S. persons, each of whom owns or is considered to own 10% or more of the corporation's vote on any day during its fiscal year. Through July 15, 1997, the date upon which all of the Class B Common Stock of the Company (the "Class B Common Stock") was converted to Class A Common Stock (the "Conversion Date"), all of the outstanding shares of Class B Common Stock of the Company, which represented more than 50% of the total combined voting power of all classes of stock, were owned by The Micky Arison 1994 "B" Trust (the "B Trust"), a U.S. Trust whose primary beneficiary is Micky Arison, the Company's Chairman of the Board. The B Trust is a "United States Person". Accordingly, the Company believes that it will meet the CFC Test for its 1997 taxable year, but will not meet such test in its 1998 taxable year and subsequent taxable years.

A corporation meets the Publicly Traded Test if the stock of the corporation (or the direct or indirect corporate parent thereof) is "primarily and regularly traded on an established securities market" in the United States. Although no Treasury regulations have been promulgated that explain when stock is primarily and regularly traded for purposes of this exemption, Treasury regulations have been promulgated interpreting a similar phrase under another section, Section 884. Under the Section 884 regulations, stock is considered primarily and regularly traded if: (i) 80% (by vote and value) of the stock of the corporation is listed on an established securities market in the United States where more shares are traded than in any other country, (ii) trades of such stock are effected on such market, other than in de minimis quantities, on at least 60 days during the taxable year, (iii) the aggregate number of shares so traded is equal to 10% or more of the average number of shares outstanding during the taxable year, and (iv) the company is not "closely held". The Company believes that it will meet the foregoing requirements for the portion of its taxable year beginning after the Conversion Date and for future taxable years. Since the Conversion Date, the Company has had only one class of stock outstanding, the Class A Common Stock, which is listed on the New York Stock Exchange, where more shares trade than in any other country. Trades of such Class A Common Stock have been effected in more than de minimis quantities on every business day since the Company's initial public offering, and the annual volume of such trades has significantly exceeded 10% of the average number of shares outstanding. Moreover, the Company believes that any stock traded on the NYSE is considered as traded on a qualifying exchange and, to the Company's knowledge, it is not closely held because no person other than the Arison Group owns more than 5% of its stock, and the Arison Group holds less than 50% of the outstanding shares.

Accordingly, the Company believes that virtually all of its income (with the exception of its United States source income from the operations of the transportation, hotel and tour business of Holland America Line) is exempt from United States federal income taxes. There is, however, no authority that addresses the treatment of a corporation that meets the test for CFC for only part of its taxable year. Similarly, there is no authority that addresses the treatment of a corporation that meets the Publicly Traded Test for only a part of its taxable year. If the Company or its subsidiaries were found to meet neither the CFC Test nor the Publicly Traded Test, much of their income would become subject to taxation by the United States at higher than normal corporate tax rates.

Other Jurisdictions

The Company anticipates that its income will not be subject to significant taxation under the laws of the Republic of Panama, Liberia, the Netherlands Antilles, the British Virgin Islands or the Bahamas.

Item 6. Selected Financial Data

The information required by Item 6, selected financial data for the five years ended November 30, 1997, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 8. Financial Statements and Supplementary Data

The financial statements, together with the report thereon of Price Waterhouse LLP dated January 19, 1998, is shown in Exhibit 13 and is hereby incorporated by reference into this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Items 10, 11, 12 and 13. Directors and Executive Officers of the Registrant, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management, and Certain Relationships and Related Transactions

The information required by Items 10, 11, 12 and 13 is incorporated by reference to the Registrant's definitive Proxy Statement to be filed with the Commission not later than 120 days after the close of the fiscal year except that the information concerning the Registrant's executive officers called for by Item 401(b) of Regulation S-K has been included in Part I of this Annual Report on Form 10-K.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1)-(2) Financial Statements and Schedules:

The financial statements shown in Exhibit 13 are hereby incorporated herein by reference.

(3) Exhibits:

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this Annual Report on Form 10-K and such Exhibit Index is hereby incorporated herein by reference.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended November 30, 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, and the State of Florida on this 26th day of February, 1998.

CARNIVAL CORPORATION

By /s/ Micky Arison
Micky Arison
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Micky Arison	Chairman of the Board, Chief	February 26, 1998

Micky Arison	Executive Officer and Director	
/s/ Howard S. Frank Howard S. Frank	Vice-Chairman, Chief Operating Officer and Director	February 26, 1998
/s/ Gerald R. Cahill Gerald R. Cahill	Senior Vice President-Finance and Chief Financial and Accounting Officer	February 26, 1998
/s/ Maks L. Birnbach Maks L. Birnbach	Director	February 26, 1998
/s/ Richard G. Capen, Jr. Richard G. Capen, Jr.	Director	February 26, 1998
/s/ David Crossland David Crossland	Director	February 26, 1998
/s/ Robert H. Dickinson Robert H. Dickinson	Director	February 26, 1998
/s/ Shari Arison Dorsman Shari Arison Dorsman	Director	February 26, 1998
/s/ James M. Dubin James M. Dubin	Director	February 26, 1998
/s/ A. Kirk Lanterman A. Kirk Lanterman	Director	February 26, 1998
/s/ Modesto Maidique Modesto Maidique	Director	February 26, 1998
/s/ William S. Ruben William S. Ruben	Director	February 26, 1998
/s/ Stuart Subotnick Stuart Subotnick	Director	February 26, 1998
/s/ Sherwood M. Weiser Sherwood M. Weiser	Director	February 26, 1998
/s/ Meshulam Zonis Meshulam Zonis	Director	February 26, 1998
/s/ Uzi Zucker Uzi Zucker	Director	February 26, 1998

INDEX TO EXHIBITS

Page No. in Sequential Numbering System

Exhibits

3.1-Form of Amended and Restated Articles of Incorporation of the Company.(1)

3.2-Form of By-laws of the Company.(2)

4.1-Agreement of the Company dated February 25, 1997 to furnish certain debt instruments to the Securities and Exchange Commission.

4.2-Revolving Credit Agreement dated as of July 1, 1993, Amended and Restated as of December 17, 1996, by and among Carnival Corporation, Citibank, N.A. and various other lenders.(3)

4.3-Form of Indenture dated as of March 1, 1993 between Carnival Cruise Lines, Inc. and First Trust National Association, as Trustee, relating to the Debt Securities, including form of Debt Security.(4)

4.4-Form of Subordinated Indenture between Carnival Corporation and the Subordinated Trustee relating to the Subordinated Securities.(5)

4.5-Second Amended and Restated Shareholder Agreement dated September 26, 1994 by and among Carnival Corporation, Ted Arison, Micky Investment Company, The Ted Arison Family Holding Trust No. 4, The Micky Arison "B" Trust, and T.A. Limited. (6)

4.6-Letter Agreement dated July 11, 1989 between the Company and the Ted Arison Irrevocable Trust.(7)

10.1-Retirement and Consulting Agreement dated November 10, 1997 between A. Kirk Lanterman and Carnival Corporation.

10.2-Executive Long-term Compensation Agreement dated January 16, 1998 between Robert H. Dickinson and Carnival Corporation.

10.3-1994 Carnival Cruise Line Key Management Incentive Plan as amended on January 5, 1998.

10.4-Amended and Restated Carnival Corporation 1992 Stock Option Plan.

10.5-1993 Carnival Cruise Lines, Inc. Restricted Stock Plan as amended January 5, 1998.

10.6-Carnival Corporation "Fun Ship" Nonqualified Savings Plan.

10.7 -Amendments to The Carnival Corporation Nonqualified Retirement Plan for Highly Compensated.

10.8-Amendments to The Carnival Corporation Qualified Retirement Plan.

10.9-Amendment to Consulting Agreement Dated August 5, 1996 between the Company and Arison Investments Ltd.(8)

10.10-Carnival Corporation Automatic Dividend Reinvestment Plan.(9)

10.11-Carnival Cruise Lines, Inc. Stock Option Plan.(10)

10.12-Carnival Cruise Lines, Inc. Restricted Stock Plan.(11)

10.13-Carnival Cruise Lines, Inc. Retirement Plan.(12)

10.14-Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan.(13)

10.15-Carnival Cruise Lines, Inc. Key Management Incentive Plan.(14)

10.16-1993 Outside Directors' Stock Option Plan.(15)

10.17-Holland America Line-Westours Inc. 1994-1996 Key Management Incentive Plan.(16)

10.18-Form of Deferred Compensation Agreement between the Company and each of Harvey Levinson, Meshulam Zonis and Robert H. Dickinson.(17)

10.19-Consulting Agreement/Registration Rights Agreement dated June 14, 1991, between the Company and Ted Arison.(18)

10.20-Indemnity Agreement between the Company and Ted Arison.(19)

10.21-First Amendment to Consulting Agreement/Registration Rights Agreement.(20)

10.22-Consulting Agreement dated July 31, 1992, between the Company and Arison Investments Ltd.(21)

10.23-Organization agreement dated February 25, 1994 between the Company and the principals of The Continental Companies.(22)

10.24-Stock Purchase Agreement between Carnival Corporation and CHC International.(23)

10.25-Stock Purchase Agreement between Carnival Corporation, Sherwood Weiser and others.(24)

10.26-Shareholders' Agreement dated February 21, 1996 between Carnival Corporation and David Crossland.(25)

10.27-Subscription Agreement dated February 21, 1996 between Carnival Corporation and Airtours plc.(26)

10.28-Maks L. Birnbach Director's Agreement.(27)

10.29-William S. Ruben Director's Agreement.(28)

10.30-Stuart A. Subotnick Director's Agreement.(29)

10.31-Sherwood M. Weiser Director's Agreement.(30)

10.32-Uzi Zucker Director's Agreement (31)

10.33-David Crossland Director's Agreement.(32)

10.34-James M. Dubin Director's Agreement.(33)

10.35-Modesto M. Maidique Director's Agreement.(34)

10.36-Richard G. Capen Director's Agreement.(35)

10.37-Shari Arison Dorsman Director's Agreement.(36)

11.0-Statement regarding computation of per share earnings.

12.0-Ratio of Earnings to Fixed Charges

13.0-Portions of 1997 Annual Report incorporated by reference into 1997 Annual Report on Form 10-K

21-Subsidiaries of the Company.(37)

23.0-Consent of Price Waterhouse

27.0-Financial Data Schedule (for SEC use only)

Sequential
Numbering
System
Exhibits

(1) Incorporated by reference to Exhibit No. 4.1 to the registrant's Quarterly Report on Form 10-Q for the Quarter Ended February 28, 1995 (File No. 1-9610), filed with the Securities and Exchange Commission.

(2) Incorporated by reference to Exhibit No. 3.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(3) Incorporated by reference to Exhibit No. 4.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(4) Incorporated by reference to Exhibit No. 4 on Form S-3 to the registrant's registration statement on Form S-3 (File No. 33-53136), filed with the Securities and Exchange Commission.

(5) Incorporated by reference to Exhibit No. 4.2 on Form S-3 to the registrant's registration statement on Form S-3 (File No. 333-43269), filed with the Securities and Exchange Commission.

(6) Incorporated by reference to Exhibit 4.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended August 31, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(7) Incorporated by reference to Exhibit No. 4.10 to the registrant's registration statement on Form S-1 (File No. 33-31795), filed with the Securities and Exchange Commission.

(8) Incorporated by reference to Exhibit No. 10.2 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(9) Incorporated by reference to Exhibit No. 10.3 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(10) Incorporated by reference to Exhibit No. 10.1 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(11) Incorporated by reference to Exhibit No. 10.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(12) Incorporated by reference to Exhibit No. 10.3 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(13) Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(14) Incorporated by reference to Exhibit No. 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1993 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(15) Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1993 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(16) Incorporated by reference to Exhibit No. 10.8 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(17) Incorporated by reference to Exhibit No. 10.17 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the

Securities and Exchange Commission.

(18)Incorporated by reference to Exhibit No. 4.3 to post-effective amendment no. 1 on Form S-3 to the registrant's registration statement on Form S-1 (File No. 33-24747), filed with the Securities and Exchange Commission.

(19)Incorporated by reference to Exhibit No. 10.18 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(20)Incorporated by reference to Exhibit No. 10.40 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(21)Incorporated by reference to Exhibit No. 10.39 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(22)Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(23)Incorporated by reference to Exhibit No. 10.31 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(24)Incorporated by reference to Exhibit No. 10.32 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(25)Incorporated by reference to Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(26)Incorporated by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(27)Incorporated by reference to Exhibit No. 28.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(28)Incorporated by reference to Exhibit No. 28.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(29)Incorporated by reference to Exhibit No. 28.3 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(30)Incorporated by reference to Exhibit No. 28.4 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(31)Incorporated by reference to Exhibit No. 28.5 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(32)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(33)Incorporated by reference to Exhibit No. 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(34)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(35)Incorporated by reference to Exhibit No. 10.7 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996

(Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(36) Incorporated by reference to Exhibit No. 10.8 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(37) Incorporated by reference to Exhibit No. 21 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

February 19, 1998

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, DC 20549

RE: Carnival Corporation
Commission File No. 1-9610

Gentlemen:

Pursuant to Item 601 (b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation (the "Company") hereby agrees to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission, and, in accordance with such regulation, such instruments are not being filed as part of the Annual Report on Form 10-K of the Company for its fiscal year ended November 30, 1997.

Very truly yours,

CARNIVAL CORPORATION

/s/ Arnaldo Perez

Arnaldo Perez
General Counsel

EXHIBIT 10.1

RETIREMENT AND CONSULTING AGREEMENT

AGREEMENT made this 10th day of November, 1997 between CARNIVAL CORPORATION, having its principal place of business at 3655 N.W. 87th Avenue, Miami, Florida (the "Company") and A. Kirk Lanterman, ("Lanterman"), residing at 714 W. Galer, Seattle, Washington, 98119.

RECITALS

A. Lanterman has served as President and Chief Executive Officer of the Company's wholly-owned subsidiary, Holland America Line-Westours, Inc. ("HAL") since January 1989, and has performed exemplary service during said years.

B. Lanterman intends to retire from active service with HAL on January 1, 1999 ("Retirement Date").

C. The Company desires to compensate Lanterman for such exemplary service by way of retirement pay.

D. The Company desires to retain Lanterman's consulting services following such retirement on the terms set forth in this Agreement.

IN CONSIDERATION of past services as related above and the consulting services related below, it is agreed as follows:

1. Compensation For Past Services and Consulting Services

1.1 From January 31, 1999 and for fifteen (15) years thereafter, the Company shall pay to Lanterman in monthly installments of $58,927.00 an annual compensation of $707,124.00.

1.2 In the event of Lanterman's death prior to the Retirement Date, or prior to the fifteenth anniversary of the Retirement Date, the unpaid balance of this total compensation ($10,606,854.60) shall be paid in full to Lanterman's estate within 30 days of his death. The unpaid balance shall be its then present value calculated by utilization of an interest rate of 8 1/2% per year.

2. Consulting Services

Commencing on the Retirement Date and for a period of fifteen (15) years, Lanterman agrees to perform consulting services for the Company in regard to the business operations of HAL upon the specific written request of the Company. Such services shall be provided during normal business hours, on such dates, for such time and at such locations as shall be agreeable to Lanterman. Such services shall not require more than five (5) hours in any calendar month, unless expressly consented to by Lanterman, which consent may be withheld for any reason whatsoever. The Company will reimburse Lanterman for any out-of-pocket expenses incurred by him in the performance of said services.

3. Independent Contractor

Commencing on the Retirement Date, Lanterman acknowledges that he will be solely an independent contractor and consultant. He further acknowledges that he will not consider himself to be an employee of the Company, and will not be entitled to any Company employment rights or benefits.

4. Confidentiality

Lanterman will keep in strictest confidence, both during the term of this Agreement and subsequent to termination of this Agreement, and will not during the term of this Agreement or thereafter disclose or divulge to any person, firm or corporation, or use directly or indirectly, for his own benefit or the benefit of others, any confidential Company information including, without limitation, to any trade secrets respecting the business or affairs of the Company which he may acquire or develop in connection with or as a result of the performance of his services hereunder. In the event of an actual or threatened breach by Lanterman of the provisions of this paragraph, the Company shall be entitled to injunctive relief restraining Lanterman from the breach or threatened breach as its sole

remedy. The Company hereby waives its rights for damages, whether consequential or otherwise.

5. Enforceable

The provisions of this Agreement shall be enforceable notwithstanding the existence of any claim or cause of action of Lanterman against the Company, or the Company against Lanterman, whether predicated on this Agreement or otherwise.

6. Applicable Law

The Agreement shall be construed in accordance with the laws of the State of Washington, and venue for any litigation concerning an alleged breach of this Agreement shall be in King County, Washington, and the prevailing party shall be entitled to reasonable attorney's fees and costs incurred.

7. Entire Agreement

This Agreement contains the entire agreement of the parties relating to the subject matter hereof. A similar agreement of November 1996 shall become null and void upon the execution of this Agreement. Any notice to be given under this Agreement shall be sufficient if it is in writing and is sent by certified or registered mail to Lanterman or to the Company to the attention of the President, or otherwise as directed by the Company, from time to time, at the addresses as they appear in the opening paragraph of the Agreement.

8. Waiver

The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the Company and Lanterman have duly executed this agreement as of the day and year first above written.

CARNIVAL CORPORATION

By: /s/ Micky Arison

/s/ Kirk Lanterman
Signature

A. Kirk Lanterman
Print Full Name

EXHIBIT 10.2

EXECUTIVE LONG-TERM COMPENSATION AGREEMENT

THIS EXECUTIVE LONG-TERM COMPENSATION AGREEMENT is entered into as of this 16th day of January, 1998, by and between CARNIVAL CORPORATION ("Carnival") with its principal place of business located at 3655 N.W. 87th Avenue, Miami, Florida 33178, and ROBERT H. DICKINSON (the "Individual").

R E C I T A L S

WHEREAS, the Individual is currently employed as the President and Chief Operating Officer of Carnival Cruise Lines, a division of Carnival;

WHEREAS, Carnival wishes to provide long-term incentive and reward to the Individual for the continuation of his full-time employment with Carnival, in addition to the Individual's annual compensation consisting of a base salary and annual award under the 1994 Carnival Cruise Lines Key Management Incentive Plan; and

WHEREAS, the Individual desires to continue in the employ of Carnival until his retirement in consideration for Carnival's payment of compensation for his services during the period prior to retirement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Carnival shall continue to employ the Individual as President and Chief Operating Officer - Carnival Cruise Lines and the Individual shall continue to serve Carnival in such executive capacity until such employment is terminated by either party.

2. Subject to the provisions of this Agreement, Carnival shall pay the Individual as long-term compensation, beginning August 1, 1997 and continuing during the term of his employment with Carnival, the stock compensation benefit described as follows ("Stock Compensation Benefit"):

(A) Pursuant to the terms of Carnival's 1992 Stock Option Plan, the Individual shall receive on August 1st of each year during the term of his employment (commencing effective August 1, 1997) an option to purchase 40,000 shares of Carnival Corporation Class A Common Stock (the "Stock Option Benefit"). For purposes of this Agreement, the exercise price of the options shall be the average of the high and low sales price of Class A Common Stock on the New York Stock Exchange Corporate Tape on August 1st of each year. Said options shall vest ratably over a five (5) year period as more particularly set forth in a Nonqualified Stock Option Agreement to be entered into annually substantially in the form attached hereto as Exhibit A.

(B) Pursuant to the terms of Carnival's 1993 Restricted Stock Plan, the Individual shall receive annually 20,000 restricted shares of Carnival Corporation Class A Common Stock (the "Restricted Stock Benefit"). Except as otherwise provided in Section 3 hereof, these shares shall vest on the fifth anniversary of the date of such annual grant.

3. Notwithstanding anything herein to the contrary, no payment of any Stock Compensation Benefit shall be made, and all unvested options and restricted stock issued hereunder and all rights under the Agreement shall be forfeited, if any of the following events shall occur:

(A) The Individual's employment with Carnival is terminated for cause. For purposes of this Agreement, "for cause" shall be defined as any action or inaction by the Individual which constitutes fraud, embezzlement, misappropriation, dishonesty, breach of trust, a felony or moral turpitude, as determined by its Board of Directors;

(B) The Individual voluntarily terminates his employment with Carnival prior to attaining sixty (60) years of age, unless such voluntary termination is directly related to the Individual being diagnosed with a terminal medical condition;

(C) The Individual shall engage in competition, as more particularly described in Section 6 hereof, either (i) during the term of his employment with Carnival; (ii) following the Individual's voluntary termination of his employment with Carnival; or (iii) following Carnival's termination of the Individual's employment with Carnival either for cause, as defined in (A) above, or other than for cause; or

(D) The Individual violates the nondisclosure provisions set forth in Section 7 hereof.

In the event the Individual voluntarily terminates his employment either (a) following attaining the age of sixty (60) or (b) prior to attaining the age of sixty (60) as a direct result of the Individual being diagnosed with a terminal medical condition, then all unvested options and restricted stock previously granted hereunder will not be forfeited by the Individual and will continue to vest as scheduled, unless and until the Individual engages in competition in violation of Section 6 hereof or violates the nondisclosure provisions set forth in Section 7 hereof.

In the event Carnival terminates the Individual's employment with Carnival for a reason other than for cause, as defined in Section 3(A) above, then, unless and until the Individual engages in competition in violation of Section 6 hereof or violates the nondisclosure provisions set forth in Section 7 hereof, (i) each annual grant of the Stock Option Benefit shall continue to vest as scheduled; and (ii) each annual grant of the Restricted Stock Benefit shall vest and shall continue to vest in accordance with the alternative vesting schedule set forth on Exhibit B ("Alternative Vesting Schedule I").

In the event the Individual voluntarily terminates his employment with Carnival within 14 days of his receipt of notice that Carnival's Chairman and Chief Executive Officer, with approval and ratification of the Board of Directors or appropriate committee of the Board, has determined that the Individual's annual grant of the Restricted Stock Benefit will be reduced by more than 25% in any one year, then (i) all unvested options issued hereunder shall be forfeited; (ii) each annual grant of the Restricted Stock Benefit shall be subject to the alternative vesting schedule set forth on Exhibit C ("Alternative Vesting Schedule II"); and (iii) all unvested restricted stock issued hereunder, after application of Alternative Vesting Schedule II, and all rights under this Agreement shall be forfeited. Notwithstanding the foregoing, this paragraph of Section 3 shall be null and void once the Individual attains the age of sixty (60).

4. As further compensation hereunder, Carnival shall cause to be amended the 1994 Carnival Cruise Lines Key Management Incentive Plan to permit that the Individual's Incentive Award, as defined therein, be payable solely in cash.

5. Each annual grant of the Stock Compensation Benefit is contingent on the Individual's satisfactory performance of his duties as determined by Carnival's Chairman and Chief Executive Officer, and ratified and approved by Carnival's Board of Directors or appropriate committee of the Board.

6. The services of the Individual are unique, extraordinary and essential to the business of Carnival, particularly in view of the Individual's access to Carnival's confidential information and trade secrets. Accordingly, in consideration of the Stock Compensation Benefits payable hereunder, the Individual agrees that he will not, without the prior written approval of the Board of Directors, at anytime during the term of his employment with Carnival and (except as provided below) for five (5) years following the date on which the Individual's employment with Carnival terminates, directly or indirectly, within the United States or its territories, engage in any business activity directly or indirectly competitive with the business of Carnival, or its subsidiaries or divisions, or serve as an officer, director, owner, consultant, or employee of any organization then in competition with Carnival or any of its subsidiaries or divisions. In addition, the Individual agrees that during such five (5) year period following his employment with Carnival, he will not solicit, either directly or indirectly, any employee of Carnival, its subsidiaries or division, who was such at the time of the Individual's separation from employment hereunder. In the event that the provisions of this Section 6 should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitations permitted by applicable law.

Notwithstanding the foregoing, the provisions of this Section 6 shall be null and void if, prior to attaining the age of sixty (60), the Individual voluntarily terminates his employment with Carnival within 14 days of his receipt of notice that Carnival's Chairman and Chief Executive

Officer, with approval and ratification of the Board of Directors or appropriate Committee of the Board, has determined that the Individual's annual grant of the Restricted Stock Benefit will be reduced by more than 25% in any one year.

7. The Individual expressly agrees and understands that Carnival owns and/or controls information and material which is not generally available to third parties and which Carnival considers confidential, including, without limitation, methods, products, processes, customer lists, trade secrets and other information applicable to its business and that it may from time to time acquire, improve or produce additional methods, products, processes, customers lists, trade secrets and other information (collectively, the "Confidential Information"). The Individual hereby acknowledges that each element of the Confidential Information constitutes a unique and valuable asset of Carnival, and that certain items of the Confidential Information have been acquired from third parties upon the express condition that such items would not be disclosed to Carnival and its officers and agents other than in the ordinary course of business. The Individual hereby acknowledges that disclosure of Carnival's Confidential Information to and/or use by anyone other than in Carnival's ordinary course of business would result in irreparable and continuing damage to Carnival. Accordingly, the Individual agrees to hold the Confidential Information in the strictest secrecy, and covenants that, during the term of his employment with Carnival or at any time thereafter, he will not, without the prior written consent of the Board of Directors, directly or indirectly, allow any element of the Confidential Information to be disclosed, published or used, nor permit the Confidential Information to be discussed, published or used, either by himself or by any third parties, except in effecting Individual's duties for Carnival in the ordinary course of business. The Individual agrees to keep all such records in connection with the Individual's employment as Carnival may direct, and all such records shall be the sole and absolute property of Carnival. The Individual further agrees that, within five (5) days of Carnival's request, he shall surrender to Carnival any and all documents, memoranda, books, papers, letters, price lists, notebooks, reports, logbooks, code books, salesmen records, customer lists, activity reports, video or audio recordings, computer programs and any and all other data and information and any and all copies thereof relating to Carnival's business or any Confidential Information.

8. Except as otherwise provide in Section 6 hereof, the restrictive covenants contained in Sections 6 and 7 herein shall survive the termination or expiration of this Agreement and any termination of the Individual's employment.

9. Nothing herein shall be construed as conferring upon the Individual the right to continue in the employ of Carnival as an executive or in any other capacity.

10. The Stock Compensation Benefit payable under this Agreement shall not be deemed salary or other compensation to the Individual for the purpose of computing benefits to which such Individual may be entitled under any pension or profit sharing plan or other arrangement of Carnival for the benefit of its employees.

11. The Compensation Committee of Carnival's Board of Directors shall have the full power and authority to interpret, construe and administer this Agreement. No officer or director of Carnival shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Agreement unless such action or omission is attributable to his own willful misconduct or lack of good faith.

12. This Agreement shall not be, nor shall it be construed to constitute an employment agreement between the Individual and Carnival.

13. This Agreement shall be governed by, and shall be construed and interpreted in accordance with, the laws of the State of Florida and the parties agree to submit to the jurisdiction of the United States District Court for the Southern District of Florida for the resolution of any disputes arising under this Agreement.

14. In the event that any party to this Agreement institutes suit against the other party to this Agreement to enforce any of its rights hereunder, the "prevailing party" in such action shall be entitled to recover from the other party all reasonable costs incurred in pursuing such action, including reasonable attorneys' fees. For purposes of this Agreement, "prevailing party" shall mean the party recovering judgment in the case and not being liable on any counterclaim brought in the case.

15. This Agreement constitutes the entire agreement between Carnival

and the Individual with respect to the long-term compensation of the Individual as described herein and supersedes all prior negotiations, agreements, understandings and arrangements, both oral and written, between Carnival and the Individual with respect to such subject matter. This Agreement may not be modified in any way, except by a written instrument executed by each of Carnival and the Individual.

16. This Agreement shall be for the benefit of, and shall be binding upon, each of Carnival and the Individual and their respective heirs, personal representatives, legal representatives, successors and assigns.

17. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part hereof, all of which are inserted conditionally on their being valid in law. In the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid by a court of competent jurisdiction, then, in any such event, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted.

18. The waiver by either party of a breach or violation of any term or provision of this Agreement by the other party shall not operate nor be construed as a waiver of any subsequent breach or violation of any provision of this Agreement nor of any other right or remedy.

IN WITNESS WHEREOF, each of the parties has executed and delivered this Agreement as of the date first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Howard S. Frank
Title: Vice Chairman

/s/ Robert H. Dickinson
Robert H. Dickinson

EXHIBIT B

ALTERNATIVE VESTING SCHEDULE I

1. Vest as to 20% of the Restricted Stock Benefit on the first anniversary of the grant date thereof;

2. Vest as to 40% of the Restricted Stock Benefit on the second anniversary of the grant date thereof;

3. Vest as to 60% of the Restricted Stock Benefit on the third anniversary of the grant date thereof;

4. Vest as to 80% of the Restricted Stock Benefit on the fourth anniversary of the grant date thereof; and

5. Vest as to 100% of the Restricted Stock Benefit on the fifth anniversary of the grant date thereof.

EXHIBIT C

ALTERNATIVE VESTING SCHEDULE II

1. Vested as to 0% of the Restricted Stock Benefit if termination occurs between the grant date and the first anniversary of the grant date thereof;

2. Vested as to 20% of the Restricted Stock Benefit if termination occurs between the first and second anniversaries of the grant date thereof;

3. Vested as to 40% of the Restricted Stock Benefit if termination occurs between the second and third anniversaries of the grant date thereof;

4. Vested as to 60% of the Restricted Stock Benefit if termination occurs between the third and fourth anniversaries of the grant date thereof;

5. Vested as to 80% of the Restricted Stock Benefit if termination occurs between fourth and fifth anniversaries of the grant date thereof; and

6. Vested as to 100% of the Restricted Stock Benefit if termination occurs after the fifth anniversary of the grant date thereof.

EXHIBIT 10.3

1994 CARNIVAL CRUISE LINES
KEY MANAGEMENT INCENTIVE PLAN

(adopted by the Board of Directors on January 17, 1994,
and amended on January 5, 1998)

OBJECTIVE

The Carnival Cruise Lines 1994 Key Management Incentive Plan (the "Plan") is designed to focus managerial attention on the objective of maximizing the profitability of the Carnival Cruise Lines division ("CCL") of Carnival Corporation. The Plan provides a framework within which the participants share in the incremental earnings of CCL achieved from applicable business operations on a fiscal year-to-year basis.

PLAN ADMINISTRATION

The administrator of the Plan is the Compensation Committee of Carnival Corporation (the "Committee"). The Committee may, in its discretion, delegate administrative functions regarding the Plan to a Vice President of CCL. The Committee shall have sole discretion in resolving any questions regarding the administration or terms of the Plan not addressed in this document as well as in resolving any ambiguities that may exist in this document.

PLAN YEAR

The "Plan Year" shall be the 12-month period ending November 30 of each year.

PARTICIPATION

The President, Senior Vice Presidents and Vice-Presidents of CCL shall be eligible to participate in the Plan. The Committee may expand Plan eligibility to include directors, managers and/or supervisors for any Plan year. Participation in the Plan shall be determined on an annual basis by the Committee. No employee will have the automatic right to be selected as a participant for any year or, having been selected as a participant for one year, be considered a participant for any other year.

Only persons who are employed by CCL or one of its divisions on the first day of the Plan Year are eligible to participate in the Plan except that persons who commence employment following the beginning of the Plan Year may, with the approval of the Committee, be allowed to participate in the Plan. Such late-entry participants will be awarded Points (as defined below) pro-rated to the time of their entry into the Plan, subject to the approval of the Committee.

In order to actually receive an Incentive Award (as defined below) under the Plan, a participant must be employed by CCL or one of its divisions on the last day of the Plan year. The only exception to this requirement is for participants whose employment is terminated prior to the last day of the Plan Year as the result of death, disability or retirement ("Early Termination Employees").

BONUS POOL

The total amount payable under the Plan for each Plan year (the "Bonus Pool") shall be equal to two percent (2%) (the "Bonus Percentage") of (x) the net income generated within each Plan Year by CCL and its divisions calculated in accordance with generally accepted accounting principals consistently applied (the "Net Income") minus (y) the greater of (i) CCL's Net Income for the fiscal year ending November 30, 1993 or (ii) $183,000,000. The Bonus Percentage for the fiscal years ending November 30, 1996 and thereafter, if applicable, will be determined by the Board of Directors within 90 days of the commencement of each such fiscal year.

METHOD OF CALCULATING INCENTIVE AWARDS

The Committee shall, in its discretion, assign a specific number of points (the "Points") to each participant. The Points awarded to each participant will be communicated to the participant during the first ninety (90) days of each Plan Year. Such decisions may be revised during a Plan Year by the Committee due to major changes in position responsibilities occurring during the Plan Year.

The Committee, in its sole discretion, shall adjust the Points assigned to

each participant by multiplying such participant's Points by a percentage within the range set forth below corresponding to such participant's evaluated performance for such year (the "Weighted Points"):

EXCELLENT PERFORMANCE	90-100%
GOOD PERFORMANCE	75-89%
FAIR PERFORMANCE	60-74%
LESS THAN FAIR PERFORMANCE	0-59%

Each participant shall receive an Incentive Award equal to the product of his or her Weighted Points multiplied by the "Point Value". The Point Value shall be equal to (i) the amount of the Bonus Pool, divided by (ii) the aggregate Points (before adjustments) awarded to participants for each Plan year.

Any amounts remaining in the Bonus Pool following the calculation of the Incentive Awards pursuant to the preceding paragraph shall be available for discretionary distribution by the Committee to participants.

PAYMENT OF INCENTIVE AWARDS

Incentive Awards are paid on a date determined by the Committee which is within seventy-five (75) days following the conclusion of each Plan Year. At the discretion of the Committee, advance partial payment of Incentive Awards may be made based on anticipated Net Income. At the discretion of the Committee, special arrangements may be made for earlier payment to Early Termination Employees.

Incentive Awards shall be payable eighty percent (80%) in cash and twenty percent (20%) in shares of Class A Common Stock of Carnival Corporation; provided, however, that the Incentive Award to the President of CCL shall be payable as determined by the Committee. The number of shares issuable to each participant shall be determined by dividing the dollar amount of the stock portion of the participant's Incentive Award by the average closing price for the Class A Common Stock for the last ten (10) trading days of the Plan year, as quoted on the national stock exchange on which the Class A Common Stock is traded. Fractional shares of the Class A Common Stock will not be issued. The value of the Class A Common Stock received by Plan participants will be reported to governmental taxing authorities, and taxes shall be withheld in respect of such Class A Common Stock, in accordance with the requirements of applicable law.

DURATION OF PLAN

The Plan will be effective for the fiscal years 1994, 1995 and 1996. It is the intent of Carnival Corporation to make a decision on whether or not to renew the Plan for an additional year in August of each year in order to effect a 2-year planning horizon (e.q., decision by August 1995 as to whether or not to extend the Plan to 1997).

RESERVATION OF SHARES

Subject to adjustment as provided in the last sentence of this paragraph, the maximum number of shares of Class A Common Stock that shall be authorized and reserved for issuance under the Plan shall be 200,000 shares of Class A Common Stock. The maximum number of shares authorized and reserved may be increased from time to time by approval of the Board, and, if required pursuant to Rule 16b-3 under the Exchange Act, the stockholders of Carnival Corporation. The shares to be issued to participants pursuant to the Plan may be, at the election of Carnival Corporation, either treasury shares or shares authorized but unissued, and, if treasury shares are used, all references in the Plan to the issuance of shares shall, for corporate law purposes, be deemed to mean the transfer of shares from treasury. Any shares of Class A Common Stock that are subject to an Incentive Award that lapses or expires shall automatically again become available for use under the Plan. In the event of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares or any other change in the corporate structure or shares of Carnival Corporation, the Committee shall make appropriate adjustment as to the number and kind of securities subject to and reserved under the Plan and, in order to prevent the dilution or enlargement of the rights of participants, the number and kind of securities subject to outstanding stock awards.

PURCHASE FOR INVESTMENT

Class A Common Stock issued will be subject to a restriction on sale

commencing from date of issuance and continuing until, but not including, the first trading day in the second January following the end of the Plan year in respect of which the Class A Common Stock was issued (e.q., Class A Common Stock issued in respect of the Plan year ending November 30, 1994 would be subject to a restriction on sale that would not end until the first trading day in January, 1996). Holders will be eligible to receive dividends during the restriction period.

Whether or not the shares of Class A Common Stock covered by the Plan have been registered under the Securities Act of 1933, as amended, each person acquiring shares of Class A Common Stock under the Plan may be required by Class A Common Stock to give a representation in writing that such person is acquiring such shares for investment and not with a view to, or for sale in connection with, the distribution of any part thereof. Carnival Corporation will endorse any necessary legend referring to the foregoing restriction upon the certificate or certificates representing any shares of Class A Common Stock issued or transferred to the Plan participants upon the grant of any shares of Class A Common Stock under the Plan.

AMENDMENT OF PLAN

The Board of Directors of Carnival Corporation may amend the Plan from time to time in such respects as the Board may deem advisable; provided, however, that no such amendment shall be effective without approval of the stockholders of Carnival Corporation if stockholder approval of the amendment is required pursuant to Rule 16b-3 under the Exchange Act.

GOVERNMENTAL AND OTHER REGULATIONS

The Plan and the Class A Common Stock awards under the Plan shall be subject to all applicable federal and state laws, rules and regulations and such approvals by any governmental or regulatory agency or national securities exchange, as may be required. Carnival Corporation shall not be required to issue or deliver any certificates or shares of stock prior to the completion of any registration or qualification of such shares under any federal or state law, or any ruling or regulations of any governmental body or national securities exchange which Carnival Corporation shall, in its sole discretion, determine to be necessary or advisable.

EXHIBIT 10.4

AMENDED AND RESTATED
CARNIVAL CORPORATION
1992 STOCK OPTION PLAN

(adopted by the Board of Directors on January 20, 1992, and amended on February 23, 1995, April 14, 1997 and January 5, 1998)

Carnival Corporation, a Panamanian corporation (the "Company"), hereby formulates and adopts the following 1992 Stock Option Plan (the "Plan") for employees of the Company and its Subsidiaries (as defined in paragraph 5).

1. Purpose. The purpose of the Plan is to secure for the Company the benefits of the additional incentive inherent in the ownership of Class A Voting Common Stock, par value $.01 per share, of the Company ("Common Stock") by selected employees of the Company and its Subsidiaries who, in the judgment of the Committee (as defined in paragraph 2), are important to the success and the growth of the business of the Company and its Subsidiaries and to help the Company and its Subsidiaries secure and retain the services of such employees.

2. Administration. The Plan shall be administered in a manner consistent with the requirements for exemptive relief under Rule 16b-3 or its successor provision under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Plan shall be administered by a committee (the "Committee") consisting solely of two or more members of the Board of Directors of the Company (the "Board of Directors"), each of whom, to the extent necessary to comply with the requirements of Rule 16b-3 under the Exchange Act and Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations issued thereunder ("162(m)"), is intended to be a "disinterested person" within the meaning of Rule 16b-3 under the Exchange Act and an "outside director" within the meaning of Section 162(m); provided that the failure of any member of the Committee to qualify as a "disinterested person" or an "outside director" shall not affect the validity, terms or conditions of any award made hereunder which otherwise complies with the provisions of this Plan. The Committee shall select one of its members as Chairman and shall make such rules and regulations as it shall deem appropriate concerning the holding of its meetings and transaction of its business. A majority of the whole Committee shall constitute a quorum, and the act of a majority of the members of the Committee present at a meeting at which a quorum is present shall be the act of the Committee. Any member of the Committee may be removed at any time either with or without cause by resolution adopted by the Board of Directors, and any vacancy on the Committee may at any time be filled by resolution adopted by the Board of Directors.

Subject to the express provisions of the Plan, the Committee shall have plenary authority to interpret the Plan, to prescribe, amend and rescind the rules and regulations relating to it and to make all other determinations deemed necessary and advisable for the administration of the Plan. The determinations of the Committee shall be conclusive.

3. Common Stock Subject to Options. Subject to the adjustment provisions of paragraph 13 below, a maximum of 6,000,000 shares of Common Stock may be made subject to options granted under the Plan. If, and to the extent that, options granted under the Plan shall terminate, expire or be canceled for any reason without having been exercised, new options may be granted in respect of the shares covered by such terminated, expired or canceled options. The granting and terms of such new options shall comply in all respects with the provisions of the Plan.

Shares sold upon the exercise of any option granted under the Plan may be shares of authorized and unissued Common Stock, shares of issued Common Stock held in the Company's treasury or both.

There shall be reserved at all times for sale under the Plan a number of shares of either authorized and unissued shares of Common Stock, shares of Common Stock held in the Company's treasury, or both, equal to the maximum number of shares which may be purchased pursuant to options granted or that may be granted under the Plan.

4. Grant of Options. The Committee shall have the authority and responsibility, within the limitations of the Plan, to determine the employees to whom options are to be granted, whether the options granted shall be "incentive stock Options" ("Incentive Options") within the meaning of section 422(b) of the Code, or options which are not Incentive Options

("Nonqualified Options"), the number of shares that may be purchased under each option and the option price, provided that the maximum number of shares in respect of which Incentive Options and/or Nonqualified Options may be granted to any individual employee in any calendar year during the term of the Plan shall be 1,000,000.

In determining the employees to whom options shall be granted and the number of shares to be covered by each such option, the Committee shall take into consideration the employee's present and potential contribution to the success of the Company and its Subsidiaries and such other factors as the Committee may deem proper and relevant.

5. Employees Eligible. Options may be granted to any key employee of the Company or any of its Subsidiaries. Options may be granted to employees who hold or have held options under this Plan or any similar or other awards under any other plan of the Company or any of its Subsidiaries. Employees who are also officers or directors of the Company or any of its Subsidiaries shall not by reason of such offices be ineligible as recipients of options.

For purposes of the Plan, a "Subsidiary" of the Company shall mean an "subsidiary corporation," as such term is defined in section 424(f) of the Code. Any entity shall be deemed a Subsidiary of the Company only for such periods as the requisite ownership relationship is maintained.

No person who would own, directly or indirectly, immediately after the granting of an option to such person, more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, except as permitted by section 422(c)(5) of the Code, shall be eligible to receive an Incentive Option under the Plan.

An employee receiving an option pursuant to the Plan is hereinafter referred to as an "Optionee".

6. Price. The option price of each share of Common Stock purchasable under any Incentive Option granted pursuant to the Plan shall not be less than the Fair Market Value (as defined below) thereof at the time the option is granted. The Committee is hereby given the authority to determine the price at which any Nonqualified Option may be granted.

For purposes of the Plan, "Fair Market Value" of a share of Common Stock means the average of the high and low sales prices of a share of Common Stock on the New York Stock Exchange Composite Tape on the date in question. If shares of Common Stock are not traded on the New York Stock Exchange on such date, "Fair Market Value" of a share of Common Stock shall be determined by the Committee in its sole discretion.

7. Duration of Options. Each option granted hereunder shall become exercisable, in whole or in part, at the time or times provided by the Committee, provided, however, that if an optionee's employment with the Company or any Subsidiary shall terminate by reason of death or "permanent and total disability," within the meaning of section 22(e)(3) of the Code ("Disability"), each outstanding option granted to such optionee shall become exercisable in full in respect of the aggregate number of shares covered thereby.

Notwithstanding any provision of the Plan to the contrary, unless otherwise provided by the Committee, the unexercised portion of any option granted under the Plan shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

(a) the expiration of 10 years from the date on which such option was granted;

(b) the expiration of one year from the date the Optionee's employment with the Company or any of its Subsidiaries shall terminate by reason of Disability; provided, however, that if the Optionee shall die during such one-year period, the provisions of subparagraph (c) below shall apply;

(c) the expiration of one year from the date of the Optionee's death, if such death occurs either during employment by the Company or any of its Subsidiaries or during the one-year period described in subparagraph (b) above;

(d) the date the Optionee's employment with the Company or any of its Subsidiaries shall terminate by reason of "cause" (as hereinafter defined). Termination by reason of "cause" shall mean termination by reason of participation and conduct during employment consisting of fraud, felony, willful misconduct or commission of any act which causes or may reasonably be expected

to cause substantial damage to the Company or any of its Subsidiaries;

(e) the expiration of three months from the date the Optionee's employment with the Company or any of its Subsidiaries shall terminate other than by reason of death, Disability or termination for cause; and

(f) in whole or in part, at such earlier time or upon the occurrence of such earlier event as the Committee in its discretion may provide upon the granting of such option.

The Committee may determine whether any given leave of absence constitutes a termination of employment. The options granted under the Plan shall not be affected by any change of employment so long as the Optionee continues to be an employee of the Company or any of its Subsidiaries.

8. Exercise of Options. An option granted under this Plan shall be deemed exercised when the person entitled to exercise the option (a) delivers written notice to the Company at its principal business office, directed to the attention of its Secretary, of the decision to exercise, (b) concurrently tenders to the Company full payment for the shares to be purchased pursuant to such exercise, and (c) complies with such other reasonable requirements as the Committee establishes pursuant to paragraph 2 of the Plan. Payment for shares with respect to which an option is exercised may be made in cash, check or money order and, subject to the Committee's consent, by Common Stock. No person will have the rights of a shareholder with respect to shares subject to an option granted under this Plan until a certificate or certificates for the shares have been delivered to him.

9. Nontransferability of Options. No option or any right evidenced thereby shall be transferable in any manner other than by will or the laws of descent and distribution, and, during the lifetime of an Optionee, only the Optionee (or the Optionee's court-appointed legal representative) may exercise an option. In the Committee's discretion, an option may be transferred pursuant to a "qualified domestic relations order," as defined in section 414(p) of the Code.

10. Rights of Optionee. Neither the Optionee nor the Optionee's executor or administrator shall have any of the rights of a stockholder of the Company with respect to the shares subject to an option until certificates for such shares shall actually have been issued upon the due exercise of such option. No adjustment shall be made for any regular cash dividend for which the record date is prior to the date of such due exercise and full payment for such shares has been made therefor.

11. Right to Terminate Employment. Nothing in the Plan or in any option shall confer upon any Optionee the right to continue in the employment of the Company or any of its Subsidiaries or affect the right of the Company or any of its Subsidiaries to terminate the Optionee's employment at any time, subject, however, to the provisions of any agreement of employment between the Company or any of its Subsidiaries and the Optionee.

12. Nonalienation of Benefits. No right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same shall be void. To the extent permitted by applicable law, no right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities or torts of the person entitled to such benefits.

13. Adjustment Upon Changes in Capitalization, etc. In the event of any stock split, stock dividend, stock change, reclassification, recapitalization or combination of shares which changes the character or amount of Common Stock prior to exercise of any portion of an option theretofore granted under the Plan, such option, to the extent that it shall not have been exercised, shall entitle the Optionee (or the Optionee's executor or administrator) upon its exercise to receive in substitution therefor such number and kind of shares as the Optionee would have been entitled to receive if the Optionee had actually owned the stock subject to such option at the time of the occurrence of such change; provided, however, that if the change is of such a nature that the Optionee, upon exercise of the option, would receive property other than shares of stock, the Committee shall make an appropriate adjustment in the option to provide that the Optionee (or the Optionee's executor or administrator) shall acquire upon exercise only shares of stock of such number and kind as the Committee, in its sole judgment, shall deem

equitable; and provided, further, that any such adjustment shall be made so as to conform to the requirements of section 424(a) of the Code.

In the event that any transaction (other than a change specified in the preceding paragraph) described in section 424(a) of the Code affects the Common Stock subject to any unexercised option, the Board of Directors of the surviving or acquiring corporation shall make such similar adjustment as is permissible and appropriate.

If any such change or transaction shall occur, the number and kind of shares for which options may thereafter be granted under the Plan shall be adjusted to give effect thereto.

14. Purchase for Investment. Whether or not the options and shares covered by the Plan have been registered under the Securities Act of 1933, as amended, each person exercising an option under the Plan may be required by the Company to give a representation in writing that such person is acquiring such shares for investment and not with a view to, or for sale in connection with, the distribution of any part thereof. The Company will endorse any necessary legend referring to the foregoing restriction upon the certificate or certificates representing any shares issued or transferred to the Optionee upon the exercise of any option granted under the Plan.

15. Form of Agreements with Optionees. Each option granted pursuant to the Plan shall be in writing and shall have such form, terms and provisions, not inconsistent with the provisions of the Plan, as the Committee shall provide for such option. The effective date of the granting of an option shall be the date on which the Committee approves such grant. Each Optionee shall be notified promptly of such grant, and a written agreement shall be promptly executed and delivered by the Company and the Optionee.

16. Termination and Amendment of Plan and Options. Unless the Plan shall theretofore have been terminated as hereinafter provided, options may be granted under the Plan at any time, and from time to time, prior to the tenth anniversary of the Effective Date (as defined below), on which date the Plan will expire, except as to options then outstanding under the Plan. Such options shall remain in effect until they have been exercised, have expired or have been canceled.

The Plan may be terminated or amended at any time by the Board of Directors; provided, however, that any such amendment shall comply with all applicable laws (including Code section 422), applicable stock exchange listing requirements and applicable requirements for exemption (to the extent necessary) under Rule 16b-3 under the Exchange Act.

No termination, modification or amendment of the Plan, without the consent of the Optionee, may adversely affect the rights of such person with respect to such option. With the consent of the Optionee and subject to the terms and conditions of the Plan, the Committee may amend outstanding option agreements with any Optionee.

17. Effective Date of Plan. The Plan shall become effective upon its adoption by the Board of Directors (the "Effective Date"), subject, however, to its approval by the Company's shareholders within 12 months after the date of such adoption.

18. Government and Other Regulations. The obligation of the Company with respect to options granted under the Plan shall be subject to all applicable laws, rules and regulations and such approvals by any governmental agency as may be required, including without limitation the effectiveness of any registration statement required under the Securities Act of 1933, as amended, the rules and regulations of any securities exchange on which the Common Stock may be listed.

19. Withholding. The Company's obligation to deliver shares of Common Stock in respect of any option granted under the Plan shall be subject to all applicable federal, state and local tax withholding requirements. Federal, state and local tax withholding due upon the exercise of any option (or upon any disqualifying disposition of shares of Common Stock subject to an Incentive Option), in the Committee's sole discretion, may be paid in shares of Common Stock (including the withholding of shares subject to an option) upon such terms and conditions as the Committee may determine.

20. Separability. If any of the terms or provisions of the Plan conflict with the requirements of Rule 16b-3 under the Exchange Act and/or section 422 of the Code, then such terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of Rule 16b-3 and/or section 422 of the Code. With respect to Incentive Options,

if the Plan does not contain any provision required to be included herein under Section 422 of the Code, such provision shall be deemed to be incorporated herein with the same force and effect as if such provision had been set out at length herein; provided, further, that to the extent any option which is intended to qualify as an Incentive Option cannot so qualify, such option, to that extent, shall be deemed to be a Nonqualified Option for all purposes of the Plan.

21. Non-Exclusivity of the Plan. Neither the adoption of the Plan by the Board of Directors nor the submission of the Plan to the shareholders of the Company for approval shall be construed as creating any limitation on the power of the Board of Directors to adopt such other incentive arrangements as it may deem desirable, including without limitation the granting of stock options and the awarding of stock and cash otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

22. Exclusion from Pension and Profit-Sharing Computation. By acceptance of an option, each Optionee shall be deemed to have agreed that such grant is special incentive compensation that will not be taken into account in any manner as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan of the Company or any of its Subsidiaries. In addition, such option will not affect the amount of any life insurance coverage, if any, provided by the Company on the life of the Optionee which is payable to such beneficiary under any life insurance plan covering employees of the Company or any of its Subsidiaries.

23. Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of Florida.

EXHIBIT 10.5

CARNIVAL CRUISE LINES, INC.
1993 RESTRICTED STOCK PLAN

(adopted by the Board of Directors on January 15, 1993,
and amended on January 5, 1998)

1. Purpose of the Plan. The purpose of the Carnival Cruise Lines, Inc., 1993 Restricted Stock Plan (the "Plan") is to provide incentives in the form of ownership of the Class A Common Stock ("Common Stock"), of Carnival Cruise Lines, Inc. (the "Company"), to certain selected employees of the Company and its subsidiaries ("Participants"), by making awards of Common Stock ("Stock Awards"), subject to certain restrictions and forfeiture provisions.

2. Participation. Participation in the Plan shall be limited to officers, directors and key employees of the Company designated from time to time by the Compensation Committee of the Board of Directors of the Company.

3. Common Stock Reserved for the Plan. The shares subject to Stock Awards under the Plan shall consist of 500,000 authorized but unissued shares of Common Stock or previously issued shares reacquired and held by the Company, and such amount of shares shall be and is hereby reserved for issuance pursuant to this Plan.

4. Grant of Awards. (a) The Compensation Committee shall have the authority and responsibility, within the limitations of the Plan, to determine the officers, directors and key employees of the Company to whom Stock Awards shall be granted, the number of shares of Common Stock which will comprise each Stock Award, and the vesting schedule of each Stock Award.

(b) The Company shall not issue fractional shares under the Plan.

5. Terms and Conditions. Each Stock Award granted under the Plan shall be subject to the following express terms and conditions and to such other terms and conditions as the Compensation Committee may deem appropriate:

(a) Restrictions on Forfeitable Common Stock. Each of the Common Stock granted pursuant to a Stock Award shall be subject to the following restrictions until the Participant acquires a nonforfeitable right to the shares: such shares may not be sold, exchanged, transferred, pledged, hypothecated, or otherwise disposed of by the Participant until Participant's right to such shares becomes nonforfeitable. Notwithstanding the foregoing, nothing herein shall preclude a Participant from making a gift of any shares of Common Stock to a spouse, child, step-child, grandchild, parent, sibling, or legal dependent of the Participant or to a trust of which the beneficiary or beneficiaries of the corpus and the income are any of such persons or the Participant; provided that the Common Stock so given shall remain subject to the restrictions, obligations and conditions described in this section 5.

(b) Time When Common Stock Is Nonforfeitable. Participants shall acquire a fully nonforfeitable right to the Common Stock awarded under the Plan upon the earlier of (i) the date of the Participant's actual retirement at or after age 65, (ii) the date of the Participant's death or disability, or (iii) on such date as otherwise determined by the Compensation Committee. In addition, the Participant shall acquire nonforfeitable rights to the Common Stock awarded under the Plan in accordance with the vesting (i.e., acquisition of nonforfeitable rights) schedule as set by the Compensation Committee at the time of the Stock Award, provided that full vesting under such schedule shall take place no sooner than five years after date of Stock Award and no later than ten years after such date.

(c) Forfeiture Due to Termination of Employment. Unless otherwise determined by the Plan Administration Committee, if a Participant leaves the employment of the Company for any reason other than retirement at or after age 65, or death or disability, all shares as to which the Participant does not have a nonforfeitable right shall be forfeited and returned to the Company.

(d) Definition of Disability, Years of Service, and Retirement. The term "disability" as used in this section means "total and permanent disability". The terms "total and permanent disability," "years of

service," and "retirement" shall be determined in accordance with applicable Company personnel policies.

(e) Rights and Obligations With Respect to Stock. A certificate or certificates for all shares of Common Stock granted pursuant to a Stock Award hereunder shall be registered in the name of each Participant and delivered to him as soon as reasonably practicable, and he shall thereupon be a stockholder and, except as otherwise expressly provided to the contrary herein, have all the rights of a stockholder with respect to such shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such shares; provided, however, that such shares of Common Stock, and any new, additional or different securities the Participant may become entitled to receive with respect to such shares by virtue of a stock split or stock dividend or any other change in the corporate or capital structure of the Company, shall be subject to the terms and conditions hereof. In order to enforce such terms and conditions, the Company may cause a legend or legends making appropriate reference to such terms and conditions to be imposed on each share of Common Stock subject to a Stock Award.

6. Amendments or Termination. The Company may amend, alter or discontinue the Plan, but no amendment or alteration shall be made which would impair the rights of any Participant under any award previously granted without the consent of such Participant.

7. Compliance With Other Laws and Regulations. This Plan and Stock Awards hereunder shall be subject to all applicable federal and state laws, rules and regulations and such approvals by any governmental or regulatory agency or national securities exchange as may be required. The Company shall not be required to issue or deliver any certificates for shares of Common Stock prior to the completion of any registration or qualification of such shares under any federal or state law, or any ruling or regulation of any government body or national securities exchange which the Company shall, in its sole discretion, determine to be necessary or advisable.

8. Effective Date of Plan. The Plan shall be effective on the date the shareholders of the Company adopt the Plan.

THE CARNIVAL CORPORATION
"FUN SHIPsm" NONQUALIFIED SAVINGS PLAN

Effective January 1, 1998

THE CARNIVAL CORPORATION
"FUN SHIPsm" NONQUALIFIED SAVINGS PLAN

Effective January 1, 1998

ARTICLE 1. PURPOSE

Carnival Corporation has established The Carnival Corporation "Fun Ship "Nonqualified Savings Plan, effective January 1, 1998. The Carnival Corporation "Fun Ship" Nonqualified Savings Plan is a nonqualified deferred compensation plan for a select group of management or highly compensated employees of Carnival Corporation and its participating subsidiaries and affiliated companies as a means of sheltering a portion of an eligible individual's income from current taxation while accumulating resources for future investments.

ARTICLE 2. DEFINITIONS

For the purpose of this Plan the following terms shall have the meanings as set forth below unless the context requires otherwise:

2.1 Affiliated Company means (a) a member with an Employer of a controlled group of corporations, (b) an unincorporated trade or business which is under common control with an Employer as determined in accordance with Section 414(c) of the Code, or (c) a member with an Employer of an affiliated service group, as defined in Section 414(m) of the Code. A corporation or an unincorporated trade or business shall not be considered an Affiliated Company during any period it does not satisfy clause (a), (b), or (c) of this definition. For purposes of this definition, a "controlled group of corporations" is a controlled group of corporations as defined in Section 414(b) of the Code.

2.2 Beneficiary means the surviving Spouse of the Participant, unless such surviving Spouse has previously consented to the designation of another person, estate, trust, or organization as Beneficiary in a writing acknowledging the effect of such designation, which writing is witnessed by a notary public. The Beneficiary of an unmarried participant or of a married Participant with a consenting Spouse shall mean any person(s) who, or estate, trust, or organization which, becomes entitled to receive benefits upon the death of a Participant. In the event an unmarried Participant fails to designate a Beneficiary, the Participant's estate shall be deemed to be his Beneficiary. A Participant shall file with the Retirement Committee a written designation of Beneficiary. Such a designation may be changed or revoked by a written notice filed with the Retirement Committee; however, such a change must be properly consented to by the Participant's Spouse, if the Spouse is not named as Beneficiary. In the case of a Participant with no Spouse, his designation of Beneficiary shall automatically be revoked upon the marriage or remarriage of the Participant.

2.3 Board means the Board of Directors of the Company.

2.4 Bonus means any discretionary year-end cash bonuses paid for services with an Employer.

2.5 Code means the Internal Revenue Code of 1986, as amended from time to time.

2.6 Company means Carnival Corporation or any successor by merger, consolidation or sale of assets.

2.7 Effective Date means January 1, 1998.

2.8 Eligible Earnings shall be determined for purposes of a Participant's Employee Deferral Contributions and the Matching Contributions and Profit-Sharing Contributions made on the Participant's behalf as follows:

(a) For purposes of a Participant's Employee Deferral Contributions for any payroll period, the Participant's Eligible Earnings shall consist of: (1) the following amounts received by the Participant for such payroll period: the Participant's regular base wages or salary, commissions, overtime, holiday pay, retroactive pay, workers' compensation payments made by the Employer, benefit hour payments, and discretionary bonuses that are not deferred under Section 4.4; plus (2) the amounts deferred for such payroll period under Section 4.1 and under any plan maintained by the Employer under Code Section 125 or 401(k).

(b) For purposes of any Matching Contributions made on behalf of a Participant for any payroll period, the Participant's Eligible Earnings shall consist of: (1) the following amounts received by the Participant for such payroll period: the Participant's base wages or salary, commissions, overtime, holiday pay, retroactive pay, workers' compensation payments made by the Employer, benefit hour payments, and discretionary bonuses that are not deferred under Section 4.4; (2) any discretionary bonuses that would have been received in such payroll period but are deferred under Section 4.4; plus (3) the amounts deferred for such payroll period under Section 4.1 and under any plan maintained by the Employer under Code Section 125 or 401(k).

(c) For purposes of any Profit-Sharing Contributions made on behalf of a Participant for any Plan Year, the Participant's Eligible Earnings shall consist of: (1) the following amounts received by the Participant for such Plan Year: the Participant's regular base wages or salary, commissions, overtime, holiday pay, retroactive pay, workers' compensation payments made by the Employer, benefit hour payments, and discretionary bonuses; (2) any discretionary year-end bonuses that would have been received in such Plan Year but are deferred under Section 4.4; plus (3) the amounts deferred for the Plan Year under Section 4.1 and under any plan maintained by the Employer under Code Section 125 or 401(k). Solely for purposes of determining the amount of a Participant's Profit-Sharing Contribution, Eligible Earnings in excess of the maximum compensation rate under Code Section 401(a)(17) (determined without regard to the reduction to $150,000 (i.e., $250,000 for 1996) as further indexed for cost of living by reference to the annual percentage change of the CPI-U, U.S. City Average, All Items (non-seasonally adjusted) for the period from August to August of the preceding year (i.e., the annual change published in September of the year prior to the year the compensation limit is in effect)) shall be disregarded.

Notwithstanding the foregoing, the term "Eligible Earnings" for any purpose under the Plan shall not include any fringe benefits (such as car allowances and relocation reimbursements).

2.9 Eligible Employee means any Employee who is member of a select group of management or highly compensated employees as determined by the Retirement Committee in accordance with Section 3.1.

2.10 Employee means a common law employee of the Company or an Affiliated Company.

2.11 Employee Deferral Contributions means the salary reduction contributions made at the direction of a Participant by his Employer pursuant to Article 4.

2.12 Employer means the Company, Carnival Cruise Lines or any other Affiliated Company which has adopted this Plan under Section 10.3.

2.13 ERISA means the Employee Retirement Income Security Act of 1974, as amended.

2.14 Hour of Service means an hour for which an Employee directly or indirectly receives, or is entitled to receive, remuneration from an Employer or an Affiliated Company in relation to his employment, including hours credited for vacation, holiday, sickness or disability (which shall be credited to the Employee with respect to the period for which remuneration is paid) and hours for which back pay has been paid, awarded or agreed to (irrespective of mitigation of damages) by the Employer or Affiliated Company, which shall be credited to the Employee for the period to which the award or agreement pertains rather than the period in which the award or agreement is made. Notwithstanding the foregoing, the following special rules shall apply in determining an Employee's Hours of Service:

(a) An Employee who is classified as "exempt" or "salaried" by his Employer shall be credited with 90 Hours of Service for each bi-weekly period in which the Employee is credited with at least one Hour of Service, and an Employee who is classified as "non-exempt" or "hourly" by his Employer shall be credited with the actual number of Hours of Service credited under this Section 2.14.

(b) In no event shall more than 501 Hours of Service be credited to an Employee on account of any single period (other than any period of paid Permitted Leave) during which the Employee performs no duties.

(c) In no event shall an Employee be credited with any Hours of Service for which the Employee directly or indirectly receives, or is entitled to receive, remuneration from any entity before it becomes an Affiliated Company.

(d) Hours of Service shall be credited to an Employee in accordance with the records of the Employee's Employer and Department of Labor Regulations Section 2530.200b-2.

2.15 Matching Contributions means the contributions made by

an Employer, pursuant to Section 5.1, on behalf of a Participant who elects to make Employee Deferral Contributions.

2.16 Parental Leave means an Employee's paid or unpaid leave of absence from employment with the Employee's Employer because of pregnancy, birth of the Employee's child, placement of a child with the Employee in connection with adoption of the child or caring for a child immediately following birth or adoption. An Employee's Employer shall determine the first and last day of any Parental Leave taken by the Employee.

2.17 Participant means an Eligible Employee who satisfies the participation requirements under Article 3.

2.18 Permanent Disability means a Participant's disability that, in the discretion of the Committee or its delegate, causes the Participant to be completely unable to perform any and every duty pertaining to his employment with the Company or an Affiliated Company, provided, however, a Participant will not be considered to have a Permanent Disability if: (a) such Participant is engaged in any occupation or employment for wage or profit or (b) such disability is the result of an intentionally self-inflicted injury, participating in a riot, committing a felony or any type of assault or engaging in an illegal occupation or illegal conduct.

2.19 Permitted Leave means an Employee's approved leave of absence from employment with his Employer for any reason other than Termination of Employment, including but not limited to military service, illness, disability (other than Permanent Disability), pregnancy, educational pursuits, service as a juror, temporary employment with a government agency, or any other leave of absence approved by the Employee's Employer. In approving a Permitted Leave, an Employee's Employer shall determine the dates as of which the Permitted Leave shall begin and end.

2.20 Plan means The Carnival Corporation "Fun Ship " Nonqualified Savings Plan, the Plan set forth herein, as amended from time to time.

2.21 Plan Year means the 12-consecutive month period commencing January 1st and ending on the following December 31st.

2.22 Profit-Sharing Contributions means the contributions made on behalf of each eligible Participant pursuant to Section 5.3.

2.23 Retirement means the later of: (a) the time a Participant attains age 65, or (b) the fifth anniversary of the time the Participant commences participation in the Plan.

2.24 Retirement Committee (or Committee) means the Retirement Committee as appointed under The Carnival Corporation "Fun Ship " Savings Plan.

2.25 Severe Financial Hardship means a severe financial hardship that includes (a) unreimbursed health care expenses described in section 213(d) of the Code for the Participant, his or her spouse or any of the Participant's dependents as defined in Section 152 of the Code; (b) reasonable costs related to the purchase of the Participant's primary residence; (c) tuition payment for 12 months of post-secondary education (not to include trade schools, beauty college, etc.) for the Participant, his or her spouse or dependents; and (d) payments necessary to prevent the eviction of the Participant from his or her primary residence or foreclosure on the mortgage of that residence.

2.26 Spouse means the person who is legally married to an Employee according to the law of the Employee's residence.

2.27 Termination of Employment means a Participant's termination of employment with his Employer and any Affiliated Company, whether voluntary or involuntary, for

any reason, including but not limited to quit, discharge, retirement, death or Permanent Disability, and other than for Parental Leave, Permitted Leave, transfers from shoreside employment (or vice-versa), or transfers between an Employer and an Affiliated Company.

2.28 Valuation Date means any day on which the New York Stock Exchange or any successor to its business is open for trading, or such other date as may be designated by the Retirement Committee.

2.29 Year of Service means any calendar year for which an Employee is credited with at least 1,000 Hours of Service.

ARTICLE 3. ELIGIBILITY TO PARTICIPATE

3.1 Determination of Eligible Employee Status: Prior to each calendar quarter, beginning with the calendar quarter that begins on the Effective Date, the Retirement Committee or delegate will determine which Employees are Eligible Employees. An Employee who is determined to be an Eligible Employee shall thereafter become a Participant in accordance with Section 3.2.

3.2 Commencement of Participation: Each Eligible Employee shall be provided an opportunity to designate the percentage of his Compensation to be deferred under Section 4.1 and to irrevocably designate the percentage or dollar amount of his annual Bonus to be deferred under Section 4.4 ("Bonus Deferral"). Any such Eligible Employee who makes such a designation shall become a Participant on the first day of the payroll period that coincides with or immediately follows the first day of the calendar quarter subsequent to the Retirement Committee's determination of Eligible Employee status under Section 3.1, provided the Eligible Employee is employed as of such date. Any such designation must be made in the manner authorized by the Retirement Committee and must be accompanied by:

(a) an authorization for the Eligible Employee's Employer to make regular payroll deductions to cover the amount of such deferrals elected pursuant to Section 4.1;

(b) an irrevocable authorization to defer receipt of a percentage or a dollar amount of future Bonus amounts as elected under Section 4.4.

(c) an investment election with respect to any Employee Deferral Contributions, Bonus Deferrals, and the vested portion of any future Matching Contributions or Profit-Sharing Contributions under Section 6.3;

(d) a designation of Beneficiary; and

(e) a designation as to the form and timing of the distribution of the vested portion of his Participant Account.

Notwithstanding the foregoing, an Eligible Employee's failure to designate a contribution percentage or a bonus deferral percentage or bonus deferral amount under the first sentence of this Section 4.2 shall not affect his status as a Participant for purposes of an allocation of a Profit-Sharing Contribution in accordance with the requirements of Section 5.3. However, such an Eligible Employee must make a designation under subsection (c), (d) and (e) above as a condition of becoming a Participant for purposes of Section 5.3 and Article 7.

Further, notwithstanding the foregoing, in advance of the December 1 preceding each Plan Year, the Committee shall designate those Employees who are, or are expected to be, participants in The Carnival Corporation "Fun Ship " Savings Plan for such Plan Year who shall be an Eligible Employee under this Plan solely for purposes of making Bonus Deferrals pursuant to Section 4.4. Any such Eligible Employee shall not be eligible to authorize Employee Deferral Contributions pursuant to Section 4.1 for such Plan Year and shall not be eligible to receive an allocation of any Profit-Sharing Contribution under Section 5.3 for such Plan Year.

3.3 Cessation of Participation: A Participant shall cease to be a Participant as of the day all distributions to the Participant and the Participant's Beneficiaries have been made or upon the determination by the Retirement Committee that the Participant is no longer an Eligible Employee.

ARTICLE 4. EMPLOYEE DEFERRALS

4.1 Employee Deferral Contributions: Each Participant may authorize the Employer by which he is employed, in the manner described in Section 3.2, to have an Employee Deferral Contribution made on his behalf. Such election shall apply to the Participant's Eligible Earnings attributable to services performed subsequent to the election. Such Employee Deferral Contribution shall be a stated whole percentage of the Participant's Eligible Earnings, equal to not less than 1% nor more than 100%, as designated by the Participant. The percentage of Eligible Earnings designated by a Participant to measure the Employee Deferral Contributions to be made on the Participant's behalf shall remain in effect, notwithstanding any change in his Eligible Earnings, until he elects to change or suspend such percentage in accordance with Section 4.2 or Section 4.3, below.

4.2 Changes in Contributions: A Participant may change his contribution percentage election under Section 4.1 at any time by applying to make such change in the manner prescribed by the Committee. Any such change shall become effective as of the first full payroll period that begins coincident with or immediately following the first day of the calendar quarter following the date the Participant applies to make such change.

4.3 Suspension of Contributions: A Participant may suspend his Employee Deferral Contributions at any time by applying for a suspension in the manner prescribed by the Committee. Any such suspension shall become effective as soon as administratively practicable following the date the Participants applies for the suspension. A Participant whose Employee Deferral Contributions have been suspended under this subsection may resume having Employee Deferral Contributions made on his behalf by applying to change his contribution percentage election in accordance with Section 4.2.

4.4 Bonus Deferrals: By November 30 of each year, each Participant may authorize, in the manner authorized by the Retirement Committee, to defer a portion of his Bonus that would otherwise be payable for services performed in the twelve-month period beginning on the December 1 immediately following such November 30. A Participant's annual election to defer a Bonus shall be irrevocable, except that the Retirement Committee may permit a Participant to waive the remainder of his Bonus deferral commitment upon a finding that the Participant has suffered a Severe Financial Hardship.

4.5 Vesting of Elective Deferral Contributions and Bonus Deferrals: A Participant's Elective Deferral Contributions and earnings thereon, and deferrals of Bonus amounts and earnings thereon, shall be fully vested and nonforfeitable at all times.

ARTICLE 5. EMPLOYER CONTRIBUTIONS

5.1 Matching Contributions: An Eligible Employee shall become a Participant for purposes of this Section 5.1 only after being credited with at least 1,000 Hours of Service in the 12-month period commencing with the first day on which he is credited with an Hour of Service or in any Plan Year that commences after such day. Once such Eligible Employee becomes a Participant, his Employer shall contribute an amount equal to 50% of the Participant's Employee Deferral Contributions, up to a maximum amount that does not exceed the lessor of (1) 50% of the applicable dollar limit in effect under Code Section 402(g)(5) for such Plan Year, or (2) 50% of 6% of the Participant's Eligible Earnings for such Plan Year. Matching Contributions shall be made as soon as practicable after the end of each payroll period.

5.2 Vesting of Matching Contributions: Matching Contributions made on behalf of a Participant and earnings thereon shall be fully vested and nonforfeitable upon the Participant's Termination of Employment solely by reason of his Retirement, death or Permanent Disability. In the absence of any of the preceding events, Matching Contributions made on behalf of the Participant, and earnings thereon, shall vest in accordance with the schedule set forth below:

Years of Service	Percent Vested
Less than 2	0%
2	25%
3	50%
4	75%
5 or more	100%

5.3 Profit-Sharing Contributions: An Eligible Employee who is not a participant in The Carnival Corporation "Fun Ship " Savings Plan shall be eligible for an allocation of a Profit-Sharing Contribution under this Section 5.3 only after being credited with at least 1,000 Hours of Service in the 12-consecutive month period commencing with the first day on which he is credited with an Hour of Service or in any Plan Year that commences after such day. Following the end of each Plan Year, the Employers, at their discretion, shall contribute to the Account of each Eligible Participant (as defined below) an amount equal to a specified percentage of such Participant's Eligible Earnings, according to each Participant's Years of Service, determined as of the end of such Plan Year, under the following schedule:

Years of Service	Percent of Eligible Earnings
Less than 2	0%
2 - 5	1%
6 - 9	2%
10 - 13	3%
14 - 16	5%
17 - 19	7%
20 - 22	9%
23 - 25	12%
26 or more	15%

For purposes of this Section 5.3, the term "Eligible Participant" shall mean, with respect to any Plan Year, each Participant who is credited with a Year of Service for such Plan Year and is employed by the Employer on the last calendar day of such Plan Year.

5.4 Vesting of Profit-Sharing Contributions: Profit-Sharing Contributions made on behalf of a Participant and the earnings thereon shall be fully vested and nonforfeitable upon the Participant's Termination of Employment solely by reason of his Retirement, death or Permanent Disability. In the absence of any of the preceding events, the Profit-Sharing Contributions made on behalf of the Participant, and earnings thereon, shall vest in accordance with the schedules set forth below:

Years of Service	Percent Vested
Less than 5	0%
5 or more	100%

ARTICLE 6. INVESTMENTS AND PARTICIPANT ACCOUNTS

6.1 Establishment of Accounts: The Retirement Committee shall establish and maintain a separate account in the name of each Participant (to be referred to herein as "Participant Account") and shall establish the following subaccounts under each Participant Account:

(a) an Employee Deferral Contributions Subaccount to which shall be credited the Participant's Employee Deferral Contributions and any earnings and losses credited thereto;

(b) a Bonus Deferral Subaccount to which shall be credited the Participant's Bonus Deferrals and any earnings and losses credited thereto;

(c) a Matching Contributions Subaccount to which shall be credited any Matching Contributions made on the Participant's behalf and any earnings and losses credited thereto; and

(d) a Profit-Sharing Subaccount to which shall be credited any Profit-Sharing Contributions made on the Participant's behalf and any earnings and losses credited thereto.

Each Participant shall receive a quarterly statement reflecting his Participant Account balance.

6.2 Obligation of the Company: Individual benefits under the Plan are payable as they become due solely from assets allocated to individual Plan accounts in a rabbi trust or from the general assets of the Company. To the extent a Participant or any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of any unsecured creditor of the Company. Neither this Plan nor any action taken pursuant to the terms of this Plan shall be considered to create a fiduciary relationship between the Company and the Participants or any other persons or to require the establishment of a trust in which the assets are beyond the claims of any unsecured creditor of the Company.

6.3 Establishment of Investment Funds: The Retirement Committee will establish one or more Investment Funds (such as those described in Appendix A) which will be maintained for the purpose of determining the investment return to be credited to each Participant's Account. The Retirement Committee may change the number, identity or composition of the Investment Funds from time to time. Each Participant will indicate the Investment Funds based on which vested amounts allocated in accordance with Articles 4 and 5 are to be adjusted. Each Participant's Account will be increased or decreased by the net amount of investment earnings or losses that it would have achieved had it actually been invested in the deemed investments. The Company is not required to purchase or hold any of the deemed investments. Investment Fund elections must be made in a minimum of 1% increments and at such times and in such manner as the Retirement Committee will specify. A Participant may change his Investment Fund election periodically in such manner as the Retirement Committee may specify. Any such change shall become effective as of the first business day coincident with or immediately following the first day of the calendar quarter following the date the Participant applies to make such change. The Retirement Committee shall designate the deemed investments in which the nonvested portion of each Participant's Account, if any, shall be invested. As the vested portion of a Participant's Account increases, the investment of such amounts shall remain invested in the deemed investment designated by the Committee until the Participant requests a change in accordance with this Section. If a Participant fails to make an Investment Fund election, the amount in the Participant's Account will be deemed to have been invested in a money market fund or any other fund as determined by the Retirement Committee.

6.4 Crediting Investment Results: No less frequently than as of each Valuation Date, each Participant Account will be increased or decreased to reflect investment results. Each Participant Account will be credited with the investment return of the investment funds in which the Participant elected to be deemed to participate. The credited investment return is

intended to reflect the actual performance of the Investment Funds net of any applicable investment management fees or administrative expenses determined by the Company. Notwithstanding the above, the amount of any payment of Plan benefits pursuant to Article 7 or upon Plan termination shall be determined as of Valuation Date preceding the date of payment.

ARTICLE 7. DISTRIBUTIONS

7.1 Form and Timing of Distribution: Each Participant shall elect the form and timing of the distribution with respect to the entire vested portion of his Participant Account at such time and in the manner authorized by the Retirement Committee. Any distribution election made under this Plan shall supersede any form and timing distribution election made under the Carnival Corporation Nonqualified Deferred Compensation Plan.

(a) Form of Payment: The Participant's election shall indicate the form of distribution of the entire vested portion of his Participant Account in a lump sum or monthly installments over 5 or 10 years.

(b) Time of Payment: The Participant's election shall indicate that payment shall be made (in the case of a lump sum election) or shall commence (in the case of an installment election):

(1) as soon as administratively practicable following the Participant's Termination of Employment;

(2) as soon as administratively practicable following the calendar year of the Participant's Termination of Employment;

(3) in the month following the earlier of (A) the Participant's attainment of age 55 and 15 Years of Service, or (B) the Participant's attainment of age 65, provided that the Participant is no longer employed as of such date; or

(4) in a specific month and year.

Notwithstanding the foregoing, if a Participant elects his distribution to be made or commenced in accordance with paragraph (3) above, and such date falls before the Participant's Termination of Employment, the Participant's distribution shall be made or commenced in accordance with paragraph (1) above. Further, if a Participant elects his distribution to be made or commenced in accordance with paragraph (4) above, and such date falls before the Participant's Termination of Employment, the Participant must complete new designations and authorizations pursuant to Section 3.2 in order to continue making Employee Deferral Contributions and/or Bonus Deferrals, and to continue receiving Matching Contributions and/or Profit-Sharing Contributions on his behalf.

Notwithstanding the foregoing, subject to the approval of the Retirement Committee, a Participant may change his form and timing election applicable to his Participant Account once every five years, provided that such request to change is made at least twelve (12) consecutive months prior to the date on which such distribution would otherwise have been made or commenced.

7.2 Distribution after Death: Notwithstanding the foregoing, if a Participant dies prior to receiving the entire amounts in his Account, the remaining vested amounts shall be paid in a lump sum to the Participant's Beneficiary designated on the Election Agreement as soon as practicable following the end of the month in which the Retirement Committee is notified of the Participant's death. The amount of any such distribution shall be determined as of the Valuation Date in the month in which the Retirement Committee is notified.

7.3 Distribution after Permanent Disability: Notwithstanding the foregoing, if a Participant incurs a Permanent Disability, distributions hereunder shall commence, in accordance with the form of distribution previously elected by the Participant, as soon as practicable following end of the month in which the Retirement Committee is notified of the Participant's Permanent Disability. The amount of any such distribution shall be determined as of the Valuation Date in the month in which the Retirement Committee is notified.

7.4 Distribution Due to Severe Financial Hardship: Notwithstanding the foregoing, distributions hereunder may commence if the Retirement Committee determines, based upon uniform, established standards, that the Participant has: (a) suffered a Severe Financial Hardship, and (b) exhausted all other financial resources that are reasonably available to such

Participant. Upon such determination, the Participant will receive an amount necessary to satisfy the Severe Financial Hardship but in no event will the Participant receive less than $500, nor more than the total of all deferrals made by the Participant and all vested contributions made on the Participant's behalf, plus interest credited to the Participant's Account as of the date of the distribution. The Retirement Committee shall determine the Investment Fund or Funds under Section 6.3 from which the amount necessary to satisfy the Severe Financial Hardship shall be distributed. The Participant shall be limited to two distributions due to Severe Financial Hardship each calendar year.

ARTICLE 8. ADMINISTRATION

8.1 Administration: The Plan shall be administered by the Retirement Committee, as appointed under The Carnival Corporation "Fun Ship " Savings Plan. The provisions of Article 11 of The Carnival Corporation "Fun Ship " Savings Plan are hereby incorporated by reference. Notwithstanding anything to the contrary in such provisions, the Retirement Committee shall have the full and exclusive discretionary authority to administer the Plan, and any responsibilities and duties under this Plan which are not specifically delegated to anyone else. Responsibility for determining the eligibility of Employees and establishing the requirements for participation shall be vested in the Committee, which shall be responsible for any interpretation of the Plan that may be required. Notwithstanding the foregoing, the Committee may delegate any of its administrative duties as necessary to persons who are not Committee members.

8.2 Plan Expenses: The expenses of administering the Plan shall be borne by the Company. No member of the Retirement Committee shall receive any remuneration for service in such capacity. However, expenses of the Retirement Committee or its members paid or incurred in connection with administering the Plan shall be reimbursed by the Company.

8.3 Indemnification: The Company shall indemnify and hold harmless the members of the Committee and those so delegated by the Committee who perform administrative tasks for the Plan against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

8.4 Claims Procedure: Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Retirement Committee or its delegate, which shall respond in writing as soon as practicable. If the claim or request is denied, the written notice of denial shall state:

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan's claim review procedure.

8.5 Claims Review Procedure: Any person whose claim or request is denied or who has not received a response within 30 calendar days may request review by notice given in writing to the Retirement Committee or its delegate. The claim or request shall be reviewed by the Retirement Committee or its delegate, either of whom may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

The decision on review shall normally be made within 60 calendar days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be 120 calendar days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and binding on all parties concerned.

ARTICLE 9. AMENDMENT AND TERMINATION

It is the intention of the Company to continue this Plan indefinitely. Nevertheless, subject to the provisions hereinafter set forth, the Board may, at any time or from time to time, by written resolution modify or discontinue the Plan in whole or in part and reduce, suspend or discontinue contributions hereunder; provided, however, that no action may be taken which, by reason thereof, will discontinue or reduce the amount of payments (except as may be required pursuant to any plan arising from insolvency or bankruptcy proceedings) to any Participant who has had a Termination of Employment or incurred a Permanent Disability and no action may be taken which, by reason thereof, will reduce the vested amount in any Participant Account. Any modification or amendment of the Plan may be made retroactive if it does not violate the preceding sentence or if, notwithstanding such preceding sentence, the modification or amendment is necessary or appropriate to conform the Plan to, or to satisfy the conditions of, ERISA, the Code, or any other law, governmental regulation or ruling.

ARTICLE 10. GENERAL PROVISIONS

10.1 Non-Alienation of Benefits: Except as otherwise provided by law, no person shall have the right to assign, alienate, transfer, hypothecate or otherwise subject to lien an interest in or benefit under the Plan nor shall benefits under the Plan be subject to the claims of any creditor.

10.2 Adoption by Affiliated Company: Any Affiliated Company, whether or not presently existing, may, with the written approval of the Board, adopt this Plan by proper corporate action.

10.3 Withdrawal: Any Employer may at any time withdraw from the Plan upon giving the Board and the Retirement Committee at least 30 calendar days written notice of its intention to withdraw. The Board in its discretion may require, in writing, that an Employer withdraw from the Plan.

10.4 No Right to Employment: The Plan confers no right upon any Employee to continue employment with his Employer or any Affiliated Company.

10.5 Participant's Rights Unsecured: The right of any Participant or beneficiary to receive payment under the provisions of the Plan shall be as an unsecured claim against the general assets of the Company or a participating subsidiary, as the case may be, and no provisions contained in the Plan shall be construed to give any Participant or beneficiary at any time a security interest in the Participant's account or any asset of the Company or a subsidiary. The liabilities of the Company or a subsidiary to any Participant or beneficiary pursuant to the Plan shall be those of a debtor pursuant to such contractual obligations as are created by the Plan. Accounts, if any, which may be set aside by the Company or subsidiaries for accounting purposes shall not in any way be held in trust for, or to be subject to the claims of a Participant or Beneficiary.

10.6 Withholding: There shall be deducted from all payments under this Plan the amount of any taxes required to be withheld by any Federal, state or local government. The Participants and their beneficiaries, distributees, and personal representatives will bear any and all Federal, foreign, state, local or other income or other taxes imposed on amounts paid under this Plan.

10.7 Severability: In the event any provision of this Plan would serve to invalidate the Plan, that provision shall be deemed to be null and void, and the Plan shall be construed as if it did not contain the particular provision that would make it invalid.

10.8 Controlling Law: The Plan shall be governed by the laws of the State of Florida, except to the extent preempted by ERISA and any other law of the United States.

SIGNATURE

IN WITNESS WHEREOF the undersigned has caused this instrument to be executed this 31st day of December, 1997.

CARNIVAL CORPORATION

BY:/s/ Micky Arison

Attest:

_____

APPENDIX A

INVESTMENT FUNDS AVAILABLE UNDER THE PLAN

Investment Funds may be added to or eliminated from the Plan at any time at the discretion of the Retirement Committee. The following types of Investment Funds are available under the Plan on and after the Effective Date:

1. Name of Fund
2. Type of Fund
3. Description of Fund

1. Merrill Lynch Reserves Money Fund
2. Stable Value Fund
3. Invests primarily in a broadly diversified portfolio of Guaranteed Investment Contracts and in obligations of U.S. government-agency securities as well as high-quality money market securities.

1. Alliance Bond Corporate Fund
2. Corporate Bond Fund
3. Normally invests at least 65% of assets in investment-grade debt securities. May hold corporate bonds, convertibles, U.S. Government obligations, and dollar-denominated foreign debt.

1. Merrill Lynch Global Allocation Fund, Inc.
2. Global Asset Allocation Fund
3. Fully managed investment policy using U.S. and foreign equity, debt and money market securities, the combination of which will be varied from time to time (with respect to types of securities and markets) in response to changing market and economic trends.

1. Merrill Lynch S&P 500 Index Fund
2. Index Fund
3. Seeks to provide investment results that, before expenses, mirror the total return of the Standard & Poor's (S&P) 500 Composite Stock Price Index by allocating investments among common stocks in approximately the same weighting as the S&P Index.

1. Davis New York Venture Fund
2. Large-Cap Growth Fund
3. Invests in common stocks and convertible securities that management believes have above-average appreciation potential. The fund may also invest up to 10% of its assets in securities of foreign issuers and up to 10% of its assets in restricted securities.

1. Merrill Lynch Growth Fund
2. Mid-Cap Growth Fund
3. Invests in securities that management considers to be undervalued. Emphasizes securities of issuers with a market capitalization of $500 million or greater, but has the flexibility to invest in smaller capitalization

companies. Also may invest up to 20% of its total assets in foreign securities.

1. Pioneer Capital Growth Fund
2. Small-Cap Growth Fund
3. Normally invests at least 80% of assets in common stocks issued primarily by small-capitalization companies. May also invest in convertible bonds, preferred stock and upon to 25% of its assets in foreign securities.

1. Hotchkis & Wiley International Equity Fund
2. International Growth Fund
3. Seeks to provide current income and long-term growth of income, accompanied by growth of capital. Actively managed with a value-driven, bottom-up approach to stock selection, looking for companies with potential for growth in book value and in dividend increases.

EXHIBIT 10.7

AMENDMENTS TO
THE CARNIVAL CORPORATION NONQUALIFIED RETIREMENT PLAN
FOR HIGHLY COMPENSATED EMPLOYEES

The Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees (the "Plan") is hereby amended as of August 29, 1997, effective December 31, 1997 as follows:

(1) The preamble of the Plan is amended to read as follows:

Carnival Corporation (the "Company"), a corporation with its principal office in Miami, Florida, established, effective January 1, 1989, an unfunded, nonqualified plan for a select group of management or highly compensated employees. The Plan was amended and restated, effective January 1, 1995, to incorporate certain changes that the Company determined to be necessary. The Plan is amended, effective December 31, 1997, to provide that benefit accruals under the Plan will cease for those Participants who made a one-time irrevocable election to participate in The "Fun Ship " Nonqualified Savings Plan, as follows:

(2)The following sentence is added to the end of Section 1.6 of the Plan as follows:

Notwithstanding the foregoing, after December 31, 1997 no Benefit Accrual Years of Service shall be credited to any Participant under this Plan who made a one-time irrevocable election effective as of January 1, 1998 to participate in The "Fun Ship " Nonqualified Savings Plan.

(3) The following sentence is added to the end of Section 2.1 of the Plan as follows:

Notwithstanding the foregoing, effective January 1, 1998, for purposes of Articles 2 and 3 and for determining a Participant's Benefit Accrual Years of Service and Vesting Years of Service, no individual who elected to participate in The "Fun Ship " Nonqualified Savings Plan shall continue active participation in the Plan. Effective January 1, 1998, no individual shall become eligible to become a Participant hereunder.

(4) The following sentence is added to the end of Section 5.1 of the Plan as follows:

Notwithstanding the foregoing, any Participant who made a one-time irrevocable election to participate in The "Fun Ship " Nonqualified Savings Plan, effective as of January 1, 1998, shall become fully vested in his Retirement Benefit.

(5) The last sentence of Section 1.9 of the Plan is amended to read as follows:

Employee's Compensation shall not exceed the maximum compensation rate under section 401(a)(17) of the Code (determined without regard to the reduction to $150,000 (i.e., $250,000 for 1996) as further indexed for cost of living by reference to the annual percentage change of the CPI-U, U.S. City Average, All Items (non-seasonally adjusted) for the period from August to August of the preceding year (i.e. the annual change published in September of the year prior to the year the compensation limit is in effect).

EXHIBIT 10.9

AMENDMENTS TO
THE CARNIVAL CORPORATION QUALIFIED RETIREMENT PLAN

The Carnival Corporation Qualified Retirement Plan (the "Plan") is hereby amended as of August 29, 1997, effective December 31, 1997 as follows:

(1) The following sentence is added to the preamble of the Plan as follows:

Effective December 31, 1997, benefit accruals under the Carnival Corporation Qualified Retirement Plan will cease.

(2) The following sentence is added to the end of Section 1.8 of the Plan as follows:

Notwithstanding the foregoing, no Benefit Accrual Years of Service shall be credited to any Participant under this Plan after December 31, 1997.

(3) The following sentence is added to the end Section 2.2 of the Plan as follows:

Notwithstanding the foregoing, effective January 1, 1998, for purposes of Articles 2 and 3 and for determining a Participant's Benefit Accrual Years of Service and Vesting Years of Service, no individual shall continue active participation in the Plan or become eligible to become a Participant hereunder.

(4) The following sentence is added to the end Section 5.1 of the Plan as follows:

Notwithstanding the foregoing, any Participant employed by an Employer on December 31, 1997, shall become fully vested in his Retirement Benefit.

EXHIBIT 11

CARNIVAL CORPORATION
STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
(In thousands, except per share data)

	For the Years Ended November 30,		
	1997	1996	1995
Net income	$666,050	$566,302	$451,091
Adjustments to net income for the purpose of computing fully diluted earnings per share:			
Interest reduction from assumed conversion of 4.5% Convertible Debentures		4,661	5,538
Adjusted net income	$666,050	$570,963	$456,629
Weighted average shares outstanding	298,210	290,180	284,220
Adjustments to weighted average shares outstanding for the purpose of computing fully diluted earnings per share:			
Additional shares issuable upon conversion of 4.5% Convertible Debentures		5,540	6,618
Adjusted weighted average shares outstanding	298,210	295,720	290,838
Earnings per share:			
Primary	$2.23	$1.95	$1.59
Fully Diluted*	$2.23	$1.93	$1.57

* This exhibit is provided to comply with SEC regulations. In accordance with Accounting Principles Board Opinion No. 15, the Company does not present fully diluted EPS in its financial statements because the convertible debentures are anti-dilutive or result in a less than 3% dilution for the periods presented.

EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(In thousands, except ratios)

	FOR THE YEARS ENDED NOVEMBER 30,				
	1997	1996	1995	1994	1993
Income from continuing operations	$666,050	$566,302	$451,091	$381,765	$318,170
Income tax expense	6,233	9,045	9,374	10,053	5,497
Income from continuing operations before income taxes	672,283	575,347	460,465	391,818	323,667
Adjustment to earnings:					
Income from affiliates in excess of dividends received	(46,569)	(43,224)	0	0	0
Earnings as adjusted	625,714	532,123	460,465	391,818	323,667
Fixed Charges:					
Interest expense	55,898	64,092	63,080	51,378	34,325
Interest portion of rental expense (1)	3,528	3,093	2,529	2,575	2,894
Fixed charges associated with discontinued operations	0	0	0	928	1,451
Capitalized interest	16,846	25,799	18,762	21,888	24,609
Total fixed charges	76,272	92,984	84,371	76,769	63,279
Fixed charges not affecting earnings:					
Capitalized interest	(16,846)	(25,799)	(18,762)	(21,888)	(24,609)
Earnings before fixed charges	$685,140	$599,308	$526,074	$446,699	$362,337
Ratio of earnings to fixed charges	9.0 x	6.4 x	6.2 x	5.8 x	5.7 x

(1) Represents one-third of rental expense, which Company management believes to be representative of the interest portion of rental expense.

EXHIBIT 13

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

ASSETS	NOVEMBER 30, 1997	1996
CURRENT ASSETS		
Cash and cash equivalents	$ 139,989	$ 111,629
Short-term investments	9,738	12,486
Accounts receivable	57,090	38,109
Consumable inventories, at average cost	54,970	53,281
Prepaid expenses and other	74,238	75,428
Total current assets	336,025	290,933
PROPERTY AND EQUIPMENT, net	4,327,413	4,099,038
OTHER ASSETS		
Investments in and advances to affiliates	479,329	430,330
Goodwill, less accumulated amortization of $62,256 and $55,274	212,607	219,589
Other assets	71,401	61,998
	$5,426,775	$5,101,888
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 59,620	$ 66,369
Accounts payable	106,783	84,748
Accrued liabilities	154,253	126,511
Customer deposits	420,908	352,698
Dividends payable	44,578	32,416
Total current liabilities	786,142	662,742
LONG-TERM DEBT	1,015,294	1,277,529
CONVERTIBLE NOTES		39,103
DEFERRED INCOME AND OTHER LONG-TERM LIABILITIES	20,241	91,630
COMMITMENTS AND CONTINGENCIES (Note 9)		
SHAREHOLDERS' EQUITY		
Class A Common Stock; $.01 par value; one vote per share; 399,500 shares authorized; 297,204 and 239,733 shares issued and outstanding	2,972	2,397
Class B Common Stock; $.01 par value; five votes per share; 100,500 shares authorized; zero and 54,957 shares issued and outstanding		550
Paid-in-capital	866,097	819,610
Retained earnings	2,731,213	2,207,781
Other	4,816	546
Total shareholders' equity	3,605,098	3,030,884
	$5,426,775	$5,101,888

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	YEARS ENDED NOVEMBER 30, 1997	1996	1995
REVENUES	$2,447,468	$2,212,572	$1,998,150
COSTS AND EXPENSES			
Operating expenses	1,322,669	1,241,269	1,131,113
Selling and administrative	296,533	274,855	248,566
Depreciation and amortization	167,287	144,987	128,433
	1,786,489	1,661,111	1,508,112
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	660,979	551,461	490,038
INCOME FROM AFFILIATED OPERATIONS, NET	53,091	45,967	
OPERATING INCOME	714,070	597,428	490,038
NONOPERATING INCOME (EXPENSE)			
Interest income	8,675	18,597	14,403
Interest expense, net of capitalized interest	(55,898)	(64,092)	(63,080)
Other income	5,436	23,414	19,104
Income tax expense	(6,233)	(9,045)	(9,374)
	(48,020)	(31,126)	(38,947)
NET INCOME	$ 666,050	$ 566,302	$ 451,091
EARNINGS PER SHARE	$2.23	$1.95	$1.59

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	YEARS ENDED NOVEMBER 30, 1997	1996	1995
OPERATING ACTIVITIES			
Net income	$666,050	$566,302	$451,091
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	167,287	144,987	128,433
Income from affiliates in excess of dividends received	(46,569)	(43,224)	
Other	2,540	19,639	7,681
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	(21,229)	(4,432)	(12,655)
Consumable inventories	(1,689)	(4,461)	(3,698)
Prepaid expenses and other	903	(4,919)	(20,849)
Increase (Decrease) in:			
Accounts payable	22,035	(5,489)	3,487
Accrued liabilities	20,042	13,028	(1,385)
Customer deposits	68,210	60,092	35,101
Net cash provided from operating activities	877,580	741,523	587,206
INVESTING ACTIVITIES			
Decrease in short-term investments, net	2,748	37,710	19,720
Additions to property and equipment, net	(497,657)	(901,905)	(485,097)
Proceeds from sale of fixed assets	17,041	94,291	1,196
Proceeds from litigation settlements applied to cost of ships		43,050	19,426
Purchase of equity interests in affiliates	(38,378)	(163,112)	
Other reductions in (additions to) investments in and advances to affiliates	39,540	(23,903)	11,783
Decrease (increase) in other assets	21,805	94,644	(95,108)
Net cash used for investing activities	(454,901)	(819,225)	(528,080)
FINANCING ACTIVITIES			
Proceeds from issuance of common stock	5,162	3,728	49,032
Principal payments of long-term debt	(424,391)	(735,246)	(406,600)
Dividends paid	(130,456)	(103,877)	(85,098)
Proceeds from long-term debt	155,366	971,361	382,800
Net cash (used for) provided from financing activities	(394,319)	135,966	(59,866)
Net increase (decrease) in cash and cash equivalents	28,360	58,264	(740)
Cash and cash equivalents at beginning of year	111,629	53,365	54,105
Cash and cash equivalents at end of year	$139,989	$111,629	$ 53,365

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF BUSINESS

Carnival Corporation and subsidiaries (the "Company") operate three separate cruise lines under the names Carnival Cruise Lines, Holland America Line and Windstar Cruises and a tour business, Holland America Westours. Carnival Cruise Lines operates eleven cruise ships primarily cruising in the Caribbean, Mexican Riviera and Alaska. Holland America Line operates eight cruise ships cruising primarily in Alaska, the Caribbean and the Mediterranean and Windstar Cruises operates three luxury, sail-powered vessels which call on more exotic locations inaccessible to larger ships. Holland America Westours markets sight-seeing tours and cruise/tour packages to Alaska. Holland America Westours also operates 14 hotels in Alaska and the Canadian Yukon, two luxury day boats offering tours to the glaciers of Alaska and the Yukon River, over 300 motor coaches used for sight-seeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 13 private domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks. The Company markets its services primarily in North America.

The Company has an approximate 50% direct equity interest in two cruise operations, Seabourn Cruise Line Limited ("Seabourn") and Il Ponte S.p.A., the parent company of Costa Crociere, S.p.A. ("Costa"). In addition, the Company has a 28% interest in Airtours plc ("Airtours"), a large publicly traded air-inclusive integrated tour company headquartered in the United Kingdom, and a 23% interest in a casino and hotel management company, CHC International, Inc. ("CHC"). Seabourn operates three luxury cruise vessels to worldwide destinations. Costa operates seven cruise ships in the Mediterranean, Northern Europe, the Caribbean and South America and its cruises are marketed primarily to Europeans. Airtours provides holidays for approximately five million people per year primarily from the United Kingdom and Scandinavia and operates 34 aircraft, three cruise ships and approximately 30 hotels. CHC manages casinos in the United States and Canada.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of Financial Statements

The accompanying financial statements present the consolidated balance sheets, statements of operations and cash flows of the Company. Preparation of financial statements in accordance with generally accepted accounting principles requires the use of management estimates. Actual results could differ from these estimates. All material intercompany transactions and accounts have been eliminated in consolidation.

Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents includes investments with original maturities of three months or less and are stated at cost which approximates market. Included in cash and cash equivalents at November 30, 1997 and 1996 is $105 million of investments which are primarily comprised of commercial paper and $73 million of certificates of deposit, respectively.

Short-term investments are primarily comprised of marketable debt securities, including U.S. Government and corporate debt securities. These investments are categorized as available for sale and, in accordance with SFAS 115, are stated at their fair value. Unrealized holding gains and losses are included as a component of shareholders' equity until realized.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization is computed using the straight-line method over the following estimated useful lives:

	YEARS
Vessels	25-30
Buildings	20-40
Equipment	2-20
Leasehold improvements	shorter of the term of lease or related

The Company capitalizes interest on vessels and other capital projects during the construction period. Interest is capitalized using rates equivalent to the average borrowing rate of the Company's long-term debt.

Costs associated with drydocking are capitalized and charged to expense over the lesser of 12 months or the period to the next scheduled drydocking.

The Company reviews long-lived assets, identifiable intangibles, goodwill and reserves for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be fully recoverable.

Investments in Affiliates

The Company accounts for such investments based on its ability to exercise influence over financial and operating policies of the investee or its relative ownership interest. The Company consolidates affiliates in which it has control or a direct ownership interest of greater than 50%. For affiliates where significant influence exists or where the level of ownership is between 20% and 50%, the investment is accounted for using the equity method. When the Company does not have significant influence, the level of ownership interest is less than 20% or where the ability to exercise control or significant influence is temporary, the cost method of accounting is followed.

The Company's percentage share of the affiliated companies' net income (loss), net of amortization of goodwill, as well as any related interest income or royalty fee income from those affiliates is recorded as "Income from Affiliated Operations" in the accompanying statements of operations. The Company's investments in and advances to affiliates are reported as "Investments in and Advances to Affiliates" in the accompanying balance sheets. Also included in "Investments in and Advances to Affiliates" is goodwill relating to affiliates totaling $266 million which is being amortized over periods ranging from 30 to 40 years.

Goodwill

Goodwill of $275 million resulting from the acquisition of HAL Antillen, N.V. ("HAL"), the parent company of Holland America Line, Windstar Cruises and Holland America Westours, is being amortized using the straight-line method over 40 years.

Revenue Recognition

Customer cruise deposits, which represent unearned revenue, are included in the balance sheet when received and are recognized as cruise revenue upon completion of voyages with durations of ten days or less and on a pro rata basis, computed using the number of days completed during the reporting period, for voyages in excess of ten days. Revenues from tour and related services are recognized at the time the service is performed.

Advertising Costs

The Company capitalizes and amortizes direct-response advertising and expenses other advertising costs as incurred except for costs which result in tangible assets, such as brochures, which are treated as prepaid supplies and charged to operations as consumed. Advertising expense totaled $112 million in 1997, $109 million in 1996 and $98 million in 1995.

Financial Instruments

The Company's financial instruments include forward foreign currency contracts and interest rate swap transactions held for purposes other than trading. These contracts are entered into to hedge the impact of foreign currency and interest rate fluctuations. Changes in the market value and any discounts or premiums on forward foreign currency contracts which hedge exposures of firm commitments related to the construction of cruise ships are recorded when the related foreign currency payments are made with any resulting gain or loss included in the cost of the vessel. Changes in the market value and any discounts or premiums on forward foreign currency contracts which hedge exposures related to certain of the Company's investments in affiliates are recognized currently as an increase or decrease directly to shareholders' equity. Changes in market value of forward foreign currency agreements entered into to hedge estimated foreign currency transactions are recognized into income currently. Discounts and premiums related to forward agreements entered into to hedge estimated foreign currency transactions are amortized to income over the life of the

agreement. Gains and losses on interest rate swap transactions designated as hedges are recorded as reductions or increases in interest expense over the life of the swap agreement.

Income Taxes

Non U.S. companies are exempt from U.S. corporate income tax on U.S. source income from international passenger cruise operations if (i) their countries of incorporation exempt shipping operations of U.S. persons from income tax (the "Incorporation Test") and (ii) they meet either the "CFC Test" or the "Publicly Traded Test". The Company and its subsidiaries involved in the cruise ship operations meet the Incorporation Test because they are incorporated in countries which provide the required exemption to U.S. persons involved in shipping operations. A Company meets the CFC Test if it is a controlled foreign corporation ("CFC") on any day during its fiscal year. A CFC is defined by the Internal Revenue Code as a foreign corporation more than 50% of the vote or value of whose stock is owned by U.S. persons, each of whom owns or is considered to own 10% or more of the corporation's voting power ("U.S. Shareholders"). Through July 15, 1997, the date upon which all of the Class B Common Stock of the Company (the "Class B Common Stock") was converted to Class A Common Stock (the "Conversion Date"), all of the outstanding shares of Class B Common Stock of the Company, which represented more than 50% of the total combined voting power of all classes of stock, was owned by The Micky Arison 1994 "B" Trust (the "B Trust"), which is a "United States Person", and thus, the Company met the definition of a CFC. Accordingly, the Company believes that it met the CFC Test for its entire 1997 taxable year.

A corporation meets the Publicly Traded Test if the stock of the corporation (or the direct or indirect corporate parent thereof) is "primarily and regularly traded on an established securities market" in the United States. Although no Treasury regulations have been promulgated that explain when stock is primarily and regularly traded for purposes of this exemption, Treasury regulations have been promulgated interpreting a similar phrase under another section. Under that section's regulations, stock is considered primarily and regularly traded if: (i) 80% (by vote and value) of the stock of the corporation is listed on an established securities market in the United States where more shares are traded than in any other country, (ii) trades of such stock are effected on such market, other than in de minimis quantities, on at least 60 days during the taxable year, (iii) the aggregate number of shares so traded is equal to 10% or more of the average number of shares outstanding during the taxable year, and (iv) the company is not "closely held". The Company believes that it will meet the foregoing requirements for the portion of its taxable year beginning after the Conversion Date and for future taxable years.

Accordingly, the Company believes that virtually all of its income (with the exception of its United States source income from the operation of transportation, hotel and tour business of HAL Antillen N.V.) is exempt from United States federal income taxes. However, if the Company or the subsidiaries were found to meet neither the CFC Test nor the Publicly Traded Test for 1997 or any future year, much of their income would become subject to taxation by the United States at higher than normal corporate tax rates.

Earnings Per Share

Earnings per share computations are based on the weighted average number of shares of Class A and B Common Stock and common equivalent shares (related to stock options) outstanding during each of the years. Total shares used in the computation were 298.2 million, 290.2 million and 284.2 million for fiscal 1997, 1996 and 1995, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	November 30, 1997	1996
	(in thousands)	
Vessels	$4,536,382	$4,269,403
Vessels under construction	182,929	163,178
	4,719,311	4,432,581
Land, buildings and improvements	194,013	170,466
Transportation and other equipment	268,520	204,776
Total property and equipment	5,181,844	4,807,823
Less-accumulated depreciation and amortization	(854,431)	(708,785)
	$4,327,413	$4,099,038

Interest costs associated with the construction of vessels and buildings are capitalized during the construction period and amounted to $16.8 million in 1997, $25.8 million in 1996 and $18.8 million in 1995.

NOTE 4 - INVESTMENTS IN AND ADVANCES TO AFFILIATES

In June 1997, the Company and Airtours completed a joint offer to acquire the equity securities of Costa, an Italian cruise company. With the completion of the offer, the Company and Airtours each own 50% of Il Ponte, S.p.A. ("Il Ponte"), a holding company which was purchased from the Costa family. As of November 30, 1997, Il Ponte owned 98% of the ordinary share capital, 93% of the savings shares and 47% of the savings share warrants of Costa. The cost of acquiring the Company's portion of Il Ponte and Costa was approximately $133 million, of which approximately $95 million was paid by Il Ponte and the balance was paid by the Company. The $95 million which was paid by Il Ponte was funded by borrowings which the Company guaranteed. In January 1998, Il Ponte completed a tender offer for the remaining shares of Costa and currently owns approximately 100% of the ordinary share capital, savings shares and savings share warrants of Costa. The Company's portion of the cost of the tender for the remaining shares was approximately $8 million and was funded by Il Ponte increasing the borrowing discussed above to approximately $103 million. The Company is recording its equity in Il Ponte's results of operations on a two month lag basis.

In April 1996, the Company acquired its 28% interest in Airtours for approximately $307 million. Approximately $163 million was paid in cash and the balance in 5,301,186 shares of the Company's Class A Common Stock. As of November 30, 1997, the market value of the Company's investment in Airtours, based on the closing price of Airtours' stock on the London Stock Exchange, was approximately $830 million as compared with the book value of the Company's investment in Airtours of $370 million. The Company is recording its equity in Airtours' results of operations on a two month lag basis.

The Company owns a 23% interest in CHC. In addition, the Company holds $16 million of 6% notes receivable (the "TCC Notes") from the sale of a 25% interest in CHC to other shareholders of CHC (the "TCC Principals"). One of the TCC Principals is a member of the Company's board of directors. The TCC Notes contain a put option which the TCC Principals can exercise, requiring the Company to repurchase 25% of CHC in exchange for the full principal and interest due under the TCC Notes. If not exercised, the option expires in November 1998. In October 1997, CHC entered into a merger agreement with Patriot American Hospitality, Inc. ("Patriot") under which Patriot will acquire CHC's hotel management division in exchange for shares of Patriot's preferred stock. CHC's gaming division will be spun off into a separate subsidiary which will be retained by the existing CHC shareholders. This transaction is expected to result in a small gain which the Company will record when the transaction closes. As of November 30, 1997, the carrying value of the Company's CHC investment, including the TCC Notes, is approximately $24 million and is included in "Investments in and advances to affiliates" in the accompanying balance sheets.

CHC pays a royalty fee to the Company of 1% of CHC's gross revenues, as adjusted, not to be less than $100,000 per year, for the use of the "Carnival" name. Such fees amounted to approximately $.5 million, $.4 million and $.3 million in fiscal years ended November 30, 1997, 1996 and 1995, respectively of which approximately $.9 million and $.5 million was receivable as of November 30, 1997 and 1996, respectively.

In September 1997, the Company announced that it was dissolving its Asian cruise joint venture with Hyundai Merchant Marine (formed in September 1996) and would repurchase the cruise ship Tropicale from the joint venture. The Company recorded a charge of $3.6 million in the fourth quarter of 1997 resulting from the dissolution of the joint venture. In September 1997, the Company repurchased the Tropicale from the joint venture for $93 million. The remaining deferred gain of $55.2 million which resulted from the sale of the Tropicale to the joint venture in 1996, was reclassified as a reduction of the Company's cost basis of the Tropicale upon its repurchase from the joint venture.

It is not practicable to estimate the fair value of Il Ponte as Il Ponte is not a publicly traded entity and its subsidiary, Costa Crociere S.p.A., although publicly traded on the Milan Exchange, has had very light trading volume since the acquisition of the majority of Costa's shares by Carnival and Airtours.

Financial information for affiliated companies accounted for by the equity method is as follows (in thousands):

Balance Sheet Data:	As of End of Fiscal Year 1997	1996
Current assets	$1,297,311	$ 998,172
Noncurrent assets	$1,792,080	$ 898,239
Current liabilities	$1,359,822	$1,013,805
Noncurrent liabilities	$1,233,207	$ 533,672
Minority interest	$ 17,766	$ 108
Shareholders' equity	$ 478,596	$ 348,826

Income Statement Data:	For the Fiscal Year Ended 1997	1996
Net sales	$3,965,223	$2,877,892
Gross margin	$ 702,162	$ 444,009
Net income	$ 174,354	$ 106,605

NOTE 5 - LONG-TERM DEBT AND CONVERTIBLE NOTES

Long-term debt consists of the following:

	November 30, 1997	1996
	(in thousands)	
Commercial Paper	$ 288,614	$ 307,298
Unsecured 5.75% Notes Due March 15, 1998	200,000	200,000
$200 Million Multi-currency Revolving Credit Facility Due 2002		166,000
Mortgages and other loans payable bearing interest at rates ranging from 8% to 9.9%, secured by vessels, maturing through 1999	79,830	140,277
Unsecured 6.15% Notes Due October 1, 2003	124,960	124,953
Unsecured 7.20% Debentures Due October 1, 2023	124,876	124,871
Unsecured 7.7% Notes Due July 15, 2004	99,924	99,913
Unsecured 7.05% Notes Due May 15, 2005	99,851	99,831
Other loans payable	56,859	80,755
	1,074,914	1,343,898
Less portion due within one year	(59,620)	(66,369)
	$1,015,294	$1,277,529

The commercial paper outstanding as of November 30, 1997 bears interest at approximately 5.6% and is due in January 1998. Since the commercial paper is backed by the long-term revolving credit facilities described below, balances outstanding under the commercial paper programs have been classified as long-term in the accompanying balance sheets.

The Company's commercial paper program is supported by a one billion dollar unsecured revolving credit facility due December 2001 (the "U.S. Dollar Revolver") and a $200 Million Multi-currency Revolving Credit Facility Due 2002 (the "Multi-currency Revolving Credit Facility"). Both revolving credit facilities bear interest at a maximum of LIBOR plus 14 basis points ("BPS") and provide for a facility fee of six BPS on the total facility. Any funds outstanding under the commercial paper programs reduce the aggregate amount available under the U.S. Dollar Revolver and the Multi-currency Revolving Credit Facility. As of November 30, 1997, the Company had $911 million available for borrowing under the U.S. Dollar Revolver and Multi-currency Revolving Credit facilities.

The Unsecured 5.75% Notes Due March 15, 1998 are expected to be repaid through borrowings under the commercial paper programs, the Company's U.S. Dollar Revolver or through the issuance of additional long-term debt and, as such, have been classified as long-term in the accompanying November 30, 1997 balance sheet.

In January 1998, the Company issued $200 million of 6.65% Debentures due January 15, 2028.

The Company has an interest rate swap agreement which converts the fixed rate unsecured 5.75% Notes Due March 15, 1998 (the "$200 Million Notes") to a floating rate LIBOR based loan (see Note 7).

Property and equipment with a net book value of $684 million at November 30, 1997 is pledged as collateral against the mortgage indebtedness.

As of November 30, 1997, the scheduled annual maturities of the Company's long-term debt are summarized as follows (in thousands):

1998	$ 59,620
1999	53,518
2000	2,335
2001	6,720
2002	490,353
Thereafter	462,368
	$1,074,914

The Company's 4-1/2% Convertible Subordinated Notes Due July 1, 1997 (the "Convertible Notes") were convertible into 57.55 shares of the Company's Class A Common Stock per $1,000 of notes. During fiscal 1996 and early fiscal 1997, substantially all of the Convertible Notes converted into approximately 6.6 million shares of the Company's Class A Common Stock.

NOTE 6 - SHAREHOLDERS' EQUITY

The following represents an analysis of the changes in shareholders' equity for the three years ended November 30, 1997:

	COMMON STOCK $.01 PAR VALUE CLASS A	CLASS B	PAID-IN CAPITAL	RETAINED EARNINGS	OTHER	TOTAL
			(in thousands)			
Balance, November 30, 1994	$2,276	$550	$544,947	$1,390,589	$(9,428)	$1,928,934
Net income				451,091		451,091
Cash dividends				(89,540)		(89,540)
Issuance of common stock	21		46,488			46,509
Changes in securities valuation allowance					2,424	2,424
Issuance of stock to employees under stock plans	1		3,376			3,377
Vested portion of common stock under restricted stock plan					2,078	2,078
Balance, November 30, 1995	2,298	550	594,811	1,752,140	(4,926)	2,344,873
Net income				566,302		566,302
Cash dividends				(110,661)		(110,661)
Changes in securities valuation allowance					(199)	(199)
Foreign currency translation adjustment					4,126	4,126
Issuance of stock upon conversion of Convertible Notes	44		76,250			76,294
Issuance of stock in connection with investment in Airtours	53		144,118			144,171
Issuance of stock to employees under stock plans	2		4,431			4,433
Vested portion of common stock under restricted stock plan					1,545	1,545
Balance, November 30, 1996	2,397	550	819,610	2,207,781	546	3,030,884
Net income				666,050		666,050
Cash dividends				(142,618)		(142,618)
Changes in securities valuation allowance					355	355
Foreign currency translation adjustment					3,592	3,592
Issuance of common stock upon conversion of Convertible Notes	23		39,755			39,778
Conversion of Class B Common Stock into Class A Common Stock	550	(550)				
Issuance of stock to employees under stock plans	2		6,732		(947)	5,787
Vested portion of common stock under restricted stock plan					1,270	1,270

Balance, November 30, 1997 $2,972 $866,097 $2,731,213 $ 4,816 $3,605,098

Each share of Class A Common Stock is entitled to one vote and each share of Class B Common Stock is entitled to five votes, except (i) for the election of directors, and (ii) as otherwise provided by law. Annually, the holders of Class A Common Stock, voting as a separate class, are entitled to elect 25% of the directors to be elected. The holders of Class B Common Stock, voting as a separate class, are entitled to elect 75% of the directors to be elected, so long as the number of shares of Class B Common Stock is at least 12-1/2% of the number of outstanding shares of both classes of Common Stock.

Each share of Class B Common Stock is convertible at any time into one share of Class A Common Stock. In that regard, on July 15, 1997, the B Trust exercised its right to convert all of the 54,957,142 shares of Class B Common Stock held by it into an equal number of shares of Class A Common Stock. Prior to July 1, 1997, the B Trust had been restricted from converting such shares under a stockholders' agreement with the Company. Prior to the conversion of the Class B Common Stock, the B Trust was the controlling stockholder of the Company. As a result of the conversion of the Class B Common Stock, there are no shares of Class B Common Stock outstanding.

So long as there are no Class B shares outstanding, directors that would have been elected by a separate vote of Class B shareholders will instead be elected by the holders of Class A Common Stock.

At November 30, 1997 there were approximately 6.2 million shares of Class A Common Stock reserved for exercise of stock options, issuance of shares under the employee stock purchase plan, dividend reinvestment plan and restricted stock plans.

During 1997, the Company declared quarterly cash dividends aggregating $.48 per share. In October 1997, the Board of Directors increased the quarterly dividends from $.11 per share to $.15 per share.

NOTE 7 - FINANCIAL INSTRUMENTS

The Company estimates the fair market value of financial instruments through the use of public market prices, quotes from financial institutions and other available information. Considerable judgment is required in interpreting data to develop estimates of market value and, accordingly, amounts are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Short-term Investments

Short-term investments, classified as available for sale at November 30, 1997 and 1996 consisted primarily of U.S. Government Securities with maturities within ten years. As of November 30, 1997, 1996 and 1995, net unrealized losses amounted to $.7 million, $1.1 million and $1.6 million, respectively. Proceeds from the sale of short-term investments for the years ended November 30, 1997, 1996 and 1995 were approximately $3 million, $38 million and $20 million, respectively. For the purpose of determining gross realized gains and losses, the cost of short-term investments sold is based upon specific identification.

Long-term Debt and Convertible Notes

The fair value of the Company's long-term debt, including the current portion, was approximately $1.089 billion and $1.363 billion at November 30, 1997 and 1996, respectively, which is approximately $14 million and $19 million more than the carrying value at November 30, 1997 and 1996, respectively. The fair value of the long-term debt is more than the carrying amount due to the Company's issuance of fixed rate debt obligations in prior years at interest rates above market rates at November 30, 1997. The fair value of the Company's long-term debt is estimated based on the quoted market price for the same or similar issues or on the applicable year end rates offered to the Company for debt of similar terms and maturity. At November 30, 1996 the carrying amount of the Convertible Notes was approximately $29 million less than the fair value primarily due to increases in the price of the Company's Class A Common Stock.

Foreign Currency and Interest Rate Swap Agreements

The Company enters into forward foreign currency contracts to reduce its exposures relating to changes in foreign currency rates. These

instruments are subject to gain or loss from changes in foreign currency rates, however, any realized gain or loss would generally be offset by gains or losses on the actual foreign currency transaction. The Company also enters into interest rate swap agreements to adjust the relationship between the amount of the Company's fixed and floating rate debt. Certain exposures to credit losses related to counter party nonperformance exist, however, the Company does not anticipate nonperformance by the counter parties as they are primarily large, well-established financial institutions. The fair values of the Company's forward and swap hedging instruments discussed below are based on prices quoted by financial institutions for these or similar instruments, adjusted for maturity differences.

Several of the Company's contracts for the construction of cruise vessels are stated in foreign currencies. The Company entered into forward foreign currency contracts to fix the price of the vessels into U.S. dollars (see Note 9). As of November 30, 1997 and 1996, these forward contracts were in a gain position of approximately $8 million and $114 million, respectively. At the expiration of the forwards, which coincides with the payments related to vessels under construction, any gains or losses will be included in the cost of the vessel. The Company also entered into a forward foreign currency contract totaling approximately $34 million to hedge its investment in Il Ponte. In addition, the Company has some expenses in foreign currencies and entered into foreign currency contracts totaling approximately $20 million to reduce the impact of changes in exchange rates. As of November 30, 1997, there were no significant gains or losses related to the Il Ponte hedge transaction or other currency transactions entered into to hedge estimated expenses.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company's Chairman of the Board was the indirect majority shareholder of Carnival Air Lines, Inc. ("Carnival Air"), an airline which conducted charter services and scheduled carrier services to The Bahamas, Puerto Rico and other locations in the Caribbean from several U.S. cities and between various U.S. cities. In September 1997, Carnival Air was merged with and became a wholly owned subsidiary of Pan Am Corporation ("Pan Am"). As a result of the merger, the Company's Chairman of the Board became an indirect shareholder of approximately 42% of Pan Am. During the fiscal years ended November 30, 1997, 1996 and 1995, the Company paid approximately $1 million, $2 million and $3 million, respectively, to Carnival Air for services associated with transporting a limited number of the Company's cruise passengers. During the fiscal year ended November 30, 1997, the Company paid approximately $.1 million to Pan Am for such services.

The Company also earned license fees of approximately $.5 million, $.5 million and $.4 million during the fiscal years ended November 30, 1997, 1996 and 1995, respectively, from Carnival Air for the license of the "Carnival" trademark to Carnival Air. In connection with the merger, Pan Am agreed to pay to the Company unpaid license fees owed by Carnival Air. As of November 30, 1997, Pan Am was past due on the unpaid license fees and owes the Company approximately $1 million, inclusive of interest. Pan Am has also agreed to discontinue the use of "Carnival" trademarks on the promotion of its ongoing business and to proceed to eliminate the marks from its aircraft and other equipment during its ordinary maintenance schedule. The Company also receives license fees from CHC (see Note 4).

A director of the Company is a partner in a law firm. The law firm acted as the Company's primary outside counsel and provided services to the Company in connection with various litigation, corporate and other matters during fiscal years ended November 30, 1997, 1996 and 1995. The Company paid the law firm $1.1 million, $1.0 million and $6.2 million in fiscal years ended November 30, 1997, 1996 and 1995, respectively.

The owner of a travel agency located in Seattle, Washington is the wife of the Chief Executive Officer of HAL who is also a director of the Company. The travel agency sells cruises and other similar products and receives a commission based on the amount of sales generated. During the years ended November 30, 1997, 1996 and 1995, the travel agency generated revenues for the Company of approximately $8 million, $7 million and $5 million, respectively, and received commissions from the Company related to such revenues of approximately $1.2 million, $1.2 million and $.8 million, respectively.

Pursuant to an agreement between the Company and certain irrevocable trusts, the beneficiaries of which are the children of the Company's founder and certain others, the Company has granted to the trusts certain

registration rights with respect to 14,277,028 shares of Class A Common Stock held for investment by the trusts. The Company has agreed to prepare and file with the SEC a registration statement and pay all expenses relating to such registration, except for fees and disbursements of counsel for the trusts, selling costs, underwriting discounts and applicable filing fees.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Capital Expenditures

The following table provides a description of ships currently under contract for construction (in millions, except berth data):

Vessel	Expected Service Date	Contract Denomination	Number of Lower Berths	Estimated Total Cost	Remaining Cost to Be Paid
Holland America Line:					
Volendam	6/99	Lire	1,440	$ 300	$ 274
Zaandam	1/00	Lire	1,440	300	286
Carnival Cruise Lines:					
Elation	3/98	U. S. Dollar	2,040	300	245
Paradise	12/98	U. S. Dollar	2,040	300	280
Carnival Triumph	7/99	Lire	2,766	410	352
Carnival Victory	8/00	U. S. Dollar	2,766	440	435
Windstar Cruises:					
Wind Surf *	5/98	U. S. Dollar	312	45	40
			12,804	$2,095	$1,912

* The Wind Surf is the existing Club Med I which the Company is acquiring from Club Mediterranee, S.A. and Services et Transports.

Contracts denominated in foreign currencies have been fixed into U.S. Dollars through the utilization of forward currency contracts (see Note 7). In connection with the vessels under construction described above, the Company has paid $183 million through November 30, 1997 and anticipates paying approximately $686 million during the twelve month period ending November 30, 1998 and approximately $1.2 billion beyond November 30, 1998. In September 1997, the Company announced that it is in negotiations with shipyards for an additional newbuilding package for its Carnival Cruise Lines, Holland America Line and Costa brands which is expected to cost approximately $2 billion.

Litigation

Several actions (collectively the "Passenger Complaints") have been filed against the Company or Holland America Westours on behalf of purported classes of persons who paid port charges to the Company or Holland America Westours, alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. Four such actions are pending against the Company in the Circuit Court for Miami-Dade County, Florida, and others are pending against the Company in state or federal courts in Tennessee, Arizona, Ohio, Kentucky, Michigan, Georgia and Alabama. One such action was filed against Holland America Westours in the Superior Court in King County, Washington. The Florida, Tennessee, Alabama and Washington actions have been brought on behalf of purported nationwide classes; the others on behalf of purported statewide classes. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages or, alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief.

In May 1997, on the Company's motions, the Florida actions were dismissed without prejudice. In June 1997 amended complaints were filed, and the Company's motion to dismiss these complaints is currently under judicial consideration. The Arizona and Tennessee Courts granted the Company's motions dismissing those actions, and the plaintiffs in those cases intend to appeal. The Company's motions are still under judicial consideration in each of the other actions. Holland America Westours' motion to dismiss the Washington action was denied, as was the plaintiffs' motion for class certification.

In June and August 1996, two complaints were filed against the

Company and Holland America Westours, respectively, in California Superior Court (collectively the "Travel Agent Complaints") on behalf of purported classes of travel agencies who during the past four years booked a cruise with the Company or Holland America Westours, claiming that advertising practices regarding port charges resulted in an improper commission bypass. These actions allege claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud, and they seek unspecified compensatory damages (or alternatively, the payment of usual and customary commissions on port charges paid by passengers in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief. The court granted the motions of the Company and Holland America Westours to dismiss one of the California actions and stay the second such action on grounds of forum non conveniens. The plaintiff in the dismissed California action filed a complaint similar to the one it had filed in California, in Florida. The Company has moved to dismiss this complaint.

The pending Passenger and Travel Agent Complaints are in preliminary stages and it is not now possible to determine the ultimate outcome of the lawsuits. Management believes that the Company has substantial and meritorious defenses to the claims. Management understands that purported class actions similar to the Passenger and Travel Agent Complaints have been filed against several other cruise lines.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such suits which are not covered by insurance would not have a material adverse effect on the Company's financial condition or results of operations.

Operating Leases

Rental expense for all operating leases for the years ended November 30, 1997, 1996 and 1995 was approximately $10.6 million, $9.3 million and $7.6 million, respectively. As of November 30, 1997, minimum annual rentals for all operating leases, with initial or remaining terms in excess of one year, were as follows (in thousands):

1998	$ 8,247
1999	5,712
2000	5,799
2001	4,606
2002	3,904
Thereafter	14,410
	$42,678

Guaranty

The Company has guaranteed approximately $103 million of the debt of Il Ponte S.p.A. that was incurred in connection with the Company's acquisition of an interest in Costa (see Note 4).

NOTE 10 - SEGMENT INFORMATION

The Company's cruise segment currently operates 19 passenger cruise ships and three luxury sailing vessels. Cruise revenues are comprised of sales of tickets and other revenues from on-board activities. A tour business operated by HAL, consisting of 14 hotels, two luxury day boats, over 300 motor coaches and 13 private domed rail cars comprise the assets that generate revenue for the tour segment. The corporate segment is primarily comprised of equity investments and includes the Company's investments in and advances to affiliates and its portion of the results of operations of affiliates accounted for using the equity method of accounting. Intersegment revenues primarily represent charges for the cruise portion of a tour when a cruise is sold as a part of a tour package. Segment information for the three years ended November 30, 1997 was as follows:

	YEARS ENDED NOVEMBER 30,		
	1997	1996	1995
	(in thousands)		
REVENUES			
Cruise	$2,257,567	$2,003,458	$1,800,775

Tour	242,646	263,356	241,909
Intersegment revenues	(22,745)	(31,241)	(44,304)
	$2,447,468	$2,212,572	$1,998,150
GROSS OPERATING PROFIT			
Cruise	$1,072,758	$ 913,880	$ 810,736
Tour	52,041	57,423	56,301
	$1,124,799	$ 971,303	$ 867,037
DEPRECIATION AND AMORTIZATION			
Cruise	$ 157,454	$ 135,694	$ 119,381
Tour	8,862	8,317	8,129
Corporate	971	976	923
	$ 167,287	$ 144,987	$ 128,433
OPERATING INCOME			
Cruise	$ 656,009	$ 535,814	$ 470,592
Tour	13,262	21,252	24,168
Corporate	44,799	40,362	(4,722)
	$ 714,070	$ 597,428	$ 490,038
IDENTIFIABLE ASSETS			
Cruise	$4,744,140	$4,514,675	$3,910,243
Tour	163,941	150,851	138,313
Corporate	518,694	436,362	56,931
	$5,426,775	$5,101,888	$4,105,487
CAPITAL EXPENDITURES			
Cruise	$ 414,963	$ 841,871	$ 456,920
Tour	42,507	14,964	8,747
Corporate	40,187	1,810	
	$ 497,657	$ 858,645	$ 465,667

NOTE 11 - EMPLOYEE BENEFIT PLANS

Stock Option Plans

The Company has stock option plans, applicable to Class A Common Stock, for certain key employees. The plans are administered by a committee of three directors of the Company (the "Committee") who determine the employees and directors eligible to participate, the number of shares for which options are to be granted and the amounts that any employee or director may exercise within a specified year or years. The maximum number of shares available to be granted as of November 30, 1997 and 1996 was 3,262,000 and 1,689,000, respectively. Under the terms of the plans, the option price per share is established by the Committee as an amount between 50% and 100% of the fair market value of the shares of Class A Common Stock on the date the option is granted. All options granted during 1997, 1996 and 1995 were granted at an option price per share equal to the fair market value of the Company's Class A Common Stock on the date of grant. Options may be extended for such periods as may be determined by the Committee but only for so long as the optionee remains an employee of the Company. The status of options in the stock option plans was as follows:

	Price Per Share	Number of Shares Years Ended November 30, 1997	1996	1995
Unexercised Options- Beginning of Year	$3.88 - $29.94	2,435,940	2,474,736	2,433,236
Options Granted	$19.78 - $43.81	429,000	90,000	1,564,000
Options Exercised	$3.88 - $29.94	(111,250)	(123,996)	(90,100)
Options Canceled	$14.09 - $22.50	(2,400)	(4,800)	(1,432,400)
Unexercised Options- End of Year	$3.88 - $43.81	2,751,290	2,435,940	2,474,736

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" instead of the fair value method. Accordingly, no compensation cost has been recognized for the stock-based compensation plans. Had the Company elected to recognize compensation expense under the fair value method, the Company's pro-forma net income and earnings per share would be as follows:

	Year Ended November 30, 1997	1996
(in thousands, except per share data)		

Net Income:		
As reported	$666,050	$566,302
Pro-forma	$664,324	$565,952
Earnings per share:		
As reported	$2.23	$1.95
Pro-forma	$2.23	$1.95

These pro-forma amounts may not be representative of the effect on pro-forma net income in future years, since the estimated fair value of stock options is amortized over the vesting period, pro-forma compensation expense related to grants made prior to 1996 is not considered and additional options may be granted in future years.

The weighted average fair value of the Company's options granted during 1997 and 1996 were $11.58 and $8.98 per share, respectively, at dates of grant. The fair values of options were estimated using the Black-Scholes option pricing model with the following weighted average assumptions for the years ended November 30, 1997 and 1996, respectively; dividend yields of 1.78% for both periods; expected volatility of 22.7% and 28.6%; risk free interest rates of 6.2% and 5.8%; and expected option life of 6 years for both periods.

Restricted Stock Plans

The Company has restricted stock plans under which certain key employees are granted restricted shares of the Company's Class A Common Stock. Shares are awarded in the name of each of the participants, who have all the rights of other Class A stockholders, subject to certain restriction and forfeiture provisions. Unearned compensation is recorded at the date of award based on the market value of the shares on the date of grant. Unearned compensation is amortized to expense over the vesting period. As of November 30, 1997 there were 1,919,319 shares issued under the plans of which 118,719 remain to be vested.

Defined Contribution Plans

HAL has two defined contribution plans available to substantially all U.S. and Canadian employees. HAL contributes to these plans based on employee contributions and salary levels. Total expense relating to these plans in fiscal year ended November 30, 1997, 1996 and 1995 was approximately $2.5 million, $2.4 million and $2.4 million, respectively.

Defined Benefit Pension Plans

The Company adopted two defined benefit pension plans (qualified and non-qualified) effective January 1, 1989 which together covered all full-time employees of Carnival Corporation working in the United States, excluding HAL employees. Effective January 1, 1998, the Company established a 401(K)/profit sharing plan and a non-qualified savings/profit sharing plan with the intent to largely replace the defined benefit plans. As a result, no further benefits will accrue under the qualified defined benefit plan effective December 31, 1997. Also, effective January 1, 1998, participants in the non-qualified defined benefit plan elected to either remain in the non-qualified defined benefit plan or participate in the non-qualified savings/profit sharing plan.

Carnival Corporation's funding policy for the qualified defined benefit plan is to annually contribute at least the minimum amount required under the applicable labor regulations.

Pension costs for the qualified and non-qualified defined benefit plans were approximately $2.2 million, $2.2 million and $1.6 million for the years ended November 30, 1997, 1996 and 1995, respectively. The curtailment of the benefits under the qualified and non-qualified defined benefit plans resulted in a minimal gain.

The funded status of the defined benefit pension plans at November 30, 1997, which reflects the defined benefit plan curtailments discussed above, and November 30, 1996 was as follows:

	Qualified (in thousands)		Non-Qualified (in thousands)	
	1997	1996	1997	1996
Accumulated benefit obligation:				
Vested	$ 6,597	$5,014	$7,327	$5,376

Non-vested		329	180	145
	$ 6,597	$5,[illegible]	$7,[illegible]	$5,[illegible]
Projected benefit obligation	$ 6,597	$8,449	$8,723	$8,049
Plan assets	(8,802)	(6,737)		
(Overfunded) unfunded accumulated benefits	(2,205)	1,712	8,723	8,049
Unrecognized prior service cost		(322)	(326)	(174)
Unrecognized losses		(1,789)		(1,390)
(Prepaid) accrued pension obligation	$(2,205)	$ (399)	$8,397	$6,485

Assumptions used in accounting for the defined benefit pension plans are as follows:

Discount rate at end of year	7.5%
Rate of increase in future compensation levels	5.0%*
Expected long-term rate of return on assets	8.5%

* Only applies to non-qualified defined benefit plan in 1997.

NOTE 12 - RECENT PRONOUNCEMENTS

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Standard ("SFAS") No. 128, "Earnings Per Share" which requires dual presentation of basic and diluted earnings per share rather than the current requirement for "primary" earnings per share. SFAS No. 128 is effective for periods ending after December 15, 1997 and early adoption is not permitted. Pro-forma basic and diluted earnings per share, as compared with primary earnings per share currently presented in the Company's financial statements for the years ended November 30, 1997, 1996 and 1995, is as follows:

	YEARS ENDED NOVEMBER 30,		
	1997	1996	1995
Earnings Per Share:			
As reported	$2.23	$1.95	$1.59
Pro-forma:			
Basic	$2.24	$1.96	$1.59
Diluted	$2.23	$1.92	$1.57

NOTE 13 - SUPPLEMENTAL CASH FLOW INFORMATION

	YEARS ENDED NOVEMBER 30,		
	1997	1996	1995
		(in thousands)	
Cash paid during the year for:			
Interest (net of amount capitalized)	$ 56,967	$ 68,337	$ 62,868
Income taxes	$ 5,755	$ 8,752	$ 8,671
Noncash investing and financing activities:			
Class A Common Stock issued for various stock plans	$ 2,247	$ 1,102	$ 854
Class A Common Stock issued for conversion of Convertible Notes (see Note 5)	$ 39,085	$ 76,294	
Class A Common Stock issued for acquisition of an interest in Airtours (see Note 4)		$144,171	
Conversion of Class B Common Stock into Class A Common Stock	$ 550		
Sale of Rotterdam V	$ 31,208		

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Carnival Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and of cash flows present fairly, in all material respects, the financial position of Carnival Corporation and its subsidiaries at November 30, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/PRICE WATERHOUSE LLP

PRICE WATERHOUSE LLP

Miami, Florida
January 19, 1998

RESULTS OF OPERATIONS

Carnival Corporation and its subsidiaries (the "Company") earns its cruise revenues primarily from (i) the sale of passenger tickets, which includes accommodations, meals, most shipboard activities and in many cases airfare, and (ii) the sale of goods and services on board its cruise ships, such as casino gaming, liquor sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of HAL Antillen N.V. ("HAL").

For selected segment information related to the Company's revenues, gross operating profit, operating income and other financial information, see Note 10 in the accompanying financial statements. The following table presents operations data expressed as a percentage of total revenues and selected statistical information for the periods indicated:

	YEARS ENDED NOVEMBER 30,		
	1997	1996	1995
REVENUES	100%	100%	100%
COSTS AND EXPENSES:			
Operating expenses	54	56	57
Selling and administrative	12	12	12
Depreciation and amortization	7	7	6
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	27	25	25
INCOME FROM AFFILIATED OPERATIONS, NET	2	2	
OPERATING INCOME	29	27	25
NONOPERATING INCOME (EXPENSE)	(2)	(1)	(2)
NET INCOME	27%	26%	23%
SELECTED STATISTICAL INFORMATION:			
Passengers carried	1,945,000	1,764,000	1,543,000
Passenger cruise days	11,908,000	10,583,000	9,201,000
Occupancy percentage	108.3%	107.6%	105.0%

GENERAL

The growth in the Company's revenues during the last three fiscal years has primarily been a function of the expansion of its fleet capacity.

Fixed costs, including depreciation, fuel, insurance and crew costs represent more than one-third of the Company's operating expenses and do not significantly change in relation to changes in passenger loads and aggregate passenger ticket revenue.

The Company's cruise and tour operations experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for Carnival Cruise Lines' ("Carnival") ships is moderately seasonal. Historically, demand for Carnival cruises has been greater during the periods from late June through August and lower during the fall months. HAL cruise revenues are more seasonal than Carnival's cruise revenues. Demand for HAL cruises is strongest during the summer months when HAL ships operate in Alaska and Europe for which HAL obtains higher pricing. Demand for HAL cruises is lower during the winter months when HAL ships sail in more competitive markets. The Company's tour revenues are extremely seasonal with a majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

Average cruise capacity for the three cruise lines wholly-owned by the Company is expected to increase 6% during fiscal 1998 as a result of the introduction into service of Carnival's cruise ship Elation in March 1998. Average capacity is expected to increase 13% and 15% during fiscal

1999 and 2000, respectively, as a result of new vessel deliveries.

In June 1997, the Company acquired an interest in Il Ponte S.p.A. ("Costa"), the parent company of Costa Crociere S.p.A., which it records using the equity basis of accounting. Starting with the Company's quarter ended November 30, 1997, the Company's portion of Costa's operating results were recorded by the Company on a two month lag basis. The Company's portion of Airtours plc's ("Airtours") operating results are similarly recorded on a two month lag basis. Costa's and Airtours' earnings are seasonal due to the seasonal nature of the European leisure travel industry and Mediterranean cruise season. During the last several years, Airtours' and Costa's quarters ending June 30 and September 30 have been profitable, with the quarter ending September 30 being their most profitable quarter. During this same period, Airtours and Costa experienced seasonal losses in their quarters ending December 31 and March 31.

Fiscal Year Ended November 30, 1997 Compared
To Fiscal Year Ended November 30, 1996

Revenues

The increase in total revenues of $234.9 million, or 10.6%, from 1996 to 1997 was due to a 12.7% increase in cruise revenues which was partially offset by a decrease in tour revenues. The increase in cruise revenues was primarily the result of an 11.7% increase in capacity for the period resulting from the addition of Carnival's cruise ships Inspiration and Carnival Destiny in March and November 1996, respectively, and Holland America Line's cruise ship Veendam in May 1996. The capacity increase resulting from the introduction of new vessels was also affected by the removal from service from Carnival's fleet of the Festivale in April 1996 and Holland America Line's Rotterdam V in September 1997. The Rotterdam VI entered service in November 1997, approximately five weeks later than planned because of late delivery by the shipyard. The expected impact on the Company's fourth quarter 1997 net earnings from the late delivery of the Rotterdam was largely mitigated.

Occupancy rates in fiscal 1997 were up .7% and gross revenue per passenger cruise day was up .1% resulting in an increase of .9% in gross yield (total revenue per lower berth).

Revenues from the Company's tour operations decreased $20.7 million, or 7.9%, to $242.6 million in 1997 from $263.4 million in 1996. The decrease was primarily the result of a decrease in the tour and transportation revenues due to a reduction in the number of tour passengers.

Costs and Expenses

Operating expenses increased $81.4 million, or 6.6%, from 1996 to 1997. Cruise operating costs increased by $95.2 million, or 8.7%, to $1,184.8 million in 1997 from $1,089.6 million in 1996, primarily due to additional costs associated with the increased capacity in 1997. Tour operating expenses decreased $15.3 million, or 7.4%, from 1996 to 1997 primarily due to the decrease in tour passengers.

Selling and administrative costs increased $21.7 million, or 7.9%, primarily due to an increase in payroll and related costs associated with the increase in capacity during 1997 as compared with 1996.

Depreciation and amortization increased by $22.3 million, or 15.4%, to $167.3 million in 1997 from $145.0 million in 1996 primarily due to the addition of the Inspiration, the Carnival Destiny and the Veendam.

Affiliated Operations

Approximately $35.7 million of income from affiliated operations in 1997 was attributable to the Company's 28% interest in Airtours, acquired in April 1996. See "Affiliated Operations" for the "Fiscal Year Ended November 30, 1996 Compared To Fiscal Year Ended November 30, 1995" below for a description of the Company's equity in earnings from Airtours in 1996.

In June 1997 the Company acquired an approximate 50% interest in Costa. The Company is recording its share of Costa's earnings on a two month lag basis. During 1997, the Company's share of earnings from Costa, amounting to $15.5 million, was recorded for Costa's three months ended September 30, 1997. Costa's earnings are seasonal and most of Costa's earnings are generated in their quarter ended September 30.

See "General" above for a discussion of Airtours and Costa's seasonality. See Note 4 in the accompanying financial statements for more information regarding the Company's equity investments.

Nonoperating Income (Expense)

Interest income decreased $9.9 million in 1997 primarily due to a decrease in cash balances and notes receivable. See "Nonoperating Income (Expense)" for the "Fiscal Year Ended November 30, 1996 Compared To Fiscal Year Ended November 30, 1995" below for a description of the higher cash and notes receivable balances in 1996. Gross interest expense (excluding capitalized interest) decreased $17.1 million in 1997 as a result of reduced debt balances. Capitalized interest decreased $9.0 million due to lower levels of investments in ship construction projects during fiscal 1997 as compared with fiscal 1996.

Other income in fiscal 1997 of $5.4 million represents the net effect of the recognition of the remaining deferred gain from the sale of Carnival's Festivale, less a loss from the sale of Holland America Line's Rotterdam V, and certain other miscellaneous gains and losses. See "Nonoperating Income (Expense)" for the "Fiscal Year Ended November 30, 1996 Compared To Fiscal Year Ended November 30, 1995" below for a description of items included in other income (expense) in fiscal 1996.

Fiscal Year Ended November 30, 1996 Compared
To Fiscal Year Ended November 30, 1995

Revenues

The increase in total revenues of $214.4 million, or 10.7%, from 1995 to 1996 was comprised primarily of a $202.7 million, or 11.3%, increase in cruise revenues for the period. The increase in cruise revenues was primarily the result of a 12.2% increase in capacity for the period resulting from the introduction into service of Carnival's cruise ships Imagination in July 1995 and Inspiration in March 1996 and Holland America Line's cruise ship Veendam in May 1996 less the removal from service from Carnival's fleet of the Festivale in April 1996. Occupancy rates were up 2.5% and gross revenue per passenger cruise day was down 3.3% resulting in a decrease of .9% in gross yield (total revenue per lower berth). Gross revenue per passenger cruise day decreased primarily due to a reduction in the percentage of passengers electing the Company's air program and due to slightly lower pricing in the cruise market. When a passenger elects to purchase his/her own air transportation, rather than use the Company's air program, both the Company's cruise revenues and operating expenses decrease by approximately the same amount. Also affecting cruise revenues in 1995 were lost revenues resulting from the cancellation of four one-week cruises in order to repair minor fire damage to Carnival's Celebration.

Revenues from the Company's tour operations increased $21.4 million, or 8.9%, to $263.4 million in 1996 from $241.9 million in 1995. The increase was primarily the result of an increase in the tour and transportation revenues due to an increase in the number of tour passengers.

Costs and Expenses

Operating expenses increased $110.2 million, or 9.7%, from 1995 to 1996. Cruise operating costs increased by $99.5 million, or 10.1%, to $1,089.6 million in 1996 from $990.0 million in 1995, primarily due to additional costs associated with the increased capacity in 1996. Tour operating expenses increased $20.3 million, or 11.0%, from 1995 to 1996 primarily due to an increase in tour passengers.

Selling and administrative costs increased $26.3 million, or 10.6%, primarily due to an 11.6% increase in advertising expenses and an increase in payroll and related costs associated with the increase in capacity during 1996 as compared with 1995.

Depreciation and amortization increased by $16.6 million, or 12.9%, to $145.0 million in 1996 from $128.4 million in 1995 primarily due to the addition of the Imagination, the Inspiration and the Veendam.

Affiliated Operations

During fiscal 1996, the Company recorded $46.0 million of earnings from affiliated operations. A significant portion of such earnings are attributable to the Company's investment in Airtours. The Company acquired its equity interest in Airtours in April 1996 and is recording

its share of Airtours' earnings on a two month lag basis. During 1996, the Company's share of earnings for Airtours was recorded for Airtours six months ended September 30, 1996 which amounted to $35.7 million excluding the Company's capital costs incurred in connection with the investment. Airtours' operations are seasonal and historically have resulted in losses for the first half of its fiscal year. Had the Company recorded its equity in Airtours' earnings for Airtours' entire fiscal year ended September 30, 1996, the Company's share of Airtours' earnings would have been $22.2 million instead of the $35.7 million recorded by the Company in 1996.

Nonoperating Income (Expense)

Interest income increased $4.2 million primarily due to the Company's holding of 13 percent senior secured notes (which were redeemed in April 1996) of Norwegian Cruise Line, Ltd. and, to a lesser degree, increases in cash balances. Cash balances, up to the closing of the Airtours transaction in April 1996, increased due to United Kingdom regulatory requirements applicable to the Company's tender offer to acquire its interest in Airtours. Gross interest expense (excluding capitalized interest) increased $8.0 million primarily as a result of additional borrowings required in connection with the Company's investment in Airtours. Capitalized interest increased $7.0 million due to higher investment levels in vessels under construction.

Other income increased to $23.4 million in 1996 primarily as a result of a $32.0 million gain from settlement of bankruptcy claims against Wartsila less a loss of $15.8 million on the sale of the notes receivable generated from the sale of Carnival's Crystal Palace Hotel and Casino. Other income of $19.1 million in 1995 is primarily a result of a $14.4 million gain from the settlement of litigation with Metra Oy and a gain from the sale of the Company's entire interest in Epirotiki Cruise Line. These gains in 1995 were partially offset by the loss from the Celebration fire incident discussed above and certain other non-related, non-recurring items.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

The Company's business provided $877.6 million of net cash from operations during fiscal 1997, an increase of 18.3% compared to the corresponding period in 1996.

During fiscal 1997, the Company expended approximately $497.7 million on capital projects, of which $294.4 million was spent in connection with its ongoing shipbuilding program. The remainder was spent on the acquisition of a private island in the Caribbean to be used as a destination for certain HAL itineraries, transportation equipment, vessel refurbishments, tour assets and other equipment.

The Company made scheduled principal payments totaling approximately $66.4 million under various individual vessel mortgage loans during fiscal 1997. During this same period, the Company made net repayments of $184.7 million under its commercial paper programs.

In June 1997, the Company and Airtours completed the acquisition of Costa. The cost of the acquisition of Costa in the Company's financial statements was approximately $38 million. In addition, the Company guaranteed approximately $103 million of indebtedness related to the acquisition. See Note 4 of Notes to Consolidated Financial Statements for additional information related to this acquisition.

Future Commitments

The Company has contracts for the delivery of six new vessels over the next three years. The Company will pay approximately $646 million during fiscal 1998 relating to the construction and delivery of those new cruise ships and approximately $1.2 billion beyond November 30, 1998. In September 1997, the Company announced that it is in negotiations with shipyards for an additional newbuilding package for its Carnival Cruise Lines, Holland America Line and Costa brands which is expected to cost approximately $2 billion. The Company also has an agreement to acquire a 312 berth cruise ship in the spring of 1998 for approximately $45 million. At November 30, 1997, the Company had $1,074.9 million of long-term debt of which $259.6 million is due during fiscal 1998. Included in the $259.6 million of debt due during fiscal 1998 is $200.0 million of Unsecured 5.75% Notes Due March 15, 1998 which the Company plans to repay through borrowings under the commercial paper programs or through issuance of long-term debt. See Note 5 in the

accompanying financial statements for more information regarding the Company's debt. The Company also enters into forward foreign currency contracts and interest rate swap agreements to hedge the impact of foreign currency and interest rate fluctuations.

Management has undertaken a company wide program to prepare the Company's computer systems and other applications for the year 2000. Possible year 2000 problems create risk for a company in that unforseen problems in its own computer systems or those of its third party suppliers could have a material impact on a company's ability to conduct its business operations. The purpose of the Company's program is to identify significant year 2000 exposures and to update its computer systems and business operations to deal with those exposures. The Company expects to incur internal staff costs as well as consulting and other expenses to prepare the systems for the year 2000, which are not expected to be material to the Company's operating results.

Funding Sources

Cash from operations is expected to be the Company's principal source of capital to fund its debt service requirements and ship construction costs. In addition, the Company may also fund a portion of these cash requirements from borrowings under its U.S. Dollar Revolver or commercial paper programs and/or through the issuance of long-term debt in the public or private markets. As of November 30, 1997, the Company had $911 million available for borrowing under its U.S. Dollar Revolver and Multi-currency Revolving Credit Facility.

To the extent that the Company should require or choose to fund future capital commitments from sources other than operating cash or from borrowings under its revolving credit facilities and/or commercial paper programs, the Company believes that it will be able to secure such financing from banks or through the offering of short-term or long-term debt and/or equity securities in the public or private markets. In January 1998, the Company issued $200 million of 6.65% Debentures due January 15, 2028. Also, the Company has filed Registration Statements on Form S-3 (the "Shelf Registration") relating to shelf offerings of debt or equity securities. The remaining aggregate principal amount of debt or equity securities available under the Shelf Registration is $800 million.

SELECTED FINANCIAL DATA

The selected financial data presented below for the fiscal years ended November 30, 1993 through 1997 and as of the end of each such fiscal year are derived from the financial statements of the Company and should be read in conjunction with such financial statements and the related notes.

	FISCAL YEAR ENDED NOVEMBER 30,				
	1997	1996	1995	1994	1993
	(in thousands, except per share data)				
INCOME STATEMENT DATA:					
Total revenues	$2,447,468	$2,212,572	$1,998,150	$1,806,016	$1,556,919
Operating income before income from affiliated operations	$ 660,979	$ 551,461	$ 490,038	$ 443,674	$ 347,666
Operating income	$ 714,070	$ 597,428	$ 490,038	$ 443,674	$ 347,666
Net income	$ 666,050	$ 566,302	$ 451,091	$ 381,765	$ 318,170
Earnings per share 1)	$2.23	$1.95	$1.59	$1.35	$1.13
Dividends declared per share (1)	$.480	$.380	$.315	$.285	$.280
Passenger cruise days	11,908	10,583	9,201	8,102	7,003
Percent of total capacity(2)	108.3%	107.6%	105.0%	104.0%	105.3%

	AS OF NOVEMBER 30,				
	1997	1996	1995	1994	1993
	(in thousands)				
BALANCE SHEET DATA:					
Total assets	$5,426,775	$5,101,888	$4,105,487	$3,669,823	$3,218,920
Long-term debt and					

Convertible Notes	$1,015,294	$1,316,632	$1,150,031	$1,161,904	$1,031,221
Total shareholders equity	$3,605,098	$3,030,884	$2,344,873	$1,928,934	$1,627,206

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(1) All per share amounts for 1993 and 1994 have been adjusted to reflect a two-for-one stock split effective November 30, 1994.

(2) In accordance with cruise industry practice, total capacity is calculated based upon two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

MARKET PRICE FOR CAPITAL STOCK

The following table sets forth for the periods indicated the high and low market prices for the Class A Common Stock on the New York Stock Exchange:

	SALES PRICE	
	HIGH	LOW
Fiscal Year ended November 30, 1997:		
First Quarter	$36.750	$29.750
Second Quarter	$39.500	$34.125
Third Quarter	$45.250	$37.625
Fourth Quarter	$54.250	$43.688
Fiscal Year ended November 30, 1996:		
First Quarter	$29.000	$22.750
Second Quarter	$30.125	$26.125
Third Quarter	$31.500	$24.500
Fourth Quarter	$31.875	$27.375

As of January 12, 1998, there were approximately 3,975 holders of record of the Company's Class A Common Stock. While no tax treaty currently exists between the Republic of Panama and the United States, under current law, the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama.

SELECTED QUARTERLY FINANCIAL DATA (unaudited)

Quarterly financial results for the year ended November 30, 1997 are as follows:

	FOR THE QUARTER			
	FIRST	SECOND	THIRD	FOURTH
	(in thousands, except per share data)			
Total revenues	$521,082	$596,614	$805,421	$524,351
Gross profit	$224,144	$258,930	$417,301	$224,424
Operating income before income from affiliated operations	$103,944	$140,253	$308,590	$108,192
Operating income	$ 94,962	$137,541	$318,961	$162,606
Net income	$ 85,360	$127,447	$297,893	$155,350
Earnings per share	$.29	$.43	$1.00	$.52

Quarterly financial results for the year ended November 30, 1996 are as follows:

	FOR THE QUARTER			
	FIRST	SECOND	THIRD	FOURTH
	(in thousands, except per share data)			
Total revenues	$448,788	$516,836	$771,989	$474,959
Gross profit	$185,092	$214,292	$375,794	$196,125
Operating income before income				

from affiliated operations	$ 80,975	$110,230	$267,155	$ 93,101
Operating income	$ 80,975	$110,230	$269,048	$126,112
Net income	$ 77,065	$106,283	$268,131	$114,823
Earnings per share	$.27	$.37	$.92	$.39

FORWARD-LOOKING STATEMENTS

Certain statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; consumer demand for cruises; pricing policies followed by competitors of the Company; increases in cruise industry capacity; changes in tax laws and regulations (see Part II, Item 5 (d) - Taxation of the Company in the Company's filing of Form 10-K for the period ended November 30, 1997); the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; delivery of new vessels on schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; and changes in laws and government regulations applicable to the Company.

EXHIBIT 23

Consent of Independent Certified Public Accountants

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Forms S-3 (No. 33-50947, No. 33-53136, No. 33-63563 and No. 333-43269) and Registration Statements on Forms S-8 (No. 33-45287, No. 33-51195, No. 33-53099 and No. 333-43885) of Carnival Corporation of our report dated January 19, 1998 appearing on page 30 of the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K.

/S/ PRICE WATERHOUSE

PRICE WATERHOUSE LLP
February 25, 1998

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1,000

YEAR
NOV-30-1997
NOV-30-1997
139,989
9,738
57,090
0
54,970
336,025
5,181,844
854,431
5,426,775
786,142
1,015,294
2,972
0
0
3,602,126
5,426,775
0
2,447,468
0
1,322,669
0
0
72,744
672,283
6,233
666,050
0
0
0
666,050
2.23
2.23

Exhibit 9

(1997-02-28 Carnival 10-K)

FORM 10-K
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 1996
OR

[ ]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-9610

CARNIVAL CORPORATION
(Exact name of registrant as specified in its charter)

Republic of Panama (State or other jurisdiction of incorporation or organization)	59-1562976 (I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue, Miami, Florida (Address of principal executive offices)	33178-2428 (Zip Code)

Registrant's telephone number, including area code (305) 599-2600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Class A Common Stock ($.01 par value)	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in any definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X].

The aggregate market value of the voting stock held by non-affiliates of the Registrant is approximately $5,250,000,000 based upon the closing market price on February 14, 1997 of a share of Class A Common Stock on the New York Stock Exchange as reported by the Wall Street Journal.

At February 14, 1997, the Registrant had outstanding 242,078,952 shares of its Class A Common Stock, $.01 par value and 54,957,142 shares of its Class B Common Stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrant's 1996 annual report to shareholders to be furnished to the Commission pursuant to Rule 14a-3(b) of the Exchange Act is shown in Exhibit 13 and is incorporated by reference into this Form 10-K.

Part and Item of the Form 10-K	
Part II	
Item 5(a) and (b).	Market for the Registrant's Common Stock and Related Stockholder Matters - Market Information and Holders.
Item 6.	Selected Financial Data
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 8.	Financial Statements and Supplementary Data

The information described below and contained in the Registrant's 1997 definitive Proxy Statement, to be filed with the Commission is incorporated by reference into this Form 10-K.

Part and Item of the Form 10-K	
Part III	
Item 10.	Directors and Executive Officers of the Registrant.
Item 11.	Executive Compensation.
Item 12.	Security Ownership of Certain Beneficial Owners and Management.
Item 13.	Certain Relationships and Related Transactions.

PART I

Item 1. Business

A. General

Carnival Corporation was incorporated under the laws of the Republic of Panama in November 1974. Carnival Corporation, including its 100% owned subsidiaries (the "Company"), is the world's largest multiple-night cruise company based on the number of passengers carried, revenues generated, and available capacity. The Company offers a broad range of cruise products, serving the contemporary cruise market through Carnival Cruise Lines ("Carnival"), the premium cruise market through Holland America Line ("HAL") and the luxury cruise market through Windstar Cruises. In total the Company owns and operates 22 cruise ships with an aggregate capacity of 30,837 passengers based on two passengers per cabin*. The Company also owns 50% of Seabourn Cruise Line ("Seabourn"), which serves the luxury market with two ships, and 29.5% of Airtours plc ("Airtours"), a leisure travel company with two cruise ships marketed primarily in Europe. Together, Seabourn and Airtours have a total capacity of approximately 2,350 passengers. In addition, Airtours will begin operation of a third ship commencing in May 1997.

The eleven Carnival ships have an aggregate capacity of 20,332 passengers with itineraries in the Caribbean, the Mexican Riviera and Alaska. The eight HAL ships have an aggregate capacity of 10,061 passengers, with itineraries in the Caribbean, the Mediterranean and Alaska and through the Panama Canal, as well as other worldwide itineraries. The three Windstar ships have an aggregate capacity of 444 passengers with itineraries in the Caribbean, the South Pacific, the Mediterranean and the Far East. The three Seabourn ships have an aggregate capacity of 612 passengers, and have itineraries throughout the world. The two Airtours ships have itineraries in the Mediterranean, the Canary Islands and the Caribbean.

The Company has signed agreements with various shipyards providing for the construction of additional cruise ships. The following table reflects a summary of these vessels under construction:

VESSEL	EXPECTED DELIVERY	SHIPYARD	PASSENGER CAPACITY
Carnival Cruise Lines			
Elation	02/98	Masa-Yards	2,040
Paradise	11/98	Masa-Yards	2,040
Carnival Triumph	06/99	Fincantieri	2,640
Carnival Newbuild	07/00	Fincantieri	2,640
Total Carnival Cruise Lines			9,360
Holland America Line			
Rotterdam VI	09/97	Fincantieri	1,320
HAL Newbuild	02/99	Fincantieri	1,440
HAL Newbuild	09/99	Fincantieri	1,440
Total Holland America Line			4,200
			13,560

* In accordance with industry practice all capacities indicated within this document are calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

As a result of this shipbuilding program and planned ship sales and retirements, the Company currently expects its passenger capacity to increase by 37% to 42,300 in mid-2000 (excluding Seabourn and Airtours).

The Company also operates a tour business, through Holland America Westours, which markets sight-seeing tours and cruise/tour packages to Alaska. HAL-Westours operates 16 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, over 290 motor coaches used for sight-seeing and charters in the states of Washington and Alaska and twelve private domed rail cars which are run on the Alaskan railroad between Anchorage and Fairbanks.

Historically, the Company's products have been marketed primarily in North America through Carnival, HAL, Windstar Cruises, HAL-Westours, and Seabourn. During 1996, the Company took steps to expand its markets into Europe and Asia which are described below. The existing cruise markets in Europe and Asia are much smaller and less developed than the North American market. Cruise passengers carried in Europe and Asia in 1996 are estimated to be approximately 1.0 million and 0.5 million, respectively, compared to approximately 4.6 million in North America.

In April 1996, the Company acquired a 29.5% interest in Airtours, a leisure travel company publicly traded on the London Stock Exchange that provides air inclusive packaged holidays to the British, Scandinavian and North American markets. In addition, in September 1996 the Company and Hyundai Merchant Marine Co. Ltd. ("HMM") signed an agreement to form a 50/50 joint venture to develop the Asian cruise vacation market. See Part I, "Item 1. Business, G. Investments in Affiliates", for a further description of these businesses.

In December 1996, the Company and Airtours signed a letter of intent with the controlling shareholders (the "Syndicate") of Costa Crociere SpA ("Costa"), a publicly traded cruise company headquartered in Italy to acquire all of the equity securities of Costa held by the Syndicate and to launch a tender offer for the remaining outstanding equity securities of Costa. Costa markets its cruise products primarily in Europe. The cost of acquisition, assuming all of the outstanding equity securities are tendered, would be approximately $300 million cash, with the Company and Airtours each contributing 50% of that amount. The letter of intent provides that the commencement of the tender offer is conditioned on the successful conclusion of a due diligence review by the Company and Airtours, the signing of a definitive agreement with the Syndicate, the receipt of all corporate and regulatory and government approvals, certain minimum levels of acceptance on the tender offer and other customary conditions found in transactions of this type.

B. Cruise Ship Segment

Industry

The passenger cruise industry as it exists today began in approximately 1970. Over time, the industry has evolved from a trans-ocean carrier service into a vacation alternative to land-based resorts and sight-seeing destinations. According to Cruise Lines International Association ("CLIA"), an industry trade group, in 1970 approximately 500,000 North American passengers took cruises for three consecutive nights or more. CLIA estimates that this number reached 4.6 million passengers in 1996, an average compound annual growth rate of 8.9% since 1970. Also, according to CLIA, by the end of 1996 the number of ships in service totaled 129 with an aggregate capacity of approximately 110,000 berths. CLIA estimates that the number of passengers carried in North America increased from 4.38 million in 1995 to 4.6 million in 1996 or approximately 5.0%. There was no growth in the number of passengers carried in North America during 1994 and 1995. The Company nevertheless has been able to increase the number of passengers it carried by approximately 200,000 in each of the past three years, or an average of 15.2% per year.

CLIA estimates that the number of cruise passengers will grow to approximately 4.9 million in 1997. CLIA also projects that by the end of 1997, North America will be served by 135 vessels having an aggregate capacity of approximately 124,000 berths.

The following table sets forth the North American industry and Company growth over the past five years based on passengers carried for at least three consecutive nights:

YEAR	NORTH AMERICAN CRUISE PASSENGERS* (Calendar)	COMPANY CRUISE PASSENGERS CARRIED (Fiscal)

1996	4,600,000(est)	1,764,000
1995	4,376,000	1,545,000
1994	4,448,000	1,354,000
1993	4,480,000	1,154,000
1992	4,136,000	1,153,000

*Source: CLIA.

From 1992 through 1996, the Company's average compound annual growth rate in number of passengers carried was 11.2% versus the industry average of 2.7%.

The Company's passenger capacity has grown from 17,973 at November 30, 1992 to 30,837 at November 30, 1996. The delivery of the Statendam, Sensation and Maasdam in 1993 increased capacity by 4,572 berths, more than offsetting a decrease of 906 berths related to the sale of the Mardi Gras. During 1994, net capacity increased by 2,369 berths due to the delivery of the Fascination and Ryndam, net of the 937 decrease in berths related to the sale of the Carnivale. In 1995, with the delivery of the Imagination, capacity increased by 2,040 berths. During 1996, net capacity increased by 4,802 berths due to delivery of the Inspiration, the Veendam and the Carnival Destiny, net of the 1,146 decrease in passenger capacity related to the sale of the Festivale.

In spite of the cruise industry's growth since 1970, the Company believes cruises represent only approximately 2% of the applicable North American vacation market, defined as persons who travel for leisure purposes on trips of three nights or longer involving at least one night's stay in a hotel. Only an estimated 7% of the North American population has ever taken a cruise.

Cruise Ships and Itineraries

Under the Carnival Cruise Lines name, the Company serves the contemporary market with eleven ships (the "Carnival Ships"). All of the Carnival Ships were designed by and built for Carnival, including ten SuperLiners which are among the largest in the cruise industry. Nine of the Carnival Ships operate in the Caribbean and two Carnival Ships call on ports in the Mexican Riviera. During 1996, the Carnival Ship Tropicale began operating in Alaska during the summer season. Carnival also offers cruises through the Panama Canal and to the Hawaiian Islands. See "Sales and Marketing".

Through its subsidiary, HAL, the Company operates eleven ships offering premium or luxury specialty vacations. Eight of these ships, the Rotterdam, the Nieuw Amsterdam, the Noordam, the Westerdam, the Statendam, the Maasdam, the Ryndam and the Veendam are operated under the Holland America Line name (the "HAL Ships"). The remaining three ships, the Wind Star, the Wind Song and the Wind Spirit, are operated under the Windstar Cruises name (the "Windstar Ships").

The HAL Ships offer premium cruises of various lengths, in the Caribbean, Alaska, Panama Canal, Europe, the Mediterranean, Hawaii, Mexico, South Pacific, South America and the Orient. Cruise lengths vary from one to 99 days, with a large proportion of cruises being seven or ten days in length. Periodically, the HAL Ships make longer grand cruises or operate on short-term special itineraries. For example, in 1996, the Rotterdam made a 99-day world cruise, and a 50-day Grand South America voyage. HAL will continue to offer these special and longer itineraries in order to increase travel opportunities for its customers and strengthen its cruise offerings in view of the fleet expansion. The majority of the HAL Ships operate in the Caribbean during fall to early spring and in Alaska during late spring to early fall. The three Windstar Ships currently operate in the Caribbean, the Mediterranean and the South Pacific.

The following table presents summary information concerning the Company's ships. Areas of operation are based on current itineraries and are subject to change.

NAME	REGISTRY	BUILT	YEAR FIRST IN COMPANY SERVICE	PAX CAP*	GROSS REGISTERED TONS	LENGTH & WIDTH	PRIMARY AREAS OF OPERATION
Carnival Cruise Lines							
Carnival Destiny	Panama	1996	1997	2,642	101,000	893/116	Caribbean
Inspiration	Panama	1996	1996	2,040	70,367	855/104	Caribbean
Imagination	Panama	1995	1995	2,040	70,367	855/104	Caribbean
Fascination	Panama	1994	1994	2,040	70,367	855/104	Caribbean

Sensation	Panama	1993	1993	2,040	70,367	855/104	Caribbean
Ecstasy	Liberia	1991	1991	2,040	70,367	855/104	Caribbean
Fantasy	Liberia	1990	1990	2,044	70,367	855/104	Bahamas
Celebration	Liberia	1987	1987	1,486	47,262	738/92	Caribbean
Jubilee	Panama	1986	1986	1,486	47,262	738/92	Mexican Riviera
Holiday	Panama	1985	1985	1,452	46,052	727/92	Mexican Riviera
Tropicale**	Liberia	1982	1982	1,022	36,674	660/85	Alaska, Caribbean
Total Carnival Ships Capacity.....				20,332			
Holland America Line							
Veendam	Bahamas	1996	1996	1,266	55,451	720/101	Alaska, Caribbean
Ryndam	Netherlands	1994	1994	1,266	55,451	720/101	Alaska, Caribbean
Maasdam	Netherlands	1993	1993	1,266	55,451	720/101	Europe, Caribbean
Statendam	Netherlands	1993	1993	1,266	55,451	720/101	Alaska, Caribbean
Westerdam	Netherlands	1986	1988	1,494	53,872	798/95	Canada, Caribbean
Noordam	Netherlands	1984	1984	1,214	33,930	704/89	Alaska, Caribbean
Nieuw Amsterdam	Netherlands	1983	1983	1,214	33,930	704/89	Alaska, Caribbean
Rotterdam V**	Netherlands	1959	1959	1,075	37,783	749/94	Alaska, Worldwide
Total HAL Ships Capacity.....				10,061			
Windstar Cruises							
Wind Spirit	Bahamas	1988	1988	148	5,736	440/52	Caribbean, Mediterranean
Wind Song	Bahamas	1987	1987	148	5,703	440/52	South Pacific
Wind Star	Bahamas	1986	1986	148	5,703	440/52	Caribbean, Mediterranean
Total Windstar Ships Capacity.....				444			
Total Capacity.....				30,837			

* In accordance with industry practice passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

** In November 1996, Carnival Cruise Lines' cruise ship Tropicale was sold to the joint venture with HMM and the Company chartered the vessel back until the vessel enters service with the joint venture in the spring of 1998. Holland America Line's Rotterdam V is expected to be replaced in September 1997 by the Rotterdam VI, which is currently under construction.

Cruise Ship Construction

The Company is currently constructing four cruise ships to be operated under the Carnival name and three cruise ships to be operated under the Holland America Line name. The following table presents summary information concerning ships under construction:

VESSEL	EXPECTED DELIVERY	SHIPYARD	PAX CAP (1)	TONS	ESTIMATED COST	REMAINING TO BE PAID
					(In millions)	
Carnival Cruise Lines						
Elation	02/98	Masa-Yards	2,040	70,367	$ 300	$ 281
Paradise	11/98	Masa-Yards	2,040	70,367	300	283
Carnival Triumph	06/99	Fincantieri(2)	2,640	101,000	400	372
Carnival Newbuild	07/00	Fincantieri	2,640	101,000	430	430
Total Carnival Ships Capacity			9,360		1,430	1,366
Holland America Line						
Rotterdam VI	09/97	Fincantieri(2)	1,320	62,000	270	199
HAL Newbuild	02/99	Fincantieri(2)	1,440	63,000	300	286
HAL Newbuild	09/99	Fincantieri(2)	1,440	63,000	300	286
Total HAL Ships Capacity			4,200		870	771
Total			13,560		$2,300	$2,137

(1) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

(2) The construction contracts with such shipyards are denominated in Italian Lire. Contracts denominated in a foreign currency have been fixed into U.S. Dollars through the utilization of forward currency contracts.

Cruise Tariffs

The table below sets forth certain price information for the Company's cruises. Brochure prices vary depending upon size and location of cabin, the time of year that the voyage takes place, and when the booking is made. The cruise brochure price includes a wide variety of activities and facilities, such as a fully equipped casino, nightclubs, theatrical shows, movies, parties, a discotheque, a health club and swimming pools on each ship. The brochure price also includes numerous dining opportunities daily.

Brochure pricing information below is per person based on double occupancy:

AREA OF OPERATION	CRUISE LENGTH	PRICE RANGE
Carnival Cruise Lines		
Caribbean	3-day	$ 519--939
	4-day	599--1,169
	7-day	999--2,599
Mexico	3-day	519--939
	4-day	599--1,099
	7-day	999--2,049
Alaska	7-day	1,399--2,749
Holland America Line		
Alaska	7-day	$ 1,025--7,000
Caribbean	7-day	1,262--5,775
	10-day	2,032--6,000
Europe	10- to 12-day	3,375--14,045
Panama Canal	10- to 22-day	2,795--15,400
Windstar Cruises		
Caribbean	7-day	$ 3,195--3,295
Mediterranean	7- to 16-day	2,695--6,095
South Pacific	7-day	3,195--3,495

Brochure prices are regularly discounted through the Company's early booking discount program and other promotions.

On-Board and Other Revenues

The Company derives revenues from certain on-board activities and services including casino gaming, liquor sales, gift shop sales, shore tours, photography and promotional advertising by merchants located in ports of call.

The casinos, which contain slot machines and gaming tables including blackjack, craps, roulette and stud poker, are generally open only when the ships are at sea in international waters. The Company also earns revenue from the sale of alcoholic and other beverages. Certain onboard activities are managed by independent concessionaires from which the Company collects a percentage of revenues, while certain other activities are managed by the Company.

The Company receives additional revenue from the sale to its passengers of shore excursions at each ship's ports of call. On the Carnival Ships, such shore excursions are operated by independent tour operators and include bus and taxi sight-seeing excursions, local boat and beach parties, and nightclub and casino visits. On the HAL Ships, shore excursions are operated by Holland America Westours and independent parties.

In conjunction with its cruise vacations on the Carnival Ships, the Company sells pre-cruise and post-cruise land packages. Such packages generally include one, two or three-night vacations at locations such as Walt Disney World in Orlando, Florida or resorts in the South Florida and the San Juan, Puerto Rico areas.

In conjunction with its cruise vacations on the HAL Ships, HAL sells pre-cruise and post-cruise land packages which are more fully described below. (See "Item 1. Business - Tour Segment")

Passengers

The following table sets forth the aggregate number of passengers carried and percentage occupancy for the Company's ships for the periods indicated:

	FISCAL YEAR ENDED NOVEMBER 30,		
	1996	1995	1994
Number of Passengers	1,764,000	1,543,000	1,354,000
Occupancy Percentage*	107.6%	105.0%	104.0%

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*In accordance with cruise industry practice, total capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers. Occupancy percentages in excess of 100% indicate that more than two passengers occupied some cabins.

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The following table sets forth the actual occupancy percentage for all cruises on the Company's ships during each quarter for the fiscal years ended November 30, 1995 and November 30, 1996:

QUARTER ENDING	OCCUPANCY PERCENTAGE
February 28, 1995	99.9
May 31, 1995	100.3
August 31, 1995	114.6
November 30, 1995	104.6
February 29, 1996	107.1
May 31, 1996	107.2
August 31, 1996	114.5
November 30, 1996	101.1

Sales and Marketing

The Company's products are positioned to appeal to the contemporary, premium and luxury-specialty segments. The luxury-specialty segment, which is not as large as the other segments, is served by cruises with per diems of $300 or higher. The premium segment typically is served by cruises that last for 7 to 14 days or more at per diems of $250 or higher, and appeal principally to more affluent customers. The contemporary segment, on the other hand, is served typically by cruises that are 7 days or shorter in length, are priced at per diems of $200 or less, and feature a casual ambiance. The Company believes that the success and growth of the Carnival cruises is attributable in large part to its early recognition of this market segmentation and its efforts to reach and promote the expansion of the contemporary segment.

Carnival Cruise Lines

Carnival believes that its success is due in large part to its unique product positioning within the industry. Carnival markets the Carnival Ship cruises not only as alternatives to competitors' cruises, but as vacation alternatives to land-based resorts and sight-seeing destinations. Carnival seeks to attract passengers from the broad vacation market, including those who have never been on a cruise ship before and who might not otherwise consider a cruise as a vacation alternative. Carnival's strategy has been to emphasize the cruise experience itself rather than particular destinations, as well as the advantages of a prepaid, all-inclusive vacation package. Carnival markets the Carnival Ship cruises as the "Fun Ships " experience, which includes a wide variety of shipboard activities and entertainment, such as full-scale casinos and nightclubs, an atmosphere of pampered service and high quality food.

The Company markets the Carnival Ships as the "Fun Ships " and uses the themes "Carnival's Got the Fun " and "The Most Popular Cruise Line in the World ", among others. Carnival advertises nationally directly to consumers on network television and through extensive print media utilizing its spokesperson, Kathie Lee Gifford. Carnival believes its advertising generates interest in cruise vacations generally and results in a higher degree of consumer awareness of the "Fun Ships " concept and the "Carnival " name. Substantially all of Carnival's cruise bookings are made through travel agents, which arrangement is encouraged as a matter of policy. In fiscal 1996, Carnival took reservations from about 31,000 of approximately 48,000 travel agencies in the United States and Canada. Travel agents

receive a standard commission of 10% (15% in the State of Florida), plus the potential of an additional commission based on sales volume. Moreover, because cruise vacations are substantially all-inclusive, sales of Carnival cruise vacations yield a significantly higher commission to travel agents than selling air tickets and hotel rooms. During fiscal 1996, no one travel agency accounted for more than 2% of Carnival's revenues.

Carnival engages in substantial promotional efforts designed to motivate and educate retail travel agents about its "Fun Ships " cruise vacations. Carnival employs approximately 90 business development managers and 30 in-house service representatives to motivate independent travel agents and promote its cruises. Carnival believes it has one of the largest sales forces in the industry.

To facilitate access and to simplify the reservation process, Carnival employs approximately 360 reservation agents to take bookings from independent travel agents. Carnival's fully-automated reservation system allows its reservation agents to respond quickly to book cabins on its ships. In addition, through Leisure Shopper and Cruise Director, travel agents have the ability to make reservations through computer terminals directly into Carnival's computerized reservations system. Carnival has a policy of pricing comparable cabins (based on cabin size, location, vessel class and length of voyage) on its various ships at the same rate within its brochures ("common rating"). Through common rating, Carnival is able to offer customers a wider variety of voyages for the same price, which the Company believes improves occupancy on all its cruises. However, discounts from brochure prices may vary depending upon the ship, itinerary, time of year and demand for each cruise.

Carnival's cruises generally are substantially booked several months in advance of the sailing date. This lead time allows Carnival to adjust its prices, if necessary, in relation to demand for available cabins, as indicated by the level of advance bookings. Carnival's SuperSaver fares, introduced several years ago, are designed to encourage potential passengers to book cruise reservations earlier, which helps the Company to more effectively manage yields (pricing and occupancy). Carnival's payment terms require that a passenger pay approximately 15% of the cruise price within 7 days of the reservation date and the balance not later than 45 days before the sailing date for 3- and 4-day cruises and 60 days before the sailing date for 7-day cruises.

Holland America Line (HAL) and Windstar

The HAL and Windstar Ships cater to the premium and luxury-specialty markets, respectively. The Company believes that the hallmarks of the HAL experience are beautiful ships and gracious, attentive service. HAL communicates this difference as "A Tradition of Excellence ", a reference to its long standing reputation as a first class and grand cruise line.

Substantially all of HAL's bookings are made through travel agents, which arrangement HAL encourages as a matter of policy. In fiscal 1996, HAL took reservations from about 22,000 of approximately 48,000 travel agencies in the United States and Canada. Travel agents receive a standard commission of between 10% and 15%, depending upon the specific cruise product sold, with the potential for override commissions based upon sales volume. During 1996, no one travel agency accounted for more than 1% of HAL's total revenue.

HAL has focused much of its recent sales effort at creating an excellent relationship with the travel agency community. This is related to the HAL marketing philosophy that travel agents have a large impact on the consumer cruise selection process and will recommend HAL more often because of its excellent reputation for service to both consumers and independent travel agents. HAL solicits continuous feedback from consumers and the independent travel agents making bookings with HAL to insure they are receiving excellent service.

HAL's marketing communication strategy is primarily composed of newspaper and magazine advertising, large scale brochure distribution and direct mail solicitations to past passengers (referred to as "alumni") and television. HAL engages in substantial promotional efforts designed to motivate and educate retail travel agents about its products. HAL employs approximately 50 field sales representatives, 25 teleaccount sales representatives and 15 sales and service representatives to support the field sales force. To facilitate access to HAL and to simplify the reservation process for the HAL ships, HAL employs approximately 260 reservation agents to take bookings from travel agents. In addition, through Leisure Shopper and Cruise Director, travel agents have the ability to make reservations directly into HAL's reservations system. HAL's cruises generally are booked several months in advance of the sailing date.

Windstar Cruises has its own marketing and reservations staff. Field sales representatives for both HAL and Carnival act as field sales representatives for Windstar. Marketing efforts are primarily devoted to a) travel agent support and awareness, b) direct mail solicitation of past passengers and c) distribution of brochures. The marketing features the distinctive nature of the graceful, modern sail ships and the distinctive "casually elegant" experience on "intimate itineraries" (apart from the normal cruise experience). Windstar's cruise market positioning is embodied in the phrase "180 degrees from ordinary ".

Seasonality

The Company's different businesses experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for Carnival Cruise Lines' ("Carnival") ships is moderately seasonal. Historically, demand for Carnival cruises has been greater during the periods from late June through August and lower during the fall months. HAL cruise revenues are more seasonal than Carnival's cruise revenues. Demand for HAL cruises is strongest during the summer months when HAL ships operate in Alaska and Europe for which HAL obtains higher pricing. Demand for HAL cruises is lower during the winter months when HAL ships sail in more competitive markets.

Competition

In addition to competing with each other, cruise lines compete for consumer disposable leisure time dollars with other vacation alternatives such as land-based resort hotels and sight-seeing destinations, and public demand for such activities is influenced by general economic conditions.

As described under Part I, Item 1. Business, B. Cruise Ship Segment, Industry, the North American cruise industry had an aggregate of 129 ships and 110,000 berths at the end of 1996. From the end of 1996 through the end of 1999, the Company currently estimates 22 new ships will be introduced into the North American market with a capacity of approximately 35,000 berths. The estimate of new ship introductions is based on scheduled ship deliveries and could increase. The lead time for design, construction and delivery of a typical cruise ship is approximately two to three years. Over the last several years as new vessels were introduced by the Company and some of its competitors a number of older vessels were removed from service in the North American market due to age or lack of profitability. The Company believes that this trend may continue in the future. Nonetheless, net capacity in the North American cruise market will most likely increase over the next several years and thus may increase the levels of competition within the industry.

The Company, including all its cruise products, is the largest cruise company in the world based on passengers carried, revenues generated and available capacity. The primary methods of competition among cruise lines are in the areas of cruise pricing, cruise product and cruise destination. A discussion of each of the Company's cruise products and its primary cruise competition is included below.

The Carnival ships compete with cruise ships operated by six different cruise lines which operate year round from Florida, California and Puerto Rico with similar itineraries and with ten other cruise lines operating seasonally from other ports in Florida, California and Puerto Rico, including cruise ships operated by HAL. Competition for cruise passengers is substantial. Ships operated by Royal Caribbean Cruise Line and Norwegian Cruise Line sail regularly from Miami and Celebrity Cruises sails regularly from Ft. Lauderdale on itineraries similar to those of the Carnival Ships. Carnival competes year round with ships operated by Royal Caribbean Cruise Line embarking from Los Angeles to the west coast of Mexico. Cruise lines such as Norwegian Cruise Line, Royal Caribbean Cruise Line and Princess Cruises offer voyages competing with Carnival from San Juan to the Caribbean. The Walt Disney Co. has announced that it intends to enter the cruise market with two ships in 1998.

In Alaska, HAL and Carnival compete directly with cruise ships operated by ten different cruise lines with the largest competitors being Princess Cruises and Royal Caribbean Cruise Line. Over the past several years, there has been a steady increase in the available capacity among all cruise lines operating in Alaska. In the Caribbean, HAL competes with cruise ships operated by 16 different cruise lines, its primary competitors being Princess Cruises, Royal Caribbean Cruise Line, Celebrity Cruises and Norwegian Cruise Line, as well as the Carnival Ships.

Governmental Regulation

The Ecstasy, Fantasy, Celebration and Tropicale are Liberian flagged ships and the balance of the Carnival Ships are registered in Panama. The

Ryndam, Maasdam, Statendam, Westerdam, Noordam, Nieuw Amsterdam and the Rotterdam are registered in the Netherlands, while the Veendam is flagged in the Bahamas. The Windstar Ships are registered in the Bahamas. The ships are subject to inspection by the United States Coast Guard for compliance with the Convention for the Safety of Life at Sea and by the United States Public Health Service for sanitary standards. The Company is also regulated by the Federal Maritime Commission, which, among other things, certifies ships on the basis of the ability of the Company to meet obligations to passengers for refunds in case of nonperformance. The Company believes it is in compliance with all material regulations applicable to its ships and has all licenses necessary to the conduct of its business. In connection with a significant portion of its Alaska cruise operations, HAL relies on a concession permit from the National Park Service, which is periodically renewed, to operate its cruise ships in Glacier Bay National Park. There can be no assurance that the permits will continue to be renewed or that regulations relating to the renewal of such permits, including preference rights, will remain unchanged in the future.

The International Maritime Organization has adopted safety standards as part of the "Safety of Life at Sea" ("SOLAS") Convention, applicable generally to all passenger ships carrying 36 or more passengers. Generally, SOLAS imposes enhanced vessel structural requirements designed to improve passenger safety. The SOLAS requirements are phased in through the year 2010. However, certain stringent SOLAS fire safety requirements must be implemented by October 1997. The Company believes that its ships, excluding the Rotterdam V which is scheduled for removal from service in September 1997, either currently meet or will meet the 1997 SOLAS requirements without significant additional expenditures.

Public Law 89-777 administered by the Federal Maritime Commission ("FMC") requires most cruise line operators to establish financial responsibility for nonperformance of transportation. The FMC's regulations require that a cruise line demonstrate its financial responsibility through a guaranty, escrow arrangement, surety bond, insurance or self-insurance. Currently, the amount required must equal 110% of the cruise line's highest amount of customer deposits over a two-year period up to a maximum coverage level of $15 million, subject to a sliding scale. The FMC has proposed increasing the coverage requirements under the FMC regulations. The proposed new regulations are viewed favorably by the Company and are not expected to have a material effect on the Company. The FMC has received public comments regarding the proposed regulations and may take final action at any time.

From time to time, various other regulatory and legislative changes have been or may in the future be proposed that could have an effect on the cruise industry in general.

Financial Information

For financial information about the Company's cruise ship segment with respect to the three fiscal years ended November 30, 1996, see Note 10 "Segment Information" to the Company's Consolidated Financial Statements in Exhibit 13 incorporated by reference into this Annual Report on Form 10-K.

C. Tour Segment

In addition to its cruise business, HAL markets sight-seeing tours separately and as a part of cruise/tour packages under the Holland America Westours name. Tour operations are based in Alaska, Washington State and western Canada. Since a substantial portion of Holland America Westours' business is derived from the sale of tour packages in Alaska during the summer tour season, tour operations are highly seasonal.

Holland America Westours

Holland America Line-Westours Inc. ("Holland America Westours") is a wholly-owned subsidiary of HAL. The group of subsidiaries which together comprise the tour operations perform three independent yet interrelated functions. During 1996, as part of an integrated travel program to destinations in Alaska, the tour service group offered 43 different tour programs varying in length from 7 to 21 days. The transportation group and hotel group support the tour service group by supplying facilities needed to conduct tours. Facilities include dayboats, motor coaches, rail cars and hotels.

Two luxury dayboats perform an important role in the integrated Alaska travel program offering tours to the glaciers and fjords of Alaska and the Yukon River. The Yukon Queen cruises the Yukon River between Dawson City, Yukon Territory and Eagle, Alaska and the Ptarmigan operates on Portage Lake in Alaska. The two dayboats have a combined capacity of 249 passengers.

A fleet of over 290 motor coaches using the trade name Gray Line operates in Alaska, Washington and western Canada. These motor coaches are used for extended trips, city sight-seeing tours and charter hire. HAL conducts its tours both as part of a cruise/tour package and as individual sight-seeing products sold under the Gray Line name. In addition, HAL operates express Gray Line motor coach service between downtown Seattle and the Seattle-Tacoma International Airport.

Twelve private domed rail cars, which are called "McKinley Explorers", run on the Alaska railroad between Anchorage and Fairbanks, stopping at Denali National Park.

In connection with its tour operations, HAL owns or leases motor coach maintenance shops in Seattle, and at Juneau, Fairbanks, Anchorage, Skagway and Ketchikan in Alaska. HAL also owns or leases service offices at Anchorage, Denali Park, Fairbanks, Juneau, Ketchikan and Skagway in Alaska, at Whitehorse in the Yukon Territory, in Seattle and at Vancouver in British Columbia. Certain real property facilities on federal land are used in HAL's tour operations pursuant to permits from the applicable federal agencies.

Westmark Hotels

HAL owns and/or operates 16 hotels in Alaska and the Canadian Yukon under the name Westmark Hotels. Four of the hotels are located in Canada's Yukon Territory and offer a combined total of 585 rooms. The remaining 12 hotels, all located throughout Alaska, provide a total of 1,649 rooms, bringing the total number of hotel rooms to 2,234.

The hotels play an important role in HAL's tour program during the summer months when they provide accommodations to the tour passengers. The hotels located in the larger metropolitan areas remain open during the entire year, acting during the winter season as centers for local community activities while continuing to accommodate the traveling public. HAL hotels include dining, lounge and conference or meeting room facilities. Certain hotels have gift shops and other tourist services on the premises.

The hotels are summarized in the following table:

HOTEL NAME	LOCATION	ROOMS	OPEN DURING 1996 SEASON
Alaska Hotels:			
Westmark Anchorage	Anchorage	198	year-round
Westmark Inn	Anchorage	90	seasonal
Westmark Inn	Fairbanks	173	seasonal
Westmark Fairbanks	Fairbanks	238	year-round
Westmark Juneau	Juneau	105	year-round
The Baranof	Juneau	193	year-round
Westmark Cape Fox	Ketchikan	72	year-round
Westmark Kodiak	Kodiak	81	year-round
Westmark Shee Atika	Sitka	101	year-round
Westmark Inn Skagway	Skagway	209	seasonal
Westmark Tok	Tok	92	seasonal
Westmark Valdez	Valdez	97	year-round
Canadian Hotels (Yukon Territory):			
Westmark Inn	Beaver Creek	174	seasonal
Westmark Klondike Inn	Whitehorse	99	seasonal
Westmark Whitehorse	Whitehorse	181	year-round
Westmark Inn	Dawson	131	seasonal

Thirteen of the hotels are owned by a HAL subsidiary. The remaining three hotels, Westmark Anchorage, Westmark Cape Fox and Westmark Shee Atika, are operated by Westmark under arrangements involving third parties such as management agreements and leases.

For the hotels that operate year-round, the occupancy percentage for 1996 was 58%, and for the hotels that operate only during the summer months, the occupancy percentage for 1996 was 79%.

Seasonality

The Company's tour revenues are extremely seasonal with a large majority generated during the late spring and summer months in connection with the Alaska cruise season. Holland America Westours' tours are conducted in Washington State, Canada and Alaska. The Alaska tours coincide to a great extent with the Alaska cruise season, May through September. Washington tours are conducted year-round although demand is greatest during

the summer months. During periods in which tour demand is low, HAL seeks to maximize its motor coach charter activity such as operating charter tours to ski resorts in Washington and Canada.

Sales and Marketing

HAL tours are marketed both separately and as part of cruise-tour packages. Although most HAL cruise-tours include a HAL cruise as the cruise segment, other cruise lines also market HAL tours as a part of their cruise-tour packages and sight-seeing excursions. Tours sold separately are marketed through independent travel agents and also directly by HAL, utilizing sales desks in major hotels. General marketing for the hotels is done through various media in Alaska, Canada and the continental United States. Travel agents, particularly in Alaska, are solicited, and displays are used in airports in Seattle, Washington, Portland, Oregon and various Alaskan cities. Rates at Westmark Hotels are on the upper end of the scale for hotels in Alaska and the Canadian Yukon.

Concessions

Certain tours in Alaska are conducted on federal property requiring concession permits from the applicable federal agencies such as the National Park Service or the United States Forest Service.

Competition

Holland America Westours competes with independent tour operators and motor coach charter operators in Washington, Alaska and the Canadian Rockies. The primary competitors in Alaska are Princess Tours (which owns approximately 130 motor coaches and three hotels) and Alaska Sightseeing/Trav-Alaska (which owns approximately 40 motor coaches). The primary competitor in Washington is Gazelle (with approximately 18 motor coaches).

Westmark Hotels compete with various hotels throughout Alaska, including the Super 8 national motel chain, many of which charge prices below those charged by HAL. Dining facilities in the hotels also compete with the many restaurants in the same geographic areas.

Government Regulation

HAL's motor coach operations are subject to regulation both at the federal and state levels, including primarily the U.S. Department of Transportation, the Washington Utilities Department of Transportation, the British Columbia Motor Carrier Commission and the Alaska Department of Transportation. Certain of HAL's tours involve federal properties and are subject to regulation by various federal agencies such as the National Park Service, the Federal Maritime Administration and the U.S. Forest Service.

In connection with the operation of its beverage facilities in the Westmark Hotels, HAL is required to comply with state, county and/or city ordinances regulating the sale and consumption of alcoholic beverages. Violations of these ordinances could result in fines, suspensions or revocation of such licenses and preclude the sale of any alcoholic beverages by the hotel involved.

In the operation of its hotels, HAL is required to comply with applicable building and fire codes. Changes in these codes have in the past and may in the future, require substantial capital expenditures to insure continuing compliance such as the installation of sprinkler systems.

Financial Information

For financial information about the Company's tour segment with respect to the three fiscal years ended November 30, 1996, see Note 10 "Segment Information" to the Company's Consolidated Financial Statements in Exhibit 13 incorporated by reference into this Annual Report on Form 10-K.

D. Employees

The Company's Carnival operations have approximately 1,400 full-time and 300 part-time employees engaged in shoreside operations. Carnival also employs approximately 360 officers and 8,900 crew and staff on the Carnival Ships.

The Company's HAL operations have approximately 3,200 employees engaged in shoreside, tour and hotel operations, of which approximately 1,500 employees hold part-time/seasonal positions. HAL also employs approximately 250 officers and 3,700 crew and staff on the HAL Ships and Windstar Ships. Due to the seasonality of its Alaska and Canadian operations, HAL tends to increase its work force during the summer months, employing significant

additional full-time and part-time personnel. HAL has entered into agreements with unions covering employees in certain of its hotels and certain of its tour and ship employees.

The Company considers its employee relations generally to be good.

E. Suppliers

The Company's largest purchases are for airfare, advertising, fuel, food and related items, hotel supplies and products related to passenger accommodation. Although the Company chooses to use a limited number of suppliers for most of its food and fuel purchases, most of the necessary supplies are available from numerous sources at competitive prices. The use of a limited number of suppliers enables the Company to obtain volume discounts.

F. Insurance

The Company maintains insurance covering legal liabilities related to crew, passengers and other third parties on the Carnival Ships and the HAL Ships in operation through The Standard Steamship Owners Protection & Indemnity Association (Europe) Limited (the "SSOPIA") and the Steamship Mutual Underwriting Association Ltd. (the "SMUAL"). The amount and terms of these insurances are governed by the rules of the foregoing associations.

The Company currently maintains insurance on the hull and machinery of each vessel in amounts equal to the approximate market value of each vessel. The Company maintains war risk insurance on each vessel which includes legal liability to crew and passengers including terrorist risks for which coverage would be excluded from SSOPIA or SMUAL. The coverage for hull and machinery and war risks is effected with international markets, including underwriters at Lloyds. The Company, as currently required by the FMC, maintains at all times two $15 million performance bonds for the Carnival Ships, and the HAL and Windstar Ships, respectively, to cover passenger ticket liabilities in the event of a canceled or interrupted cruise. See "CRUISE SHIP SEGMENT - Government Regulation" for a discussion of changes to the performance bond requirements proposed by the FMC.

The Company maintains certain levels of self insurance for liabilities and hull and machinery through the use of substantial deductibles. Such deductibles may be increased in the future. The Company does not carry coverage related to loss of earnings or revenues for its cruise operations.

The Company also maintains various insurance policies to protect the assets, earnings and liabilities arising from the operation of Holland America Westours.

G. Investments in Affiliates

Seabourn Cruise Line

In April 1992, the Company acquired 25% of the capital stock of Seabourn. As part of the transaction, the Company also made a subordinated secured ten-year loan of $15 million to Seabourn and a $10 million convertible loan to Seabourn. In December 1995, the $10 million convertible loan was converted by the Company into an additional 25% equity interest in Seabourn. Seabourn operates three ultra-luxury ships, which have an aggregate capacity of 612 passengers and have itineraries in the Caribbean, the Baltic, the Mediterranean and the Far East. The Seabourn product is primarily marketed in North America.

Airtours plc

In April 1996, the Company acquired a 29.5% interest in Airtours for approximately $307 million. Airtours and subsidiaries is the largest air inclusive tour operator in the world and is publicly traded on the London Stock Exchange. Airtours provides air inclusive packaged holidays to the British, Scandinavian and North American markets. Airtours provides holidays to approximately 5 million people per year and owns or operates 32 hotels, two cruise ships and 31 aircraft.

Airtours was founded in the United Kingdom in 1972 and is currently the second largest provider of air inclusive packages in the United Kingdom. In 1994, Airtours entered the Scandinavian market via the acquisition of the Scandinavian Leisure Group and expanded its share of this market in 1996 with the acquisition of Spies. In 1995, Airtours acquired Sunquest Vacations, a Canadian tour operator. During 1996, Airtours acquired Alba Tours International located in Canada, began operations in Los Angeles, California with Sunquest Holidays, and began construction of a time share facility in Orlando, Florida. Today Airtours is the market leader in Scandinavia and is one of Canada's leading tour operators.

Airtours operates 46 aircraft (one additional aircraft is scheduled to enter service in the spring of 1997) exclusively for its U.K. tour operators providing a large proportion of their flying requirements. In addition, Airtours' subsidiary Premiair operates a fleet of 13 aircraft (one additional aircraft is also scheduled to enter service with Premiar in the spring of 1997), which provides most of the flying requirements for Airtours' Scandinavian tour operators.

Airtours owns or operates 32 hotels (6,500 rooms) which provide rooms to Airtours' tour operators principally in the Mediterranean and the Canary Islands. In addition, Airtours has a 50% interest in Tenerife Sol, a joint venture with Sol Hotels Group of Spain, which owns and operates three additional hotels in the Canary Islands providing 1,300 rooms.

Through its subsidiary Sun Cruises, Airtours owns and operates two cruise ships. Both the 800-berth MS Seawing and the 1,062-berth MS Carousel commenced operations in 1995. Recently, Airtours acquired a third ship, the MS Sundream, which is the sister ship of the MS Carousel. The MS Sundream is expected to commence operations in May 1997. The ships operate in the Mediterranean, the Caribbean and around the Canary Islands and are sold exclusively by Airtours' tour operators.

Joint Venture with Hyundai Merchant Marine Co. Ltd.

In September 1996, the Company and Hyundai Merchant Marine Co. Ltd. ("HMM") signed an agreement to form a 50/50 joint venture to develop the Asian cruise vacation market (the "Joint Venture"). The Company and HMM each have contributed $4.8 million as the initial capital of the Joint Venture. In addition, in November 1996 the Company sold Carnival Cruise Lines' cruise ship Tropicale to the Joint Venture for approximately $95.5 million cash. The Company then chartered the vessel from the Joint Venture until the Joint Venture is ready to begin cruise operations in the Asian market in or around the spring of 1998. The Joint Venture borrowed the $95.5 million purchase price from a financial institution and the Company and HMM each guaranteed 50% of the borrowing.

Seasonality

The Company's investments in affiliates are accounted for using the equity method of accounting. Starting with the Company's quarter ending August 31, 1996, the Company's portion of Airtours' operating results are being recorded by the Company on a two month lag basis. Airtours' earnings are very seasonal due to the seasonal nature of the European leisure travel industry. During the last two fiscal years, Airtours' third and fourth fiscal quarters, ending June 30 and September 30, respectively, have been profitable, with the fourth quarter being its most profitable quarter. During this same period, Airtours experienced seasonal losses in its first and second fiscal quarters ending on December 31 and March 31, respectively.

Item 2. Properties

The Company's cruise ships are described in Section B of Item 1 under the heading "Cruise Ship Segment". The properties associated with HAL's tour operations are described in Section C of Item 1 under the heading "Tour Segment".

Carnival's shoreside operations and the Company's corporate headquarters are located at 3655 N.W. 87th Avenue, Miami, Florida. These facilities consist of approximately 231,000 square feet of office facility which the Company purchased in December 1994 and approximately 225,000 square feet of office facility recently constructed next to the existing facility. Carnival is also leasing approximately 60,000 square feet of office space at 5225 N.W. 87th Avenue, Miami, Florida until September 1997.

HAL headquarters are at 300 Elliott Avenue West in Seattle, Washington in leased space in an office building. The lease is for approximately 125,000 square feet.

The Company's cruise ships, tour properties and shoreside operations facilities are well maintained and in good condition.

Item 3. Legal Proceedings

In April 1996 and October 1996, four complaints were filed in the Circuit Court of the Eleventh Judicial Circuit, Dade County, Florida, against the Company (the "Florida Actions"). In April 1996, a complaint was filed in the Superior Court of Washington for King County against Holland America Westours (the "Washington Action"). In November 1996, a complaint was filed against the Company in the 18th Judicial District Court, Parish of Iberville, Louisiana (the "Louisiana Action"). These actions (collectively

the "Port Charges Complaints"), brought on behalf of purported classes of persons who traveled on a Company ship and paid port charges to the Company, allege that statements made by the Company in advertising and promotional materials concerning port charges were false and misleading.

The Florida Actions allege claims of negligent misrepresentation, unjust enrichment, violation of the Florida Deceptive and Unfair Trade Practices Act, fraud, negligence, breach of fiduciary duties, breach of implied covenants of good faith and fair dealing, fraudulent misrepresentations and/or omission, restitution, conversion, money had and received, resulting trust and constructive trust. The Washington Action alleges claims of negligent misrepresentation, unjust enrichment and violation of the Washington Consumer Protection Act. The Louisiana Action alleges violation of the Louisiana Unfair Trade Practices and Consumer Protection Law, fraud and breach of express contractual obligations. The Company has removed the Louisiana Action to federal court, and a hearing on the Company's motion to dismiss is presently scheduled for August 1997.

In one of the Florida Actions, Sutton v. Carnival, the plaintiffs seek damages "in excess of fifteen thousand dollars, (but less than $50,000 per individual class member)" for each of eight separate grounds for relief. The remaining Port Charges Complaints seek unspecified compensatory damages on behalf of the purported class (or, alternatively, refunds of port charges allegedly in excess of certain charges levied by governmental authorities), attorneys' fees, costs, punitive damages and injunctive relief.

In June and August 1996, respectively, two complaints were filed against both the Company and Holland America Westours in the Superior Court for the State of California, Los Angeles County (the "California Actions") and in January 1997, a complaint was filed against the Company in the Fourth Judicial District Court, Hennepin County, Minnesota (the "Minnesota Action"). These actions (collectively the "Travel Agent Complaints"), brought on behalf of purported classes of all travel agencies who during the past four years (California Actions) or the past six years (Minnesota Action) booked a cruise with the Company, contain allegations that the Company's advertising practices regarding port charges resulted in an improper and concealed form of commission bypass. The Travel Agent Complaints allege claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud and seek unspecified compensatory damages (or alternatively, the payment by the Company of usual and customary commissions on port charges in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief.

The Port Charges Complaints and the Travel Agent Complaints are in preliminary stages and it is not now possible to determine the ultimate outcome of the lawsuits. Management believes that the Company has substantial and meritorious defenses to the claims and intends to vigorously defend the lawsuits. Management understands that purported class action lawsuits similar to the Port Charges Complaints and the Travel Agent Complaints have been filed against five other cruise lines.

The United States Attorney for the District of Alaska has commenced an investigation to determine if a Holland America Line vessel discharged bilge water, alleged to have contained oil or oily mixtures, at various locations allegedly within the United States territorial waters at various times during the summer and early fall of 1994. It is unknown whether any proceedings will be initiated and, if so, what violations will be alleged. To date, no penalties have been sought or imposed. Management does not believe that the amount of potential penalties will have a material impact on the Company.

Wartsila Marine Industries Incorporated ("Wartsila") operated a Finnish shipyard and had contracted to build three ships for the Company in the late 1980's. Wartsila filed for bankruptcy in 1989 without completing construction of the vessels, causing the Company to incur incremental costs to complete the ships and to lose profits because of the delay in their delivery. During 1995, the Company received $40 million in cash from the settlement of litigation with Metra Oy, the former parent company of Wartsila, related to losses suffered in connection the construction of these three ships. Of the $40 million received, $6.2 million was used to pay related legal fees, $14.4 million was recorded as other income and $19.4 million was used to reduce the cost basis of certain ships which had been the subject of the Company's lawsuit against Metra Oy.

On June 25, 1996, the Company reached an agreement with the trustees of Wartsila and creditors for the bankruptcy which resulted in an additional cash payment of approximately $80 million. Of the $80 million received, $5 million was used to pay certain costs, $32 million was recorded as other income and $43 million was used to reduce the cost basis of certain ships which had been affected by the bankruptcy.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of such suits which are not covered by insurance would not have a material adverse effect on the Company's financial condition or results of operations.

Item 4. Submission of Matters to a Vote or Security Holders

None.

Executive Officers of the Registrant

Pursuant to General Instruction G(3), the information regarding executive officers of the Company called for by Item 401(b) of Regulation S-K is hereby included in Part 1 of this report.

The following table sets forth the name, age and title of each executive officer. Titles listed relate to positions within Carnival Corporation unless otherwise noted.

NAME	AGE	POSITION
Micky Arison	47	Chairman of the Board and Chief Executive Officer
Gerald R. Cahill	45	Vice President-Finance
Pamela C. Conover	40	Vice President-Strategic Planning
Robert H. Dickinson	54	President and Chief Operating Officer of Carnival and Director
Howard S. Frank	55	Vice-Chairman, Chief Financial Officer and Director
A. Kirk Lanterman	65	President and Chief Executive Officer of Holland America Line-Westours Inc. and Director
Lowell Zemnick	53	Vice President and Treasurer
Meshulam Zonis	63	Senior Vice President-Operations of Carnival and Director

Business Experience of Officers

Micky Arison, age 47, has been Chief Executive Officer since 1979 and Chairman of the Board since 1990. He was President from 1979 to May 1993 and has also been a director since June 1987. Prior to 1979, he served Carnival for successive two-year periods as sales agent, reservations manager and as Vice President in charge of passenger traffic. He is the son of Ted Arison, Carnival Corporation's founder.

Gerald R. Cahill, age 45, is a Certified Public Accountant and has been Vice President-Finance since September 1994. Mr. Cahill was the chief financial officer from 1988 to 1992 and the chief operating officer from 1992 to 1994 of Safecard Services, Inc. From 1979 to 1988 he held financial positions at Resorts International Inc. and, prior to that, spent six years with Price Waterhouse LLP.

Pamela C. Conover, age 40, has been Vice President-Strategic Planning since May 1995. Ms. Conover was the chief executive officer of Epirotiki Cruise Line from May 1994 through April 1995. From 1985 through 1994 Ms. Conover worked as a Vice President of Citibank N.A. New York and subsequently as a Managing Director of Citicorp Securities Inc.

Robert H. Dickinson, age 54, has been President and Chief Operating Officer of Carnival since May 1993. From 1979 to May 1993, he was Senior Vice President--Sales and Marketing of Carnival. He has also been a director since June 1987.

Howard S. Frank, age 55, has been Vice-Chairman of the Board since October 1993 and has been Chief Financial Officer and Chief Accounting Officer since July 1, 1989 and a director since 1992. From July 1989 to October 1993 he was Senior Vice President-Finance. From July 1975 through June 1989, he was a partner with Price Waterhouse LLP.

A. Kirk Lanterman, age 65, is a Certified Public Accountant and has been President and Chief Executive Officer of Holland America Line-Westours Inc. since January 1989 and a director since 1992. From 1983 to January 1989, he was President and Chief Operating Officer of Holland America

Line-Westours Inc. From 1979 to 1983, he was President of Westours which merged in 1983 with Holland America Line.

Lowell Zemnick, age 53, is a Certified Public Accountant and has been Vice President since 1980 and Treasurer since September 1990. Mr. Zemnick was the chief financial officer of Carnival Cruise Lines from 1980 to September 1990 and was the chief financial officer of Carnival Corporation from May 1987 through June 1989.

Meshulam Zonis, age 63, has been Senior Vice President-Operations of Carnival since 1979. He has also been a director since June 1987. From 1974 through 1979, Mr. Zonis was Vice President-Operations of Carnival.

Special Note Regarding Forward-Looking Statements

Certain statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this Form 10-K constitute "forward-looking statements" within the meaning of the reform act. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; increases in cruise industry capacity in the Caribbean and Alaska; changes in tax laws and regulations (especially any change affecting the Company's status as a "controlled foreign corporation" as defined in Section 957(a) of the Internal Revenue Code (see "Taxation of the Company")); the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; delivery of new vessels on schedule and at the contracted price; weather patterns in the Caribbean; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; and changes in laws and government regulations applicable to the Company (including the implementation of the "Safety of Life at Sea Convention" and changes in FMC surety and guaranty arrangements).

PART II

Item 5. Market for the Registrant's Common Stock and Related Stockholders Matters

A. Market Information

The information required by Item 201(a) of Regulation S-K, market information, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

B. Holders

The information required by Item 201(b) of Regulation S-K, holders of common stock, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

C. Dividends

Any dividend declared by the Board of Directors on the Company's Common Stock will be paid concurrently at the same rate on the Class A Common Stock and the Class B Common Stock. For its Class A Common Stock and Class B Common Stock (collectively, the "Common Stock"), the Company declared cash dividends of $.075 per share in each of the first three quarters of fiscal 1995, $.09 in the fourth quarter of fiscal 1995 and $.09 in the first three quarters of fiscal 1996, and $.11 in the fourth quarter of fiscal 1996 and first quarter of fiscal 1997. Payment of future quarterly dividends on the Common Stock will depend, among other factors, upon the Company's earnings, financial condition and capital requirements and certain tax considerations of certain members of the Arison family and trusts for the benefit of Mr. Ted Arison's children (the "Principal Shareholders"), some of whom are required to include a portion of the Company's earnings in their taxable income, whether or not the earnings are distributed (see "D. Taxation of the Company"). The Company may also declare special dividends to all stockholders in the event that the Principal Shareholders are required to pay additional income taxes by reason of their ownership of the Common Stock, either because of an income tax audit of the Company or the Principal Shareholders or because of certain actions by the Company (such as a failure by the Company to maintain its investment in shipping assets at a certain level) that would trigger adverse tax consequences to the Principal Shareholders under the special tax rules applicable to them.

While no tax treaty currently exists between the Republic of Panama and the United States, under current law the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama. Dividends paid by the Company will be taxable as ordinary income for United States Federal income tax purposes to the extent of the Company's current or accumulated earnings and profits, but generally will not qualify for any dividends-received deduction.

The payment and amount of any dividend is within the discretion of the Board of Directors, and it is possible that the amount of any dividend may vary from the levels discussed above. If the law regarding the taxation of the Company's income to the Principal Shareholders were to change so that the amount of tax payable by the Principal Shareholders were increased or reduced, the amount of dividends paid by the Company might be more or less than is currently contemplated.

D. Taxation of the Company

The following discussion summarizes the expected United States Federal income taxation of the Company's current operations. State and local taxes are not discussed. The discussion is based upon currently existing provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations thereunder and current administrative rulings and court decisions. All of the foregoing are subject to change and any such change could affect the continuing validity of this discussion. In connection with the foregoing, investors should be aware that the Tax Reform Act of 1986 (hereinafter, the "1986 Tax Act") changed significantly the United States Federal income tax rules applicable to the Company and certain holders of its stock (including the Principal U.S. Shareholders). Although the relevant provisions of the 1986 Tax Act are discussed herein, they have not yet been the subject of extensive administrative or judicial interpretation.

United States

Carnival Corporation is a Panamanian corporation, and its material subsidiaries (other than subsidiaries engaged in the bus, hotel and tour business of Holland America Line) are Panamanian, Liberian, Netherlands Antilles and Bahamian corporations. Accordingly, the Company's income from sources outside of the United States ("foreign source income") generally is not subject to United States tax. Moreover, the Company anticipates that, under current law, all or virtually all of its income from sources within the United States ("United States Source Income") that constitutes Shipping Income (as defined below) will be exempt from United States corporate income taxation for as long as Carnival Corporation and its subsidiaries meet the requirements of Section 883 of the Code. Section 883 of the Code provides that income of a foreign corporation derived from the international operation, or from the rental on a full or bareboat basis, of ships ("Shipping Income") is exempt from United States taxation if (1) the foreign country in which the foreign corporation is organized grants an equivalent exemption to citizens of the United States and to corporations organized in the United States (an "equivalent exemption jurisdiction") and (2) the foreign corporation is a controlled foreign corporation ("CFC") as defined in Section 957(a) of the Code (the "CFC Test"). The Company believes that substantially all of its United States Source Income other than Holland America Line's income from its bus, hotel and tour operations, currently qualifies as Shipping Income, and that Panama, the Netherlands Antilles, the Bahamas and Liberia are equivalent exemption jurisdictions. (Holland America Line's income from its hotel and tour operations, is not Shipping Income, and, accordingly, is subject to United States corporate income tax). If, however, Panamanian, Netherlands Antilles, Bahamian or Liberian law were to change adversely, the Company would consider taking appropriate steps (including reincorporating in another jurisdiction) so as to remain eligible for the exemption from United States Federal income tax provided by Section 883 of the Code.

A foreign corporation is a CFC when stock representing more than 50% of such corporation's voting power or equity value is owned (or considered as owned) on any day of its fiscal year by United States persons who each own (or are considered as owning) stock representing 10% or more of the corporation's voting power ("Ten Percent Shareholders"). Stock of the Company representing more than 50% of the total combined voting power of all classes of stock is owned by the Micky Arison 1994 "B" Trust (the "B Trust"),which is a "United States Person", and thus the Company meets the definition of a CFC. The B Trust is a U.S. trust whose primary beneficiary is Micky Arison, the Company's Chairman of the Board. Accordingly, at the corporate level, the Company expects that virtually all of its income (with the exception of its United States source income from the operation of transportation, hotel and tour business of HAL) will remain exempt from United States income taxes. The B Trust has entered into an agreement with the Company that is designed to ensure, except under certain limited

circumstances, that stock possessing more than 50% of the Company's voting power will be held by Ten Percent Shareholders until at least July 31, 1997. Because the Company is a CFC, a pro rata share of the Shipping earnings of the Company, as well as certain other amounts, is includable in the taxable income of any "Ten Percent Shareholder", as defined above.

A substantial portion of the Company's income will, as discussed below, be treated as United States Source Income. If the Company were to fail to meet the requirements of Section 883 of the Code with respect to any of its United States Source Income (or if Section 883 of the Code were repealed), some or all of the Company's Shipping Income that is United States Source Income would become subject to a significant United States tax burden, the amount of which would depend, in part, on the extent to which the Company's income is effectively connected with the conduct of a United States trade or business. Any such United States Source Income that is considered to be "effectively connected" with the conduct of a United States trade or business would be subject not only to general United States Federal corporate income tax, but also to a 30% "branch level" tax on effectively connected earnings and profits (generally, adjusted taxable income reduced by taxes and adjusted for the amount of the Company's earnings treated as reinvested in the Company's United States business). Any such United States Source Income that is not considered to be effectively connected with a United States trade or business will instead be subject to a 4% tax on United States source gross transportation income (or, possibly, to a 30% tax if any such income were considered to be 100% United States Source Income under the rules described below, which, the Company does not believe to be the case with respect to any significant portion of its Shipping Income). The Company believes that at least a significant portion of its United States Source Income would probably be considered to be effectively connected with a United States trade or business for this purpose.

Under amendments to the Code enacted as part of the 1986 Tax Act, the Company's United States Source Income will include 50% of all transportation income (including income derived from, or in connection with, the use or hiring, or leasing for use of a cruise ship, or the performance of services directly related to such use) attributable to transportation that begins or ends in the United States, and 100% of such transportation income with respect to transportation which begins and ends in the United States. The legislative history of these rules suggests that a cruise which begins and ends in United States ports, but which calls on one or more foreign ports (including ports in possessions of the United States), will be treated as transportation that begins or ends in the United States, rather than as transportation that begins and ends in the United States, thus resulting in no more (and, with respect to a cruise that calls on more than one foreign port, possibly less) than 50% United States Source Income. There are, however, no regulations or other authoritative interpretations of these new rules, and, accordingly, the matter is not entirely free from doubt.

Under a provision of the Technical and Miscellaneous Revenue Act of 1988, Section 883 of the Code applies only to income derived from the international operation of ships. The legislative history of that provision indicates that Section 883 of the Code does not apply to Shipping Income that is treated as 100% United States Source Income under the source of income rules discussed in the preceding paragraph since it does not constitute income from the international operation of a ship because it results from transportation that is considered to begin and end in the United States; accordingly, any such income may well be subject to United States corporate tax unless another exception was applicable. As discussed in the preceding paragraph, although the matter is not entirely free from doubt, the Company does not believe that any significant portion of its Shipping Income from its current operations is 100% United States Source Income under the applicable provisions of the Code. Accordingly, the Company does not believe that the 1988 legislation significantly increases its United States corporate tax with respect to its current operations.

Other Jurisdictions

The Company anticipates that its income will not be subject to significant taxation under the laws of the Republic of Panama, Liberia, the Netherlands Antilles, the British Virgin Islands or the Bahamas.

Item 6. Selected Financial Data

The information required by Item 6, selected financial data for the five years ended November 30, 1996, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of operations

The information required by Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 8. Financial Statements and Supplementary Data

The financial statements, together with the report thereon of Price Waterhouse LLP dated January 15, 1997, is shown in Exhibit 13 and is hereby incorporated by reference into this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Items 10, 11, 12 and 13. Directors and Executive Officers of the Registrant, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management, and Certain Relationships and Related Transactions

The information required by Items 10, 11, 12 and 13 is incorporated by reference to the Registrant's definitive Proxy Statement to be filed with the Commission not later than 120 days after the close of the fiscal year except that the information concerning the Registrant's executive officers called for by Item 401(b) of Regulation S-K has been included in Part I of this Annual Report on Form 10-K.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1)-(2) Financial Statements and Schedules:

The financial statements shown in Exhibit 13 are hereby incorporated herein by reference.

(3) Exhibits:

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this Annual Report on Form 10-K and such Exhibit Index is hereby incorporated herein by reference.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended November 30, 1996.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, and the State of Florida on this 21 day of February 1997.

CARNIVAL CORPORATION

By /s/ Micky Arison
Micky Arison
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Micky Arison Micky Arison	Chairman of the Board, Chief Executive Officer and Director	February 21, 1997
/S/ Howard S. Frank	Vice-Chairman, Chief Financial	February 27, 1997

Howard S. Frank	and Accounting Officer and Director	
/s/ Maks L. Birnbach Maks L. Birnbach	Director	February 21, 1997
/s/ Richard G. Capen, Jr. Richard G. Capen, Jr.	Director	February 27, 1997
/s/ David Crossland David Crossland	Director	February 27, 1997
/s/ Robert H. Dickinson Robert H. Dickinson	Director	February 25, 1997
/s/ Shari Arison Dorsman Shari Arison Dorsman	Director	February 27, 1996
/s/ James Dubin James Dubin	Director	February 22, 1997
/s/ A. Kirk Lanterman A. Kirk Lanterman	Director	February 25, 1997
/s/ Modesto Maidique Modesto Maidique	Director	February 27, 1997
/s/ William S. Ruben William S. Ruben	Director	February 25, 1997
/s/ Stuart Subotnick Stuart Subotnick	Director	February 22, 1997
/s/ Sherwood M. Weiser Sherwood M. Weiser	Director	February 25, 1997
/s/ Meshulam Zonis Meshulam Zonis	Director	February 27, 1997
/s/ Uzi Zucker Uzi Zucker	Director	February 25, 1997

INDEX TO EXHIBITS

Page No. in Sequential Numbering System

Exhibits

3.1-Form of Amended and Restated Articles of Incorporation of the Company.(1)

3.2-Form of By-laws of the Company.(2)

4.1-Revolving Credit Agreement dated as of July 1, 1993, Amended and Restated as of December 17, 1996, by and among Carnival Corporation, Citibank, N.A. and various other lenders.

4.2-Agreement of the Company dated February 25, 1997 to furnish certain debt instruments to the Securities and Exchange Commission.

4.3-Form of Indenture dated as of March 1, 1993 between Carnival Cruise Lines, Inc. and First Trust National Association, as Trustee, relating to the Debt Securities, including form of Debt Security.(3)

4.4-Second Amended and Restated Shareholder Agreement dated September 26, 1994 by and among Carnival Corporation, Ted Arison, TAMMS Investment Company, The Ted Arison Family Holding Trust No. 4, The Micky Arison "B" Trust, and T.A. Limited. (4)

4.5-Letter Agreement dated July 11, 1989 between the Company and the Ted Arison Irrevocable Trust.(5)

10.1-Retirement and Consulting Agreement dated November 20, 1996 between A. Kirk Lanterman and Carnival Corporation

10.2-Amendment to Consulting Agreement Dated August 5, 1996 between the Company and Arison Investments Ltd.

10.3-Carnival Corporation Automatic Dividend Reinvestment Plan.

10.4-David Crossland Director's Agreement.

10.5-James M. Dubin Director's Agreement.

10.6-Modesto M. Maidique Director's Agreement.

10.7-Richard G. Capen Director's Agreement.

10.8-Shari Arison Dorsman Director's Agreement.

10.9-Carnival Cruise Lines, Inc. Stock Option Plan.(6)

10.10-Carnival Cruise Lines, Inc. Restricted Stock Plan.(7)

10.11-Carnival Cruise Lines, Inc. Retirement Plan.(8)

10.12-Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan.(9)

10.13-Carnival Cruise Lines, Inc. Key Management Incentive Plan.(10)

10.14-1993 Outside Directors' Stock Option Plan.(11)

10.15-1993 Carnival Cruise Lines, Inc. Restricted Stock Plan.(12)

10.16-Holland America Line-Westours Inc. 1994-1996 Key Management Incentive Plan.(13)

10.17-Amended and Restated Carnival Corporation 1992 Stock Option Plan.(14)

10.18-1994 Carnival Cruise Line Key Management Incentive Plan.(15)

10.19-Form of Deferred Compensation Agreement between the Company and each of Harvey Levinson, Meshulam Zonis and Robert H. Dickinson.(16)

10.20-Stock Compensation Agreement dated February 1, 1991, between the Company and Robert H. Dickinson.(17)

10.21-Consulting Agreement/Registration Rights Agreement dated June 14, 1991, between the Company and Ted Arison.(18)

10.22-Indemnity Agreement between the Company and Ted Arison.(19)

10.23-First Amendment to Consulting Agreement/Registration Rights Agreement.(20)

10.24-Consulting Agreement dated July 31, 1992, between the Company and Arison Investments Ltd.(21)

10.25-Assignment and Assumption Agreement dated March 20, 1995 among Ted Arison, Cititrust (Jersey) Limited, Royal Bank of Scotland Trust Company (Jersey) Limited and the Company.(22)

10.26-Shipbuilding Agreement dated January 12, 1993 between Futura Cruises, Inc. and Fincantieri - Cantieri Navali Italiani S.p.A.*(23)

10.27-Shipbuilding Agreement dated December 23, 1993 between Kvaerner Masa-Yards, Inc. and the Company.*(24)

10.28-Shipbuilding Agreement dated December 10, 1993 between Wind Surf Limited and Fincantieri-Cantieri Navali Italiani S.p.A.*(25)

10.29-Shipbuilding Agreement dated January 14, 1995 between Utopia Cruises, Inc. and Fincantieri-Cantieri Navali Italiani S.p.A.*(26)

10.30-Shipbuilding Agreement dated January 14, 1995 between Wind Surf Limited and Fincantieri-Cantieri Navali Italiani S.p.A.*(27)

10.31-Shipbuilding Agreement dated December 7, 1994 between Carnival Corporation and Kvaerner Masa-Yards, Inc.*(28)

10.32-Shipbuilding Agreement dated January 12, 1995 between Carnival Corporation and Kvaerner Masa-Yards, Inc.*(29)

10.33-Shipbuilding Agreement dated March 25, 1992 between Carnival Corporation and Kvaerner Masa-Yards, Inc.*(30)

10.34-Organization agreement dated February 25, 1994 between the Company and the principals of the Continental Companies.(31)

10.35-Stock Purchase Agreement between Carnival Corporation and CHC International.(32)

10.36-Stock Purchase Agreement between Carnival Corporation, Sherwood Weiser and others.(33)

10.37-Letter dated February 21, 1996 to Carnival Corporation and CS First Boston Limited from David Crossland.(34)

10.38-Letter dated February 21, 1996 to Carnival Corporation and CS First Boston Limited from Thomas Trickett.(35)

10.39-Shareholders' Agreement dated February 21, 1996 between Carnival Corporation and David Crossland.(36)

10.40-Subscription Agreement dated February 21, 1996 between Carnival Corporation and Airtours plc.(37)

10.41-Maks L. Birnbach Director's Agreement.(38)

10.42-William S. Ruben Director's Agreement.(39)

10.43-Stuart Subotnick Director's Agreement.(40)

10.44-Sherwood M. Weiser Director's Agreement.(41)

10.45-Uzi Zucker Director's Agreement (42)

11.0-Statement regarding computation of per share earnings.

12.0-Ratio of Earnings to Fixed Charges

13.0-Portions of 1996 Annual Report incorporated by reference into 1996 Annual Report on Form 10-K

21-Subsidiaries of the Company.(43)

23.0-Consent of Price Waterhouse

27.0-Financial Data Schedule (for SEC use only)

* Portions of documents omitted pursuant to an order for confidential treatment pursuant to Rule 24b-2 under the Securities Act of 1934, as amended.

Sequential
Numbering
System
Exhibits

(1)Incorporated by reference to Exhibit No. 4.1 to the registrant's Quarterly Report on Form 10-Q for the Quarter Ended February 28, 1995 (File No. 1-9610), filed with the Securities and Exchange Commission.

(2)Incorporated by reference to Exhibit No. 3.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(3)Incorporated by reference to Exhibit No. 4 on Form S-3 to the registrant's registration statement on Form S-3 (File No. 33-53136), filed with the Securities and Exchange Commission.

(4)Incorporated by reference to Exhibit 4.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended August 31, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(5)Incorporated by reference to Exhibit No. 4.10 to the registrant's registration statement on Form S-1 (File No. 33-31795), filed with the Securities and Exchange Commission.

(6)Incorporated by reference to Exhibit No. 10.1 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the

Securities and Exchange Commission.

(7)Incorporated by reference to Exhibit No. 10.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(8)Incorporated by reference to Exhibit No. 10.3 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(9)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(10)Incorporated by reference to Exhibit No. 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1993 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(11)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1993 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(12)Incorporated by reference to Exhibit No. 10.41 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(13)Incorporated by reference to Exhibit No. 10.8 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(14)Incorporated by reference to Exhibit No. 10.29 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(15)Incorporated by reference to Exhibit No. 10.30 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(16)Incorporated by reference to Exhibit No. 10.17 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(17)Incorporated by reference to Exhibit No. 10.43 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1991 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(18)Incorporated by reference to Exhibit No. 4.3 to post-effective amendment no. 1 on Form S-3 to the registrant's registration statement on Form S-1 (File No. 33-24747), filed with the Securities and Exchange Commission.

(19)Incorporated by reference to Exhibit No. 10.18 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(20)Incorporated by reference to Exhibit No. 10.40 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(21)Incorporated by reference to Exhibit No. 10.39 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(22)Incorporated by reference to Exhibit No. 10.18 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(23)Incorporated by reference to Exhibit No. 10.42 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(24)Incorporated by reference to Exhibit No. 10.39 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1993

(Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(25)Incorporated by reference to Exhibit No. 10.40 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1993 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(26)Incorporated by reference to Exhibit No. 10.23 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(27)Incorporated by reference to Exhibit No. 10.24 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(28)Incorporated by reference to Exhibit No. 10.25 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(29)Incorporated by reference to Exhibit No. 10.26 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(30)Incorporated by reference to Exhibit No. 10.27 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(31)Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(32)Incorporated by reference to Exhibit No. 10.31 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(33)Incorporated by reference to Exhibit No. 10.32 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(34)Incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(35)Incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(36)Incorporated by reference to Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(37)Incorporated by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(38)Incorporated by reference to Exhibit No. 28.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(39)Incorporated by reference to Exhibit No. 28.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(40)Incorporated by reference to Exhibit No. 28.3 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(41)Incorporated by reference to Exhibit No. 28.4 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the

Securities and Exchange Commission.

(42)Incorporated by reference to Exhibit No. 28.5 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(43)Incorporated by reference to Exhibit No. 21 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1994 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

U.S. $1,000,000,000

REVOLVING CREDIT AGREEMENT
DATED AS OF JULY 1, 1993

AMENDED AND RESTATED
AS OF DECEMBER 17, 1996

By And Among

CARNIVAL CRUISE LINES, INC.
now known as
CARNIVAL CORPORATION,
as Borrower,

and
CITIBANK, N.A.,
as Agent,

CIBC, INC., FIRST UNION NATIONAL BANK OF FLORIDA,
THE FUJI BANK, LIMITED, NEW YORK BRANCH,
ROYAL BANK OF CANADA,
as Managing Agents,

BARNETT BANK, N.A.,
THE DAI-ICHI KANGYO BANK, LIMITED, ATLANTA AGENCY,
THE INDUSTRIAL BANK OF JAPAN, LIMITED, ATLANTA
AGENCY, THE BANK OF TOKYO-MITSUBISHI, LTD.-ATLANTA AGENCY,
NATIONSBANK, N.A. (SOUTH), THE SAKURA BANK, LIMITED,
ATLANTA AGENCY AND THE SUMITOMO BANK, LIMITED,
as Co-Agents,

and
CITIBANK, N.A., BANCA DI ROMA - HOUSTON AGENCY, BANK OF HAWAII,
THE BANK OF NOVA SCOTIA, BARNETT BANK, N.A.,
CIBC, INC., CREDIT LYONNAIS, ATLANTA AGENCY,
THE DAI-ICHI KANGYO BANK, LIMITED, ATLANTA AGENCY, FIRST
UNION NATIONAL BANK OF FLORIDA, THE FUJI BANK, LIMITED, NEW YORK
BRANCH, THE INDUSTRIAL BANK OF JAPAN, LIMITED, ATLANTA AGENCY,
LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE,
THE BANK OF TOKYO-MITSUBISHI, LTD.-ATLANTA AGENCY,
MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
NATIONAL WESTMINSTER BANK PLC, NATIONSBANK, N.A. (SOUTH),
NORTHERN TRUST COMPANY, ROYAL BANK OF CANADA,
THE SAKURA BANK, LIMITED, ATLANTA AGENCY,
THE SANWA BANK LIMITED, ATLANTA AGENCY,
THE SUMITOMO BANK, LIMITED, SUNTRUST BANK, MIAMI, N.A.,
UNITED STATES NATIONAL BANK OF OREGON,
THE YASUDA TRUST AND BANKING COMPANY, LIMITED, as Banks.

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Exhibit F - Form of Assumption Agreement

AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT

This Revolving Credit Agreement, dated as of July 1, 1993, amended and restated as of December 17, 1996, is made and entered into by and among CARNIVAL CRUISE LINES, INC. now known as CARNIVAL CORPORATION (the "Borrower"), a corporation organized and existing under the laws of The Republic of Panama ("Panama"), and CITIBANK, N.A., a national banking association organized and existing under the laws of the United States of America ("United States" or "U.S."), and each of the other banks or other institutions whose names may appear on the signature pages of this Agreement (each a "Bank" and, collectively, the "Banks") or, if applicable, in the Register for whom Citibank, N.A., subject to Article VII of this Agreement, acts as Agent, and subject to Section 7.11 of this Credit Agreement as hereby amended and restated, each of those certain Banks named in the cover page hereof acts as Managing Agent and each of those certain other Banks named in the cover page hereof acts as Co-Agent. Capitalized terms not otherwise herein defined shall have the respective meanings set forth below in Section 1.01.

PRELIMINARY STATEMENTS

(1) The Borrower, the Agent and the Lenders therein named have executed and delivered the Revolving Credit Agreement dated as of July 1, 1993 and Amendment No. 1 thereto dated as of June 15, 1994, and the Revolving Credit Agreement dated as of July 1, 1993, amended and restated as of December 5, 1995, and Advances have been made.

(2) The Borrower desires to borrow from the Lenders upon the terms and conditions set forth herein.

(3) The Lenders have agreed severally, but not jointly, each for the aggregate amount and in the percentage interest (as to each Lender, the "Percentage Interest") set forth opposite each Lender's name and signature, below, or if applicable, in any relevant amendment hereto, or, if applicable, in the Register, to provide credits upon the terms and conditions set forth herein.

(4) The Borrower has requested and the Agent and the Lenders have agreed, upon the terms and conditions of this Agreement, to extend the Termination Date from December 5, 2000 to December 17, 2001, to increase the aggregate Commitment of the Lenders from Seven Hundred Fifty Million Dollars ($750,000,000) to One Billion Dollars ($1,000,000,000), to provide for future increases of the Commitment up to a total amount of One Billion Five Hundred Million Dollars ($1,500,000,000), to reallocate the Commitment among the Lenders, and to make certain other amendments to this Agreement. In connection with this Agreement as hereby amended and restated, inter alia, the outstanding Series A Notes of the Borrower will be exchanged for Series A Notes issued in the form of the Exhibit A-1 to this Agreement as amended and restated, reflecting the Commitment of the Lenders as herein provided, and the outstanding Series B Notes of the Borrower will be exchanged for Series B Notes reflecting the aggregate Commitment of the Lenders as herein provided, and issued to each Lender in the form of Exhibit A-2 to this Agreement as amended and restated.

(5) The outstanding principal balance of A Advances owing each Lender as of December 17, 1996, more particularly described in Schedule II hereto made a part hereof, shall be prepaid in full no later than the first Interest Payment Date of such A Advances falling after December 17, 1996.

(6) The Lenders have requested the Agent, and the Agent has agreed, to act on behalf of the Lenders in accordance with the terms and conditions set forth herein.

Now, therefore, the Borrower, the Lenders and the Agent hereby agree among themselves as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. As used in this Agreement, each of the following terms shall have the respective meaning set forth below (such meanings, unless otherwise indicated, to apply to both the singular and plural forms of the terms defined):

"Advance" means an A Advance or a B Advance.

"A Advance" means an advance by a Lender to the Borrower as part of an A Borrowing and refers to a Base Rate Advance or a LIBOR Rate Advance, each of which shall be a "Type" of A Advance.

"A Borrowing" means a borrowing consisting of simultaneous A Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by or under common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to vote ten percent (10%) or more of the securities having voting power for the election of directors of such Person, or otherwise to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise.

"Agent" shall mean Citibank, N.A., and any successor agent under this Agreement.

"Agreement" means this Agreement, as it may be amended, supplemented or otherwise modified from time to time.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance, and such Lender's Eurodollar Lending Office in the case of a LIBOR Rate Advance and, in the case of a B Advance, the office of such Lender notified by such Lender to the Agent as its Applicable Lending Office with respect to such B Advance.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

"Assuming Bank" means, at any time, an Eligible Assignee not at such time a Lender hereunder pursuant to Section 2.12.

"Assumption Agreement" means an agreement in substantially the form of Exhibit F hereto by which an institution agrees to become a Lender party to this Agreement pursuant to Section 2.12 by agreeing to be bound by all obligations of a Lender hereunder.

"B Advance" means an advance by a Lender to the Borrower as part of a B Borrowing resulting from the auction bidding procedure described in Section 2.03.

"B Borrowing" means a borrowing consisting of simultaneous B Advances from each of the Lenders whose offer to make one or more B Advances as part of such borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

"B Reduction" has the meaning specified in Section 2.01.

"Base Rate" means, for any Interest Period or any other period, a fluctuating interest rate per annum as shall be in effect from time to time,

which rate per annum shall at all times be equal to the highest of:

(a) the rate of interest announced publicly by Citibank, N.A., in New York, New York, from time to time, as its base rate;

(b) a rate equal to 1/2 of one percent per annum above the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average determined weekly on each Monday (or if such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank, N.A., on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank, N.A., from three New York certificate of deposit dealers of recognized standing selected by Citibank, N.A., in either case adjusted to the nearest 1/4 of one percent, or, if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent; or

(c) a rate equal to 1/2 of one percent per annum above the then current Federal Funds Rate.

"Base Rate Advance" means an A Advance or a B Advance which bears interest at the Base Rate.

"Borrowing" means an A Borrowing or a B Borrowing.

"Business Day" means any day other than a Saturday, Sunday or any other day on which commercial banks are required or authorized by law to close in New York, New York, London, England or in the city where the Lending Office is located.

"Capital Expenditures" mean the aggregate of all expenditures (including that portion of leases which is capitalized on the consolidated balance sheet of the Borrower and its Subsidiaries (or on the balance sheet of any unconsolidated Subsidiary) and capitalized interest) by the Borrower and its Subsidiaries that, in conformity with GAAP, should be, have been or should have been included in the property, plant or equipment reflected in a consolidated balance sheet of the Borrower and its Subsidiaries.

"Capital Lease" means, with respect to any Person, any lease of any property (whether real, personal or mixed) by such Person as lessee that, in accordance with GAAP, either would be required to be classified and accounted for as a capital lease on a balance sheet of such Person or otherwise be disclosed as such in a note to such balance sheet, other than, in the case of the Borrower or a Subsidiary of the Borrower, any such lease under which the Borrower or such Subsidiary is the lessor.

"Closing Date" means the day, but not later than July 1, 1993, on which the respective parties hereto shall have executed and delivered this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Commitment" means the obligation of each Lender to lend the amount set forth in Section 2.01 hereof, as such amount may be reduced or increased from time to time pursuant to this Agreement.

"Commitment Date" has the meaning specified in Section 2.12.

"Commitment Increase" has the meaning specified in Section 2.12.

"Consolidated Cash Flow" means, in conformity with GAAP, net cash from operations, as shown in the consolidated statements of cash flows of the Borrower and its Subsidiaries excluding Specified Subsidiaries.

"Convert", "Conversion" and "Converted" each refers to a conversion of Advances of one Type into Advances of another Type pursuant to Section 2.02(e) or 2.05(b)(ii) (E) or (F).

"Default" means any event or condition that, with the giving of notice, the lapse of time or both, would become an Event of Default.

"Designated Bidder" means (i) an Eligible Assignee or (ii) a special purpose corporation which is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and that issues (or the parent of which issues) commercial paper rated at least "Prime-1" by Moody's Investors Services, Inc. or "A-1" by Standard & Poor's Ratings Services or a comparable rating from the successor

of either of them, that, in either case, (x) is organized under the laws of the United States or any State thereof, (y) shall have become a party hereto pursuant to Section 7.10(d), (e), (f) and (z) is not otherwise a Lender.

"Designation Agreement" means a designation agreement entered into by a Lender (other than a Designated Bidder) and a Designated Bidder, and accepted by the Agent, in substantially the form of Exhibit D hereto.

"Dollars" and "$" mean the lawful and freely transferable currency of the United States of America.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Drawdown Date" shall mean the date an Advance is to be made to the Borrower pursuant to this Agreement.

"Eligible Assignee" means (i) a commercial bank, savings and loan institution, insurance company or financial institution organized under the laws of the United States, or any State thereof, which bank has both assets in excess of One Billion Dollars ($1,000,000,000) and combined capital and surplus in excess of One Hundred Million Dollars ($100,000,000), or which insurance company or financial institution has total assets in excess of One Billion Dollars ($1,000,000,000), (ii) a commercial bank organized under the laws of any other country which is a member of the OECD or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow, or a political subdivision of any such country, which bank has a combined capital and surplus (or the equivalent thereof under the accounting principles applicable thereto) in excess of One Hundred Million Dollars ($100,000,000), provided that such bank is acting through a branch or agency located in the United States, the Cayman Islands or the country in which it is organized or another country which is also a member of the OECD or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow, (iii) the central bank of any country which is a member of the OECD or (iv) a finance company, insurance company or other financial institution or a fund which is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business, has total assets in excess of Five Hundred Million Dollars ($500,000,000), is doing business in the United States and is organized under the laws of the United States, or any State thereof, or under the laws of any member country of the OECD.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which is under common control with such Person within the meaning of Section 414 of the Code, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Event of Default" means any of the events specified as such in Section 6.01 of this Agreement.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Payment Date" means (i) the last day of the calendar quarter in which the Closing Date occurs, and (ii) the last day of each successive and respective calendar quarter thereafter to and including the Termination Date, or such earlier date as the Commitment of the Lenders shall have been terminated, and the principal of and interest on each Advance shall have

been paid, in full.

"GAAP" means at any time generally accepted United States accounting principles at such time.

"HAL" means HAL Antillen N.V., a Netherlands Antilles corporation.

"HAL Subsidiaries" mean the Subsidiaries of HAL.

"Incorporation Jurisdictions" mean the respective jurisdictions of incorporation or legal organization of the Borrower and each of its Subsidiaries.

"Increase Date" has the meaning specified in Section 2.12.

"Increasing Lender" has the meaning specified in Section 2.12.

"Indebtedness" means (a) any liability of any Person (i) for borrowed money, or under any reimbursement obligation related to a letter of credit or bid or performance bond facility, or (ii) evidenced by a bond, note, debenture or other evidence of indebtedness (including a purchase money obligation) representing extensions of credit or given in connection with the acquisition of any business, property, service or asset of any kind, including without limitation, any liability under any commodity, interest rate or currency exchange hedge or swap agreement (other than a trade payable or other current liability arising in the ordinary course of business) or (iii) for obligations with respect to (A) an operating lease, or (B) a lease of real or personal property that is or would be classified and accounted for as a Capital Lease; (b) any liability of others either for any lease, dividend or letter of credit, or for any obligation described in the preceding clause (a) that (i) the Person has guaranteed or that is otherwise its legal liability (whether contingent or otherwise or direct or indirect, but excluding endorsements of negotiable instruments for deposit or collection in the ordinary course of business) or (ii) is secured by any Lien on any property or asset owned or held by that Person, regardless whether the obligation secured thereby shall have been assumed by or is a personal liability of that Person; and (c) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b), above.

"Insufficiency" means, with respect to any Plan, the amount, if any, by which the present value of the vested benefits under such Plan exceeds the fair market value of the assets of such Plan allocable to such benefits.

"Interest Payment Date" means with respect to any Advance comprising part of the same Borrowing (1) the last day of each Interest Period, (2) the day any principal amount of such Borrowing matures and becomes due and payable, (3) the Termination Date, and (4) with respect to any A Advance, if the Interest Period is longer than three (3) months, the last day of each third month following such Borrowing.

"Interest Period" means, (A) for each A Advance comprising part of the same A Borrowing, the period commencing on the date of such A Advance, or the date of the Conversion of any A Advance into such an A Advance and ending on the last day of the period selected by the Borrower or the Agent, as the case may be, pursuant to this Agreement and, thereafter, each respective and successive period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower or the Agent, as the case may be, subject to the provisions below. The duration of each such Interest Period shall be (y), in the case of a Base Rate Advance, such period as the Agent shall notify the Borrower and (z), in the case of a LIBOR Rate Advance, one, two, three or six months, and, if available, nine or twelve months, in each case selected by the Borrower or the Agent, as the case may be, pursuant to this Agreement and

(B) for each B Advance comprising part of the same B Borrowing, the interest period or interest periods specified in the related Notice of B Borrowing, or selected by the Agent, as the case may be, pursuant to this Agreement

provided, however, with respect to each Advance that:

(i) no Interest Period relating to any Advance shall commence on or end after the maturity date of such Advance;

(ii) Interest Periods commencing on the same date for A Advances comprising part of the same A Borrowing shall be of the same duration;

(iii) no Interest Period shall end after the Termination Date;

and

(iv) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, in the case of any Interest Period for a LIBOR Rate Advance, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day.

"Lenders" means the Banks listed on the signature pages hereof, each Eligible Assignee that shall become a party hereto pursuant to Section 7.10(a), (b) and (c) or Section 2.12 and, except when used in reference to an A Advance, an A Borrowing, a Series A Note, a Commitment, the Termination Date or a related term, each Designated Bidder.

"Lending Office" means the International Banking Facility of the Agent in New York City, or any other office or affiliate of the Agent hereafter selected and notified to the Borrower from time to time by the Agent.

"LIBOR Rate Advance" means an A Advance or a B Advance which bears interest based on the LIBOR Rate.

"LIBOR Rate" means, for an Interest Period for each LIBOR Rate Advance comprising part of the same Borrowing, the rate determined by the Agent to be the rate of interest per annum (i) rounded upward to the nearest whole multiple of 1/100 of 1% per annum, appearing on Telerate screen 3750 at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a term equal to such Interest Period and in an amount substantially equal to such portion of the Loan, or if the Agent cannot so determine the LIBOR Rate by reference to Telerate screen 3750, then (ii) equal to the average (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in United States Dollars are offered by the principal office of each of the Reference Lenders in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a term equal to such Interest Period and in an amount substantially equal to such portion of the Loan. In the latter case, the LIBOR Rate for an Interest Period shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Lenders two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.05. If at any time the Agent shall determine that by reason of circumstances affecting the London interbank market (i) adequate and reasonable means do not exist for ascertaining the LIBOR Rate for the succeeding Interest Period or (ii) the making or continuance of any Loan at the LIBOR Rate has become impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the London interbank market, the Agent shall so notify the Lenders and the Borrower. Failing the availability of the LIBOR Rate, the LIBOR Rate shall mean the Base Rate thereafter in effect from time to time until such time as a LIBOR Rate may be determined by reference to the London interbank market.

"Lien" means any lien, charge, easement, claim, mortgage, Option, pledge, right of first refusal, right of usufruct, security interest, servitude, transfer restriction or other encumbrance or any restriction or limitation of any kind (including, without limitation, any adverse claim to title, conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest).

"Loan" means the Advances to the Borrower by each Lender provided for in Article II of this Agreement.

"Loan Documents" mean this Agreement and the Notes.

"Majority Lenders" means at any time Lenders holding at least 51% of the then aggregate unpaid principal amount of the Series A Notes held by Lenders, or, if no such principal amount is then outstanding, Lenders having at least 51% of the Commitments (provided that, for purposes hereof, neither the Borrower, nor any of its Affiliates, if a Lender, shall be included in (i) the Lenders holding such amount of the A Advances or having such amount of the Commitments or (ii) determining the aggregate unpaid principal amount of the A Advances or the total Commitments).

"March 30, 1990 Loan Agreement" means that certain Loan Agreement dated as of March 30, 1990 by and among the Borrower, Wind Surf Limited, Citibank, N.A. as Agent and the banks therein named, as the same may be amended, supplemented or otherwise modified from time to time.

"Moody's" has the meaning specified in Section 2.05(b)(ii)(B).

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which a Person or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means an employee benefit plan, other than a Multiemployer Plan, subject to Title IV of ERISA to which a Person or any ERISA Affiliate, and more than one employer other than such Person or ERISA Affiliate, is making or accruing an obligation to make contributions or, in the event that any such plan has been terminated, to which the Person or any ERISA Affiliate made or accrued an obligation to make contributions during any of the five plan years preceding the date of termination of such plan.

"NCL" means Norwegian Cruise Line Limited (formerly Kloster Cruise Limited),
a corporation organized and existing under the laws of the Islands of Bermuda.

"Net Worth" means, at a particular date, all amounts which would, in accordance with GAAP, be included in shareholders' equity on a consolidated balance sheet of a company and its Subsidiaries as at such date.

"Note" means any of, and "Notes" mean all, the respective Series A Notes and the Series B Notes, as any such note may be replaced, amended, supplemented or otherwise modified from time to time.

"Notice of A Borrowing" has the meaning specified in Section 2.02(a).

"Notice of B Borrowing" has the meaning specified in Section 2.03(a).

"OECD" means the Organization for Economic Cooperation and Development.

"Obligations" mean all obligations, including but not limited to, all principal, interest, fees, expenses and other obligations set forth in Article II and Section 8.04 hereof, of every nature of the Borrower from time to time owed to the Agent, any of the Lenders, or all of them, under any of the Loan Documents.

"Option" means (1) any right to buy or sell specific property in exchange for an agreed upon sum, (2) any right to receive funds, the amount of which is determined by reference to the value of capital stock or the purchase price thereof, (3) any right of the type or kind referred to as a "phantom stock right," and (4) any other right commonly known or referred to as an "option."

"PBGC" means the Pension Benefit Guaranty Corporation, or any entity or entities succeeding to any or all its functions under ERISA.

"Percentage Interest" shall have the meaning set forth in Preliminary Statement (2) of this Agreement.

"Person" means any individual, corporation, partnership, business trust, joint venture, association, joint stock company, trust or other unincorporated organization, whether or not a legal entity, or any government or agency or political subdivision thereof.

"Plan" means, at any time, any employee pension benefit plan maintained by a Person, any of its Subsidiaries, or any ERISA Affiliate of such Person or its Subsidiaries, which employee pension benefit plan is covered by Title IV of ERISA or is subject to the minimum funding standards of the Code.

"Reference Lender" means any of, and "Reference Lenders" mean all of, Citibank, N.A., National Westminster Bank Plc and CIBC, Inc.

"Register" shall have the meaning set forth in Section 7.10(g) of this Agreement.

"S & P" has the meaning specified in Section 2.05(b)(ii)(B).

"Senior Debt" has the meaning specified in Section 2.05(b)(ii)(B).

"Series A Note" means any of, and "Series A Notes" mean all, the

respective Series A Notes of the Borrower, substantially in the form attached hereto as Exhibit A-1, to be issued to evidence the indebtedness of the Borrower, from time to time outstanding in respect of the A Advances, as any such Series A Note may be replaced, amended, supplemented or otherwise modified from time to time.

"Series B Note" means any of, and "Series B Notes" mean all, the respective Series B Notes of the Borrower, substantially in the form attached hereto as Exhibit A-2, to be issued to evidence the indebtedness of the Borrower from time to time outstanding in respect of the B Advances, as any such Series B Note may be replaced, amended, supplemented or otherwise modified from time to time.

"Solvent" means with respect to any Person on a particular date, that on such date (i) the fair market value of the assets of such Person is greater than the total amount of liabilities (including the present or expected value of contingent liabilities) of such Person, (ii) the present fair salable value of the assets of such Person is greater than the amount that will be required to pay the probable liabilities of such Person for its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (iv) such Person does not have unreasonably small capital and (v) such Person does not intend to or believe it will incur debts beyond its ability to pay as they mature.

"Specified Subsidiary" means any of NCL and its Subsidiaries, and "Specified Subsidiaries" mean all of NCL and its Subsidiaries.

"Subordinated Debt" has the meaning specified in Section 2.05(b)(ii)(B).

"Subsidiary" means, with respect to any Person, any corporation, association, partnership or other business entity of which a majority of the voting power entitled to vote in the election of directors, managers or trustees thereof is at the time owned, directly or indirectly, by such Person or by one or more other Subsidiaries, or by such Person and one or more other Subsidiaries, or a combination thereof.

"Swaps Documents" mean the Swaps Agreement, the Swaps Guaranty and the Swaps Security Agreement as defined in the March 30, 1990 Loan Agreement.

"Tangible Net Worth" means for any Person at any time (a) the sum, to the extent shown on such Person's balance sheet, of (i) the amount of issued and outstanding share capital, but less the cost of treasury shares, plus (ii) the amount of surplus and retained earnings, less (b) intangible assets as determined in accordance with GAAP.

"Termination Date" means December 17, 2001 or the earlier date of termination of all the Commitments pursuant to Section 2.11 or 6.01 hereof.

"Termination Event" means (i) a "reportable event," as such term is described in Section 4043 of ERISA (other than a "reportable event" not subject to the provision for 30 day notice to the PBGC), or an event described in Section 4068(f) of ERISA, or (ii) the withdrawal of the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a "substantial employer," as such term is defined in Section 4001(a)(2) of ERISA, or the incurrence of liability by the Borrower or any ERISA Affiliate under Section 4064 of ERISA upon the termination of a Multiple Employer Plan, or (iii) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041A of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC under Section 4042 of ERISA, or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

"Total Capital" means the sum of the Total Debt and Tangible Net Worth of the Borrower and its Subsidiaries excluding Specified Subsidiaries, but excluding therefrom any Indebtedness or amounts due or received under the Swaps Documents.

"Total Debt" means, at a particular date, the sum of (y) all amounts which would, in accordance with GAAP, constitute short term debt and long term debt of the Borrower and its Subsidiaries excluding Specified Subsidiaries as of such date and (z) the amount of any Indebtedness outstanding on such date and not included in the amounts specified in clause (y), singly or in the aggregate, in excess of Fifty Million Dollars ($50,000,000), of any Person other than the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, which Indebtedness (i) has been and remains guaranteed on such date by the Borrower or any of its Subsidiaries excluding Specified Subsidiaries or is otherwise the legal

liability of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries (whether contingent or otherwise or direct or indirect, but excluding endorsements of negotiable instruments for deposit or collection in the ordinary course of business), or (ii) is secured by any Lien on any property or asset owned or held by the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, regardless of whether the obligation secured thereby shall have been assumed or is a personal liability of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, provided, that the foregoing shall not be interpreted to include any Indebtedness under the Swaps Documents.

"Transaction" means the extension of credit contemplated by the Loan Documents.

"Type" shall mean, with respect to an Advance, a Base Rate Advance or a LIBOR Rate Advance.

"Withdrawal Liability" shall have the meaning given such term under Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP consistently applied.

SECTION 1.03. Governing Language. All documents, notices and demands and financial statements to be delivered by any Person to the Agent or any Lender pursuant to this Agreement shall be in the English language.

SECTION 1.04. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The A Advances. Upon the terms and subject to the conditions set forth in this Agreement, each Lender agrees severally, but not jointly, to make A Advances to the Borrower from time to time on any Business Day during the period from the Closing Date until the Termination Date in an aggregate amount not to exceed at any time outstanding the amount set opposite such Lender's name on the signature pages hereof or, if applicable, the signature pages of any relevant amendment hereto or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Agent, as such amount may be reduced or increased pursuant to Sections 2.11 or 2.12, respectively (such Lender's "Commitment"), provided that the aggregate amount of the Commitments of the Lenders shall be deemed used and reduced from time to time to the extent of the aggregate amount of the B Advances then outstanding and such deemed use and reduction of the aggregate amount of the Commitments shall be applied to the Lenders ratably according to their respective Commitments (such deemed use and reduction of the aggregate amount of the Commitments being a "B Reduction"). Each A Borrowing shall be in an aggregate amount not less than Ten Million Dollars ($10,000,000) and an integral multiple of One Million Dollars ($1,000,000) if in excess thereof and shall consist of A Advances of the same Type made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may from time to time borrow, prepay pursuant to Section 2.06(a) and reborrow under this Section 2.01.

SECTION 2.02. Making the A Advances. (a) Each A Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the third Business Day (on the first Business Day in the case of a Base Rate Advance) prior to the date of the proposed A Borrowing, by the Borrower to the Agent, which shall give to each Lender prompt notice thereof by telecopier, telex or cable. Each such Borrower's notice of an A Borrowing (a "Notice of A Borrowing") shall be by telecopier, telex or cable, confirmed immediately in writing, substantially in the form of Exhibit B-1 hereto, specifying therein the requested (i) Drawdown Date of such A Borrowing, (ii) Type of A Advances comprising such A Borrowing, (iii) aggregate amount of such A Borrowing, and (iv) in the case of an A Borrowing comprised of LIBOR Rate Advances, the initial Interest Period for each such A Advance. Each Lender shall, before 11:00 A.M. (New York City time) on the date of such A Borrowing, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02, in same day funds, such Lender's ratable portion of such A Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds

available to the Borrower at the Agent's aforesaid address.

(b) The total amount of each A Advance to be made available by each Lender shall never exceed the Commitment of such Lender, as adjusted by such Lender's B Reduction, and shall be proportionate always to such Lender's Percentage Interest set forth in the signature pages hereof or, if applicable, in the Register.

(c) Unless the Agent shall have received written notice from a Lender prior to the date of any A Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such A Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such A Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to A Advances comprising such A Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's A Advance as part of such A Borrowing for purposes of this Agreement.

(d) The Borrower shall repay the principal amount of each A Advance made by each Lender in accordance with the Series A Note payable to such Lender, provided that the aggregate principal amount of any A Advance outstanding on the Termination Date shall be paid on the Termination Date.

(e) The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Section 2.05, and so long as no Default or Event of Default has occurred and is continuing, Convert all A Advances of one Type comprising the same A Borrowing into Advances of another Type; provided, however, that any Conversion of any LIBOR Rate Advances into Advances of another Type shall be made on, and only on, the last day of an Interest Period for such LIBOR Rate Advances. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the A Advances to be Converted, and (iii) if such Conversion is into LIBOR Rate Advances, the duration of the Interest Period for each such A Advance.

SECTION 2.03. The B Advances. (a) Each Lender severally agrees that the Borrower may, in the manner set forth below, make B Borrowings under this Section 2.03 from time to time on any Business Day during the period from the Closing Date until the thirtieth day prior to the Termination Date; provided that, following the making of each B Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders (computed without regard to any B Reduction).

(i) The Borrower may request a B Borrowing under this Section 2.03 by delivering to the Agent, by telecopier, telex or cable, confirmed immediately in writing, a notice of a B Borrowing (a "Notice of B Borrowing"), substantially in the form of Exhibit B-2 hereto, specifying the Drawdown Date and aggregate amount of the proposed B Borrowing, the maturity date for repayment of each B Advance to be made as part of such B Borrowing (which maturity date may not be earlier than seven (7) days (thirty (30) days, in the case of floating interest rate borrowings) or later than one hundred eighty (180) days after the date of such B Borrowing or, in any event, later than the Termination Date), the Interest Payment Date or Dates relating thereto, and any other terms to be applicable to such B Borrowing, not later than 12:00 Noon (New York City time) (A) at least one (1) Business Day prior to the date of the proposed B Borrowing, if the Borrower shall specify in the Notice of B Borrowing that the rates of interest to be offered by the Lenders shall be fixed rates per annum and (B) at least four (4) Business Days prior to the date of the proposed B Borrowing, if the Borrower shall instead specify in the Notice of B Borrowing the basis to be used by the Lenders in determining the rates of interest to be offered by them. The Agent shall in turn promptly notify each Lender of each request for a B Borrowing received by it from the Borrower by sending such Lender a copy of the related Notice of B Borrowing.

(ii) Each Lender may, if, in its sole discretion it elects to do so, irrevocably offer to make one or more B Advances to the Borrower as part of such proposed B Borrowing at a rate or rates of interest

specified by such Lender in its sole discretion, by notifying the Agent (which shall give prompt notice thereof to the Borrower) before 9:30 A.M. (New York City time) (A) on the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (A) of paragraph (i) above and (B) three (3) Business Days before the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, of the minimum amount and maximum amount of each B Advance which such Lender would be willing to make as part of such proposed B Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Lender's Commitment, if any), the rate or rates of interest therefor and such Lender's Applicable Lending Office with respect to such B Advance; provided that if the Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Agent, before 9:30 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any B Advance as part of such B Borrowing; provided that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any B Advance as part of such proposed B Borrowing or result in any liability to any party to this Agreement.

(iii) The Borrower shall, in turn, (A) before 11:00 A.M. (New York City time) on the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (A) of paragraph (i) above and (B) before 11:00 A.M. (New York City time) three (3) Business Days before the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, either:

(x) cancel such B Borrowing by giving the Agent notice to that effect, or

(y) accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in the Borrower's sole discretion, by giving notice to the Agent of the amount of each B Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Agent on behalf of such Lender for such B Advance pursuant to paragraph (ii) above) to be made by each Lender as part of such B Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the Agent notice to that effect.

(iv) If the Borrower notifies the Agent that such B Borrowing is cancelled pursuant to paragraph (iii)(x) above, the Agent shall give prompt notice thereof to the Lenders and such B Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(y) above, the Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such B Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by the Borrower, (B) each Lender that is to make a B Advance as part of such B Borrowing, of the amount of each B Advance to be made by such Lender as part of such B Borrowing, and (C) each Lender that is to make a B Advance as part of such B Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. The Agent shall allocate the principal amount of each B Borrowing among the Lenders whose offers were accepted by the Borrower in ascending order based upon the rate of interest offered, from the lowest to the highest such interest rate offered by such Lenders. Each Lender that is to make a B Advance as part of such B Borrowing shall, before 12:00 noon (New York City time) on the date of such B Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02 such Lender's portion of such B Borrowing, in same day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds available to the Borrower at the Agent's aforesaid address. Promptly after each B Borrowing the Agent will notify each Lender of the amount of the B Borrowing, the

consequent B Reduction and the dates upon which such B Reduction commenced and will terminate.

(b) Each B Borrowing shall be in an aggregate amount of not less than Ten Million Dollars ($10,000,000) and an integral multiple of One Million dollars ($1,000,000) if in excess thereof and, following the making of each B Borrowing, the Borrower shall be in compliance with the limitation set forth in the proviso to the first sentence of subsection (a) above.

(c) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay or prepay the principal of any B Borrowing pursuant to subsection (d) below, and reborrow under this Section 2.03, provided that a B Borrowing shall not be made within three (3) Business Days following the date of any other B Borrowing.

(d) The Borrower shall repay to the Agent for the account of each Lender which has made a B Advance, or each other holder of a Series B Note, on the maturity date of each B Advance (such maturity date being that specified by the Borrower for repayment of such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) above and provided in the Series B Note evidencing such B Advance), the then unpaid principal amount of such B Advance, provided that, the aggregate principal amount of any B Advance outstanding on the Termination Date shall be repaid on the Termination Date. Except as specified in Section 2.06(d) the Borrower shall have no right to prepay, in whole or in part, the principal amount of any B Advance unless, and then only on the terms, if any, specified by the Borrower for such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) above and set forth in the Series B Note evidencing such B Advance.

(e) The indebtedness of the Borrower resulting from each B Advance made to the Borrower as part of a B Borrowing shall be evidenced by the Series B Note of the Borrower payable to the Lender making such B Advance.

SECTION 2.04. General Provisions. (a) The Borrower shall have no right to borrow, and no Lender shall have any obligation to lend, any amount whatsoever on or after the Termination Date.

(b) The failure of any Lender to advance its Commitment in respect of any Advance shall not relieve it or any other Lender of the obligation to advance its Commitment, but no Lender or the Agent shall be responsible for the failure of any other Lender to advance its Commitment to the Borrower.

(c) Each Notice of A Borrowing sent, and each notice of acceptance of a B Borrowing given, by the Borrower shall be irrevocable and binding on the Borrower. If for any reason on the Drawdown Date for the Advance specified in a Notice of A Borrowing or Notice of B Borrowing, as the case may be, the Advance is not made as a result of any failure to fulfill on or before the Drawdown Date the applicable conditions precedent, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of such failure, including, without limitation, any loss, cost or expense incurred by reasons of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such borrowing.

SECTION 2.05. Interest and Default Interest. (a) The Borrower shall pay interest on the unpaid principal amount of each Advance from the Drawdown Date until the principal amount of the Advance is paid in full, payable on each Interest Payment Date for each such Advance. Notwithstanding the preceding sentence of this Section 2.05(a), all interest accrued on any Advance outstanding on the Termination Date shall be paid on the Termination Date.

(b) As long as any A Advance shall be outstanding, and payment of the principal thereof and interest thereon shall not be in default, interest on the A Advance shall be payable at an interest rate which shall be adjusted, in advance at the start of the first day of each Interest Period therefor, and which shall be determined as follows:

(i) with respect to each Base Rate Advance, the Borrower shall pay interest thereon at the rate of interest determined by the Agent to be the Base Rate for the relevant Interest Period as specified in the related Notice of Borrowing, provided that if the Borrower shall fail to elect an Interest Period in its Notice of Borrowing as herein provided or if an Event of Default has occurred and is continuing, the Agent shall elect the relevant Interest Period, which may be one (1) day;

(ii) with respect to each LIBOR Rate Advance, the Borrower shall pay interest in one or more tranches thereof at an interest rate equal to the sum of (y) the LIBOR Rate plus (z) the applicable margin for the relevant Interest Period, determined by the Agent and subject to periodic adjustment, as provided below in this Section 2.05(b)(ii) or, if the LIBOR Rate is unavailable for any such period, at the Base Rate:

(A) with respect to each Interest Period relating to a LIBOR Rate Advance, the Borrower shall, by telecopier notice to be received by the Agent by 11:00 A.M. New York time on a Business Day at least three (3) Business Days prior to the commencement of each such successive period, elect an Interest Period of one, two, three or six, and if available, nine or twelve, months duration and one or more but no more than six tranches in total for all outstanding LIBOR Rate Advances, provided no tranche shall be in an amount less than Ten Million Dollars ($10,000,000); provided the Borrower shall select Interest Periods, and if necessary shall select as the final Interest Period for each LIBOR Rate Advance an Interest Period less than one month in duration, so that the maturity date of each Advance shall be the last day of the Interest Period for such Advance; provided that if the Borrower shall fail to elect an Interest Period as herein provided, the relevant Interest Period shall be three (3) months, provided further that so long as any Event of Default has occurred and is continuing, the Agent shall elect the relevant Interest Period, which may be less than one month;

(B) the interest payable on each LIBOR Rate Advance during each successive Interest Period shall be adjusted from time to time by the Agent as follows. Notice of such applicable interest rate shall be delivered by the Agent to the Borrower and the Lenders not later than the second Business Day of each Interest Period. The Borrower shall, not later than three (3) Business Days prior to the commencement of each such successive Interest Period, together with its notice pursuant to subparagraph (A) above, deliver to the Agent all then-current ratings, if any, of the Borrower's senior unsecured debt without third party credit enhancement and unsecured subordinated debt ("Senior Debt" and "Subordinated Debt", respectively) given by Moody's Investors Services, Inc. ("Moody's") and by Standard & Poor's Ratings Services ("S & P") during such Interest Period or an officer's certificate that no such ratings were issued. If the Agent determines that on the last Business Day of an Interest Period (or on the Business Day preceding the Drawdown Date, in the case of the initial LIBOR Rate Advance) the Borrower's Senior Debt was rated

(i) below BBB- by S & P or below Baa3 by Moody's, the applicable rate for the succeeding Interest Period shall be .40% over the LIBOR Rate,

(ii) BBB- by S & P or Baa3 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .25% over the LIBOR Rate,

(iii) BBB by S & P or Baa2 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .25% over the LIBOR Rate,

(iv) BBB+ by S & P or Baa1 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .20% over the LIBOR Rate,

(v) A- by S & P or A3 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .17% over the LIBOR Rate,

(vi) A by S & P or A2 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .14% over the LIBOR Rate,

(vii) A+ by S & P or A1 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .14% over the LIBOR Rate, and

(viii) at least AA- by S & P or Aa3 by Moody's, the applicable interest rate for the succeeding Interest Period shall be .13% over the LIBOR Rate.

In the event that S & P and Moody's provide different ratings for such Senior Debt, the Agent shall use the higher rating in determining the applicable interest rate. In the event the Borrower has no rated Senior Debt but the Borrower's Subordinated Debt has been rated, for purposes of determining the applicable interest rate, the Agent shall assume a Senior

Debt rating equivalent to one subgrade higher than the actual Subordinated Debt rating given during such period. In the event that during any Interest Period the Agent shall not have received notification of ratings from the Borrower as aforesaid or if no such ratings exist during any Interest Period, the applicable interest rate for the succeeding Interest Period shall be one percent (1%) over the LIBOR Rate;

(C) each Reference Lender which is a Lender agrees to furnish to the Agent timely information for the purpose of determining the LIBOR Rate. If any one or more of the Reference Lenders shall not timely furnish such information to the Agent for the purpose of determining the interest rate, the Agent shall determine such interest rate on the basis of information timely furnished by the remaining Reference Lenders;

(D) the Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.05(b) and the applicable rate, if any, furnished by each Reference Lender for the purpose of determining the applicable LIBOR Rate hereunder;

(E) If, with respect to any LIBOR Rate Advances, the Majority Lenders notify the Agent that the LIBOR Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective LIBOR Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, whereupon

(1) each LIBOR Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and

(2) the obligation of the Lenders to make, or to Convert A Advances into, LIBOR Rate Advances shall be suspended until the Agent shall notify the Borrower and such Lenders that the circumstances causing such suspension no longer exist; and

(F) On the date on which the aggregate unpaid principal amount of A Advances comprising any A Borrowing shall be reduced, by payment or prepayment or otherwise, to less than Ten Million Dollars ($10,000,000), such A Advances shall, if they are Advances of a Type other than Base Rate Advances, automatically Convert into Base Rate Advances, and on and after such date the right of the Borrower to Convert such A Advances into Advances of a Type other than Base Rate Advances shall terminate; provided, however, that if and so long as each such A Advance shall be of the same Type and have the same Interest Period as A Advances comprising another A Borrowing or other A Borrowings, and the aggregate unpaid principal amount of all such A Advances shall equal or exceed Ten Million Dollars ($10,000,000), the Borrower shall have the right to continue all such A Advances as, or to Convert all such A Advances into, Advances of such Type having such Interest Period.

(c) As long as any B Advance shall be outstanding, and payment of the principal thereof and interest thereon shall not be in default, interest on the B Advance shall be paid at the rate of interest for such B Advance specified by the Lender making such advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) of Section 2.03 above, payable on the Interest Payment Date or Dates specified by the Borrower for such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) of Section 2.03 above, as provided in the Series B Note evidencing such B Advance. With respect to any LIBOR Rate Advance comprising part of a B Borrowing, the provisions of subsections (b)(ii)(A), (C) and (D) of Section 2.05 shall apply to the selection of any Interest Period not specified in the related Notice of B Borrowing given pursuant to Section 2.03, and further, the provisos of such subsection (b)(ii)(A), and subsection (b)(ii)(F) in its entirety, shall apply to each such B Borrowing.

(d) In the event that the Agent or any Lender does not receive on the due date any sum due under this Agreement or any of the other Loan Documents in accordance with the terms hereof or thereof, the Borrower shall pay to the Agent and such Lenders, as the case may be, on demand, interest on such sum, from and including the due date thereof to but not including the date of actual payment, at a rate per annum determined by the Agent from time to time to be the sum of (y) two per cent (2%) plus (z) the LIBOR Rate applicable for any such period or, if the LIBOR Rate is inapplicable or unavailable, for any such period, the Base Rate, provided that during the occurrence and continuance of such event, each A Advance bearing interest based on the LIBOR Rate shall be converted to a Base Rate Advance at the end of the relevant Interest Period. Except as otherwise provided in the following subsection (e), any such interest which is not paid when due shall

be compounded at the end of each Interest Period (both before and after any notice or demand) by the Agent on behalf of the Lenders under this Agreement.

(e) Notwithstanding any provision contained in any of the Loan Documents, no Lender nor the Agent shall ever be entitled to receive, collect, or apply, as interest on the Obligations, any amount in excess of the maximum rate of interest permitted to be charged by applicable law, and, in the event any Lender or the Agent ever receives, collects, or applies as interest, any such excess, such amount which would be excessive interest shall be applied to the reduction of the Obligations then outstanding, and, if the Obligations then outstanding are paid in full, any remaining excess shall forthwith be paid to the Borrower. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the highest lawful rate, the Borrower and the Lender or the Agent, as the case may be, shall, to the maximum extent permitted under applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude any voluntary prepayments and the effects thereof, and (iii) spread the total amount of interest throughout the entire contemplated term of the Obligations so that the interest rate is uniform throughout the entire term of the Obligations.

SECTION 2.06. Prepayments. (a) The Borrower may, upon at least two (2) Business Days notice to the Agent and the Lenders received by 10:00 A.M. New York time in the case of A Advances bearing interest based on the LIBOR Rate, and upon notice to the Agent and the Lenders received by 11:00 A.M. New York time on the date of prepayment in the case of A Advances bearing interest at the Base Rate, and subject always to the requirements of Section 8.04(b), prepay, pro rata, the outstanding amount of each A Advance, in whole or in part, together, in each case, with accrued interest to the date of such prepayment on the amount prepaid, provided that no such partial prepayment shall be in a principal amount of less than Ten Million Dollars ($10,000,000) and integral multiples of One Million Dollars ($1,000,000) if in excess thereof.

The outstanding principal balance of A Advances owing each Lender as of December 17, 1996 shall be prepaid in full not later than the first Interest Payment Date of such A Advances falling after December 17, 1996.

(b) The Borrower may not, except as permitted under subsection (d) of this Section 2.06, prepay any B Advance, except that the Borrower shall prepay such amounts when required pursuant to the provisions of this Agreement.

(c) If it shall become unlawful for any Lender to continue to fund or maintain any Advance or to perform its obligations hereunder, such Lender shall notify the Borrower and the Agent, and such Lender shall use all reasonable efforts to change its lending office so that it can perform its obligations hereunder; provided that such Lender shall not be obligated to change its lending office if in its sole reasonable judgment it would be disadvantageous to do so. If such Lender does not change its lending office because it determines in its sole reasonable judgment that it is disadvantageous to do so or because such change would not render such Advance lawful, then such Lender shall notify the Agent and the Borrower, and shall make an A Advance, and the Borrower shall borrow such A Advance, at the Base Rate in an amount equal to the amount of the Advance currently outstanding and made by such Lender to the Borrower if in the sole reasonable judgment of such Lender such A Advance can lawfully be extended at the Base Rate. Simultaneously with making such A Advance at the Base Rate, the Advance then outstanding made available by such Lender to the Borrower shall be repaid by the Borrower. If any Lender makes a Base Rate Advance to the Borrower pursuant to subsection (c) of this Section 2.06, the Borrower may prepay such Advance, without penalty, at any time upon five (5) Business Days notice. If despite such Lender's compliance with the preceding provisions of this Section 2.06(c), or if the Borrower shall refuse to borrow an A Advance at the Base Rate as herein provided, and if it shall become unlawful for any Lender to fund or maintain any Advance or perform its obligations hereunder, upon demand by such Lender, the Borrower shall prepay in full the outstanding Advance made by such Lender, with accrued interest thereon and all other amounts payable by the Borrower hereunder, and upon such demand or any notice of prepayment the obligation of such Lender to make any Advance to the Borrower shall terminate.

(d) If at any time the Borrower shall, or may reasonably be expected to, be required to deduct and withhold, or indemnify any Lender with respect to, any Taxes (as defined in Section 2.09) (in each case, as evidenced by an opinion reasonably satisfactory in form and substance to the Agent and the Lenders from independent tax counsel reasonably satisfactory to the Agent and the Lenders) the Borrower may, upon at least four (4) Business Days notice to the Agent and the Lenders, prepay at any time, pro rata, the outstanding principal amount of each Advance, in whole or in part,

together with accrued interest to the date of prepayment on the amount prepaid and all other amounts then payable to the Lenders by the Borrower, provided, that if such Taxes relate to payments to fewer than all the Lenders (the "Affected Lenders"), the Borrower may, upon at least four Business Days notice to the Agent and the Affected Lenders, prepay, in whole or in part, pro rata (except as set forth in the following provision), the outstanding principal amount of Advances made by the Affected Lenders, with accrued interest thereon and all other amounts payable to the Affected Lenders by the Borrower (without prepaying any portion of any Advance made by any Lender that is not any Affected Lender); provided further, that if the rate of Taxes with respect to any Affected Lender is higher than with respect to another Affected Lender, the Borrower may prepay any portion of the Advance made by the former Affected Lender without prepaying any portion of the Advance made by the latter Affected Lender. The Agent shall give prompt written notice to the Lenders of any prepayments made under this paragraph (d).

(e) Prepayments of any A Advance shall be applied against installments of outstanding principal in inverse order of maturity.

SECTION 2.07. Increased Costs; Additional Interest. (a) If on or after the Closing Date due to (i) the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve or capital adequacy requirements, but not including a change related to Taxes or Excluded Taxes, as such terms are defined in Section 2.09 hereof) in, or in the interpretation of, any law or regulation, or (ii) the compliance by any Lender with any guideline or request (not including any guideline or request with respect to Taxes or Excluded Taxes, but including, with respect to reserve and capital adequacy requirements, those applicable laws, policies, guidelines and directives and interpretations in effect on the Closing Date) from any central bank or other governmental authority, whether or not having the force of law, there shall be any increase in the cost to, or reduction in the return on capital of any Lender in consequence of, any Lender of agreeing to make or making, funding or maintaining an Advance, then the Borrower shall from time to time, upon demand by such Lender, pay to the Lender additional amounts sufficient to indemnify such Lender against such increased cost or reduction in the return on capital.

(b) If any Lender shall determine in good faith that reserves under Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time, are required to be maintained by it in respect of, or a portion of its costs of maintaining reserves under Regulation D is properly attributable to, one or more of its Advances, such Lender shall give notice to the Borrower, together with a certificate as described below in Section 2.07(c) and the Borrower shall pay to such Lender additional interest on the unpaid principal amount of each such Advance, payable on the same day or days on which interest is payable on such Advance, at an interest rate per annum equal at all times during each Interest Period for such Advance to the excess of (i) the rate obtained by dividing the LIBOR Rate for such Interest Period by a percentage equal to 100% minus the Reserve Percentage (defined in the next sentence), if any, applicable during such Interest Period over (ii) the LIBOR Rate for such Interest Period. The "Reserve Percentage" for any such period, with respect to any Advance, means the reserve percentage applicable thereto under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to (i) liabilities or assets consisting of or including eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time, and having a term equal to any such period, or (ii) any other category of liabilities which includes deposits by reference to which the interest rate on such Advance is determined and which have a term equal to any such period.

(c) A certificate as to the amount of any such increased cost, increased interest or reduced return under this Section 2.07, submitted to the Borrower and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error. Before making any demand under this Section 2.07, the Lender shall designate as to itself a different lending office if such designation would avoid the need for, or reduce the amount of such increased cost or interest, and will not, in the sole reasonable judgment of such Lender, be otherwise disadvantageous to it.

SECTION 2.08. Payments and Computations. (a) The Borrower shall make each payment hereunder and under any instrument delivered hereunder (except as otherwise provided in any such instrument) not later than 12:00 noon New York City time on the day when due in lawful and freely transferable United States Dollars to the Agent at the Agent's office at 399

Park Avenue, New York, New York 10043, for the account of the Lending Office in same day funds. The Agent shall promptly disburse to the Lenders funds of such type as it shall have received in the manner provided by this Agreement.

(b) The Borrower hereby authorizes the Agent and each Lender, if and to the extent payment is not made when due hereunder or under any instrument delivered hereunder, to charge from time to time against any or all of the Borrower's accounts with the Agent or such Lender, as the case may be, any amount so due. The Borrower further agrees that not later than 12:00 noon (New York City time) on each day on which a payment is due hereunder with respect to the Advance or under any Note, it will have in its account maintained with the Agent in New York City a credit balance at least equal to the total amount so due on such day.

(c) All computations of interest and fees shall be made by the Agent and the Lenders on the basis of a year of 360 days (365 or 366 with respect to Base Rate computations) for the actual number of days (including the first day but excluding the last day) occurring in the period for which such amount is payable.

(d) Whenever any payment to be made hereunder or under any instrument delivered hereunder shall be stated to be due, or whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, such payment shall be made, and the last day of such Interest Period shall occur, on the next succeeding Business Day, and any such extension of time shall in all cases be taken into account in the computation of payment of interest due hereunder or otherwise; provided, however, if such extension would extend the maturity date of any Advance or would cause such payment to be made, or the last day of any Interest Period relating to a LIBOR Rate Advance to occur, in a new calendar month, payment shall be made, and the last day of any such Interest Period shall occur, on the next preceding Business Day.

SECTION 2.09. Taxes. (a) Any and all payments made by the Borrower hereunder or under any instrument delivered hereunder shall be made free and clear of and without deduction for any present or future taxes, levies, imposts, deductions, charges, or withholdings, and all liabilities with respect thereto, excluding (i) taxes imposed on net income by, and other franchise taxes of, the United States or any political subdivision thereof (including, without limitation, branch profits taxes imposed by the United States under Section 884(a) of the Code or any successor provision thereto, or similar taxes imposed by any political sub-division or taxing authority thereof or therein, including Puerto Rico), other than any such taxes that would not have been imposed but for the Borrower's incorporation or residence in the jurisdiction imposing the tax or the situs of any property securing the Notes in the jurisdiction imposing the tax, (ii) taxes imposed on net income by any other jurisdiction (other than solely by reason of the Borrower's incorporation or residence in such jurisdiction or the situs of any property securing the Notes in such jurisdiction), (iii) in the case of any payment to any entity not organized under the laws of the United States, any taxes imposed by the United States under Section 871 or 881 of the Code or any successor provision thereto or by means of withholding at the source, and (iv) in the case of any payment to the Agent or any Lender, taxes (including taxes imposed by means of withholding at the source) imposed by any jurisdiction other than the United States which would not have been imposed but for the failure of the Agent or such Lender (as the case may be) to execute and return to the Borrower any form of notification, certification, statement or other document which the Borrower shall have delivered to the Agent or such Lender (as the case may be) a reasonable period of time before such payment is due and which the Agent or such Lender (as the case may be) is able to execute and return to the Borrower in good faith without incurring any additional costs, risks or other disadvantages; provided, however, that clause (iii) shall not apply if such tax would not be imposed but for an amendment to or a change in any applicable law or regulation or in the interpretation thereof by any regulatory authority (including, without limitation, any change in an applicable tax treaty), which amendment or change is enacted, promulgated or otherwise comes into force after the Closing Date (a "Change of Law"), but only to the extent that such Lender or Agent, as the case may be, cannot, after notice from the Borrower, through reasonable efforts eliminate or reduce the amount of taxes payable (without additional costs (unless the Borrower agrees to bear such costs) or other disadvantages or risks (tax or otherwise) to such Lender or the Agent) by reason of such Change of Law (all such excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities are hereinafter referred to as "Excluded Taxes"; all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities are hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under such instrument, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable

to additional sums payable under this Section 2.09) the Lender or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any instrument delivered hereunder, or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any instrument delivered hereunder excluding any such taxes, charges or similar levies which arise from the execution, delivery or registration of any instrument in accordance with Section 7.10 hereof (all such non-excluded taxes, charges or similar levies are hereinafter referred to as "Other Taxes").

(c) The Borrower will indemnify the Agent and each Lender for the full amount of Taxes and Other Taxes (plus any taxes imposed by any jurisdiction on amounts payable under this Section 2.09) paid by the Agent or such Lender, as the case may be, on any and all payments made hereunder or on any instrument delivered hereunder and any liability (including penalties, interest and expenses, which result from the failure of the Borrower to perform its obligations under the Loan Documents) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; provided, however, that the Agent or such Lender, as the case may be, will timely notify the Borrower of the assertion of liabilities for any such Taxes or Other Taxes and, provided that the Borrower is not in default hereunder, shall, at the Borrower's request and expense, contest any such asserted liability. This indemnification shall be made within thirty (30) days from the date the Agent or the Lender, as the case may be, makes written demand therefor with appropriate supporting documentation.

(d) Within thirty (30) days after the date of any payment by the Borrower of Taxes, the Borrower will deliver to the Agent and each Lender, the original or a certified copy of a receipt evidencing payment thereof. If no Taxes are payable in respect of any payment, then, at the reasonable request of the Agent, the Borrower will deliver to the Agent and each Lender a certificate from each appropriate taxing authority or any political subdivision thereof, or an opinion of counsel reasonably acceptable to the Agent and each Lender, in a form reasonably acceptable to the Agent and each Lender to the effect that there is a reasonable basis to conclude that such payment is exempt from or not subject to Taxes; provided, however, that neither the Agent nor any other Lender shall request, and the Borrower shall not be required to furnish, any such opinions or certificates more frequently than annually.

(e) If the Borrower is required by law to make any deductions or withholding from any payment made by it to the Agent or a Lender hereunder with respect to Taxes and is further required by this Section 2.09 to pay and pays such Taxes, or otherwise reimburses or indemnifies the Agent or a Lender hereunder with respect to Taxes, and if such Lender or the Agent, as the case may be, in good faith but in its sole reasonable opinion, determines that it has received or been granted a credit against or relief or remission for, or repayment of, any tax paid or payable by it in respect of or calculated with reference to any Taxes paid, reimbursed or indemnified pursuant to this Section 2.09, then such Lender or the Agent shall, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Borrower such amount as such Lender or the Agent, as the case may be, shall, in good faith but in its sole opinion, have determined to be attributable to such deduction or withholding, reimbursement or indemnification. Any payment made by such Lender or the Agent under this clause shall be conclusive evidence of the amount due to the Borrower hereunder and shall be accepted by and binding upon the Borrower in full and final settlement of its rights of reimbursement hereunder in respect of the relevant deduction or withholding. Nothing herein contained shall interfere with the right of any Lender or the Agent to arrange its tax affairs in whatever manner it thinks fit and, in particular, none of the Agent nor any Lenders shall be under any obligation to claim credit, relief, remission or repayment from or against its corporate profits or similar tax liability in respect of the amount of such deduction or withholding in priority to any other claims, reliefs, credits or deductions available to it, nor shall the Agent or any Lender be obliged to disclose any information relating to its tax affairs or any computations in respect hereof.

(f) Each Lender which is organized under the laws of a jurisdiction outside the United States agrees (i) to complete and deliver to the Borrower, on or before the first Drawdown Date (or, in the case of an

assignment pursuant to Section 7.10 on or before the effective date of such assignment, and (so long as it remains eligible to do so) from time to time thereafter two duly executed copies of (A) Internal Revenue Service Form 1001 (certifying that it is entitled to benefits under an income tax treaty to which the United States is a party) or (B) Internal Revenue Service Form 4224 (certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States) or (C) Internal Revenue Service Form W-8 (certifying that it is a foreign person), together with a tax certificate, substantially in the form of Attachment III to Exhibit C hereto, as appropriate, and (ii) to complete and deliver to the Borrower from time to time, so long as it is eligible to do so, any successor or additional forms required in order to secure an exemption from, or reduction in the rate of, U.S. withholding tax. Each Lender represents that each such form delivered on or before the date hereof is, and covenants that each such form delivered after the date hereof shall be, true, correct, and complete with respect to all amounts payable to such Lender pursuant to this Agreement, and covenants that such form shall remain true, correct, and complete with respect to all amounts payable to such Lender pursuant to this Agreement unless and until such Lender notifies the Borrower otherwise in writing.

(g) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in subsections (a) through (d) of this Section 2.09, and the agreements and obligations of the Agent and the Lenders contained in subsections (e) and (f) of this Section 2.09, shall survive the payment in full of the Obligations and the expiry of the Loan Documents.

SECTION 2.10. Fees. (a) [Reserved.]

(b) On each Fee Payment Date, the Borrower shall pay the Agent, solely for the account of each Lender, a non-refundable facility fee (as to each Lender, its "Facility Fee"), of .06% per annum of each such Lender's respective Commitment (such Commitment, irrespective whether drawn or undrawn, but subject to reduction by a notice of termination of Commitments delivered by the Borrower pursuant to Section 2.11 hereof, as to each Lender, the "Facility"), payable from the Closing Date, in arrears, on the average amount of the Facility, subject to adjustment as herein provided. The applicable percentage rate per annum (the "Facility Rate") used to calculate the Facility Fee shall be adjusted from time to time by the Agent as follows. Notice of the Facility Rate as adjusted shall be delivered by the Agent to the Lenders and the Borrower not later than the fifth Business Day of each calendar quarter. If the Agent determines that on the last Business Day of a calendar quarter the Borrower had Senior Debt rated

(i) below BBB- by S & P or below Baa3 by Moody's, the Facility Rate for the succeeding quarter shall be .25%,

(ii) BBB- by S & P or Baa3 by Moody's, the Facility Rate for the succeeding quarter shall be .125%,

(iii) BBB by S & P or Baa2 by Moody's, the Facility Rate for the succeeding quarter shall be .125%,

(iv) BBB+ by S & P or Baa1 by Moody's, the Facility Rate for the succeeding quarter shall be .10%,

(v) A- by S & P or A3 by Moody's, the Facility Rate for the succeeding quarter shall be .07%,

(vi) A by S & P or A2 by Moody's, the Facility Rate for the succeeding quarter shall be .06%,

(vii) A+ by S & P or A1 by Moody's, the Facility Rate for the succeeding quarter shall be .06%, and

(viii) at least AA- by S & P or Aa3 by Moody's, the Facility Rate for the succeeding quarter shall be .055%.

In the event that S & P and Moody's provide different ratings for such Senior Debt, the Agent shall use the higher rating in determining the Facility Rate. In the event the Borrower has no rated Senior Debt but the Borrower's Subordinated Debt has been rated, for purposes of determining the Facility Rate, the Agent shall assume a Senior Debt rating equivalent to one subgrade higher than the actual Subordinated Debt rating given during such period. In the event the Agent shall not have received ratings from the Borrower pursuant to Section 2.05(b)(ii)(B) or 5.01(c)(vi) or if no such ratings exist during any such quarter, the Facility Rate for the succeeding quarter will be .375%. Notwithstanding anything to the contrary contained in this Agreement or any other agreement, each Lender's Facility Fee shall be solely for the account of such Lender.

(c) The Borrower shall pay the Agent for its own account on the earlier of the Closing Date or the Drawdown Date, and not later than the anniversary of such date of each year thereafter so long as any Commitment or amount payable by the Borrower hereunder remains outstanding, an annual administration fee in an amount mutually agreed between them.

SECTION 2.11. Borrower's Termination of Commitments. So long as no Event of Default has occurred and is continuing, the Borrower may by notice delivered to the Agent terminate the Commitment of the Lenders, ratably, in any aggregate amount not less than Ten Million Dollars ($10,000,000) and integral multiples of One Million Dollars ($1,000,000) if in excess thereof, provided that no such termination shall be effective until three (3) Business Days following receipt by the Agent of such notice. Each notice of termination given pursuant to this Section 2.11 shall be irrevocable and binding when given and shall permanently reduce the Commitment of each Lender ratably in accordance with its Percentage Interest. No amount of the Commitment for which a notice of termination has been given by the Borrower shall be available for borrowing under this Agreement. The Agent shall give each Lender prompt notice of each notice of termination of Commitment received from the Borrower.

SECTION 2.12. Borrower's Increase of Commitments. (a) The Borrower may at any time, by notice to the Agent, propose that the aggregate amount of the Commitments be increased (a "Commitment Increase"), effective as at a date (the "Increase Date") that shall be (i) prior to the Termination Date and (ii) at least three Business Days after the date specified in such notice on which agreement as to increased Commitments is to be reached (the "Commitment Date"); provided, however, that (w) the Borrower may not propose more than one Commitment Increase per calendar year, (x) the minimum proposed Commitment Increase per notice shall be an amount not less than One Hundred Million Dollars ($100,000,000), and in no event shall the aggregate amount of the Commitments at any time exceed One Billion Five Hundred Million Dollars ($1,500,000,000), (y) the Borrower's long-term senior unsecured non-credit enhanced debt ratings from Moody's and S&P are and upon giving effect to the proposed Commitment Increase shall be better than or equal to Baa2 and BBB, respectively, and (z) no Default or Event of Default has occurred and is continuing or will result upon giving effect to the Commitment Increase. The Agent shall notify the Lenders promptly upon its receipt of any such notice. The Agent agrees that it will cooperate with the Borrower in discussions with the Lenders and potential Lenders (which shall be Eligible Assignees) with a view to arranging the proposed Commitment Increase through the increase of the Commitments of one or more of the Lenders and the addition of one or more Eligible Assignees acceptable to the Agent and the Borrower as Assuming Banks and as parties to this Agreement; provided, however, that the minimum Commitment of each such Assuming Bank that becomes a party to this Agreement pursuant to this Section 2.12 shall be at least equal to Ten Million Dollars ($10,000,000). Each Lender shall decide in its sole discretion whether to agree to increase its Commitment pursuant to this Section 2.12. If agreement is reached on or prior to the Commitment Date with the Lenders proposing to increase their respective Commitments hereunder (the "Increasing Lenders"), if any (whose allocations will be based on the ratio of each existing Lender's Commitment Increase to the aggregate of all Commitment Increases), and the Assuming Banks, if any, as to a Commitment Increase (which may be less than that specified in the applicable notice from the Borrower), such agreement to be evidenced by a notice in reasonable detail from the Borrower to the Agent on or prior to the Commitment Date, the Assuming Banks, if any, shall become Lenders hereunder as of the Increase Date and the Commitments of such Increasing Lenders and such Assuming Banks shall become or be, as the case may be, as of the Increase Date the amounts specified in such notice (and the Agent shall give notice thereof to the Lenders (including such Assuming Banks) in accordance with section (e) below); provided, however, that:

(x) the Agent shall have received on or prior to 9:00 A.M. (New York City time) on the Increase Date (A) a duly executed (1) Series A Note for each Assuming Bank and each Increasing Lender, in each case in an amount equal to the Commitment of each such Assuming Bank and each such Increasing Lender after giving effect to such Commitment Increase, and (2) Series B Note for each Assuming Bank and each Increasing Lender, and (B) opinions of the Borrower's general counsel and special Panamanian counsel in substantially the forms of Exhibits E-1 and E-2 hereto, dated such Increase Date, together with (C) a copy, certified on the Increase Date by the Secretary, an Assistant Secretary or a comparable official of the Borrower, of the resolutions adopted by the Board of Directors of the Borrower, authorizing such Commitment Increase (with copies for each Lender, including each Assuming Bank) and (D) evidence of the good standing of the Borrower in the Republic of Panama, dated as of a recent date;

(y) with respect to each Assuming Bank, the Agent shall have

received, on or prior to 9:00 A.M. (New York City time) on the Increase Date, an appropriate Assumption Agreement in substantially the form of Exhibit F hereto, duly executed by the Borrower and such Assuming Bank, together with the Agent's processing and recordation fee of $3000; and

(z) each Increasing Lender that proposes to increase its Commitment in connection with such Commitment Increase shall have delivered, on or prior to 9:00 A.M. (New York City time) on the Increase Date, confirmation in writing satisfactory to the Agent as to its increased Commitment.

(b) Upon its receipt of notice from a Lender that it is increasing its Commitment hereunder, together with the appropriate Notes and opinions referred to in clause (x) above, the Agent shall (i) record the information contained therein in the Register and (ii) give prompt notice thereof to the Borrower. Upon its receipt of an Assumption Agreement executed by an Assuming Bank representing that it is an Eligible Assignee, together with the appropriate Notes, and opinions referred to in clause (x) above, and its fee referred to in clause (y) above, the Agent shall, if such Assumption Agreement has been completed and is in substantially the form of Exhibit F hereto, (i) accept such Assumption Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(c) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assumption Agreement delivered to and accepted by it and record in the Register the names and addresses of the Assuming Banks and of the Increasing Lenders and the Commitment of, and principal amount of the Advances owing to, each such Assuming Bank and each such Lender from time to time. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement.

(d) In the event that the Agent shall not have received notice from the Borrower as to such agreement on or prior to the Commitment Date or the Borrower shall, by notice to the Agent prior to the Commitment Date, withdraw such proposal or any of the actions provided for in clauses (x) through (z) above shall not have occurred by the Increase Date, such proposal by the Borrower shall be deemed not to have been made. In such event, the actions theretofore taken under clauses (x) through (z) above shall be deemed to be of no effect, and all the rights and obligations of the parties shall continue as if no such proposal had been made.

(e) In the event that the Agent shall have received notice from the Borrower as to such agreement on or prior to the Commitment Date and the action provided for in clauses (x) through (z) above shall have occurred by 9:00 A.M. (New York City time) on the Increase Date, the Agent shall notify the Lenders (including the Assuming Banks) of the occurrence of the Increase Date promptly and in any event by 10:00 A.M. (New York City time) on such date by telecopier, telex or cable. Each Increasing Lender and each Assuming Bank shall, before 11:00 A.M. (New York City time) on the Increase Date, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02, in same day funds, an amount equal to such Increasing Lender's or Assuming Bank's ratable portion of the A Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase). After the Agent's receipt of such funds, the Agent will promptly thereafter cause to be distributed like funds to the Lenders for the account of their respective Applicable Lending Offices in an amount to each Lender such that the aggregate amount of the outstanding Advances owing to each Lender after giving effect to such distribution equals such Lender's ratable portion of the A Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase). If the Increase Date shall occur on a date that is not the last day of the Interest Period of all A Advances then outstanding bearing interest based on the LIBOR Rate, (a) the Borrower shall pay any amounts owing pursuant to Section 8.04(b) as a result of the distributions to Lenders under this Section 2.11(e) and (b) for each outstanding A Borrowing comprised of LIBOR Rate Advances, the respective Advances made by the Increasing Lenders and the Assuming Banks pursuant to this Section 2.11(e) shall be Base Rate Advances until the last day of the then existing Interest Period for such A Borrowing.

ARTICLE III

CONDITIONS OF LENDING

SECTION 3.01. Conditions Precedent to Initial Advances to be Made

On or After December 17, 1996. The obligation of each Lender (other than the Designated Bidders) to make its initial Advance on or after December 17, 1996 is subject to the condition precedent that the Agent shall have received on or before the Drawdown Date of such initial Borrowing the following, each dated such day, in form and substance satisfactory to the Agent and (except for the Notes) in sufficient copies for each Lender:

(a) The Series A Notes and the Series B Notes payable to the Lenders, respectively, in the forms attached as Exhibit A-1, and A-2, respectively, to this Agreement as amended and restated, exchanged for the Series A and Series B Notes dated prior to December 17, 1996.

(b) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement as amended and restated and the Notes, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement as amended and restated and the Notes.

(c) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement as amended and restated and the Notes and the other documents to be delivered hereunder.

(d) A favorable opinion of Arnaldo Perez, general counsel of the Borrower, and of Messrs. Tapia, Linares y Alfaro, special Panamanian counsel to the Borrower, substantially in the form of Exhibits E-1 and E-2 to this Agreement, respectively, referring however to this Agreement as amended and restated, the Notes issued in respect of such initial Borrowing on or after December 17, 1996, and as to such other matters as any Lender through the Agent may reasonably request. The Borrower hereby instructs each such counsel to deliver its opinion to the Agent and the Lenders.

(e) A favorable opinion of Messrs. Haight, Gardner, Poor & Havens, special New York counsel to the Agent, as to such matters as any Lender through the Agent may reasonably request.

(f) A letter from the Process Agent, referred to and defined in Section 8.07 of this Agreement, in which it agrees to act as Process Agent for the Borrower and to deliver forthwith to the Borrower all process received by it as such Process Agent.

(g) Evidence of the good standing of the Borrower in the Republic of Panama, dated as of a recent date.

(h) An irrevocable notice, effective on or before the Drawdown Date of such Borrowing, from the Borrower terminating the Commitment (as therein defined) pursuant to the terms of Section 2.11 of the U.S.$250,000,000 Revolving Credit Agreement dated as of December 5, 1995 by and among the Borrower, the agent and the banks named therein, and repayment in full prior to the such Drawdown Date of all notes issued thereunder.

(i) All corporate or other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by the Loan Documents and the Transaction shall be reasonably satisfactory in form and substance to each of the Lenders (other than the Designated Bidders) and the Agent and their counsel.

(j) Upon the execution and delivery of this Agreement as amended and restated, the Agent shall supplement Schedule I hereto by adding thereto as to each Lender first becoming a party to this Agreement as of such date, the name, address and other information required in Schedule I in respect of each Lender's Domestic Lending Office and Eurodollar Lending Office.

(k) Evidence of payment by the Borrower of all applicable documentary stamp taxes (if any) payable in connection with the authorization, execution and delivery of each of the Loan Documents, and the performance of the transactions hereby or thereby contemplated, or an opinion of counsel that no such taxes are payable.

SECTION 3.02. Conditions Precedent to Each A Borrowing. The obligation of each Lender to make an A Advance on the occasion of each A Borrowing (including the initial A Borrowing) shall be subject to the further conditions precedent that on the Drawdown Date of such A Borrowing (a) the following statements shall be true, and the Agent shall have received for the account of such Lender a certificate signed by a duly authorized officer of the Borrower, effective as of the date of such A

Borrowing, stating that (and each of the giving of the applicable Notice of A Borrowing and the acceptance by the Borrower of the proceeds of such A Borrowing shall constitute a representation and warranty by the Borrower that on the date of such A Borrowing such statements are true):

(i) The representations and warranties contained in Section 4.01 are correct on and as of the date of such A Borrowing, before and after giving effect to such A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, except that the representation set forth in the last sentence of Section 4.01(e) shall be made only (y) on the occasion of the initial A Borrowing on or after December 17, 1996 and (z) on the occasion of each A Borrowing resulting in an aggregate outstanding principal amount of A Advances greater than such amount outstanding immediately prior to such A Borrowing, and

(ii) No Default or Event of Default has occurred and is continuing, or would result from such A Borrowing or from the application of the proceeds therefrom;

and (b) the Agent shall have received such other approvals, opinions or documents as any Lender (other than the Designated Bidders) through the Agent may reasonably request.

SECTION 3.03. Conditions Precedent to Each B Borrowing. The obligation of each Lender which is to make a B Advance on the occasion of a B Borrowing (including the initial B Borrowing) to make such B Advance as part of such B Borrowing is subject to the conditions precedent that (i) the Agent shall have received the written confirmatory Notice of B Borrowing with respect thereto and (ii) on the Drawdown Date of such B Borrowing the following statements shall be true (and each of the giving of the applicable Notice of B Borrowing and the acceptance by the Borrower of the proceeds of such B Borrowing shall constitute representation and warranty by the Borrower that on the date of such B Borrowing such statements are true):

(a) The representations and warranties contained in Section 4.01 are correct on and as of the date of such B Borrowing, before and after giving effect to such B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date,

(b) No Default or Event of Default has occurred and is continuing, or would result from such B Borrowing or from the application of the proceeds therefrom, and

(c) No event has occurred and no circumstance exists as a result of which the information concerning the Borrower that has been provided to the Agent and each Lender by the Borrower in connection herewith would include an untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) Due Existence; Compliance. The Borrower is a corporation duly incorporated, validly existing and in good standing, under the laws of Panama and has all requisite corporate power and authority under such laws to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted, and to execute, deliver and perform its obligations under the Loan Documents, to which it is, or will be, a party. Each of the Borrower and its Subsidiaries excluding Specified Subsidiaries is duly qualified or licensed to do business as a foreign corporation and is in good standing, where applicable, in all jurisdictions in which it owns or leases property (including vessels), or proposes to own or lease property (including vessels), or in which the conduct of its business, and the conduct of its business upon consummation of the Transaction, requires it to so qualify or be licensed, except to the extent that the failure to so qualify or be in good standing would have no material adverse effect on the business, operations, properties, prospects or condition (financial or otherwise) of the Borrower and its Subsidiaries excluding Specified Subsidiaries or the ability of any such Person to perform its obligations under any of the Loan Documents to which it is or may be a party. Each of the Borrower and its Subsidiaries excluding Specified Subsidiaries is in compliance in all material respects with all applicable laws, rules, regulations and orders.

(b) Corporate Authorities, No Contravene. The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents to which it is or will be, a party are within its corporate powers and have been duly authorized by all necessary corporate and stockholder approvals and (i) do not contravene its charter or by-laws or any law, rule, regulation, judgment, order or decree applicable to or binding on the Borrower or its Subsidiaries excluding Specified Subsidiaries and (ii) do not contravene, and will not result in the creation of any Lien under, any provision of any contract, indenture, mortgage or agreement to which any of the Borrower or its Subsidiaries excluding Specified Subsidiaries is a party, or by which it or any of its properties are bound.

(c) Government Approvals and Authorizations. No authorization or approval (including exchange control approval) or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by or enforcement against the Borrower of the Loan Documents (except such as have been duly obtained or made and remain in full force and effect).

(d) Legal, Valid and Binding. Each of the Loan Documents is, or upon delivery will be, the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms (except as enforcement may be limited by bankruptcy, moratorium, insolvency, reorganization or similar laws generally affecting creditors' rights as well as the award by courts of relief in lieu of specific performance of contractual provisions).

(e) Financial Information. Each of the consolidated annual audited balance sheet of the Borrower as at November 30, 1995, and the consolidated quarterly unaudited balance sheet of the Borrower as at August 31, 1996, and the related statements of operations and statements of cash flows of the Borrower and its Subsidiaries for the fiscal year or fiscal quarter then ended, as the case may be, copies of which have been furnished heretofore by the Borrower to the Agent, fairly present the consolidated financial condition of the Borrower and its Subsidiaries as at such date and the results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with GAAP consistently applied (subject, in the case of the August 31, 1996 statements to normal year-end audit adjustments). Since November 30, 1995, there has been no material adverse change in the business, operations, properties or condition (financial or otherwise) of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries.

(f) Litigation. There is not pending nor, to the knowledge of the Borrower upon due inquiry and investigation, threatened any action or proceeding affecting any of the Borrower or its Subsidiaries, by or before any court, governmental agency or arbitrator, which reasonably could be expected (i) to materially adversely affect the assets, business, properties, prospects, operations or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole, or (ii) to prohibit, limit in any way or materially adversely affect the consummation of the Transaction contemplated by the Loan Documents, including, without limitation, the ability of the Borrower to perform its obligations under this Agreement or any Note.

(g) Immunities. Neither the Borrower nor any of its Subsidiaries, nor the property of any of them, has any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of the jurisdiction of its organization.

(h) No Taxes. There is no tax, levy, impost, deduction, charge or withholding or similar item imposed (i) by Panama or the States of Florida or New York, or by any political subdivision of any of the foregoing, on or by virtue of the execution and delivery of these representations and warranties, the execution or delivery or enforcement of this Agreement or any Note or any other document to be furnished hereunder or thereunder, provided with respect to Florida that each Note is executed outside Florida and, subsequent to its execution outside Florida, that it is not brought into Florida at any time, or (ii) by Panama or the States of Florida or New York, or by any political subdivision of any of the foregoing, on any payment to be made by the Borrower pursuant to this Agreement or any Note, other than taxes on or measured by net income imposed by any such jurisdiction in which the Lender has its situs of organization or a fixed place of business.

(i) No Filing. To ensure the legality, validity, enforceability or admissibility in evidence of this Agreement or any Note in each of Panama and the States of Florida and New York, it is not necessary that this Agreement or any Note, or any other document related to any thereof, be filed or recorded with any court or other authority in such jurisdiction, or that any stamp or similar tax be paid on or with respect to this Agreement or any Note except to the extent provided in (h) above.

(j) No Defaults. There does not exist (i) any event of default, or any event that with notice or lapse of time or both would constitute an event of default, under any agreement to which any of the Borrower or any of its Subsidiaries is a party or by which any of them may be bound, or to which any of their properties or assets may be subject, which default would have a material adverse effect on the Borrower and its Subsidiaries taken as a whole, or would materially adversely affect their ability to perform their respective obligations under this Agreement or any Note, or (ii) any event which is or would result in a Default or Event of Default.

(k) Margin Regulations. No part of the proceeds of the Loan will be used for any purpose that violates the provisions of any of Regulations G, T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors. None of the Borrower nor any of its Subsidiaries is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, within the meaning of Regulations G, T, U and X issued by the Board of Governors of the Federal Reserve System.

(l) Investment Company Act. The Borrower is not an "investment company" or a company "controlled" by an "investment company" (as each of such terms is defined or used in the Investment Company Act of 1940, as amended).

(m) Taxes Paid. (i) Each of the Borrower and its Subsidiaries excluding Specified Subsidiaries (A) has filed or caused to be filed, or has timely requested an extension to file or has received from the relevant governmental authorities an extension to file, all material tax returns which are required to have been filed, and (B) has paid all taxes shown to be due and payable on said returns or extension requests or on any material assessments made against it or any of its properties, and all other material taxes, fees or other charges imposed on it or any of its properties by any governmental authority (other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which appropriate reserves in conformity with GAAP have been provided on its books); and (ii) no material tax liens have been filed and no material claims are being asserted with respect to any such taxes, fees or other charges other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which appropriate reserves in accordance with GAAP have been provided on its books; provided, however, that the representations and warranties made in subdivisions (i)(A) and (i)(B) of this paragraph (m) with respect to HAL and the HAL Subsidiaries acquired on or about January 17, 1989 are limited to tax returns required to be filed with respect to the period from and after January 1, 1989.

(n) Disclosure. No representation, warranty or statement made or document or financial statement provided by the Borrower or any Affiliate or Subsidiary thereof, in or pursuant to this Agreement or any Note, or in any other document furnished in connection therewith, is untrue or incomplete in any material respect or contains any misrepresentation of a material fact or omits to state any material fact necessary to make any such statement herein or therein not misleading.

(o) Good Title. The Borrower has good title to its properties and assets, except for (i) as permitted under this Agreement, existing or future Liens, security interests, mortgages, conditional sales arrangements and other encumbrances either securing Indebtedness or other liabilities of the Borrower or any of its Subsidiaries, or which the Borrower in its reasonable business judgment has determined would not be reasonably expected to materially interfere with the business or operations of the Borrower and its Subsidiaries as conducted from time to time, and (ii) minor irregularities therein which do not materially adversely affect their value or utility.

(p) ERISA. (i) No Insufficiency or Termination Event has occurred or is reasonably expected to occur, and no "accumulated funding deficiency" exists and no "variance" from the "minimum funding standard" has been granted (each such term as defined in Part III,

Subtitle B, of Title I of ERISA) with respect to any Plan (other than any Multiemployer Plan or Plan that has been terminated and all the liabilities of which have been satisfied in full prior to March 30, 1990) in which the Borrower or any of its Subsidiaries excluding Specified Subsidiaries is a participant.

(ii) None of the Borrower nor any ERISA Affiliate excluding Specified Subsidiaries has incurred, or is reasonably expected to incur, any Withdrawal Liability to any Multiemployer Plan.

(iii) None of the Borrower nor any ERISA Affiliate excluding Specified Subsidiaries has received any notification that any Multiemployer Plan in which it is a participant is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated within the meaning of Title IV of ERISA.

ARTICLE V

COVENANTS OF THE BORROWER.

SECTION 5.01. Affirmative Covenants. So long as an Advance or any other Obligation shall remain unpaid or any Lender shall have any Commitment under this Agreement, the Borrower shall, unless the Agent on behalf of the Lenders shall otherwise consent in writing in accordance with Section 7.04, comply with each of the following affirmative covenants:

(a) Compliance with Laws. The Borrower shall comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders, and to pay when due all taxes, assessments and governmental charges imposed upon it or upon its property, except to the extent contested in good faith by appropriate proceedings and for which adequate reserves in conformity with GAAP have been provided.

(b) Use of Proceeds. The Borrower shall use all proceeds of the Notes for such general corporate purposes as may be permitted under applicable law, including support for its commercial paper programs, if any, except that subject to receipt by the Agent from the Borrower of written notice, the Borrower may use proceeds of the Notes up to the Dollar amount specified in the Borrower's said notice to the Agent solely to satisfy the Borrower's payment obligations as described in such notice, provided that neither the Agent nor any Bank shall have any responsibility as to the use of such proceeds.

(c) Financial Information; Defaults.

(i) The Borrower shall promptly inform the Agent of any event which is or may become a default or breach of the Borrower's obligations under the Loan Documents or result in a Default or Event of Default, or any event which materially adversely affects its ability fully to perform any of its obligations under any Loan Document, or any event of default which has occurred and is continuing under any material agreement to which the Borrower or any of its Subsidiaries is a party;

(ii) As soon as the same become available, but in any event within 120 days after the end of each of its fiscal years, the Borrower shall deliver to the Agent on behalf of the Lenders (A) audited consolidated financial statements of (1) the Borrower and (2) NCL, formerly known as Kloster Cruise Limited, if required other than by the Agent or the Lenders and (B) unaudited consolidated financial statements of NCL if audited financial statements are not so required. All such audited consolidated financial statements of the Borrower shall set forth, in comparative form the corresponding figures for the preceding fiscal year (excluding, as to any Subsidiary acquired after the Closing Date, corresponding information for the period preceding its acquisition); all such audited consolidated financial statements shall be accompanied by an opinion thereon of independent certified public accountants of recognized national standing acceptable to the Agent, which opinion shall state that said financial statements fairly present the consolidated financial condition and results of operations of each of (1) the Borrower and (2) NCL, if required other than by the Agent or the Lenders, as at the end of, and for, such fiscal year;

(iii) As soon as the same become available and in any event within 75 days after the end of each fiscal quarter of

each of its fiscal years, the Borrower shall deliver to the Agent on behalf of the Lenders (A) unaudited consolidated statements of income, retained earnings and cash flow of (1) the Borrower, and (2) NCL, in each case for each such quarterly period and for the period from the beginning of its then current fiscal year to the end of such period, and (B) related unaudited consolidated balance sheets of (1) the Borrower and (2) NCL, in each case as at the end of each such quarterly period. Delivery of the Borrower's quarterly financial statements containing information required to be filed with the Securities and Exchange Commission on Form 10-Q (as in effect on the Closing Date) shall satisfy the requirements of the first sentence of this Section 5.01(c)(iii) insofar as they relate to the Borrower on a consolidated basis, provided however that such requirements shall not be satisfied if the Borrower makes no such filings or if there is a material change after the Closing Date in the form or substance of financial disclosures and financial information required to be set forth in Form 10-Q. All such unaudited consolidated financial statements shall be accompanied by a certificate of a senior financial officer of the Borrower, which certificate shall state that such financial statements fairly present the consolidated financial condition and results of the operations of each of (1) the Borrower and (2) NCL, as at the end of, and for, such period (subject to normal year end audit adjustments) in accordance with GAAP, consistently applied;

(iv) Together with the financial statements to be delivered to the Agent on behalf of the Lenders from time to time pursuant to clauses (ii) and (iii) of this Section 5.01(c), the Borrower shall deliver to the Agent a certificate of a senior financial officer of the Borrower, which certificate shall (A) state that the consolidated financial condition and operations of the Borrower and its Subsidiaries are such as to be in compliance with all of the provisions of Sections 5.01(d) and 5.02(a) and (f) of this Agreement, (B) set forth in reasonable detail the computations necessary to determine whether the provisions of Sections 5.01(d) and 5.02(a) and (f) have been complied with, and (C) state that no Default or Event of Default has occurred and is continuing;

(v) [Reserved.]

(vi) Promptly upon their becoming available, the Borrower shall deliver to the Agent copies of all registration statements and periodic reports which each of the Borrower and NCL shall have filed with the Securities and Exchange Commission or any national securities exchange or market and any ratings (and changes thereto) of its debt by Standard & Poor's Ratings Services and Moody's Investors Services, Inc.;

(vii) Promptly upon the mailing thereof to its shareholders, the Borrower shall deliver to the Agent copies of all financial statements and reports so mailed;

(viii) As soon as reasonably possible, the Borrower shall deliver to the Agent copies of all reports and notices which it or any of its Subsidiaries files under ERISA with the Internal Revenue Service, the PBGC, the U.S. Department of Labor or the sponsor of a Multiemployer Plan, or which it or any of its Subsidiaries receives from the PBGC or the sponsor of a Multiemployer Plan related to (a) any Termination Event and (b) with respect to a Multiemployer Plan, (x) any Withdrawal Liability, (y) any actual or expected reorganization (within the meaning of Title IV of ERISA), or (z) any termination of a Multiemployer Plan (within the meaning of Title IV of ERISA);

(ix) From time to time on request, the Borrower shall furnish the Agent and any of the Lenders with such information and documents, and provide access to the books, records and agreements of the Borrower, or any Subsidiary or Affiliate of the Borrower, as the Agent or any of the Lenders may reasonably require. All certificates, materials and documents to be furnished by the Borrower under this Section

5.01(c) shall be provided to the Agent in such number of copies as the Agent may reasonably request and shall be furnished promptly by the Agent to the Lenders; and

(x) Notwithstanding the other terms of this Section 5.01(c), the Borrower shall have no obligation to provide the materials and information required by this Section 5.01(c) respecting NCL or any other Specified Subsidiary in the event such Person is not a Subsidiary of the Borrower.

(d) Financial Covenants. The Borrower shall ensure that:

(i) the ratio of its Total Debt to Total Capital, tested quarterly, shall be at all times less than fifty percent (50%); and

(ii) at the end of each fiscal quarter, the amount of its Consolidated Cash Flow shall be, as at the end of each of the four fiscal quarters immediately preceding covenant testing, at least 125% of the sum of (i) the aggregate amount of (x) dividend payments, (y) scheduled principal loan repayments and (z) scheduled Capital Lease payments made, in respect of the Borrower, on a consolidated basis excluding the Specified Subsidiaries, in the four fiscal quarters immediately preceding covenant testing.

(e) Corporate Existence, Mergers. The Borrower shall preserve and maintain in full force and effect its corporate existence and rights and those of its Subsidiaries, and not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person or permit any of its Subsidiaries to do so, except that (v) any Subsidiary of the Borrower other than a Specified Subsidiary may merge or consolidate with or into the Borrower if the surviving entity is the Borrower, or transfer assets to, or acquire assets of the Borrower so long as such assets do not constitute all or substantially all of the assets of the Borrower, (w) any Subsidiary of the Borrower other than a Specified Subsidiary may merge or consolidate with or into, or transfer assets to, or acquire assets of, any other Subsidiary of the Borrower other than a Specified Subsidiary, (x) the Borrower and its Subsidiaries may acquire all or substantially all of the assets of any Person if the surviving entity is the Borrower or such Subsidiary, as the case may be, (y) any Specified Subsidiary may merge or consolidate with or into, or transfer assets to, the Borrower or any of its Subsidiaries, provided that the Borrower or such Subsidiary other than a Specified Subsidiary is the surviving entity and (z) the Borrower may cause the change of its jurisdiction by way of merger or otherwise, upon consent of the Majority Lenders, which consent shall not unreasonably be denied. Notwithstanding the foregoing, neither Windstar Sail Cruises Ltd., nor any of its Subsidiaries shall (y) acquire any of the assets of the Borrower or any of its other Subsidiaries or (z) merge or consolidate with or into the Borrower or any of its other Subsidiaries unless the resulting entity is the Borrower or one of the Borrower's Subsidiaries other than Windstar Sail Cruises Ltd. or any of its Subsidiaries.

(f) Insurance. The Borrower shall, and shall cause each of its Subsidiaries to, insure and keep insured, with financially sound and reputable insurers, so much of its properties, in such amounts and against such risks, as to all the foregoing, in each case, reasonably satisfactory to the Lenders and as are usually and customarily insured by companies engaged in a similar business with respect to properties of a similar character.

(g) Actions Respecting Certain Excess Sale Proceeds. In the event that during the period from and including December 17, 1996 to and including the Termination Date, the Borrower or its Subsidiaries shall sell or otherwise dispose of, in one or more transactions (but excluding any sale or disposition permitted by Section 5.01(e) or any sale or disposition of any or all of the assets or capital stock of NCL or Windstar Sail Cruises Ltd. or any of their respective Subsidiaries) "assets" (as hereinafter defined) with an aggregate book value in excess of One Billion Five Hundred Million Dollars ($1,500,000,000), the Borrower shall apply all proceeds of such sale or disposition in an amount at least equal to the amount (the "Excess Amount") in excess of One Billion Five Hundred Million Dollars ($1,500,000,000), first, to the prepayment, pro rata, of the outstanding amount of each A Advance, second to establish cash collateral with the Agent for the payment when due on a pro rata basis of the outstanding amount of each B Advance,

and third the balance, if any, to such general corporate purposes as may be permitted under applicable law provided however that the Borrower shall terminate the Commitment of the Lenders in an amount at least equal to such balance. For purposes of testing covenant compliance under this Section 5.01(g), "assets" shall mean only such assets having a book value at the time of sale or disposition greater than Ten Million Dollars ($10,000,000).

(h) Further Assurances. The Borrower shall, from time to time upon the request of any Lender, accept for cancellation any Note or Notes held by and payable to such Lender, and thereupon the Borrower shall execute and deliver to such Lender, payable to it and its registered assigns, a substitute Note or Notes in like form and total aggregate amount as the canceled Note or Notes, but in any denomination not smaller than Ten Million Dollars ($10,000,000) or such lesser amount as such Lender may request (but not less than Five Million Dollars ($5,000,000)) as shall constitute the outstanding principal of all outstanding Notes held by such Lender. The Borrower shall do all things necessary to maintain each of the Loan Documents as legal, valid and binding obligations, enforceable in accordance with their respective terms by the Agent and the Lenders. The Borrower shall take such other actions and deliver such instruments as may be necessary or advisable, in the opinion of the Agent on behalf of the Lenders to protect the rights and remedies of the Agent and the Lenders under the Loan Documents.

SECTION 5.02. Negative Covenants. So long as any Advance or any other Obligation shall remain unpaid or any Lender shall have any Commitment, the Borrower shall not, unless the Agent on behalf of the Lenders shall otherwise consent in writing in accordance with Section 7.04:

(a) Sale of Assets. Unless permitted by Section 5.01(e), or in compliance with Section 5.01(g), sell or otherwise dispose of, or permit any of its Subsidiaries to sell or dispose of, in one or more transactions, (but excluding any sale or disposition of any or all of the assets or capital stock of NCL or Windstar Sail Cruises Ltd. or any of their respective Subsidiaries), (i) during any fiscal year, "assets" (as hereinafter defined) with an aggregate book value in excess of Five Hundred Million Dollars ($500,000,000), or (ii) during the period from and including December 17, 1996 to and including the Termination Date, "assets" (as hereinafter defined) with a book value in excess of One Billion Five Hundred Million Dollars ($1,500,000,000). For purposes of testing covenant compliance under this Section 5.02(a), "assets" shall mean only such assets having a book value at the time of sale or disposition greater than Ten Million Dollars ($10,000,000).

(b) Limitation on Payment Restrictions Affecting Subsidiaries. Create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction (other than those contained in or permitted by or through any other provision of this Agreement or the other Loan Documents, including those contained in documents existing on the Closing Date evidencing Indebtedness permitted by any of the foregoing) on the ability of any Subsidiary to (i) pay dividends or make any other distributions on such Subsidiary's capital stock or pay any Indebtedness owed to the Borrower or any of its Subsidiaries, (ii) make loans or advances to the Borrower or any of its Subsidiaries, or (iii) transfer any of its property or assets to the Borrower or any of its Subsidiaries.

(c) Transactions with Officers, Directors and Shareholders. Enter or permit any of its Subsidiaries to enter into any transaction or agreement, including but not limited to any lease, Capital Lease, purchase or sale of real property, purchase of goods or services, with any Subsidiary, Affiliate or any officer, or director of the Borrower or of any such Subsidiary or Affiliate, or any record or known beneficial owner of equity securities of any such Subsidiary, any known record or beneficial owner of equity securities of any such Affiliate or the Borrower, or any record or beneficial owner of at least five percent (5%) of the equity securities of the Borrower, except on terms that are no less favorable to the Borrower or the relevant Subsidiary than those that could have been obtained in a comparable transaction by the Borrower or such Subsidiary with an unrelated Person and except between Subsidiaries which are consolidated for financial reporting purposes with the Borrower.

(d) Compliance with ERISA. Become party to any prohibited transaction, reportable event, accumulated funding deficiency or plan termination, all within the meaning of ERISA and the Code with respect to any Plan as to which there is an Insufficiency, nor permit any Subsidiary to do so (except with respect to a Multiemployer Plan if the foregoing shall result from the act or omission of a Person party to

such Multiemployer Plan other than the Borrower or its Subsidiary).

(e) Investment Company. Be or become an investment company subject to the registration requirements of the Investment Company Act of 1940, as amended, or permit any Subsidiary to do so.

(f) Liens. Create or incur, or suffer to be created or incurred or come to exist, any Lien in respect of Indebtedness on any vessel or other of its properties or assets of any kind, real or personal, tangible or intangible, included in the Borrower's consolidated balance sheet excluding Specified Subsidiaries in accordance with GAAP, nor shall the Borrower permit any of its Subsidiaries excluding Specified Subsidiaries to do any of the foregoing. Solely for purposes of the preceding sentence the term "Lien" shall not include (i) Liens with respect to Indebtedness under the Swaps Documents and (ii) other Liens in respect of Indebtedness up to an amount not greater than 40% of the amount of total assets of the Borrower as shown on its consolidated balance sheet excluding Specified Subsidiaries (but excluding the value of any intangible assets) for the relevant period.

(g) Organizational Documents. Amend its articles of incorporation (or similar charter documents) or by-laws (except for such amendments as shall not adversely affect the rights and remedies of the Agent or any Lender).

ARTICLE VI

DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any Facility Fee, or any installment of principal of an Advance, when due, or shall fail to pay any interest on any such Advance or fee within two (2) days after such interest shall become due; or

(b) Any representation or warranty made by or on behalf of the Borrower under or in connection with this Agreement or any of the other Loan Documents shall prove to have been incorrect in any material respect when made; or

(c) The Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or any of the other Loan Documents on its part to be performed or observed and, in each case, any such failure shall remain unremedied for fifteen (15) days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

(d) The Borrower or any of its Subsidiaries excluding Specified Subsidiaries shall fail to pay any amount or amounts due in respect of Indebtedness in the aggregate amount in excess of Fifty Million Dollars ($50,000,000) (but excluding Indebtedness resulting from the Advances) of the Borrower or such Subsidiary when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other default under one or more agreements or instruments relating to Indebtedness in the aggregate amount in excess of Fifty Million Dollars ($50,000,000) (but excluding Indebtedness resulting from the Advances) of the Borrower or such Subsidiary, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(e)(1) The Borrower or any of its Subsidiaries excluding Specified Subsidiaries shall (A) generally not pay its debts as such debts become due, (B) threaten to stop making payments generally, (C) admit in writing its inability to pay its debts generally, (D) make a general assignment for the benefit of creditors, (E) not be Solvent or (F) be unable to pay its debts;

(2) Any proceeding shall be instituted in any jurisdiction by or against the Borrower or any of its Subsidiaries excluding Specified Subsidiaries (A) seeking to adjudicate it a bankrupt or insolvent, (B) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of its debts under any

law relating to bankruptcy, insolvency or reorganization or relief of debtors, or (v) seeking the entry of an administration order, an order for relief, or the appointment of a receiver, trustee, or other similar official, for it or for any substantial part of its property, provided, that, in the case of any such proceeding instituted against but not by the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, such proceeding shall remain undismissed or unstayed for a period of forty-five (45) days or any of the relief sought in such proceeding (including, without limitation, the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or any substantial part of its property) shall be granted; or

(3) (A) The Borrower or any of its Subsidiaries excluding Specified Subsidiaries shall take any corporate action to authorize any of the actions set forth above in subparagraph (e)(2) of this Section 6.01, or (B) any director, or if one or more directors are elected and acting, any two directors of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, or any Person owning directly, or indirectly, shares of capital stock of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries in a number sufficient to elect a majority of directors of the Borrower or any of its Subsidiaries, shall take any preparatory or other steps to convene a meeting of any kind of the Borrower or any of its Subsidiaries excluding Specified Subsidiaries, or any meeting is convened or any other preparatory steps are taken, for the purposes of considering or passing any resolution or taking any corporate action to authorize any of the actions set forth above in subparagraph (e)(2) of this Section 6.01; or

(f) One or more judgments or orders for the payment of money, singly or in the aggregate, in excess of an amount equal to Fifty Million Dollars ($50,000,000) shall be rendered against the Borrower or any of its Subsidiaries excluding Specified Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall have elapsed any period of fifteen (15) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not have been in effect; or

(g) [Reserved.]

(h) Any Person, singly or acting in concert with one or more other Persons, shall directly or indirectly, own, control or have Options respecting shares of capital stock of the Borrower entitled to elect directors in a number of such shares greater than the number of such shares owned, directly or indirectly, by Micky Arison or Ted Arison (or, in the event of his death, a member of his immediate family or another Person reasonably acceptable to the Lenders); or

(i) Any material provision of any of the Loan Documents after delivery thereof shall for any reason cease to be valid and binding on the parties thereto (other than the Lenders and the Agent), or any party thereto (other than a Lender or the Agent) shall so state in writing;

then, and in any such event, the Agent on direction of the Majority Lenders (i) shall, by notice to the Borrower, declare the Commitment to be terminated, whereupon the same shall forthwith terminate, and (ii) shall, by notice to the Borrower, declare each Advance and the Notes, and all interest thereon and all other amounts payable under this Agreement, to be forthwith due and payable (except that no notice shall be required upon the occurrence of an Event of Default described in paragraph (e) of this Section 6.01) whereupon each Advance, each Note, all such interest and all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

RELATION OF LENDERS; ASSIGNMENTS, DESIGNATIONS AND PARTICIPATIONS

SECTION 7.01. Lenders and Agent. The general administration of this Agreement and the Loan Documents shall be by the Agent, and each Lender hereby authorizes and directs the Agent to take such action (including without limitation retaining lawyers, accountants, surveyors or other experts) or forbear from taking such action as in the Agent's reasonable opinion may be necessary or desirable for the administration hereof (subject to any direction of the Majority Lenders and to the other requirements of

Section 7.04 hereof). The Agent shall inform each Lender, and each Lender shall inform the Agent, of the occurrence of any Event of Default promptly after obtaining knowledge thereof; however, unless it has actual knowledge of an Event of Default, each of the Agent and the Lenders may assume that no Event of Default has occurred.

SECTION 7.02. Pro Rata Sharing. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the A Advances made by it (other than pursuant to Section 2.06(c), 2.07 or 2.09) in excess of its ratable share of payments on account of the A Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the A Advances made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Any Lender so purchasing a participation from another Lender pursuant to this Section 7.02 may, to the fullest extent permitted by law, exercise all its rights of payment with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 7.03. Setoff. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and any Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 7.04. Approvals. Upon any occasion requiring or permitting an approval of any amendment or modification or any consent, waiver, declaring an Event of Default or taking any action thereafter, or any other action on the part of the Agent or the Lenders under any of the Loan Documents, (1) action may (but shall not be required to) be taken by the Agent for and on the behalf or for the benefit of all Lenders, provided (A) that no other direction of the Majority Lenders shall have been previously received by the Agent, and (B) that the Agent shall have received consent of the Majority Lenders to enter into any written amendment or modification of the provisions of any of the Loan Documents, or to consent in writing to any material departure from the terms of any Loan Documents by the Borrower or any other party thereto or (2) action shall be taken by the Agent upon the direction of the Majority Lenders, and any such action shall be binding on all Lenders; provided further, however, that unless all of the Lenders (other than the Designated Bidders) agree in writing thereto, no amendment, modification, waiver, consent or other action with respect to this Agreement or any of the Series A Notes shall be effective which (a) increases the Commitment or increases the Percentage Interest of any of the Lenders, except as permitted under Section 2.12, (b) reduces any commission, fee, the principal or interest owing to any Lender in respect of the Series A Notes hereunder or the method of calculation of any thereof, (c) extends the Termination Date or the date on which any sum in respect of the Series A Notes is due hereunder, (d) releases any collateral, guaranty or other security, (e) amends the provisions of this Section 7.04 or the definition of Majority Lenders, or (f) waives any condition for Borrowing set forth in Article III.

SECTION 7.05. Exculpation. The Agent shall not be liable or answerable for anything whatsoever in connection with any of the Loan Documents or other instrument or agreement required hereunder or thereunder, including responsibility in respect of the execution, delivery, construction or enforcement of any of the Loan Documents or any such other instrument or agreement, or for any action taken or not taken by the Agent in any case involving exercise of any power or authority conferred upon the Agent under

any thereof, except for its wilful misconduct or gross negligence, and the Agent shall have no duties or obligations other than as provided herein and therein. The Agent shall be entitled to rely on any opinion of counsel (including counsel for the Borrower or any of its Subsidiaries) in relation to any of the Loan Documents or any other instrument or agreement required hereunder or thereunder and upon writings, statements and communications received from the Borrower or any of its Subsidiaries (including any representation made in or in connection with any Loan Document), or from any other party to any of the Loan Documents or any documents referred to therein or any other Person, firm or corporation reasonably believed by it to be authentic, and the Agent shall not be required to investigate the truth or accuracy of any writing or representation, nor shall the Agent be liable for any action it has taken or omitted in good faith on such reliance.

SECTION 7.06. Indemnification. Each Lender (other than any Designated Bidder) agrees to indemnify the Agent, except to the extent reimbursed by the Borrower and except in the case of any suit by any Lender against the Agent resulting in a final judgment against the Agent, ratably according to the aggregate principal amount of the Series A Notes then held by it (or if no Series A Notes are outstanding or if any such Series A Notes are held by Persons which are not Lenders, ratably according to the amount of its Commitment) against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except to the extent the foregoing results from the Agent's gross negligence or wilful misconduct) which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of (y) any of the Loan Documents or any other instrument or agreement contemplated hereunder or thereunder or (z) any action taken or omitted by the Agent under any of the Loan Documents or such other instrument or agreement.

SECTION 7.07. Agent as Lender. The Agent shall, in its individual capacity, have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not an agent; the term "Lenders" shall include the Agent in its individual capacity to the extent of its Percentage Interest. The Agent and its Subsidiaries and Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Borrower and its Subsidiaries and Affiliates, as if it were not the Agent.

SECTION 7.08. Notice of Transfer; Resignation; Successor Agent. (a) The Agent may deem and treat a Lender party to this Agreement as the owner of such Lender's interest in any Loan and any other instrument or agreement contemplated hereunder or thereunder for all purposes hereof unless and until a written notice of the assignment or transfer thereof, executed by such Lender and otherwise in compliance with the requirements of Section 7.10 hereof, shall have been received and accepted by the Agent. The Agent shall resign if directed by the Majority Lenders for any reason. The Agent may not resign at any time, except that, upon written notice to the Lenders and the Borrower, the Agent may resign if in its judgment there exist or may occur reasons related to conflict of interest, a change in, or violation of, law or regulation or interpretation thereof, or such other occurrence that may prevent or impede the Agent in discharging its duties hereunder faithfully and effectively in accordance with their terms.

(b) Any successor Agent shall be appointed by the Majority Lenders and shall be a bank or trust company reasonably satisfactory to the Borrower (so long as no Event of Default shall have occurred and be continuing) and the Majority Lenders. If no successor Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Majority Lender's removal of the Agent, then such retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 7.09. Credit Decision; Not Trustee. Each Lender represents that it has made, and agrees that it shall continue to make, its own independent investigation of the financial condition and affairs of the Borrower and its Subsidiaries, and its own appraisal of the creditworthiness of the Borrower and its Affiliates and Subsidiaries in connection with the making and performance of this Agreement. The Agent has and shall have no

duty or responsibility whatsoever on the date hereof or, except as otherwise expressly provided in this Agreement or any Law hereafter, to provide any Lender with any credit or other information. Nothing herein shall (nor shall it be construed so as to) constitute the Agent a trustee for the Borrower or its Subsidiaries or impose on it any duties or obligations other than those for which express provision is made in this Agreement or under the other Loan Documents.

SECTION 7.10. Assignments, Designations and Participation. (a) Each Lender (other than the Designated Bidders) may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) each such assignment shall be of constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any right to make B Advances, B Advances owing to it or Series B Notes), (ii) unless the Borrower shall otherwise agree with the assigning Lender, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) that is not to a then existing Lender hereunder, or to a Designated Bidder designated by a then existing Bank hereunder shall in no event be less than Ten Million Dollars ($10,000,000) (and in increments of One Million Dollars ($1,000,000) in excess thereof) or such lesser amount as shall constitute all of such assigning Bank's Commitment and the outstanding principal of Notes payable to it, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note or Notes subject to such assignment and a processing and recordation fee of $3,000; provided further, however, that each such assignment that is not to a then existing Lender hereunder, or to a Designated Bidder designated by a then existing Bank hereunder, (x) shall be subject to the consent of the Borrower, which consent shall not unreasonably be denied and which consent shall be deemed given unless the Borrower gives the assigning Lender and the Agent written notice of and a reasonable basis for its denial not later than five (5) Business Days following (i) telex, telecopy or cable notice given to the Borrower by the assigning Lender or the Agent of the name of the proposed transferee, the amount of Commitment to be assigned and such information as the Borrower may reasonably request for purposes of making an informed judgment, and, if the proposed transferee is organized under the laws of a jurisdiction outside the United States, (ii) transmission to the Borrower by telecopy of any one of the following documents, properly completed and executed by the proposed transferee: Internal Revenue Service Form 1001 (or any successor form), certifying that the proposed transferee is entitled to benefits under an income tax treaty which will exempt from United States Federal income tax the income receivable by the proposed transferee pursuant to this Agreement, or Internal Revenue Service Form 4224 (or any successor form), certifying that the income receivable by the proposed transferee pursuant to this Agreement will be effectively connected with the conduct of a trade or business in the United States, or Internal Revenue Service Form W-8 (or any successor form) certifying that it is a foreign person together with a tax certificate, substantially in the form of Attachment III to the Assignment and Acceptance, as appropriate. Any consent to assignment untimely or unreasonably denied by the Borrower shall be void and of no effect, and shall not preclude or bar any assignment otherwise permitted by this Section 7.10(a). Any assignment or purported assignment not in compliance with this Section shall be void and of no effect. Without regard to any of the other terms of this Agreement or of any other agreement, any Lender may (i) assign, as collateral or otherwise, any of its rights (including, without limitation, rights to payments of principal and/or interest on the Notes) under this Agreement to any Federal Reserve Bank of the United States without notice to or consent of the Borrower, the Agent or any other Person, and (ii) with notice to the Agent and the Borrower, assign all or part of its rights under this Agreement and the other Loan Documents to any of its affiliates. In case of any assignment pursuant to this Section 7.10(a), the assignee shall not be entitled to receive the portion (if any) of any amount otherwise payable under Section 2.07 or 2.09 hereof which exceeds the amount which would have been payable under Section 2.07 or 2.09 (as the case may be) to the assignor with respect to the rights and obligation so assigned. In the case of a transfer of any Note from the accounting records of the office of a Lender where such Note was originally recorded to the accounting records of any other office of such Lender, or a change in the location of the Lending Office from that designated as of the Closing Date, such Lender or the Agent, as the case may be, shall not be entitled to receive the portion (if any) of any amount otherwise payable under Section 2.07 or 2.09 hereof which exceeds the amount which would have been payable under Section 2.07 or 2.09 (as the case may be) to such Lender or the Agent, as the case may be, if such transfer or change had not been made. In the case of a change in location, from the Closing Date, of the Lending Office, unless the Borrower shall consent to such change, the Borrower shall not be

required to remit to the Agent pursuant to Section 2.07 or 2.09 hereof any amount that exceeds the amount which would have been payable under Section 2.07 or 2.09 (as the case may be) if such change in location had not occurred. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, and delivery of the tax forms and other documents referred to in Section 2.09 hereof, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance and subject to the foregoing, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any of the Borrower or its Subsidiaries or the performance or observance by any of the Borrower or its Subsidiaries of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to herein Sections 4.01(e) and 5.01(c), and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto and has attached thereto the forms referred to in paragraph 3(vii) thereof, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register (including the transfer of Notes to such Eligible Assignee by the assigning Lender) and (iii) give prompt notice and an execution counterpart thereof to the Borrower. Within five (5) Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered Note or Notes a new Note or new Notes, as the case may be, of the same Series to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and a new Series B Note in substantially the form of Exhibit A-2 hereto, as the case may be, and if the assigning Lender has retained a Commitment hereunder, a new Series A Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Series A Note or Series A Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Series A Note or Series A Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(d) In addition each Lender (other than the Designated Bidders) may designate one or more banks or other entities to have a right to make B Advances as a Lender pursuant to Section 2.03; provided, however, that (i) no such Lender shall be entitled to make more than two such designations with respect to any particular B Borrowing, (ii) each such Lender making one or more of such designations shall retain the right to make B Advances as a Lender pursuant to Section 2.03, (iii) each such designation shall be to a Designated Bidder and (iv) the parties to each such designation shall execute and deliver to the Agent, for its acceptance and recording in the Register, a Designation Agreement. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in

each Designation Agreement, the designee thereunder shall be a party hereto with a right to make B Advances as a Lender pursuant to Section 2.03 and the obligations related thereto.

(e) By executing and delivering a Designation Agreement, the Lender making the designation thereunder and its designee thereunder confirm and agree with each other and the other parties hereto as follows: (i) such Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any of the Borrower or its Subsidiaries or the performance or observance by any of the Borrower or its Subsidiaries of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such designee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(e) and 5.01(c) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into the Designation Agreement; (iv) such designee will, independently and without reliance upon the Agent, such designating Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such designee confirms that it is a Designated Bidder; (vi) such designee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such designee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(f) Upon its receipt of a Designation Agreement executed by a designating Lender and a designee representing that it is a Designated Bidder, the Agent shall, if such Designation Agreement has been completed and is substantially in the form of Exhibit D hereto, (i) accept such Designation Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Within five (5) Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent a new Series B Note to the order of such Designated Bidder in substantially the form of Exhibit A-2 hereto.

(g) The Agent shall maintain at its address referred to in Section 8.02 of this Agreement a register for the recordation of the names and addresses of the Lenders and, with respect to Lenders other than Designated Bidders, the Commitment of, and principal amount of the Advances owing and each Note payable to, each Lender from time to time and a copy of each Assignment and Acceptance and Designation Agreement delivered to and accepted by it (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice and each shall be entitled to make copies thereof at its expense.

(h) Each Lender and the Agent may grant participations to one or more banks or other entities in or to all or any part of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Advances owing to it); provided, however, that, notwithstanding the grant of any such participation by any Lender, such participation, and the right to grant such a participation, shall be expressly subject to the following conditions and limitations: (i) such Lender's obligations under this Agreement (including without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note and Advances for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (v) such Lender shall continue to be able to agree to any modification or amendment of this Agreement or any waiver hereunder without the consent, approval or vote of any such participant or group of participants, other than modifications, amendments, and waivers which (a) postpone the Termination Date or any date fixed for any payment of, or reduce any payment of, principal of or interest on such Lender's Advances or any fees or other amounts payable under this Agreement, or (b) increase the amount of such Lender's Commitment, or (c) change the

interest rate payable under this Agreement, or (d) release all or substantially all of any collateral or guaranty, provided that if a Lender agrees to any modification or waiver relating to items (a) through (d), the Borrower, the Agent and each other Lender may conclusively assume that such Lender duly received any necessary consent of each of its participants and (vi) except as contemplated by the immediately preceding clause (v), no participant shall be deemed to be or to have any of the rights or obligations of a "Lender" hereunder.

(i) Any Lender may, in connection with any assignment, designation or participation or proposed assignment, designation or participation pursuant to this Section 7.10, disclose to the assignee, Designated Bidder or participant, or proposed assignee, designated bidder or participant, any information relating to the Borrower or its Subsidiaries furnished to such Lender by or on behalf of the Borrower, provided that the Person receiving such information undertakes not to disclose it to a third party except pursuant to, and subject to the conditions provided in, this Section 7.10.

SECTION 7.11 Managing Agent; Co-Agent. Each of the Managing Agents and Co-Agents shall have no duties, responsibilities, rights or liabilities as Managing Agent or Co-Agent, as the case may be, under this Agreement or any of the other Loan Documents and, other than as a Lender, shall not be liable or answerable for anything whatsoever in connection with any of the Loan Documents or other instrument or agreement required hereunder or thereunder, including responsibility in respect of the execution, delivery, construction or enforcement of any of the Loan Documents or any such other instrument or agreement, or for any action taken or not taken by any Person with respect thereto. Each of the Managing Agents and Co-Agents has and shall have no duty or responsibility whatsoever on the date hereof or at any time hereafter, to provide any Bank with any credit or other information. Nothing herein shall (nor shall it be construed so as to) constitute any Managing Agent or Co-Agent a trustee for the Borrower or its Subsidiaries or impose on it any duties or obligations whatsoever under this Agreement, the other Loan Documents, or otherwise.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments. No amendment, supplement or modification to this Agreement shall be enforceable against the Borrower unless the same shall be in writing and signed by the Borrower. No amendment or waiver of any provision of this Agreement or any instrument delivered hereunder, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent and, to the extent required by Section 7.04 hereof, the Majority Lenders or each Lender, as the case may be, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 8.02. Notices. All notices, demands and other communications provided for hereunder shall be in writing (including telegraphic communication) and mailed, telexed, telecopied or telegraphed or delivered, if to the Borrower at its address set forth below its signature herein written; and if to a Lender other than the Agent, at its address set forth below its signature herein written; or, as to each party, at such other address as shall be designated by such party in a notice to the other parties hereto. All such notices and communications shall, when mailed, telexed, telecopied, or telegraphed, be effective upon the earliest of (i) actual receipt, (ii) seven days from the date when deposited in the mails, or (iii) when (on a Business Day and during normal business hours at the addressee's address) transmitted by telecopy or telex or delivered to the telegraph company, respectively, except that notices and communications to the Agent or any Lender pursuant to Article II hereof shall not be effective until received by the Agent or such Lender.

SECTION 8.03. No Waiver; Remedies. Regardless of any fact known or investigation undertaken by the Agent or any Lender, no failure on the part of the Agent or any Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs, Expenses, Fees and Indemnities. (a) The Borrower agrees to pay on demand (i) in connection with the preparation, execution, and delivery of this Agreement and the instruments and other documents to be delivered hereunder, (y) the reasonable fees and out-of-pocket expenses of Messrs. Haight, Gardner, Poor & Havens, as special

counsel for the Agent (and any local counsel retained by such firm) with respect to the closing of the Transaction and (ii) all other costs and expenses of the Lenders and the Agent (other than any other legal fees and related expenses incurred by them) and (ii) after the Closing Date, all costs and expenses in connection with the administration of this Agreement and the other instruments and documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of any counsel for the Agent or the Lenders in connection with advice given the Agent or the Lenders, from time to time, as to their rights and responsibilities under this Agreement and such instruments and documents. The Borrower shall not be liable to any Lender in respect of any costs or expenses incurred in connection with any assignment or grant of participation under Section 7.10 hereof. The Borrower further agrees to pay on demand all losses, costs and expenses, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement of this Agreement and the instruments and other documents delivered hereunder, including, without limitation, losses, costs and expenses sustained as a result of a Default by the Borrower in the performance of its obligations contained in this Agreement or any instrument or document delivered hereunder.

(b) If, for any reason, including maturity or demand of the Loan under Article VI, or prepayment of the Loan, in whole or in part, the Agent or any of the Lenders receives payment of principal of or interest an Advance on any day other than the last day of the Interest Period for such Advance permitted under this Loan Agreement the Borrower shall pay to the Agent on behalf of the Lenders on demand any amounts required to compensate the Lenders for any breakage costs (including cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds in respect of such payment) and any additional losses, costs or expenses which any Lender may incur as a result of such payment, provided that the Lender shall have delivered to the Agent and the Borrower, as the case may be, a certificate as to the amount of such breakage costs, additional losses, costs or expenses, which certificate shall be binding, absent manifest error, except that the failure of the Lender to provide such certificate shall in no way relieve the Borrower of its obligations under this Section 8.04(b).

(c) The Borrower agrees to indemnify and hold harmless each of the Lenders and the Agent, and its and their respective Affiliates, directors, officers, employees, agents, representatives, counsel and advisors (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel and the costs of investigation and defense thereof) which may be incurred by or asserted or awarded against any Indemnified Party, in each case based upon, arising out of or in connection with or by reason of, the Transaction, including, without limitation, any act or failure to act by the Agent where such act or failure to act was taken pursuant to the Borrower's request or any transaction contemplated by this Agreement or any Loan Document, whether or not any Advance hereunder is made, except to the extent that such claim, damage, loss, liability or expense results from the gross negligence or willful misconduct of such Indemnified Party. The indemnities of this Agreement shall survive the termination of this Agreement and the other Loan Documents.

SECTION 8.05. [Reserved.]

SECTION 8.06. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder or under any instrument delivered hereunder in United States Dollars into another currency, the parties hereto agree, to the fullest extent permitted by law, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent or the Lender, as the case may be, could purchase United States Dollars with such other currency on the Business Day preceding that on which final judgment is given.

(b) The obligation of the Borrower in respect of any sum due from it to the Agent or any Lender hereunder or under such instrument shall, notwithstanding any judgment in a currency other than United States Dollars, be discharged only to the extent that on the Business Day following receipt by the Agent or such Lender of any sum adjudged to be so due in such other currency the Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase United States Dollars with such other currency; if the United States Dollars so purchased are less than the sum originally due to the Agent or such Lender, as the case may be, in United States Dollars, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Agent or such Lender, as the case may be, against such loss, and if the United States Dollars so purchased exceed the sum originally due to the Agent or such Lender in United States Dollars, the Agent or such Lender shall remit such excess to

the Borrower.

SECTION 8.07. Consent to Jurisdiction; Waiver of Immunities. (a) The Borrower hereby irrevocably submits to the jurisdiction of any New York State court sitting in New York County and to the jurisdiction of the United States District Court for the Southern District of New York in any action or proceeding arising out of or relating to this Agreement or the Notes, and the Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court. The Borrower hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Borrower hereby irrevocably appoints C T Corporation System (the "Process Agent"), with an office on the date hereof at 1633 Broadway, New York, New York 10019, United States, as its agent to receive on behalf of itself and its property service of copies of the summons and complaint and any other process which may be served in any such action or proceeding. Such service may be made by mailing or delivering a copy of such process to the Borrower in care of the Process Agent (or any successor thereto, as the case may be) at such Process Agent's above address (or the address of any successor thereto, as the case may be), and the Borrower hereby irrevocably authorizes and directs the Process Agent (and any successor thereto) to accept such service on its behalf. The Borrower shall appoint a successor agent for service of process should the agency of C T Corporation System terminate for any reason, and further shall at all times maintain an agent for service of process in New York, New York, so long as there shall be outstanding any Obligations under the Loan Documents. The Borrower shall give notice to the Agent of any appointment of successor agents for service of process, and shall obtain from each successor agent a letter of acceptance of appointment and promptly deliver the same to the Agent. As an alternative method of service, the Borrower also irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to it at its address specified in Section 8.02 hereof. Without waiver of its rights of appeal permitted by relevant law, the Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Nothing in this Section 8.07 shall affect the right of the Agent or any Lender to serve legal process in any other manner permitted by law, or affect the right of the Agent or any Lender to bring any action or proceeding against the Borrower or its properties in the courts of any other jurisdiction.

(c) To the extent that the Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Borrower hereby irrevocably waives such immunity in respect of its obligations under this Agreement and the Notes.

SECTION 8.08. Binding Effect; Merger; Severability; GOVERNING LAW. (a) This Agreement shall become effective when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Bank that such Bank has executed it and thereafter this Agreement shall be binding upon, and shall inure to the benefit of the Borrower, the Agent and each Lender, and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein. Each Lender may, to the extent permitted under this Agreement, assign to any other financial institution all or any part of, or any interest in, the Lender's rights and benefits hereunder and under any instrument delivered hereunder, and to the extent of such assignment such assignee shall have the same rights and benefits against the Borrower as it would have had if it were the Lender hereunder.

(b) The Loan Documents, together with all attachments and exhibits to each of them and all other documents referenced herein and therein, and delivered hereunder and thereunder and pursuant hereto and thereto, constitute the entire agreement among the parties with respect to the subject matter hereof and thereof, and supersede all prior and contemporaneous written and oral understandings and agreements related thereto among the parties.

(c) If any word, phrase, sentence, paragraph, provision or section of the Loan Documents shall be held, declared, pronounced or rendered invalid, void, unenforceable or inoperative for any reason by any court of competent jurisdiction, governmental authority, statute, or otherwise, such holding, declaration, pronouncement or rendering shall not adversely affect any other word, phrase, sentence, paragraph, provision or section of the Loan Documents, which shall otherwise remain in full force and effect and be enforced in accordance with their respective terms.

(d) This Agreement has been delivered in New York, New York.
THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND BE CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

SECTION 8.09. Counterparts. This Agreement may be executed in as many counterparts as may be deemed necessary or convenient and by each party hereto on separate counterparts, each of which, when so executed, shall be deemed as original, but all such counterparts shall constitute but one and the same agreement.

SECTION 8.10. WAIVER OF JURY TRIAL. BY ITS SIGNATURE BELOW WRITTEN EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE LOAN DOCUMENTS HEREIN DESCRIBED OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CITIBANK, N.A., as Agent

By:_____
Title:
Address: 399 Park Avenue
Shipping Department
8th Floor
New York, NY 10043

Telephone: (212) 559-5604
Telex: 425 727
Answerback: NY
Telecopy: (212) 793-3588

CARNIVAL CORPORATION

By:_____
Title:
Address: 3655 N.W. 87th Avenue
Miami, Florida 33178-2428
Attention: Chairman and
Chief Executive Officer

Telephone: (305) 599-2600
Telex: 519206
Answerback: CARNOP
Telecopy: (305) 471-4700

Percentage Interest	Commitment
8.50%	Eighty-Five Million Dollars ($85,000,000)

CITIBANK, N.A.

By: _____
Title:
Address: 399 Park Avenue
Shipping Dept.
8th Floor
NY, NY 10043

Telephone: (212) 559-5604
Telex: 425 727
Answerback: NY AAB
Telecopy: (212) 793-3588

Percentage Interest	Commitment	BANCA DI ROMA-HOUSTON AGENCY
1.50%	Fifteen Million Dollars ($15,000,000)	

By: _____
Title: Chief Manager

By: _____
Title:
Address: 1100 Louisiana
Suite 4410
Houston, Texas 77002

Telephone: (713) 658-0088
Telex: 168751
Answerback: BROMA HOU
Telecopy: (713) 658-8740

Percentage Interest	Commitment	BANK OF HAWAII
1.50%	Fifteen Million Dollars ($15,000,000)	

By: _____
Title:
Address: 130 Merchant Street
Honolulu, Hawaii 96813

Telephone: (808) 537-8689
Telecopy: (808) 537-8301

Percentage Interest	Commitment	
		BARNETT BANK, N.A. (formerly BARNETT BANK OF SOUTH FLORIDA, N.A.)
6.00%	Sixty Million Dollars ($60,000,000)	

By: _____
Title:
Address: 701 Brickell Avenue
Miami, FL 33131

Telephone: (305) 789-3054
Telex: 160047
Answerback: Barnett Banks
Telecopy: (305) 350-7005

Percentage Interest	Commitment	CIBC, INC.
7.00%	Seventy Million Dollars ($70,000,000)	

By: _____
Title:
Address: Two Paces West
Suite 1200
2727 Paces Ferry Road
Atlanta, GA 30239

Telephone: (404) 319-4908
Telex: 54-2413
Answerback: CANBANK ATL
Telecopy: (404) 319-4954

Percentage Interest	Commitment	
		CREDIT LYONNAIS, ATLANTA AGENCY
2.00%	Twenty Million Dollars ($20,000,000)	

By: _____
Title:
Address: 303 Peachtree Street, N.E.
Suite 4400
Atlanta, Georgia 30308

Telephone: (404) 524-3700
Telex: 671826
Answerback: CREDATL
Telecopy: (404) 584-5249

Percentage Interest	Commitment	FIRST UNION NATIONAL BANK OF FLORIDA
7.00%	Seventy Million Dollars ($70,000,000)	

By: _____
Title:
Address: 200 S. Biscayne Blvd.
Miami, FL 33131

Telephone: (305) 789-5073
Telex: 568452
Answerback: FST UNION JAX
Telecopy: (305) 789-5060

Percentage
Interest Commitment LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE

1.50% Fifteen Million Dollars

($15,000,000)

By: _____
Title:
Address: Abteilung Schiffahrt
Martensdamm 6
D-24103 Kiel
Germany

Telephone: 49 431 900 1774
Telecopy: 49 431 900 1130

Percentage
Interest Commitment MORGAN GUARANTY TRUST COMPANY OF NEW YORK

2.00% Twenty Million Dollars

($20,000,000)

By: _____
Title:
Address: 60 Wall Street
New York, NY 10260-0060

Telephone: (212) 648-3319
Telex: 177615
Answerback: MGT UT
Telecopy: (212) 648-5336

Percentage
Interest Commitment NATIONAL WESTMINSTER BANK PLC

1.50% Fifteen Million Dollars

($15,000,000)

By: _____
Title:
Address: 175 Water Street
New York, New York 10038

Telephone: (212) 602-5541
Telecopy: (212) 602-4500

Percentage
Interest Commitment NATIONSBANK, N.A. (SOUTH)
(formerly NATIONSBANK OF FLORIDA, N.A.)

6.00% Sixty Million Dollars

($60,000,000)

By: _____
Title:
Address: 100 S.E. 2nd St.
14th Fl.
Miami, FL 33131

Telephone: (305) 533-2428
Telecopy: (305) 533-2437

Percentage
Interest Commitment THE NORTHERN TRUST COMPANY

1.50% Fifteen Million Dollars

($15,000,000)

By: _____
Title:
Address: 50 South LaSalle Street

9th Floor
Chicago, IL 60675

Telephone: (312) 444-7260
Telecopy: (312) 444-3508

Percentage Interest	Commitment	
7.00%	Seventy Million Dollars ($70,000,000)	ROYAL BANK OF CANADA

By: _____
Title:
Address: Grand Cayman
(North America No. 1) Branch
c/o New York Branch
Financial Square, 23rd Floor
New York, New York 10005-3531
Attn.: Manager, Credit Administration
Telephone: (212) 428-6311
Telecopy: (212) 428-2372

with a copy to:

Royal Bank of Canada
Financial Square, 24th Floor
New York, New York 10005-3531
Attn.: Transportation Services Group
Telephone: (212) 428-6445
Telecopy: (212) 428-6459

Percentage Interest	Commitment	
6.00%	Sixty Million Dollars ($60,000,000)	THE SAKURA BANK, LIMITED, ATLANTA AGENCY

By: _____
Title:
Address: 245 Peachtree Center Avenue, N.E.
Suite 2703
Atlanta, GA 30303

Telephone: (404) 521-3111
Telecopy: (404) 521-1133

Percentage Interest	Commitment	
5.00%	Fifty Million Dollars ($50,000,000)	SUNTRUST BANK, MIAMI NATIONAL ASSOCIATION

By: _____
Title:
Address: 777 Brickell Avenue
Miami, FL 33131

Telephone: (305) 579-7380
Telecopy: (305) 579-7133

Percentage Interest	Commitment	
1.50%	Fifteen Million Dollars ($15,000,000)	THE BANK OF NOVA SCOTIA

By: _____
Title:
Address: 600 Peachtree Street, N.E.
Suite 2700
Atlanta, GA 30308

Telephone: (404) 877-1505

Telecopy: (404) 888-8998

Percentage
Interest Commitment THE BANK OF TOKYO-MITSUBISHI, LTD.-
ATLANTA AGENCY
(formerly THE MITSUBISHI BANK, LIMITED-
NEW YORK BRANCH)

6.00% Sixty Million
Dollars

($60,000,000)

By: _____
Title:
Address: 133 Peachtree Street
Suite 4970
Atlanta, Georgia 30303
Telephone: (404) 222-4207
Telecopy: (404) 577-1155

Percentage
Interest Commitment THE DAI-ICHI KANGYO BANK, LIMITED
ATLANTA AGENCY

6.00% Sixty Million
Dollars

($60,000,000)

By: _____
Title: Joint General Manager
Address: Marquis Two Tower, Suite 2400
285 Peachtree Center Ave., N.E.
Atlanta, Georgia 30303

Telephone: (404) 581-0200
Telex: (404) 581-9657

Percentage
Interest Commitment THE FUJI BANK, LIMITED,
NEW YORK BRANCH

7.00% Seventy Million
Dollars

($70,000,000)

By: _____
Title: Vice Pres. & Mgr.
Address: Two World Trade Center
79th Floor
New York, NY 10048

Telephone: (212) 898-2054
Telecopy: (212) 912-0516

Percentage
Interest Commitment THE INDUSTRIAL BANK OF JAPAN,
LIMITED, ATLANTA AGENCY

2.50% Twenty-Five Million
Dollars

($25,000,000)

By: _____
Title:
Address: One Ninety One Peachtree Tower
191 Peachtree Street, N.E.
Suite 3600
Atlanta, GA 30303-1757

Telephone: (404) 524-8770
Telecopy: (404) 524-8509

Percentage
Interest Commitment THE SANWA BANK LIMITED,
ATLANTA AGENCY

3.50% Thirty-Five Million Dollars

($35,000,000)

By: _____
Title:
Address: Georgia Pacific Center
133 Peachtree Street
Suite 4950
Atlanta, Georgia 30303

Telephone: (404) 586-6888
Telecopy: (404) 589-1629

Percentage Interest Commitment

THE SUMITOMO BANK, LIMITED

6.00% Sixty Million Dollars

($60,000,000)

By: _____
Title:
Address: Georgia Pacific Center
133 Peachtree Street, Suite 3210
Atlanta, Georgia 30303

Telephone: (404) 526-8514
Telecopy: (404) 521-1187

Percentage Interest Commitment

THE YASUDA TRUST AND BANKING COMPANY, LIMITED

1.50% Fifteen Million Dollars

($15,000,000)

By: _____
Title:
Address: 666 Fifth Avenue
New York, NY 10103

Telephone: (212) 373-5709
Telecopy: (212) 373-5797

Percentage Interest Commitment

UNITED STATES NATIONAL BANK OF OREGON

2.00% Twenty Million Dollars

($20,000,000)

By: _____
Title:
Address: 555 SW Oak Street
Suite 400
Portland, OR 97204

Telephone: (503) 275-4497
Telecopy: (503) 275-4267

February 25, 1997

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, DC 20549

RE: Carnival Corporation
Commission File No. 1-9610

Gentlemen:

Pursuant to Item 601 (b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation (the "Company") hereby agrees to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission, and, in accordance with such regulation, such instruments are not being filed as part of the Annual Report on Form 10-K of the Company for its fiscal year ended November 30, 1996.

Very truly yours,

CARNIVAL CORPORATION

Arnaldo Perez
General Counsel

RETIREMENT AND CONSULTING AGREEMENT

AGREEMENT made this 20th day of November, 1996, between CARNIVAL CORPORATION, having its principal place of business at 3655 N.W. 87th Avenue, Miami, Florida 33178-2428 (the "Company") and A. Kirk Lanterman, ("Lanterman"), residing at 714 W. Galer, Seattle, Washington 98119.

RECITALS

A. Lanterman has served as President and Chief Executive Officer of the Company's wholly-owned subsidiary, Holland America Line-Westours, Inc. ("HAL") since January 1989, and has performed exemplary service during said years.

B. Lanterman intends to retire from active service with HAL on January 1, 1998 ("Retirement Date").

C. The Company desires to compensate Lanterman for such exemplary service by way of retirement pay.

D. The Company desires to retain Lanterman's consulting services following such retirement on the terms set forth in this Agreement.

IN CONSIDERATION of past services as related above and the consulting services related below, it is agreed as follows:

1. Compensation For Past Services and Consulting Services

1.1 From January 31, 1998 and for fifteen (15) years thereafter, the Company shall pay to Lanterman in monthly installments of $37,570.00 an annual compensation of $450,840.00.

1.2 In the event of Lanterman's death prior to the Retirement Date, or prior to the fifteenth anniversary of the Retirement Date, the unpaid balance of this total compensation ($6,762,600.00) shall be paid in full to Lanterman's estate within 30 days of the date of his death. The unpaid balance shall be its then present value calculated by utilization of an interest rate of 8-1/2% per year.

2. Consulting Services

Commencing on the Retirement date and for a period of fifteen (15) years, Lanterman agrees to perform consulting services for the Company in regard to the business operations of HAL upon the specific written request of the Company. Such services shall be provided during normal business hours, on such dates, for such time and at such locations as shall be agreeable to Lanterman. Such services shall not require more than five (5) hours in any calendar month, unless expressly consented to by Lanterman, which consent may be withheld for any reason whatsoever. The Company will reimburse Lanterman for any out-of-pocket expenses incurred by him in the performance of said consulting services.

3. Independent Contractor

Commencing on the Retirement Date, Lanterman acknowledges that he will be solely an independent contractor and consultant. He further acknowledges that he will not consider himself to be an employee of the Company, and will not be entitled to any Company employment rights or benefits.

4. Confidentiality

Lanterman will keep in strictest confidence, both during the term of this Agreement and subsequent to termination of this Agreement, and will not during the term of this Agreement or thereafter disclose or divulge to any person, firm or corporation, or use directly or indirectly, for his own benefit or the benefit of others, any confidential Company information including, without limitation, to any trade secrets respecting the business or affairs of the Company which he may acquire or develop in connection with or as a result of the performance of his services hereunder. In the event of an actual or threatened breach by Lanterman of the provisions of this paragraph, the Company shall be entitled to injunctive relief restraining Lanterman from the breach or threatened breach as its sole remedy. The Company hereby waives its rights for damages, whether consequential or otherwise.

5. Enforceable

The provisions of this Agreement shall be enforceable notwithstanding the existence of any claim or cause of action of Lanterman against the Company, or the Company against Lanterman, whether predicated on this Agreement or otherwise.

6. Applicable Law

This Agreement shall be construed in accordance with the laws of the State of Washington, and venue for any litigation concerning an alleged breach of this Agreement shall be in King County, Washington, and the prevailing party shall be entitled to reasonable attorney's fees and costs incurred.

7. Entire Agreement

This Agreement contains the entire agreement of the parties relating to the subject matter hereof. A similar agreement of November, 1994 shall become null and void upon the execution of this Agreement. Any notice to be given under this Agreement shall be sufficient if it is in writing and is sent by certified or registered mail to Lanterman or to the Company to the attention of President, or otherwise as directed by the Company, from time to time, at the addresses as they appear in the opening paragraph of this Agreement.

8. Waiver

The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the Company and Lanterman have duly executed this agreement as of the day and year first above written.

CARNIVAL CORPORATION

By: /s/ H.S. Frank

H.S. Frank

/s/ A. Kirk Lanterman
Signature

A. Kirk Lanterman
Print Full Name

AMENDMENT TO CONSULTING AGREEMENT

This Amendment to Consulting Agreement is made as of this 5th day of August, 1996 in Tel-Aviv, Israel by and between Carnival Corporation (formerly known as Carnival Cruise Lines, Inc.), a company organized under the laws of the Republic of Panama (the "Company"), and Arison Investments Ltd., a company organized under the laws of the State of Israel (the "Consultant").

R E C I T A L S

WHEREAS, the Company and the Consultant entered into that certain Consulting Agreement dated as of July 31, 1992 (the "Consulting Agreement"); and

WHEREAS, the Company and the Consultant desire to modify the Consulting Agreement as set forth herein;

NOW THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the parties hereto agree as follows:

1. Section 4.1 of the Agreement shall be amended in its entirety to read as follows:

   4.1 The initial term of this Agreement shall commence on July 31, 1992 and shall continue until November 25, 1999.

2. Section 4.3 of the Consulting Agreement shall be deleted in its entirety.

3. Except as expressly modified by this Amendment, all terms and conditions of the Consulting Agreement remain in full force and effect and are hereby ratified and confirmed in all respects by the parties hereto as if set forth herein in their entirety.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

CARNIVAL CORPORATION

By:_____
Howard S. Frank
Title: Vice Chairman

ARISON INVESTMENTS LTD.

By:_____
Print Name:_____
Title:_____

DSF/sw

Exhibit A

CARNIVAL CORPORATION

AUTOMATIC DIVIDEND REINVESTMENT PLAN

OFFERING UP TO 150,000 SHARES OF COMMON STOCK

The provisions of the Carnival Corporation Automatic Dividend Reinvestment Plan (the "Plan") are set forth below in question and answer format. The Plan was approved by the Board of Directors of the Corporation on October 9, 1995, and became effective as of October 9, 1995. The Corporation has initially reserved 150,000 shares of authorized and unissued Common Stock for issuance under the Plan. All shares of Class A Common Stock issued and to be issued by the Corporation pursuant to the Plan have been or will be, when issued, fully paid and nonassessable.

1. WHAT IS THE PLAN?

The Plan provides that the Corporation's eligible owners of Class A Common Stock may reinvest their cash dividends automatically in shares of Class A Common Stock, par value $.01 per share ("Common Stock").

2. WHAT IS THE PURPOSE OF THE PLAN AND WHAT ARE ITS ADVANTAGES?

The Plan offers a convenient and economical way for holders of record of the Corporation's Common Stock to increase their ownership of shares of Common Stock without incurring brokerage commissions or service charges and without having to pay full dealer mark-ups, if any. Full investment of funds is possible under the Plan because the Plan permits fractions of shares, as well as full shares, to be credited to a participant's account. Participants will be credited with dividends on full and fractions of shares held under the Plan.

To the extent that shares purchased under the Plan are purchased from the Corporation from its authorized and unissued shares of Common Stock, the Corporation will use the proceeds of the sale for general corporate purposes.

3. WHO ADMINISTERS THE PLAN AND WHAT REPORTS WILL PARTICIPANTS RECEIVE CONCERNING THE PLAN?

First Union National Bank of North Carolina (the "Agent"), a bank unaffiliated with the Corporation, will administer the Plan. The Agent arranges for the custody of share certificates, keeps records, sends statements of account to participants, and makes purchases of shares of Common Stock under the Plan for the account of participants. The Agent will send each participant a statement of his or her account under the Plan as soon as practicable following each purchase of shares of Common Stock. Each statement will show (a) any dividends credited; (b) plan shares purchased and fractional shares allocated; (c) the cost per share of the purchased shares and fractional shares; (d) the number of whole shares for which certificates have been issued, if any; and (e) the beginning and ending balances of whole shares and fractional shares. The Agent will also provide Plan participants with copies of any amendments to the Plan and any Prospectuses relating to the Plan together with information for reporting dividend income for federal income tax purposes. The Agent will also serve as custodian of shares purchased under the Plan to protect participants from loss, theft or destruction of stock certificates.

All inquiries, notices, requests and other communications by participants concerning the Plan should be sent to the Agent at:

First Union National Bank of North Carolina
Shareholder Services Group
230 South Tryon Street, NC1153
Charlotte, North Carolina 28288-1153

Participants may also contact the Agent by telephone at 1-800-829-8432.

Participants are required to promptly notify the Agent in writing of any change of address. Notices or statements from the Agent may be given or made by letter addressed to the participant at his or her last address of record with the Agent and any such notice or statement shall be deemed given or made when received by the participant or 5 days after mailing, whichever occurs earlier.

The Corporation reserves the right to assume the administration of the Plan at any time and without prior notice to Plan participants. In the event the Agent should resign or otherwise cease to act as an agent or as

custodian of shares under the Plan, the Corporation will make such other arrangements as it deems appropriate for administration of the Plan and the custody of shares purchased under the Plan.

4. WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN?

Any shareholder owning of record shares of Common Stock is eligible to participate in the Plan. Participation in the Plan is entirely voluntary. If any shareholder owns stock which is registered in a name other than his or her own, such as in the name of a broker, bank nominee or trustee, and wishes to participate in the Plan, it will be necessary for him or her to withdraw his or her shares from "street name" or other registration and register the stock in his or her own name.

5. HOW DOES AN ELIGIBLE STOCKHOLDER PARTICIPATE?

Any eligible shareholder may participate in the Plan at any time by completing an authorization card and returning it to the Agent. The authorization card authorizes the Agent to establish an account for the participant. In addition, the authorization card will direct the Agent to apply cash dividends on all shares of Common Stock owned of record by the participant, or on such lesser number of shares of Common Stock as may be designated by the participant, and all cash dividends on all shares of Common Stock credited to his or her account under the Plan, to the purchase of shares of Common Stock. If an authorization card is received later than the record date for a cash dividend, the dividend will be paid to the participant in cash and participation in the Plan will begin as of the next dividend payment date.

The dividend record date set by the Corporation has been generally about fourteen days prior to the dividend payment date. Dividends have historically been paid on approximately the fourteenth day of March, June, September and December; however, such dates are subject to change at the discretion of the Corporation's Board of Directors. A new authorization card, decreasing or increasing the amount of stock subject to the Plan, may be submitted at any time.

In all cases, an authorization card must be signed by, or on behalf of, all owners of record. When shares are held by joint tenants, all should sign. When an authorization card is signed by an executor, administrator, trustee or guardian, or as attorney, the capacity in which the notification is signed must be specified. An authorization card of a corporate or other organizational owner should be signed by an authorized officer or other official, identified as such.

6. WHAT IS THE SOURCE OF SHARES PURCHASED UNDER THE PLAN?

Shares purchased under the Plan will come from the authorized and unissued shares of the Common Stock or from shares purchased on the open market by the Agent, as determined by the Corporation. Any market purchases may be in negotiated transactions, but prices may not exceed current market prices at the time of purchase.

Neither the Corporation nor the Agent shall have any liability to participants in connection with the timing of purchases, the price at which shares of the Common Stock are purchased, or the failure to make purchases at any time in order to comply with statutory, regulatory or other legal restrictions.

With respect to any open market purchases made under the Plan, the Agent will have full discretion as to all matters relating to purchases, including determination of the number of shares, if any, to be purchased on any day, the time of day, the price paid for such shares, the markets in which such shares are to be purchased (including on any securities exchange or in the over-the-counter market) and the persons (including brokers or dealers) from or through whom such purchases are made.

7. WHEN WILL FUNDS BE INVESTED UNDER THE PLAN?

If shares are purchased from the Corporation, the purchases will be made on the dividend payment date and such shares will be credited to participants accounts on the dividend payment date. If shares are to be purchased in the open market, the Agent is to use its best efforts to apply all funds received by it to the purchase of shares within 30 days of the receipt of such funds from the Corporation, subject to any applicable requirements under the federal securities laws relating to the timing and manner of purchases of Common Stock under the Plan. Any funds not used within 30 days of their receipt by the Agent to buy shares of Common Stock will be returned to participants. No interest shall be paid to the participant on any funds credited to his or her account.

8. WHAT IS THE PURCHASE PRICE OF THE SHARES?

If the Common Stock is purchased from the Corporation, the price per share of Common Stock purchased with participant's cash dividends will be the closing price for the Common Stock on the New York Stock Exchange Composite Tape on the dividend payment date, as reported in The Wall Street Journal or other authoritative source. In the event there are no trades in the Common Stock on such date, the purchase price shall be the closing price on the most recent date preceding the dividend payment date, as reported in The Wall Street Journal or other authoritative source. The price per share for open market purchases will be the weighted average price paid by the Agent for all shares of Common Stock purchased by it for participants in the Plan through negotiation with the seller. No share of Common Stock will be purchased at a price in excess of current market prices at the time of purchase.

9. HOW MANY SHARES OF COMMON STOCK WILL BE PURCHASED FOR A PARTICIPANT?

The number of shares to be purchased depends on the amount of the participant's dividends and the price paid for the Common Stock. In making purchases for the participant's account, the Agent will pool the participant's funds with those of other participants. If funds received on behalf of a participant are insufficient to buy a full share (or shares) the Agent will credit the participant's account with a fractional share computed to four decimal places.

10. ARE ANY FEES OR EXPENSES INCURRED BY PARTICIPANTS IN THE PLAN?

The Corporation shall either pay directly or reimburse the Agent for the expenses of administering the Plan, including, but not limited to, the costs of printing and distributing Plan literature to record holders of Common Stock and forwarding proxy solicitation materials to participants. Participants will not be responsible for payment of any brokerage commissions or fees or service charges in connection with the purchase of shares under the Plan whether their shares are newly issued or purchased on the open market.

Any costs incurred as a result of a participant's request to sell shares of stock in his or her account pursuant to Section 12 or 13 shall be borne by the participant. Such costs shall include, but not be limited to, brokerage commissions.

The Corporation has authorized the Agent to process all purchases and sales through First Union Discount Brokerage Service, an affiliate of the Agent. First Union Discount Brokerage Service has agreed to process all purchases and sales of Common Stock for the Plan on a non-profit basis and will charge the Corporation fees only to the extent necessary to cover costs incurred by First Union Discount Brokerage Service in effecting such transactions. No minimum fees will be applied to any transaction by First Union Discount Brokerage Service.

11. WILL CERTIFICATES BE ISSUED TO PARTICIPANTS FOR SHARES PURCHASED?

Normally, certificates for shares purchased under the Plan will not be issued to participants. Instead, shares purchased for each participant will be credited to his or her account under the Plan and held for safety and convenience by the Agent, as custodian. Shares credited to the account of a participant under the Plan may not be assigned, pledged as collateral or otherwise transferred. However, either the Corporation or a participant (by written notice to the Agent) may elect to have certificates for any number of full shares credited to the participant's account furnished to the participant without affecting his or her participation in the Plan. No certificates will be issued for fractional shares.

12. HOW DOES A PARTICIPANT WITHDRAW FROM THE PLAN?

A participant may withdraw from the Plan at any time by notifying the Agent in writing. If a participant's request to withdraw is received by the Agent at least five (5) days before a dividend record date, the amount of the dividend which would have otherwise been applied for purchase of Common Stock on the related dividend payment date and all subsequent dividends will be paid in cash to the withdrawing participant unless he or she re-enrolls in the Plan. If the request is received less than five (5) days before or after the record date but before the dividend payment date, shares will be purchased for the participant's account and, as a result, the procedure outlined below for delivery of certificates, sale of shares and cash payments will be followed.

When a participant withdraws from the Plan, a certificate for whole shares credited to his or her account under the Plan will be issued to the participant. The participant will receive a cash payment for any fractional

share.

Generally, it will require ten days to two weeks from the time notice of withdrawal is received by the Agent until share certificates are mailed to a participant. A longer time is required if the notice is received between a dividend record date and the dividend payment date.

Notice of a participant's death also constitutes notice of withdrawal from the Plan. Settlement will be made to the participant's duly appointed personal legal representative after the satisfaction of any applicable requirements of law.

An eligible shareholder may again become a participant at any time following his or her withdrawal by following the procedures then in effect for enrollment in the Plan.

13. HOW AND WHEN MAY A PARTICIPANT SELL SHARES HELD IN THE PLAN?

Any participant may sell some or all of his or her shares in the Plan either by directing the Agent to sell the shares or through the participant's broker. If the participant elects to direct the Agent to sell the shares, the participant shall provide the Agent with an authorization form directing such a sale, specifying the number of shares to be sold. As soon as practicable after the receipt of the authorization form, the Agent will sell the shares and remit the net proceeds of the sale (the total sales price of all shares sold less the costs of the sale, including brokerage commissions) to the participant.

If the participant elects to sell through a broker, he or she must first request the Agent to send the participant a certificate or certificates representing the requested number of shares in the Plan credited to the participant's account. As soon as practicable after the receipt of such request, the Agent will issue a certificate or certificates representing such number of shares to the participant in his or her name as it appears in the participant's account under the Plan, unless other instructions are received in writing. Generally, it will require ten days to two weeks from the time a request is received by the Agent until shares certificates are mailed to a participant. A longer time is required if the request is received between a dividend record date and the dividend payment date.

A participant who wishes to sell some or all of his or her shares in the Plan should be aware of the risk that the price of the Common Stock may decrease between the time that the participant determines to sell shares in the Plan and the time that the sale is completed. This risk is borne solely by the participant.

14. WHAT HAPPENS IF THE CORPORATION ISSUES A STOCK DIVIDEND, DECLARES A STOCK SPLIT, OR HAS A RIGHTS OFFERING?

Stock dividends in the form of Common Stock or split shares distributed by the Corporation on shares of Common Stock held by the Agent for a participant will be credited to the participant's Plan Account. Certificates for stock dividends and split shares distributed on shares of Common Stock registered in the name of the participant will be mailed directly to the participant. In the event of a subscription rights offering or a dividend in the form of stock other than Common Stock, such rights or such stock will be mailed directly to a participant in the Plan in the same manner as to holders of Common Stock not participating in the Plan.

15. WHO VOTES THE SHARES HELD IN THE PLAN?

The Agent will forward, as soon as practicable, any proxy solicitation materials to each participant. If the proxy is returned to the Agent on a timely basis and properly signed, the Agent will vote the whole and fractional shares credited to the participant's account in accordance with

the instructions given or, if no instructions are given, in accordance with the recommendations of the Corporation's management. If the signed proxy is not returned, returned unsigned or returned late, the shares credited to the participant's account will not be voted.

16. WHAT IS THE TAX STATUS OF REINVESTED CASH DIVIDENDS AND SHARES OF COMMON STOCK ACQUIRED THROUGH THE PLAN?

Participants are advised to consult their own tax advisors with respect to the tax consequences of their participation in the Plan. The reinvestment of cash dividends does not relieve the participant of any income tax payable on such dividends. Each year a participant will receive from the Agent all required Internal Revenue Service Federal income tax statements which reflect the dividends paid on shares of Common Stock

registered in the participant's name and the dividends paid on the participant's credited shares of Common Stock under the Plan. The Agent's statements of a participant's Plan account should be retained by the participant to help determine the tax basis of shares of Common Stock acquired through the Plan.

As a general matter, participants who are citizens or residents of the United States will be taxed by the United States on dividends reinvested under the Plan in the following manner:

(1) Participants will be treated for federal income tax purposes as having received, on the dividend payment date, a dividend equal to the greater of (i) the cash dividend payable on account of the participant's shares or (ii) the fair market value on the dividend payment date of the Common Stock purchased with reinvested dividends. The tax basis and a participant's income attributable to Common Stock purchased with reinvested dividends will be equal to the amount of such dividend, increased by the participant's pro rata share of brokerage fees paid by the Corporation, if any (see Section 10).

(2) A participant's holding period for Common Stock acquired pursuant to the Plan will begin on the day following the purchase of such Common Stock (see Section 7).

(3) A participant will not realize any taxable income when the participant receives certificates for whole shares credited to the participant's account, either upon the participant's request for the certificates or upon withdrawal from or termination of the Plan.

(4) A participant will realize gain or loss when whole shares of Common Stock are sold or exchanged, whether such shares are sold by the Agent pursuant to the participant's request upon the participant's withdrawal from the Plan, or by the participant after withdrawal from or termination of the Plan, and, in the case of a fractional share, when the participant receives a cash payment for a fractional share credited to the participant's account upon withdrawal from or termination of the Plan. The amount of such gain or loss will be the difference between the amount the participant receives for the whole shares or fractional share and the tax basis of the whole shares or fractional share.

The Corporation anticipates that dividends reinvested by participants in the Plan will not be subject to income tax by the Republic of Panama.

Because Federal tax laws change constantly and dividends reinvested pursuant to the Plan may be subject to taxes imposed by the participant's state of residence, participants are advised to consult their own tax advisors with respect to the tax consequences of their participation in the Plan, including the application of Federal, State, Local and Foreign tax laws.

17. HOW ARE PARTICIPANTS WHO ARE NEITHER UNITED STATES CITIZENS OR RESIDENTS TAXED ON DIVIDENDS REINVESTED IN THE PLAN?

Dividends paid by the Corporation to shareholders that are neither United States citizens nor tax residents and gain recognized upon the sale of Common Stock by such individuals will not be subject to United States Federal income tax unless included as effectively connected income. Certain individuals who are not otherwise residents of the United States may be considered tax residents depending on their individual circumstances and applicable treaty rules. Participants in doubt as to their status for this purpose are urged to consult their tax advisors.

The Corporation anticipates that dividends reinvested by participants in the Plan will not be subject to income tax by the Republic of Panama.

18. WHAT ARE THE RISKS IN PARTICIPATION IN THE PLAN?

Each participant assumes all risks inherent in any stock purchase with respect to Common Stock purchased under the Plan, whether or not a certificate for the Common Stock has been issued to the participant. A participant has no guarantee against a decline in the price or value of the Common Stock, and the Corporation assumes no obligation to repurchase any shares purchased under the Plan. A participant has all the rights of any other owner of the Common Stock with respect to the whole shares of Common Stock held for him under the Plan.

19. WHAT IS THE RESPONSIBILITY OF THE CORPORATION AND AGENT UNDER THE PLAN?

Neither the Corporation nor the Agent shall be liable in administering

the Plan for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims of liability (1) arising out of failure to terminate the participant's Plan Account upon such participant's death prior to receipt of notice in writing of such death; (2) with respect to the prices at which shares of Common Stock are purchased or sold for the participant's Plan Account and the time when such purchases or sales are made (provided, however, that nothing herein shall be deemed to constitute a waiver of any rights that a participant might have under the Securities Exchange Act of 1934 or other applicable State securities laws); and (3) for any fluctuations in the market price after purchase or sale of shares of Common Stock.

20. WHO INTERPRETS AND REGULATES THE PLAN?

The Board of Directors of the Corporation reserves the right to interpret and regulate the Plan. The Board of Directors may adopt rules, regulations and procedures to resolve matters not specifically covered by the Plan.

21. MAY THE PLAN BE AMENDED OR DISCONTINUED?

The Board of Directors of the Corporation may suspend, amend, or terminate the Plan at any time upon 30 days' written notice to the participants and to the Agent setting forth the effective date of the suspension, amendment, or termination. The Board of Directors of the Corporation, with the consent of the Agent, may also terminate or amend the Plan at any time effective immediately upon notice to the participants in order to correct any noncompliance of the Plan with any applicable law. Any suspension, amendment, or termination, however, shall not affect any participant's interest in the Plan which has accrued prior to the date of the suspension, amendment, or termination.

In the event of termination of the Plan, the Agent shall issue to each participant, as soon as practicable, certificates for the whole shares credited to his or her account under the Plan and a check in the amount equal to the cash and proceeds from the liquidation of the fractional shares allocated to his or her account.

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INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 21st day of February, 1996, between Carnival Corporation, a Panamanian corporation (the "Company") and David Crossland, (the "Director").

The Company, in order to induce the Director to serve on the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he has agreed to be nominated as a director of the Company or that he is or was a director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman

/s/ David Crossland
David Crossland

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 31st day of January, 1996, between Carnival Corporation, a Panamanian corporation (the "Company") and James M. Dubin, (the "Director").

The Company, in order to induce the Director to serve on the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he has agreed to be nominated as a director of the Company or that he is or was a director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION
By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman

/s/ James M. Dubin
James M. Dubin

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 31st day of January, 1996, between Carnival Corporation, a Panamanian corporation (the "Company") and Modesto M. Maidique, (the "Director").

The Company, in order to induce the Director to serve on the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he has agreed to be nominated as a director of the Company or that he is or was a director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman

/s/ Modesto M. Maidique
Modesto M. Maidique

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 31st day of January, 1996, between Carnival Corporation, a Panamanian corporation (the "Company") and Richard G. Capen, (the "Director").

The Company, in order to induce the Director to serve on the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he has agreed to be nominated as a director of the Company or that he is or was a director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman

/s/ Richard G. Capen
Richard G. Capen

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of the 31st day of January, 1996, between Carnival Corporation, a Panamanian corporation (the "Company") and Shari Arison Dorsman, (the "Director").

The Company, in order to induce the Director to serve on the Company's board of directors, wishes to indemnify the Director against certain expenses and liabilities.

Accordingly, the parties agree as follows:

In the event that the Director is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he has agreed to be nominated as a director of the Company or that he is or was a director of the Company, the Company shall indemnify the Director against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by a duly authorized officer, as of the date first above written.

CARNIVAL CORPORATION
By: /s/ Howard S. Frank
Howard S. Frank, Vice Chairman

/s/ Shari Arison Dorsman
Shari Arison Dorsman

EXHIBIT 12

CARNIVAL CORPORATION
STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
(In thousands, except per share data)

	For the Years Ended November 30,		
	1996	1995	1994
Net income	$566,302	$451,091	$381,765
Adjustments to net income for the purpose of computing fully diluted earnings per share:			
Interest reduction from assumed conversion of 4.5% Convertible Debentures	4,661	5,538	5,538
Adjusted net income	$570,963	$456,629	$387,303
Weighted average shares outstanding	290,180	284,220	282,744
Adjustments to weighted average shares outstanding for the purpose of computing fully diluted earnings per share:			
Additional shares issuable upon conversion of 4.5% Convertible Debentures	5,540	6,618	6,618
Adjusted weighted average shares outstanding	295,720	290,838	289,362
Earnings per share:			
Primary	$1.95	$1.59	$1.35
Fully Diluted*	$1.93	$1.57	$1.34

* This exhibit is provided to comply with SEC regulations. In accordance with Accounting Principles Board Opinion No. 15, the Company does not present fully diluted EPS in its financial statements because the convertible debentures are anti-dilutive or result in a less than 3% dilution for the periods presented.

EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(In thousands, except ratios)

	FOR THE YEARS ENDED NOVEMBER 30,				
	1996	1995	1994	1993	1992
Income from continuing operations	$566,302	$451,091	$381,765	$318,170	$281,773
Income tax expense	9,045	9,374	10,053	5,497	9,008
Income from continuing operations before income taxes	$575,347	$460,465	$391,818	$323,667	$290,781
Fixed Charges:					
Interest expense	$ 64,092	$ 63,080	$ 51,378	$ 34,325	$ 53,792
Interest portion of rental expense (1)	3,093	2,529	2,575	2,894	3,567
Fixed charges associated with discontinued operations	0	0	928	1,451	1,265
Capitalized interest	25,799	18,762	21,888	24,609	21,682
Total fixed charges	$ 92,984	$ 84,371	$ 76,769	$ 63,279	$ 80,306
Adjustments to Fixed Charges:					
Undistributed Equity in Income From Affiliated Operations	$(43,224)	$ 0	$ 0	$ 0	$ 0
Earnings before fixed charges	$599,308	$526,074	$446,699	$362,337	$349,405
Ratio of earnings to fixed charges	6.4 x	6.2 x	5.8 x	5.7 x	4.4 x

(1) Represents one-third of rental expense, which Company management believes to be representative of the interest portion of rental expense.

EXHIBIT 13

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

ASSETS	NOVEMBER 30, 1996	1995
CURRENT ASSETS		
Cash and cash equivalents	$ 111,629	$ 53,365
Short-term investments	12,486	50,395
Accounts receivable	38,109	33,080
Consumable inventories, at average cost	53,281	48,820
Prepaid expenses and other	75,428	70,718
Total current assets	290,933	256,378
PROPERTY AND EQUIPMENT, net	4,099,038	3,414,823
OTHER ASSETS		
Investments in and advances to affiliates	430,330	51,794
Goodwill, less accumulated amortization of $55,274 and $48,292	219,589	226,571
Other assets	61,998	155,921
	$5,101,888	$4,105,487
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 66,369	$ 72,752
Accounts payable	84,748	90,237
Accrued liabilities	126,511	113,483
Customer deposits	352,698	292,606
Dividends payable	32,416	25,632
Total current liabilities	662,742	594,710
LONG-TERM DEBT	1,277,529	1,035,031
CONVERTIBLE NOTES	39,103	115,000
DEFERRED INCOME AND OTHER LONG-TERM LIABILITIES	91,630	15,873
COMMITMENTS AND CONTINGENCIES (Note 9)		
SHAREHOLDERS' EQUITY		
Class A Common Stock; $.01 par value; one vote per share; 399,500 shares authorized; 239,733 and 229,839 shares issued and outstanding	2,397	2,298
Class B Common Stock; $.01 par value; five votes per share; 100,500 shares authorized; 54,957 shares issued and outstanding	550	550
Paid-in-capital	819,610	594,811
Retained earnings	2,207,781	1,752,140
Other	546	(4,926)
Total shareholders' equity	3,030,884	2,344,873
	$5,101,888	$4,105,487

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	YEARS ENDED NOVEMBER 30, 1996	1995	1994
REVENUES	$2,212,572	$1,998,150	$1,806,016
COSTS AND EXPENSES			
Operating expenses	1,241,269	1,131,113	1,028,475
Selling and administrative	274,855	248,566	223,272
Depreciation and amortization	144,987	128,433	110,595
	1,661,111	1,508,112	1,362,342
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	551,461	490,038	443,674
INCOME FROM AFFILIATED OPERATIONS	45,967		

OPERATING INCOME	597,428	490,038	443,674
NONOPERATING INCOME (EXPENSE)			
Interest income	18,597	14,403	8,668
Interest expense, net of capitalized interest	(64,092)	(63,080)	(51,378)
Other income (expense)	23,414	19,104	(9,146)
Income tax expense	(9,045)	(9,374)	(10,053)
	(31,126)	(38,947)	(61,909)
NET INCOME	$ 566,302	$ 451,091	$ 381,765
EARNINGS PER SHARE	$1.95	$1.59	$1.35

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	YEARS ENDED NOVEMBER 30,		
	1996	1995	1994
OPERATING ACTIVITIES:			
Net income	$566,302	$451,091	$381,765
Adjustments:			
Depreciation and amortization	144,987	128,433	110,595
Equity in income from affiliates in excess of dividends received	(43,224)		
Loss on sale of Crystal Palace notes receivable	15,835		
Other	3,804	7,681	2,754
Changes in operating assets and liabilities:			
Increase in:			
Receivables	(4,432)	(12,655)	(2,872)
Consumable inventories	(4,461)	(3,698)	(7,877)
Prepaid expenses and other	(4,919)	(20,849)	(1,995)
(Decrease) increase in:			
Accounts payable	(5,489)	3,487	5,376
Accrued liabilities	13,028	(1,385)	20,038
Customer deposits	60,092	35,101	29,352
Net cash provided from operations	741,523	587,206	537,136
INVESTING ACTIVITIES:			
Decrease in short-term investments, net	37,710	19,720	15,249
Additions to property and equipment, net	(901,905)	(485,097)	(603,630)
Proceeds from sale of fixed assets	94,291	1,196	8,841
Proceeds from litigation settlements applied to cost of ships	43,050	19,426	
(Additions to) reductions in investments in and advances to affiliates	(187,015)	11,783	(31,340)
Decrease (increase) in other assets	94,644	(95,108)	20,691
Net cash used for investing activities	(819,225)	(528,080)	(590,189)
FINANCING ACTIVITIES:			
Proceeds from issuance of common stock	3,728	49,032	2,297
Principal payments of long-term debt	(735,246)	(406,600)	(414,381)
Dividends paid	(103,877)	(85,098)	(79,072)
Proceeds from long-term debt	971,361	382,800	538,071
Net cash provided from (used for) financing activities	135,966	(59,866)	46,915
Net increase (decrease) in cash and cash equivalents	58,264	(740)	(6,138)
Cash and cash equivalents at beginning of year	53,365	54,105	60,243
Cash and cash equivalents at end of year	$111,629	$ 53,365	$ 54,105

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF BUSINESS

Carnival Corporation and subsidiaries (the "Company") operate three separate cruise lines under the names Carnival Cruise Lines, Holland America

Line and Windstar Cruises and a tour business, Holland America Westours. Under the Carnival Cruise Lines name, the Company operates eleven cruise ships primarily serving the Caribbean and the Mexican Riviera. Holland America Line operates eight cruise ships serving primarily the Caribbean and Alaska and Windstar Cruises operates three luxury, sail-powered vessels which call on more exotic locations inaccessible to larger ships. Holland America Westours markets sight-seeing tours and cruise/tour packages to Alaska. Holland America Westours also operates 16 hotels in Alaska and the Canadian Yukon, two luxury day boats offering tours to the glaciers of Alaska and the Yukon River, over 290 motor coaches used for sight-seeing and charters in the states of Washington and Alaska and in the Canadian Rockies and 12 private domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks. The Company markets its services primarily in North America.

Additionally, the Company has a 50% equity interest in two cruise operations (Seabourn Cruise Line Limited, "Seabourn", and a joint venture with Hyundai Merchant Marine), a 29.5% interest in Airtours plc ("Airtours"), a large publicly traded air-inclusive integrated tour company headquartered in the United Kingdom, and a 24% interest in a hotel-casino management company (CHC International, Inc., "CHC"). Seabourn operates three luxury cruise vessels to worldwide destinations. The joint venture with Hyundai Merchant Marine is developing an Asian cruise line which is expected to begin operation with one cruise ship in the spring of 1998. Airtours provides holidays for approximately five million people per year primarily from the United Kingdom and Scandinavia and operates 32 hotels, two cruise ships and 31 aircraft. CHC manages hotels and casinos in the United States, Canada and the Caribbean.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of Financial Statements

The accompanying financial statements present the consolidated balance sheets, statements of operations and cash flows of the Company. Preparation of financial statements in accordance with generally accepted accounting principles requires the use of management estimates. All material intercompany transactions and accounts have been eliminated in consolidation. Certain amounts in prior periods have been reclassified in the financial statements and related notes to conform with the current year's presentation.

Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents includes investments with original maturities of three months or less and are stated at cost which approximates market. Included in cash and cash equivalents at November 30, 1996 is $73 million of certificates of deposit.

Short-term investments are primarily comprised of marketable debt securities, including U.S. Government and corporate debt securities. These investments are categorized as available for sale and, in accordance with SFAS 115, are stated at their fair value. Unrealized holding gains and losses are included as a component of shareholders' equity until realized.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization is computed using the straight-line method over the following estimated useful lives:

	YEARS
Vessels	25-30
Buildings	20-40
Equipment	2-20
Leasehold improvements	shorter of the term of lease or related asset life

The Company capitalizes interest on vessels and other capital projects during the construction period. Interest is capitalized using rates equivalent to the average borrowing rate of the Company's long-term debt.

Costs associated with drydocking are capitalized and charged to expense over the lesser of 12 months or the period to the next scheduled drydocking.

The Company reviews long-lived assets, identifiable intangibles, goodwill and reserves for impairment whenever events or changes in

circumstances indicate the carrying amount of the assets may not be fully recoverable.

Investments in Affiliates

The Company accounts for such investments based on its ability to exercise significant influence over financial and operating policies of the investee and/or its relative ownership interest. The Company consolidates affiliates in which it has control or a direct ownership interest of greater than 50%. For affiliates where significant influence exists and/or where the level of ownership is between 20% and 50%, the investment is accounted for using the equity method. When the Company does not have significant influence, the level of ownership interest is less than 20% or where the ability to exercise control or significant influence is temporary, the cost method of accounting is followed.

Starting in 1996, the Company began reporting equity in income from affiliated operations as a separate line in the statements of operations due to its increasing significance following the Company's investment in Airtours (see Note 4). The Company's percentage share of the affiliated companies' net income (loss), net of amortization of goodwill, as well as any related interest income or royalty fee income from those affiliates is recorded as "Income from Affiliated Operations" in the accompanying statements of operations. The Company's investments in and advances to affiliates are reported as "Investments in and Advances to Affiliates" in the accompanying balance sheets. Also included in "Investments in and Advances to Affiliates" is goodwill totaling $265 million which is being amortized over periods ranging from 30 to 40 years.

Goodwill

Goodwill of $275 million resulting from the acquisition of HAL Antillen, N.V. ("HAL"), the parent company of Holland America Line, Windstar Cruises and Holland America Westours, is being amortized using the straight-line method over 40 years.

Revenue Recognition

Customer cruise deposits, which represent unearned revenue, are included in the balance sheet when received and are recognized as cruise revenue upon completion of voyages with durations of ten days or less and on a pro rata basis, computed using the number of days completed during the reporting period, for voyages in excess of ten days. Revenues from tour and related services are recognized at the time the service is performed.

Advertising Expense

The Company capitalizes and amortizes direct-response advertising and expenses other advertising costs as incurred. Advertising expense totaled $109 million in 1996, $98 million in 1995 and $85 million in 1994.

Financial Instruments

The Company's financial instruments include forward foreign currency contracts and interest rate swap transactions held for purposes other than trading. These contracts are entered into to hedge the impact of foreign currency and interest rate fluctuations. Changes in the market value and any discounts or premiums on forward foreign currency contracts which hedge exposures of firm commitments related to the construction of cruise ships are recorded when the related foreign currency payments are made with any resulting gain or loss included in the cost of the vessel. Changes in market value of forward agreements entered into to hedge estimated foreign currency transactions are recognized into income currently. Discounts and premiums related to forward agreements entered into to hedge estimated foreign currency transactions are amortized to income over the life of the agreement. Gains and losses on interest rate swap transactions designated as hedges are recorded as reductions or increases in interest expense over the life of the swap agreement.

Income Taxes

Companies are exempt from U.S. corporate income tax on U.S. source income from international passenger cruise operations if (i) their countries of incorporation exempt shipping operations of U.S. persons from income tax (the "Incorporation Test"), and (ii) they meet the "CFC Test". The Company and its subsidiaries involved in the cruise ship operations meet the Incorporation Test because they are incorporated in countries which provide the required exemption to U.S. persons involved in shipping operations. A company meets the CFC Test if it is a controlled foreign corporation ("CFC"). A CFC is defined by the Internal Revenue Code as a foreign corporation more than 50% of whose stock by voting power or value is owned

or considered as owned by U.S. persons, each of whom owns or is considered to own 10% or more of the corporation's voting power ("10% U.S. Shareholders"). All of the outstanding shares of Class B Common Stock of the Company are owned by The Micky Arison 1994 "B" Trust (the "B Trust"), a U.S. trust whose primary beneficiary is Micky Arison, the Company's Chairman of the Board. Stock of the Company representing more than 50% of the total combined voting power of all classes of stock is owned by the B Trust, which is a "United States Person", and thus, the Company meets the definition of a CFC. Accordingly, the Company believes that virtually all of its income (with the exception of its United States source income from the operation of transportation, hotel and tour businesses of HAL) is exempt from United States federal income taxes. The B Trust has entered into an agreement with the Company that is designed to ensure, except under certain limited circumstances, that stock possessing more than 50% of the Company's voting power will be held by ten percent shareholders until at least July 1, 1997. If the Company or the subsidiaries involved in the cruise ship operations were to cease to meet the CFC Test, and no other basis for exemption were available, much of their income would become subject to taxation by the United States at higher than normal corporate tax rates. Because the Company is a CFC, a pro rata share of the passenger cruise operation earnings of the Company is includable in the taxable income of any "10% U.S. Shareholder", as defined above.

Earnings Per Share

Earnings per share computations are based on the weighted average number of shares of Class A and B Common Stock and common equivalent shares (related to stock options) outstanding during each of the years. Total shares used in the computation were 290.2 million, 284.2 million and 282.7 million for fiscal 1996, 1995 and 1994, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	November 30, 1996	1995
	(in thousands)	
Vessels	$4,269,403	$3,467,731
Vessels under construction	163,178	289,661
	4,432,581	3,757,392
Land, buildings and improvements	170,466	132,183
Transportation and other equipment	204,776	174,903
Total property and equipment	4,807,823	4,064,478
Less-accumulated depreciation and amortization	(708,785)	(649,655)
	$4,099,038	$3,414,823

Interest costs associated with the construction of vessels and buildings are capitalized during the construction period and amounted to $25.8 million in 1996, $18.8 million in 1995 and $21.9 million in 1994.

NOTE 4 - INVESTMENTS IN AND ADVANCES TO AFFILIATES

In April 1996, the Company acquired a 29.5% equity interest in Airtours for approximately $307 million. In connection with the Airtours transaction, the Company entered into an unsecured five year $200 million multi-currency revolving credit facility ("Multi-currency Revolving Credit Facility") and funded approximately $163 million of the acquisition cost through this facility. To fund the remaining purchase price, the Company issued 5,301,186 shares of its Class A Common Stock valued at approximately $144 million. As of November 30, 1996, the market value of the Company's investment in Airtours, based on the closing price of Airtours' stock, was approximately $465 million as compared with the book value of the Company's investment in Airtours of $344 million. The Company is recording its equity in Airtours' results of operations on a two month lag basis.

On December 1, 1995, the Company increased its ownership interest in Seabourn to 50% upon conversion of its $10 million convertible note receivable into an additional 25% interest. The Company also has a $15 million note receivable from Seabourn which is classified as "Investments in and Advances to Affiliates" in the accompanying balance sheets.

During 1994, the Company acquired a 50% interest in CHC, a newly created hotel and casino management company. One of the other shareholders of CHC (the "TCC Principals") is a member of the Company's board of directors. In December 1994, the Company sold a 25.1% interest in CHC to the TCC Principals in exchange for $16 million of 6% notes receivable (the

"TCC Notes"). The TCC Notes contain a put option which the TCC Principals can exercise, requiring the Company to repurchase 25.1% of CHC in exchange for the full principal and interest due under the TCC Notes. If not exercised, the option expires in November 1998. As of November 30, 1996, the carrying value of the Company's CHC investment, including the TCC Notes, is approximately $24 million and is included in "Investments in and Advances to Affiliates" in the accompanying balance sheets. From December 1994 through November 1995, the Company accounted for its investment in CHC using the cost method as the Company viewed its investment as temporary. Commencing December 1, 1995, the Company began accounting for its investment in CHC using the equity method. Further, CHC pays a royalty fee to the Company of 1% of CHC's gross revenues, as adjusted, not to be less than $100,000 per year, for the use of the "Carnival" name. Such fees amounted to approximately $.4 million, $.3 million and $.1 million in fiscal years ended November 30, 1996, 1995 and 1994, respectively. During 1996, the Company loaned CHC $25 million in order to fund a portion of a casino project in Canada. The loan called for interest at a rate of 30% and was repaid in December 1996.

In September 1996, the Company and Hyundai Merchant Marine (the "Joint Venture") signed an agreement to form a 50/50 joint venture to develop the Asian cruise vacation market. The Company and Hyundai Merchant Marine have each made a $4.8 million contribution to the initial capital of the Joint Venture. In addition, in November 1996 the Company sold Carnival Cruise Lines' cruise ship Tropicale for approximately $95.5 million cash to the Joint Venture and chartered back the vessel from the Joint Venture until the Joint Venture is ready to begin cruise operations in the Asian market in March 1998. The Joint Venture borrowed the $95.5 million purchase price from a financial institution and the Company and Hyundai Merchant Marine each guaranteed 50% of the obligation. The sale of the vessel resulted in a gain of approximately $58 million which is being deferred and recognized into income over the remaining useful life of the ship. The deferred gain from the sale is classified as "Deferred Income and Other Long-term Liabilities" in the accompanying balance sheets.

Seabourn, CHC and the Joint Venture with Hyundai Merchant Marine are not publicly traded entities, and as such, it is not practicable to estimate the fair value of the Company's investment in these entities due to the lack of information related to the value of their common stock.

Financial information for affiliated companies accounted for by the equity method is as follows (in thousands):

Balance Sheet Data - As of End of Fiscal Year 1996:	
Current assets	$ 998,172
Noncurrent assets	$ 898,239
Current liabilities	$1,013,805
Noncurrent liabilities	$ 533,672
Minority interest	$ 108
Shareholders' equity	$ 348,826
Income Statement Data - For the Fiscal Year Ended in 1996:	
Net sales	$2,877,892
Gross margin	$ 444,009
Net income	$ 106,605

NOTE 5 - LONG-TERM DEBT AND CONVERTIBLE NOTES

Long-term debt consists of the following:

	November 30, 1996	1995
	(in thousands)	
One Billion Dollar Unsecured Revolving Credit Facility Due 2001		$ 185,000
5.39% Commercial Paper Due January 7, 1997	$ 307,298	
Unsecured 5.75% Notes Due March 15, 1998	200,000	200,000
Multi-currency Revolving Credit Facility Due 2001	166,000	
Mortgages and other loans payable bearing interest at rates ranging from 8% to 9.9%, secured by vessels maturing through 1999	140,277	208,078
Unsecured 6.15% Notes Due October 1, 2003	124,953	124,946
Unsecured 7.20% Debentures Due October 1, 2023	124,871	124,867
Unsecured 7.7% Notes Due July 15, 2004	99,913	99,902
Unsecured 7.05% Notes Due May 15, 2005	99,831	99,811
Other loans payable	80,755	65,179
	1,343,898	1,107,783
Less portion due within one year	(66,369)	(72,752)

$1,277,529 $1,035,031

Property and equipment with a net book value of $668 million at November 30, 1996 is pledged as collateral against the mortgage indebtedness.

In December 1996, the Company amended the terms of its revolving credit facility primarily to combine two facilities into a single one billion dollar unsecured revolving credit facility due 2001 (the "One Billion Dollar Revolver"). The borrowing rate on the One Billion Dollar Revolver is a maximum of LIBOR plus 14 basis points and the facility fee is six basis points.

The Company initiated a commercial paper program in October 1996 which is supported by the One Billion Dollar Revolver. Any funds outstanding under the commercial paper program will reduce the amount available under the One Billion Dollar Revolver. Since the commercial paper program is supported by the One Billion Dollar Revolver, all amounts outstanding under the program have been classified as long-term in the accompanying balance sheets. As of November 30, 1996, the Company had $307 million outstanding under its commercial paper program and $693 million available for borrowing under the One Billion Dollar Revolver.

The Multi-currency Revolving Credit Facility bears interest at LIBOR plus 14 basis points and provides for a facility fee of six basis points on the total facility. As of November 30, 1996, the average interest rate on the outstanding balance under the facility was 5.5% and the Company had an undrawn balance of $34 million under the facility.

The Company has an interest rate swap agreement which converts the fixed rate unsecured 5.75% Notes Due March 15, 1998 (the "$200 Million Notes") to a floating rate LIBOR based loan (see Note 7).

As of November 30, 1996, the scheduled annual maturities of the Company's long-term debt are summarized as follows (in thousands):

1997	$ 66,369
1998	259,400
1999	48,773
2000	1,895
2001	479,847
Thereafter	487,614
	$1,343,898

The Company's 4-1/2% Convertible Subordinated Notes Due July 1, 1997 (the "Convertible Notes") were convertible into 57.55 shares of the Company's Class A Common Stock per $1,000 of notes. During the year ended November 30, 1996 approximately $76 million of the Convertible Notes converted into approximately 4.4 million shares of the Company's Class A Common Stock. The Convertible Notes remaining outstanding at November 30, 1996 were converted into approximately 2.2 million shares during December 1996.

NOTE 6 - SHAREHOLDERS' EQUITY

The following represents an analysis of the changes in shareholders' equity for the three years ended November 30, 1996:

	COMMON STOCK $.01 PAR VALUE CLASS A	CLASS B	PAID-IN CAPITAL	RETAINED EARNINGS	OTHER	TOTAL
			(in thousands)			
Balance, November 30, 1993	$2,274	$550	$541,194	$1,089,323	$(6,135)	$1,627,206
Net income for the year				381,765		381,765
Cash dividends				(80,499)		(80,499)
Changes in securities valuation allowance					(3,313)	(3,313)
Issuance of stock to employees under stock plans	2		3,753		(1,458)	2,297
Vested portion of common stock under restricted stock plan					1,478	1,478

Balance, November 30, 1994	2,276	550	544,947	1,390,589	(9,428)	1,928,934
Net income for the year				451,081		451,081
Cash dividends				(89,540)		(89,540)
Issuance of common stock	21		46,488			46,509
Changes in securities valuation allowance					2,424	2,424
Issuance of stock to employees under stock plans	1		3,376			3,377
Vested portion of common stock under restricted stock plan					2,078	2,078
Balance, November 30, 1995	2,298	550	594,811	1,752,140	(4,926)	2,344,873
Net income for the year				566,302		566,302
Cash dividends				(110,661)		(110,661)
Changes in securities valuation allowance					(199)	(199)
Foreign currency translation adjustment					4,126	4,126
Issuance of stock upon conversion of Convertible Notes	44		76,250			76,294
Issuance of stock in connection with investment in Airtours	53		144,118			144,171
Issuance of stock to employees under stock plans	2		4,431			4,433
Vested portion of common stock under restricted stock plan					1,545	1,545
Balance, November 30, 1996	$2,397	$550	$819,610	$2,207,781	$ 546	$3,030,884

Each share of Class A Common Stock is entitled to one vote and each share of Class B Common Stock is entitled to five votes, except (i) for the election of directors, and (ii) as otherwise provided by law. Annually, the holders of Class A Common Stock, voting as a separate class, are entitled to elect 25% of the directors to be elected. The holders of Class B Common Stock, voting as a separate class, are entitled to elect 75% of the directors to be elected, so long as the number of shares of Class B Common Stock is at least 12-1/2% of the number of outstanding shares of both classes of Common Stock. If the number of outstanding shares of Class B Common Stock falls below 12-1/2%, directors that would have been elected by a separate vote of that class will instead be elected by the holders of both classes of Common Stock, with holders of Class A Common Stock having one vote per share and holders of Class B Common Stock having five votes per share. At the option of the holder of record, each share of Class B Common Stock is convertible at any time into one share of Class A Common Stock.

At November 30, 1996 there were approximately 9.7 million shares of Class A Common Stock reserved for conversion of convertible debt, exercise of stock options, issuance of shares under the employee stock purchase plan, dividend reinvestment plan and restricted stock plans.

During 1996, the Company declared quarterly cash dividends aggregating $.38 per share. In October 1996, the Board of Directors increased the quarterly dividends from $.09 per share to $.11 per share.

NOTE 7 - FINANCIAL INSTRUMENTS

The Company estimates the fair market value of financial instruments through the use of public market prices, quotes from financial institutions and other available information. Considerable judgment is required in interpreting data to develop estimates of market value and, accordingly, amounts are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Short-term Investments

Short-term investments, classified as available for sale at November 30, 1996 and 1995, consisted of the following debt securities (in thousands):

	Cost	Gross Unrealized Losses	Gross Unrealized Gains	Fair Value

November 30, 1996:				
U. S. Government securities	$7,143	$ (578)		$6,565
Mortgage backed securities	4,435	(419)	$ 3	4,019
Corporate securities	2,000			2,000
	$13,581	$(1,098)	$ 3	$12,486
November 30, 1995:				
U. S. Government securities	$38,991	$(1,244)	$ 114	$37,861
Mortgage backed securities	10,676	(464)		10,212
Corporate securities	2,322			2,322
	$51,989	$(1,708)	$ 114	$50,395

The contractual maturities of short-term investments at November 30, 1996 and 1995 were as follows (in thousands):

	1996		1995	
	Cost	Fair Value	Cost	Fair Value
Due within one year	$ 2,000	$ 2,000	$27,581	$27,497
Due after one year through five years	5,146	4,771	11,732	11,154
Due after five years through ten years	2,000	1,696	2,000	1,532
Mortgage backed securities	4,435	4,019	10,676	10,212
	$13,581	$12,486	$51,989	$50,395

The gross realized loss from the sale of short-term investments was $1.1 million during the fiscal year ended November 30, 1994 and was charged against earnings. Proceeds from the sale of short-term investments for the years ended November 30, 1996, 1995 and 1994 were approximately $38 million, $20 million and $124 million, respectively. For the purpose of determining gross realized gains and losses, the cost of short-term investments sold is based upon specific identification.

Long-term Debt and Convertible Notes

The fair value of the Company's long-term debt, including the current portion, was approximately $1.363 billion and $1.123 billion at November 30, 1996 and 1995, respectively, which is approximately $19 million and $15 million more than the carrying value at November 30, 1996 and 1995, respectively. The fair value of the long-term debt is slightly more than the carrying amount due to the Company's issuance of fixed rate debt obligations in prior years at interest rates above market rates at November 30, 1996. The fair value of the Company's long-term debt is estimated based on the quoted market price for the same or similar issues or on the applicable year end rates offered to the Company for debt of similar terms and maturity. At November 30, 1996 and 1995, the carrying amount of the Convertible Notes was approximately $29 million and $53 million, respectively, less than the fair value primarily due to increases in the price of the Company's Class A Common Stock.

Foreign Currency and Interest Rate Swap Agreements

The Company enters into forward foreign currency contracts to reduce its exposures relating to changes in foreign currency rates. These instruments are subject to gain or loss from changes in foreign currency rates; however, any realized gain or loss would generally be offset by gains or losses on the actual foreign currency transaction. The Company also enters into interest rate swap agreements to adjust the relationship between the amount of the Company's fixed and floating rate debt. Certain exposures to credit losses related to counter party nonperformance exist; however, the Company does not anticipate nonperformance by the counter parties as they are primarily large, well-established financial institutions. The fair values of the Company's forward and swap hedging instruments discussed below are based on prices quoted by financial institutions for these or similar instruments, adjusted for maturity differences.

Several of the Company's contracts for the construction of cruise vessels are stated in foreign currencies. The Company entered into forward foreign currency contracts to fix the price of the vessels into U.S. dollars (see Note 9). As of November 30, 1996 and 1995, these forward contracts were in a gain position of approximately $114 million and $42 million, respectively. At the expiration of the forwards, which coincide with the payments related to vessels under construction, any gains or losses will be included in the cost of the vessel. In addition, the Company prices some products in Canadian dollars and entered into foreign currency contracts totaling approximately U.S. $52 million to reduce the impact of changes in exchange rates. The Company also has some expenses in foreign currencies and entered into foreign currency contracts totaling approximately $25

million to reduce the impact of changes in exchange rates. As of November 30, 1996, there were no significant gains or losses related to the Canadian currency transactions or other currency transactions entered into to hedge estimated expenses.

The Company has hedged the interest rate on the $200 Million Notes through the utilization of interest rate swap agreements (see Note 5). As of November 30, 1996 and 1995, the interest rate swaps were in an unrealized loss position of approximately $.9 million and $.7 million, respectively. These swap agreements effectively convert the $200 Million Notes into a floating rate facility.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company utilizes Carnival Air Lines, an airline owned by a trust, the primary beneficiary of which is the Company's Chairman of the Board, to transport a limited number of the Company's cruise passengers. During the fiscal years ended November 30, 1996, 1995 and 1994 approximately $2 million, $3 million and $4 million, respectively, was paid to the airline for transportation services. The Company also earned license fees for the use of the "Carnival" name totaling approximately $.5 million, $.4 million and $.4 million during fiscal years ended November 30, 1996, 1995 and 1994, respectively. The Company also receives license fees from CHC (see Note 4).

A director of the Company is employed by an investment banking firm. The investment banking firm assisted the Company in connection with issuances of notes and Class A Common Stock to the public during the fiscal years ended November 30, 1995 and 1994. The Company paid the investment banking firm approximately $300,000 in underwriting fees in each of fiscal years ended November 30, 1995 and 1994.

A director of the Company is a partner in a law firm. The law firm acted as the Company's primary outside counsel and provided services to the Company in connection with various litigation, corporate and other matters during fiscal years ended November 30, 1996, 1995 and 1994. The Company paid the law firm $1.0 million, $6.2 million and $1.3 million in fiscal years ended November 30, 1996, 1995 and 1994, respectively.

The Company has a consulting agreement with a corporation affiliated with the Company's founder to provide services related to the construction of cruise ships through November 1999. Under the consulting agreement, the Company paid a fee of $500,000 per year plus travel expenses. The Company's founder also utilized an airplane leased by the Company and reimbursed the Company approximately $.3 million in each of the fiscal years ended November 30, 1996 and 1995. The Company's founder also has certain demand and piggy-back registration rights with respect to shares of Class A Common Stock beneficially owned by him. The Company incurred approximately $200,000 in expenses during fiscal 1996 in connection with the registration rights agreement.

The owner of a travel agency located in Seattle, Washington is the wife of the Chief Executive Officer of HAL who is also a director of the Company. The travel agency sells cruises and other similar products, including the Company's products, and receives a commission based on the amount of sales generated. During the years ended November 30, 1996, 1995 and 1994, the travel agency generated revenues for the Company of approximately $7 million, $5 million and $6 million, respectively and received commissions from the Company related to such revenues of approximately $1.2 million, $.8 million and $1 million, respectively.

Pursuant to an agreement between the Company and certain irrevocable trusts, the beneficiaries of which are the children of the Company's founder and certain others, the Company has granted to the trusts certain registration rights with respect to 14,277,028 shares of Class A Common Stock held for investment by the trusts. The Company has agreed to prepare and file with the SEC a registration statement and pay all expenses relating to such registration, except for fees and disbursements of counsel for the trusts, selling costs, underwriting discounts and applicable filing fees.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Capital Expenditures

The following table provides a description of ships currently under contract for construction (in millions, except berth data):

Expected Service	Contract	Number of Lower	Estimated Total	Remaining Cost to be

Vessel	Date	Denomination	Berths	Cost	Paid
Holland America Line:					
Rotterdam VI	10/97	Lire	1,320	$ 270	$ 199
HAL Newbuild	3/99	Lire	1,440	300	286
HAL Newbuild	10/99	Lire	1,440	300	286
Carnival Cruise Lines:					
Elation	3/98	U. S. Dollar	2,040	300	281
Paradise	12/98	U. S. Dollar	2,040	300	283
Carnival Triumph	7/99	Lire	2,640	400	372
Carnival Newbuild*	8/00	U. S. Dollar	2,640	430	430
			13,560	$2,300	$2,137

* On January 30, 1997 the Company entered into an agreement to construct the new vessel. See Note 13 - Subsequent Event for more information.

Contracts denominated in foreign currencies have been fixed into U.S. Dollars through the utilization of forward currency contracts (see Note 7). In connection with the vessels under contract for construction described above, the Company has paid $163 million through November 30, 1996, anticipates paying $270 million in fiscal 1997 and approximately $1,867 million beyond fiscal 1997.

Litigation

In April 1996 and October 1996, four complaints were filed in the Circuit Court of the Eleventh Judicial Circuit, Dade County, Florida, against the Company (the "Florida Actions"). In April 1996, a complaint was filed in the Superior Court of Washington for King County against Holland America Westours (the "Washington Action"). In November 1996, a complaint was filed against the Company in the 18th Judicial District Court, Parish of Iberville, Louisiana (the "Louisiana Action"). These actions (collectively the "Port Charges Complaints"), brought on behalf of purported classes of persons who traveled on a Company ship and paid port charges to the Company, allege that statements made by the Company in advertising and promotional materials concerning port charges were false and misleading.

The Florida Actions allege claims of negligent misrepresentation, unjust enrichment, violation of the Florida Deceptive and Unfair Trade Practices Act, fraud, negligence, breach of fiduciary duties, breach of implied covenants of good faith and fair dealing, fraudulent misrepresentations and/or omission, restitution, conversion, money had and received, resulting trust and constructive trust. The Washington Action alleges claims of negligent misrepresentation, unjust enrichment and violation of the Washington Consumer Protection Act. The Louisiana Action alleges violation of the Louisiana Unfair Trade Practices and Consumer Protection Law, fraud and breach of express contractual obligations. The Company has removed the Louisiana Action to federal court, and a hearing on the Company's motion to dismiss is presently scheduled for August 1997.

In one of the Florida Actions, Sutton v. Carnival, the plaintiffs seek damages "in excess of fifteen thousand dollars, (but less than $50,000 per individual class member)" for each of eight separate grounds for relief. The remaining Port Charges Complaints seek unspecified compensatory damages on behalf of the purported class (or, alternatively, refunds of port charges allegedly in excess of certain charges levied by governmental authorities), attorneys' fees, costs, punitive damages and injunctive relief.

In June and August 1996, respectively, two complaints were filed against both the Company and Holland America Westours in the Superior Court for the State of California, Los Angeles County (the "California Actions") and in January 1997, a complaint was filed against the Company in the Fourth Judicial District Court, Hennepin County, Minnesota (the "Minnesota Action"). These actions (collectively the "Travel Agent Complaints"), brought on behalf of purported classes of all travel agencies who during the past four years (California Actions) or the past six years (Minnesota Action) booked a cruise with the Company, contain allegations that the Company's advertising practices regarding port charges resulted in an improper and concealed form of commission bypass. The Travel Agent Complaints allege claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud and seek unspecified compensatory damages (or alternatively, the payment by the Company of usual and customary commissions on port charges in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief.

The Port Charges Complaints and the Travel Agent Complaints are in preliminary stages and it is not now possible to determine the ultimate outcome of the lawsuits. Management believes that the Company has substantial and meritorious defenses to the claims and intends to vigorously

defend the lawsuits. Management understands that purported class action lawsuits similar to the Port Charges Complaints and the Travel Agent Complaints have been filed against five other cruise lines.

Wartsila Marine Industries Incorporated ("Wartsila") operated a Finnish shipyard and had contracted to build three ships for the Company in the late 1980's. Wartsila filed for bankruptcy in 1989 without completing construction of the vessels, causing the Company to incur incremental costs to complete the ships and to lose profits because of the delay in their delivery. During 1995, the Company received $40 million in cash from the settlement of litigation with Metra Oy, the former parent company of Wartsila, related to losses suffered in connection with the construction of three of the Company's cruise ships. Of the $40 million received, $6.2 million was used to pay related legal fees, $14.4 million was recorded as other income and $19.4 million was used to reduce the cost basis of certain ships which had been the subject of the Company's lawsuit against Metra Oy.

On June 25, 1996, the Company reached an agreement with the trustees of Wartsila and creditors for the bankruptcy which resulted in a cash payment of approximately $80 million. Of the $80 million received, $5 million was used to pay certain costs, $32 million was recorded as other income and $43 million was used to reduce the cost basis of certain ships which had been affected by the bankruptcy.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such suits which are not covered by insurance would not have a material adverse effect on the Company's financial condition or results of operations.

Operating Leases

Rental expense for all operating leases for the years ended November 30, 1996, 1995 and 1994 was approximately $9.3 million, $7.6 million and $7.7 million, respectively. As of November 30, 1996, minimum annual rentals for all operating leases, with initial or remaining terms in excess of one year, were as follows (in thousands):

1997	$ 8,226
1998	6,723
1999	4,582
2000	4,566
2001	3,324
Thereafter	18,511
	$45,932

Guaranty

The Company guaranteed 50% of a $95.5 million obligation incurred by the joint venture with Hyundai Merchant Marine. See Note 4 for additional information.

Recent Events

In December 1996, the Company and Airtours signed a letter of intent to acquire up to 100% of the outstanding equity securities of Costa Crociere SpA, a publicly traded cruise company headquartered in Italy. The cost of acquisition, if all of the outstanding equity securities are acquired, would be approximately $300 million cash with the Company and Airtours each contributing approximately 50% of that amount. The letter of intent provides that the acquisition is conditioned upon the successful conclusion of a due diligence review by the Company and Airtours, the signing of a definitive agreement with the controlling shareholders of Costa Crociere SpA, the receipt of all corporate and regulatory and government approvals and other customary conditions found in transactions of this type.

NOTE 10 - SEGMENT INFORMATION

The Company's cruise segment currently operates 19 passenger cruise ships and three luxury sailing vessels. Cruise revenues are comprised of sales of tickets and other revenues from on-board activities. A tour business operated by HAL, consisting of 16 hotels, two luxury day boats, over 290 motor coaches and 12 private domed rail cars comprise the assets that generate revenue for the tour segment. The corporate segment is primarily comprised of equity investments and includes the Company's

investments in and advances to affiliates and its portion of the results of operations of affiliates accounted for using the equity method of accounting. Intersegment revenues primarily represent charges for the cruise portion of a tour when a cruise is sold as a part of a tour package. Segment information for the three years ended November 30, 1996 was as follows:

	YEARS ENDED NOVEMBER 30,		
	1996	1995	1994
	(in thousands)		
REVENUES			
Cruise	$2,003,458	$1,800,775	$1,623,069
Tour	263,356	241,909	227,613
Intersegment revenues	(54,242)	(44,534)	(44,666)
	$2,212,572	$1,998,150	$1,806,016
GROSS OPERATING PROFIT			
Cruise	$ 913,880	$ 810,736	$ 726,808
Tour	57,423	56,301	50,733
	$ 971,303	$ 867,037	$ 777,541
DEPRECIATION AND AMORTIZATION			
Cruise	$ 135,694	$ 119,381	$ 100,191
Tour	8,317	8,129	9,449
Corporate	976	923	955
	$ 144,987	$ 128,433	$ 110,595
OPERATING INCOME			
Cruise	$ 535,814	$ 470,592	$ 427,256
Tour	21,252	24,168	18,084
Corporate	40,362	(4,722)	(1,666)
	$ 597,428	$ 490,038	$ 443,674
IDENTIFIABLE ASSETS			
Cruise	$4,514,675	$3,910,243	$3,461,190
Tour	150,851	138,313	138,096
Corporate	436,362	56,931	70,537
	$5,101,888	$4,105,487	$3,669,823
CAPITAL EXPENDITURES			
Cruise	$ 841,871	$ 456,920	$ 582,243
Tour	14,964	8,747	9,963
Corporate	1,810		5,006
	$ 858,645	$ 465,667	$ 597,212

NOTE 11 - EMPLOYEE BENEFIT PLANS

Stock Option Plans

The Company has stock option plans, applicable to Class A Common Stock, for certain key employees. The plans are administered by a committee of three directors of the Company (the "Committee") who determine the employees and directors eligible to participate, the number of shares for which options are to be granted and the amounts that any employee or director may exercise within a specified year or years. The maximum number of shares available to be granted as of November 30, 1996 and 1995 was 1,689,000 and 1,774,000, respectively. Under the terms of the plans, the option price per share is established by the Committee as an amount between 50% and 100% of the fair market value of the shares of Class A Common Stock on the date the option is granted. Options may be extended for such periods as may be determined by the Committee but only for so long as the optionee remains an employee of the Company. The status of options in the stock option plans was as follows:

	Price Per Share	Number of Shares Years Ended November 30,		
		1996	1995	1994
Unexercised Options- Beginning of Year	$3.88 - $23.88	2,474,736	2,433,236	730,526
Options Granted	$19.78 - $29.94	90,000	1,564,000	1,764,000
Options Exercised	$3.88 - $24.63	(123,996)	(90,100)	(61,290)
Options Canceled	$14.09 - $22.50	(4,800)	(1,432,400)	
Unexercised Options-				

End of Year	$3.88 - $29.94	2,435,940	2,474,736	2,433,236

Upon the adoption of Statement of Financial Accounting Standards No. 123 in fiscal 1997, "Accounting for Stock-Based Compensation", the Company intends to retain the intrinsic value method of accounting for stock-based compensation which it currently uses.

Restricted Stock Plans

The Company has restricted stock plans under which certain key employees are granted restricted shares of the Company's Class A Common Stock. Shares are awarded in the name of each of the participants, who have all the rights of other Class A stockholders, subject to certain restriction and forfeiture provisions. Unearned compensation is recorded at the date of award based on the market value of the shares on the date of grant. Unearned compensation is amortized to expense over the vesting period. As of November 30, 1996 there were 1,896,032 shares issued under the plans of which 255,821 remain to be vested.

Defined Contribution Plans

HAL has two defined contribution plans available to substantially all U.S. and Canadian employees. HAL contributes to these plans based on employee contributions and salary levels. Total expense relating to these plans in fiscal year ended November 30, 1996, 1995 and 1994 was approximately $2.4 million, $2.4 million and $2.1 million, respectively.

Defined Benefit Pension Plans

The Company adopted two pension plans (qualified and non-qualified) effective January 1, 1989 which together cover all full-time employees of Carnival Corporation working in the United States, excluding HAL employees. Employees will vest in the pension plans 100% after five years of service, will be eligible to receive benefits at age 65 and, upon completion of 15 years of service, become eligible to receive benefits at age 55. The benefits are based on years of service and the employee's highest average compensation over five consecutive years during the last ten years of employment. Carnival Corporation's funding policy for the qualified plan is to annually contribute at least the minimum amount required under the applicable labor regulations. The weighted average discount rate, 7.5% in 1996 and 1995 and 8.5% in 1994, and a 5.0% rate of increase in future compensation levels were used in determining the projected benefit obligation. The expected long-term rate of return on assets was 8.5%.

Pension costs for the qualified and non-qualified defined benefit plans were approximately $2.2 million, $1.6 million and $2.0 million for the years ended November 30, 1996, 1995 and 1994, respectively.

The funded status of the defined benefit pension plans at November 30, 1996 and 1995 was as follows:

	Qualified (in thousands)		Non-Qualified (in thousands)	
	1996	1995	1996	1995
Accumulated benefit obligation:				
Vested	$5,014	$4,082	$5,376	$4,832
Non-vested	329	346	145	153
	$5,343	$4,428	$5,521	$4,985
Projected benefit obligation	$8,449	$6,933	$8,049	$6,886
Plan assets	(6,737)	(4,821)		
Unfunded accumulated benefits	1,712	2,112	8,049	6,886
Unrecognized prior service cost	(322)	(406)	(174)	(317)
Unrecognized losses	(1,789)	(1,885)	(1,390)	(1,048)
(Prepaid) accrued pension obligation	$ (399)	$ (179)	$6,485	$5,521

NOTE 12 - SUPPLEMENTAL CASH FLOW INFORMATION

	YEARS ENDED NOVEMBER 30,		
	1996	1995	1994

	(in thousands)		
Cash paid during the year for:			
Interest (net of amount capitalized)	$ 68,337	$ 62,868	$ 48,501
Income taxes	$ 8,752	$ 8,671	$ 6,871
Noncash investing and financing activities:			
Class A Common Stock issued for various stock plans	$ 1,102	$ 854	$ 1,458
Class A Common Stock issued for conversion of Convertible Notes (see Note 5)	$ 76,294		
Class A Common Stock issued for acquisition of an interest in Airtours (see Note 4)	$144,171		

NOTE 13 - SUBSEQUENT EVENT (Unaudited)

On January 30, 1997, the Company entered into a memorandum of agreement for the construction of a Destiny class cruise ship for the Carnival Cruise Lines fleet for delivery in July 2000. The vessel is expected to cost approximately $430 million.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Carnival Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and of cash flows present fairly, in all material respects, the financial position of Carnival Corporation and its subsidiaries at November 30, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 1996, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP

Miami, Florida
January 15, 1997

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Carnival Corporation and its subsidiaries (the "Company") earns its cruise revenues primarily from (i) the sale of passenger tickets, which include accommodations, meals, most shipboard activities and in many cases airfare, and (ii) the sale of goods and services on board its cruise ships, such as casino gaming, liquor sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of HAL Antillen N.V. ("HAL").

For selected segment information related to the Company's revenues, gross operating profit, operating income and other financial information, see Note 10 in the accompanying financial statements. The following table presents operations data expressed as a percentage of total revenues and

selected statistical information for the periods indicated:

	YEARS ENDED NOVEMBER 30,		
	1996	1995	1994
REVENUES	100%	100%	100%
COSTS AND EXPENSES:			
Operating expenses	56	57	57
Selling and administrative	12	12	12
Depreciation and amortization	7	6	6
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	25	25	25
INCOME FROM AFFILIATED OPERATIONS	2		
OPERATING INCOME	27	25	25
NONOPERATING INCOME (EXPENSE)	(1)	(2)	(4)
NET INCOME	26%	23%	21%
SELECTED STATISTICAL INFORMATION:			
Passengers carried	1,764,000	1,543,000	1,354,000
Passenger cruise days	10,583,000	9,201,000	8,102,000
Occupancy percentage	107.6%	105.0%	104.0%

GENERAL

The growth in the Company's revenues during the last three fiscal years has primarily been a function of the expansion of its fleet capacity.

Fixed costs, including depreciation, fuel, insurance and crew costs represent more than one-third of the Company's operating expenses and do not significantly change in relation to changes in passenger loads and aggregate passenger ticket revenue.

The Company's different businesses experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for Carnival Cruise Lines' ("Carnival") ships is moderately seasonal. Historically, demand for Carnival cruises has been greater during the periods from late June through August and lower during the fall months. HAL cruise revenues are more seasonal than Carnival's cruise revenues. Demand for HAL cruises is strongest during the summer months when HAL ships operate in Alaska and Europe for which HAL obtains higher pricing. Demand for HAL cruises is lower during the winter months when HAL ships sail in more competitive markets. The Company's tour revenues are extremely seasonal with a majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

In April 1996 the Company made an investment in Airtours which it records using the equity basis of accounting. Starting with the Company's quarter ending August 31, 1996, the Company's portion of Airtours' operating results are being recorded by the Company on a two month lag basis. Airtours' earnings are very seasonal due to the seasonal nature of the European leisure travel industry. During the last two fiscal years, Airtours' third and fourth fiscal quarters, ending June 30 and September 30, respectively, have been profitable, with the fourth quarter being its most profitable quarter. During this same period, Airtours experienced seasonal losses in its first and second fiscal quarters ending on December 31 and March 31, respectively.

Average capacity is expected to increase approximately 11.7% during fiscal 1997 as a result of the introduction into service of the Inspiration in March 1996, the Veendam in May 1996, the Carnival Destiny in November 1996 and the Rotterdam VI in October 1997. The existing Rotterdam V is scheduled to discontinue service in September 1997.

Fiscal Year Ended November 30, 1996 Compared
To Fiscal Year Ended November 30, 1995

Revenues

The increase in total revenues of $214.4 million, or 10.7%, from 1995 to 1996 was comprised primarily of a $202.7 million, or 11.3%, increase in cruise revenues for the period. The increase in cruise revenues was primarily the result of a 12.2% increase in capacity for the period

resulting from the introduction into service of Carnival's cruise ships Imagination in July 1995 and Inspiration in March 1996 and Holland America Line's cruise ship Veendam in May 1996 less the removal from service from the Carnival Cruise Lines fleet of the Festivale in April 1996. Occupancy rates were up 2.5% and gross revenue per passenger cruise day was down 3.3% resulting in a decrease of .9% in gross yield (total revenue per lower berth). Gross revenue per passenger cruise day decreased primarily due to a reduction in the percentage of passengers electing the Company's air program and due to slightly lower pricing in the cruise market. When a passenger elects to purchase his/her own air transportation, rather than use the Company's air program, both the Company's cruise revenues and operating expenses decrease by approximately the same amount. Also affecting cruise revenues in 1995 were lost revenues caused by the shipboard incident described under the section below entitled "Nonoperating Income (Expense)-Fiscal Year Ended November 30, 1995 Compared To Fiscal Year Ended November 30, 1994".

Revenues from the Company's tour operations increased $21.4 million, or 8.9%, to $263.4 million in 1996 from $241.9 million in 1995. The increase was primarily the result of an increase in the tour and transportation revenues due to an increase in the number of tour passengers.

Costs and Expenses

Operating expenses increased $110.2 million, or 9.7%, from 1995 to 1996. Cruise operating costs increased by $99.5 million, or 10.1%, to $1,089.6 million in 1996 from $990.0 million in 1995, primarily due to additional costs associated with the increased capacity in 1996. Tour operating expenses increased $20.3 million, or 11.0%, from 1995 to 1996 primarily due to an increase in tour passengers.

Selling and administrative costs increased $26.3 million, or 10.6%, primarily due to an 11.6% increase in advertising expenses and an increase in payroll and related costs associated with the increase in capacity during 1996 as compared with 1995.

Depreciation and amortization increased by $16.6 million, or 12.9%, to $145.0 million in 1996 from $128.4 million in 1995 primarily due to the addition of the Imagination, the Inspiration and the Veendam.

Affiliated Operations

During fiscal 1996, the Company recorded $46.0 million of earnings from affiliated operations. A significant portion of such earnings are attributable to the Company's investment in Airtours. The Company acquired its 29.5% interest in Airtours in April 1996 and is recording its share of Airtours' earnings on a two month lag basis. During 1996, the Company's share of earnings for Airtours was recorded for Airtours' six months ended September 30, 1996 which amounted to $35.7 million excluding the Company's capital costs incurred in connection with the investment. Airtours' operations are seasonal and historically have resulted in losses for the first half of its fiscal year. Had the Company recorded its equity in Airtours' earnings for Airtours' entire fiscal year ended September 30, 1996, the Company's share of Airtours' earnings would have been $22.2 million instead of the $35.7 million recorded by the Company in 1996. See Note 4 in the accompanying financial statements for more information regarding the Company's equity investments.

Nonoperating Income (Expense)

Interest income increased $4.2 million primarily due to the Company's holding of 13 percent senior secured notes (which were redeemed in April 1996) of Norwegian Cruise Line, Ltd. and, to a lesser degree, increases in cash balances. Cash balances, up to the closing of the Airtours transaction in April 1996, increased due to United Kingdom regulatory requirements applicable to the Company's tender offer to acquire its interest in Airtours (see Note 4 in the accompanying financial statements for more information related to the Airtours acquisition). Gross interest expense (excluding capitalized interest) increased $8.0 million primarily as a result of additional borrowings required in connection with the Company's investment in Airtours. Capitalized interest increased $7.0 million due to higher investment levels in vessels under construction.

Other income increased to $23.4 million in 1996 primarily as a result of a $32.0 million gain from settlement of bankruptcy claims against Wartsila (see Note 9 - Litigation in the accompanying financial statements) less a loss of $15.8 million on the sale of the notes receivable generated from the sale of Carnival's Crystal Palace Hotel and Casino. Other income of $19.1 million in 1995 is described in the section below entitled "Nonoperating Income (Expense)-Fiscal Year Ended November 30, 1995 Compared To Fiscal Year Ended November 30, 1994".

Fiscal Year Ended November 30, 1995 Compared To Fiscal Year Ended November 30, 1994

Revenues

The increase in total revenues of $192.1 million from 1994 to 1995 was comprised primarily of a $177.7 million, or 10.9%, increase in cruise revenues for the period. The increase in cruise revenues was primarily the result of a 12.5% increase in capacity for the period resulting from the addition of Carnival's cruise ship Fascination in July 1994, HAL's Ryndam in October 1994, and Carnival's Imagination in July 1995, partially offset by the discontinuation of the FiestaMarina division in September 1994. Occupancy rates were up 1.0% and gross revenue per passenger cruise day was down 2.3% resulting in a decrease of 1.4% in gross yield. Gross revenue per passenger cruise day decreased primarily due to a reduction in the percentage of passengers electing the Company's air program. Also affecting cruise revenues in 1995 and 1994 were lost revenues caused by the incidents described under the section below entitled "Nonoperating Income (Expense)".

Revenues from the Company's tour operations increased $14.3 million, or 6.3%, to $241.9 million in 1995 from $227.6 million in 1994. The increase was primarily the result of an increase in the tour and transportation revenues generated by the Company's tour business and Gray Line of Alaska tour and motorcoach operations.

Costs and Expenses

Operating expenses increased $102.6 million, or 10.0%, from 1994 to 1995. Cruise operating costs increased by $93.8 million, or 10.5%, to $990.0 million in 1995 from $896.3 million in 1994, primarily due to additional costs associated with the increased capacity in 1995. Tour operating expenses increased $8.7 million, or 4.9%, from 1994 to 1995 primarily due to an increase in tour passengers.

Selling and administrative costs increased $25.3 million, or 11.3%, primarily due to a 14.6% increase in advertising expenses and an increase in payroll and related costs during 1995 as compared with the same period of 1994.

Depreciation and amortization increased by $17.8 million, or 16.1%, to $128.4 million in 1995 from $110.6 million in 1994 primarily due to the addition of the Ryndam, the Fascination and the Imagination.

Nonoperating Income (Expense)

Interest income increased $5.7 million primarily due to the recognition of interest income on notes received from the sale of Carnival's Crystal Palace Hotel and Casino and higher investment balances. Interest expense increased to $81.9 million in 1995 from $73.2 million in 1994 primarily as a result of increased average debt levels and higher interest rates on variable rate debt. The increased debt levels were the result of expenditures made in connection with the ongoing construction and delivery of new cruise ships. Capitalized interest decreased to $18.8 million in 1995 from $21.9 million in 1994 due to lower levels of investments in vessels under construction.

Other income increased to $19.1 million in 1995 primarily as a result of a $14.4 million gain from the settlement of litigation with Metra Oy and a gain from the sale of the Company's entire interest in Epirotiki Cruise Line. These gains were partially offset by the loss from the Celebration incident discussed below and certain other non-related, non-recurring items.

In June 1995, a fire, which was quickly extinguished, broke out in the engine control room on Carnival's Celebration. There were no injuries to passengers or crew, however, there was damage to one of the vessel's electrical control panels. The time necessary to complete repairs to the Celebration as a result of this incident caused the cancellation of four one- week cruises. Costs associated with repairs to the ship, passenger handling and various other expenses, net of estimated insurance recoveries, amounted to $3.0 million and were included in other expenses. In addition, the Company estimates the loss of revenue, net of related variable expenses, from the Celebration being out of service reduced operating income and net income by an additional $7.3 million in 1995.

Other expenses of $9.1 million in 1994 were primarily the result of two events. In September 1994, the Company discontinued its FiestaMarina division because of lower than expected passenger occupancy levels which resulted in a charge of $3.2 million to other expenses. In August 1994,

HAL's Nieuw Amsterdam ran aground in Alaska resulting in the cancellation of three one-week cruises. Costs associated with repairs to the ship, passenger handling and various other expenses, net of estimated insurance recoveries, amounted to $6.4 million and were included in other expenses. In addition, the Company estimates the loss of revenue, net of related variable expenses, from the Nieuw Amsterdam being out of service during that three-week period, reduced operating income and net income by an additional $4.5 million in 1994.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

The Company's business provided $741.5 million of net cash from operations during the year ended November 30, 1996, an increase of 26.3% compared to the corresponding period in 1995. The increase between periods was primarily the result of an increase in net income, an increase in customer deposits resulting from increased capacity and other less significant changes in other working capital accounts.

In April 1996, the Company acquired 29.5% of Airtours for $307 million. The Company paid approximately $163 million of the purchase price in cash and funded the remaining purchase price of approximately $144 million through the issuance of 5,301,186 shares of the Company's Class A Common Stock.

In April 1996, the Company received approximately $81 million in connection with the redemption of the 13% Senior Secured Notes Due 2003 of Kloster Cruise Limited.

During the year ended November 30, 1996, the Company expended approximately $902 million on capital projects, of which $819 million was spent in connection with its ongoing shipbuilding program and $36 million was spent on the expansion of the Company's shore side operations facilities located in Miami, Florida. The remainder was spent on vessel refurbishments, tour assets and other equipment. Amounts expended on the shipbuilding program included final payments related to Carnival Cruise Lines' Inspiration and Carnival Destiny which entered service in March 1996 and late November 1996, respectively, and Holland America Line's Veendam which entered service in May 1996.

The Company made scheduled principal payments totaling approximately $68 million under various individual vessel mortgage loans and repaid the outstanding balance of the one billion dollar revolving credit facility due 2001 (the "One Billion Dollar Revolver") during the year ended November 30, 1996. The Company borrowed $168 million under a $200 Million Multi-currency Revolving Credit Facility Due 2001 (the "$200 Million Multi-currency Revolver") which was used largely to fund the Airtours investment described above. In addition, the Company initiated a commercial paper program during the fourth quarter of fiscal 1996 that is supported by the One Billion Dollar Revolver. A total of $307 million was borrowed under the commercial paper program primarily to fund the final payment on the Carnival Destiny.

Future Commitments

The Company has contracts for the delivery of seven new vessels over the next four years. The Company will pay approximately $270 million during the twelve month period ending November 30, 1997 relating to the construction and delivery of those new cruise ships and approximately $1,867 million beyond November 30, 1997. In addition, the Company has $1.3 billion of long-term debt of which $66 million is due during the twelve month period ending November 30, 1997. The Company also enters into forward foreign currency contracts and interest rate swap agreements to hedge the impact of foreign currency and interest rate fluctuations.

In December 1996, the Company and Airtours signed a letter of intent to acquire up to 100% of the outstanding equity securities of Costa Crociere SpA ("Costa"). Costa is a publicly traded cruise company headquartered in Italy. The cost of acquisition, if all of the outstanding equity securities are tendered, would be approximately $300 million cash with the Company and Airtours each contributing approximately 50% of that amount. The letter of intent provides that the acquisition is conditioned upon the successful conclusion of a due diligence review by the Company and Airtours, the signing of a definitive agreement with the controlling shareholders of Costa Crociere SpA, the receipt of all corporate and regulatory and government approvals and other customary conditions found in transactions of this type.

Funding Sources

Cash from operations is expected to be the Company's principal source

of capital to fund its debt service requirements, ship construction costs and potential Costa acquisition. In addition, the Company may fund a portion of the construction cost of new ships or the proposed investment in Costa from borrowings under its One Billion Dollar Revolver or commercial paper program and/or through the issuance of long-term debt in the public or private markets. As of November 30, 1996, the Company had $693 million available for borrowing under its One Billion Dollar Revolver and $34 million available under the $200 Million Multi-currency Revolver.

To the extent that the Company should require or choose to fund future capital commitments from sources other than operating cash or from borrowings under its revolving credit facilities, the Company believes that it will be able to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets. In this regard, the Company has filed two Registration Statements on Form S-3 (the "Shelf Registration") relating to a shelf offering of up to $500 million aggregate principal amount of debt or equity securities. At November 30, 1996, a balance of $270 million aggregate principal amount of debt or equity securities remains available for issuance under the Shelf Registration.

SELECTED FINANCIAL DATA

The selected financial data presented below for the fiscal years ended November 30, 1992 through 1996 and as of the end of each such fiscal year are derived from the financial statements of the Company and should be read in conjunction with such financial statements and the related notes.

	FISCAL YEAR ENDED NOVEMBER 30,				
	1996	1995	1994	1993	1992
	(in thousands, except per share data)				
INCOME STATEMENT DATA:					
Total revenues	$2,212,572	$1,998,150	$1,806,016	$1,556,919	$1,473,614
Operating income before income from affiliated operations	$ 551,461	$ 490,038	$ 443,674	$ 347,666	$ 324,896
Operating income	$ 597,428	$ 490,038	$ 443,674	$ 347,666	$ 324,896
Net income	$ 566,302	$ 451,091	$ 381,765	$ 318,170	$ 276,584
Earnings per share (1)	$1.95	$1.59	$1.35	$1.13	$ .98
Dividends declared per share (1)	$.380	$.315	$.285	$.280	$.280
Passenger cruise days	10,583	9,201	8,102	7,003	6,766
Percent of total capacity(2)	107.6%	105.0%	104.0%	105.3%	105.3%

	AS OF NOVEMBER 30,				
	1996	1995	1994	1993	1992
	(in thousands)				
BALANCE SHEET DATA:					
Total assets	$5,101,888	$4,105,487	$3,669,823	$3,218,920	$2,645,607
Long-term debt and convertible notes	$1,316,632	$1,150,031	$1,161,904	$1,031,221	$ 776,600
Total shareholders' equity	$3,030,884	$2,344,873	$1,928,934	$1,627,206	$1,384,845

- ---

(1) All per share amounts have been adjusted to reflect a two-for-one stock split effective November 30, 1994.

(2) In accordance with cruise industry practice, total capacity is calculated based upon two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

MARKET PRICE FOR CAPITAL STOCK

The following table sets forth for the periods indicated the high and low market prices for the Class A Common Stock on the New York Stock Exchange:

	SALES PRICE HIGH	LOW
Fiscal Year ended November 30, 1996:		
First Quarter	$29.000	$22.750
Second Quarter	$30.125	$26.125
Third Quarter	$31.500	$24.500
Fourth Quarter	$31.875	$27.375
Fiscal Year ended November 30, 1995:		
First Quarter	$23.750	$19.125
Second Quarter	$26.625	$22.125
Third Quarter	$24.250	$20.375
Fourth Quarter	$27.125	$20.625

As of January 17, 1997, there were approximately 3,740 holders of record of the Company's Class A Common Stock. All of the issued and outstanding shares of Class B Common Stock are held by The Micky Arison 1994 "B" Trust, a United States Trust, whose primary beneficiary is Micky Arison, the Chairman of the Board of the Company. While no tax treaty currently exists between the Republic of Panama and the United States, under current law, the Company believes that distributions to its shareholders are not subject to taxation under the laws of the Republic of Panama.

SELECTED QUARTERLY FINANCIAL DATA (unaudited)

Quarterly financial results for the year ended November 30, 1996 are as follows:

	FOR THE QUARTER			
	FIRST	SECOND	THIRD	FOURTH
	(in thousands, except per share data)			
Total revenues	$448,788	$516,836	$771,989	$474,959
Gross profit	$185,092	$214,292	$375,794	$196,125
Operating income before income from affiliated operations	$ 80,975	$110,230	$267,155	$ 93,101
Operating income	$ 80,972	$110,396	$279,948	$126,112
Net income	$ 77,065	$106,283	$268,131	$114,823
Earnings per share	$.27	$.37	$.92	$.39

Quarterly financial results for the year ended November 30, 1995 are as follows:

	FOR THE QUARTER			
	FIRST	SECOND	THIRD	FOURTH
	(in thousands, except per share data)			
Total revenues	$419,820	$452,826	$672,598	$452,906
Gross profit	$172,591	$186,879	$320,463	$187,104
Operating income	$ 76,912	$ 96,268	$224,120	$ 92,738
Net income	$ 67,552	$ 89,769	$209,542	$ 84,228
Earnings per share	$.24	$.32	$.74	$.30

FORWARD-LOOKING STATEMENTS

Certain statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report constitute "forward-looking statements" within the meaning of the reform act. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; increases in cruise industry capacity in the Caribbean and Alaska; changes in tax laws and regulations (especially any change affecting the Company's status as a "controlled foreign corporation" as defined in Section 957(a) of the Internal Revenue Code); the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less

experience; delivery of new vessels on schedule and at the contracted price; weather patterns in the Caribbean; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; and changes in laws and government regulations applicable to the Company (including the implementation of the "Safety of Life at Sea Convention" and changes in Federal Maritime Commission surety and guaranty arrangements).

EXHIBIT 23

Consent of Independent Certified Public Accountants

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Forms S-3 (No. 33-50947, No. 33-53136 and No.33-48756) of Carnival Corporation of our report dated January 15, 1997 appearing on page 37 of the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K.

/s/ PRICE WATERHOUSE LLP

PRICE WATERHOUSE LLP
February 25, 1997

5
1,000

YEAR
NOV-30-1996
NOV-30-1996
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1.93

Exhibit 16

(February 28, 2002, Carnival 10-K)

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FORM 10-K
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

(Mark One)
[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended November 30, 2001

OR

[ ]Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____
Commission file number 1-9610

CARNIVAL CORPORATION
(Exact name of registrant as specified in its charter)

Republic of Panama	59-1562976
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue, Miami, Florida	33178-2428
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (305) 599-2600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock ($.01 par value)	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the Registrant is approximately $7.7 billion based upon the closing market price on February 19, 2002 of a share of common stock on the New York Stock Exchange as reported by the Wall Street Journal.

At February 19, 2002, the Registrant had outstanding 586,364,115 shares of its common stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrant's 2001 annual report to shareholders to be furnished to the Commission pursuant to Rule 14a-3(b) of the Exchange Act is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Part and Item of the Form 10-K	
Part II	
Item 5(a) and (b).	Market for the Registrant's Common Equity and Related Stockholder Matters - Market Information and Holders
Item 6.	Selected Financial Data
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk
Item 8.	Financial Statements and Supplementary Data

Portions of the Registrant's 2002 definitive Proxy Statement, to be filed with the Commission, are incorporated by reference into this Annual Report on Form 10-K under the items described below.

Part and Item of the Form 10-K	
Part III	
Item 10.	Directors and Executive Officers of the Registrant
Item 11.	Executive Compensation
Item 12.	Security Ownership of Certain Beneficial Owners and Management
Item 13.	Certain Relationships and Related Transactions

PART I

Item 1. Business

A. General

Carnival Corporation was incorporated under the laws of the Republic of Panama in November 1974 and along with its consolidated subsidiaries is

referred to collectively in this Annual Report on Form 10-K as "we," "our" and "us". We are a global vacation and leisure travel provider, which offers a broad range of cruise products serving the contemporary cruise sector through Carnival Cruise Lines ("Carnival") and Costa Cruises ("Costa"), the premium sector through Holland America Line ("Holland America"), the premium/luxury sector through Cunard Line ("Cunard") and the luxury sector through Seabourn Cruise Line ("Seabourn") and Windstar Cruises ("Windstar") (collectively the "Cruise Operations").

Additional summary information about our cruise brands is as follows:

CRUISE BRAND	NUMBER OF SHIPS	PASSENGER CAPACITY(1)	PRIMARY LOCATION OF CUSTOMERS
Carnival	16	33,250	North America
Holland America	10	12,612	North America
Costa (2)	8	10,770	Europe
Cunard	2	2,458	North America/Europe
Seabourn	3	624	North America
Windstar	4	752	North America
	43	60,466	

(1)In accordance with cruise industry practice, all passenger capacities indicated within this Annual Report on Form 10-K are calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.

(2)From June 1997 through September 28, 2000, we owned 50% of Costa. On September 29, 2000, we acquired the remaining 50% interest in Costa. See Note 2, "Basis of Presentation," and Note 17, "Costa Acquisition," to our Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K.

We currently have signed agreements with three shipyards providing for the construction of 14 additional cruise ships during the next four years. This will increase our passenger capacity by 32,704, or 54%, assuming none of our existing ships is sold or retired from service. However, it is more likely that some of our older ships may be retired or sold during the next four years, thus reducing the increase to our fleet over this period. See Note 7, "Commitments," to our Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K for additional information regarding our ship commitments.

In addition to our Cruise Operations, we operate a tour business under the brand name Holland America Tours ("Tours"), which is a leading cruise/tour operator in the state of Alaska and the Canadian Yukon. Tours currently operates 12 hotels in Alaska and the Canadian Yukon, two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River and over 300 motor coaches used for sightseeing and charters in the states of Washington and Alaska and in British Columbia, Canada and the Canadian Yukon. In addition, Tours operates 13 private, domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks. Finally, Tours also markets sightseeing packages both separately and as part of our cruise/tour packages to our Alaska bound passengers and to the public.

Recent Development

Subsequent to November 30, 2001, we announced that we had made a pre-conditional offer to acquire P&O Princess Cruises plc ("P&O"), the world's third largest cruise company. The value of our offer as of February 15, 2002 was approximately $5.4 billion to be paid in shares of our common stock. In addition, we will assume P&O's net debt, which was approximately $1.4 billion at December 31, 2001. It is our intention, upon closing of

the transaction, to pay approximately $2.4 billion of the purchase price in cash, subject to our obtaining satisfactory financing, which will reduce the portion of our offer that will be paid in shares of our common stock. As of the date we made our pre-conditional offer, P&O and Royal Caribbean Cruises Ltd. ("RCL") were parties to a series of agreements that would result in a combination of P&O and RCL in a dual listed structure. P&O has rejected our pre-conditional offer and has recommended the combination with RCL to its shareholders. However, P&O shareholders did not follow their Board of Directors' recommendation and voted to adjourn their scheduled meeting to vote on the RCL merger. Both the combination with RCL and our offer are subject to certain conditions, including regulatory clearances. We are currently providing information to both the U.S. and the European Union regulators. The regulatory review process is expected to take until the mid-summer of 2002. No assurance can be given that we will be successful in acquiring P&O.

B. Risk Factors

You should carefully consider the following specific risk factors as well as the other information contained or incorporated by reference in this Annual Report on Form 10-K as these are important factors, among others, that could cause our actual results to differ from our expected or historical results. It is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete statement of all our potential risks or uncertainties. Some statements in this section and elsewhere in this Annual Report on Form 10-K are "forward-looking statements". For a discussion of those statements and of other factors to consider see the "Special Note Regarding Forward-Looking Statements" below.

Risks Related To Our Business

(1)Demand for cruises and other vacation options can be and has been affected by many factors that are outside our control, and our net income and revenues depend in large part on consumer demand for our cruises.

Demand for cruises and other vacation options may be affected by a number of factors. For example, our sales are dependent on the underlying economic strength of the countries in which we operate. Adverse economic conditions can reduce the level of consumers' disposable income that is available for their vacation choices. In addition, armed conflicts or political instability in areas where our ships cruise can adversely affect demand for our cruises to those areas. Also, acts of terrorism can have an adverse effect on the public's attitude toward the safety and security of travel and the availability of air service and other forms of transportation, which are used to get some of our guests to and from our ships. As an example, the September 11, 2001 terrorist attacks and their aftermath negatively impacted our revenues, operating results and cash flows and which had similar effects throughout the vacation industry. Furthermore, consumer confidence can be weakened by all of the above conditions, which can adversely affect our customers desire to take a vacation.

Finally, adverse incidents involving cruise ships and adverse media publicity concerning the cruise industry in general can both impact demand. The operation of cruise ships involves the risk of accidents and other incidents, which may bring into question passenger safety and security and adversely affect future industry performance. While we make passenger safety and security a high priority in the design and operation of our ships, accidents and other incidents involving cruise ships could adversely affect our future sales and profitability. In addition, adverse media publicity concerning the cruise industry in general could impact customer demand and, therefore, have an adverse impact on our net income. Any reduction in demand may have a negative impact on our net revenue yields

(net revenue per available berth day), which would also have a negative impact on our net income.

(2)Overcapacity within the cruise and competing land-based vacation industry could have a negative impact on our net revenue yields, increase our operating costs and could also result in ship asset impairments.

Cruising capacity has grown in recent years, and we expect it to continue to increase over the next four years as a number of cruise companies, including us, are expected to introduce new ships into service. In order to utilize this new capacity, the cruise industry must increase its share of the overall vacation market. The overall vacation market is also facing increases in land-based vacation capacity, including new properties in Las Vegas, Nevada, Orlando, Florida and other popular destination resorts, which also will impact our ability to increase our market share as the overall vacation market increases competing capacity. Any future imbalances between supply and demand could have a negative impact on our net revenue yields, which would also have a negative impact on our net income and could also result in ship asset impairments.

In addition, increasing cruise capacity could impact our ability to retain and attract qualified crew at competitive costs and, therefore, increase our shipboard employee costs.

(3)Environmental, health, safety and security legislation and regulation could increase our operating costs.

Some environmental groups have lobbied for more stringent regulation of cruise ships. Some groups also have generated negative publicity about the cruise industry and its environmental impact. As a result of these and other actions, governmental and regulatory authorities around the world may enact new environmental, health, safety and security legislation and regulations. In addition, the International Maritime Organization is presently considering requiring that vessel operators adopt enhanced security procedures and approved ship security plans. Stricter environmental, health, safety and security legislation and regulations could increase the cost of compliance and adversely affect the cruise industry. In addition, we cannot be assured that our costs of complying with current and future laws and regulations, or liabilities arising from past or future releases of, or exposure to, hazardous substances, or to ship discharges, will not have a material adverse affect on our financial results.

(4)We face significant competition from both cruise lines and other vacation operators, which may adversely impact our net revenue yields.

We operate in the global vacation market. We compete for consumer disposable leisure-time dollars with both other cruise lines and a wide array of other vacation operators, including numerous land-based destinations and package holiday, tour and timeshare vacation operators, located throughout the world. Many of these operators attempt to obtain a competitive advantage by lowering prices and/or by improving their products, such as by offering different vacation experiences and locations. In the event that we do not compete effectively with other cruise companies and other vacation operators our net revenue yields could be adversely affected.

In addition, since September 11, 2001, other cruise brands, including some of our own, have announced the movement of some of their ships from European to North American ports. The redeployment of such vessels may result in increased competition, including pricing promotions to stimulate demand, among the cruise lines with respect to cruises to the Bahamas, the Caribbean, the Mexican Riviera and to Alaska. In addition, other vacation

industry firms reduced prices to attract consumers following September 11.

(5)Our operating and financing costs are subject to many economic and political factors that are beyond our control, which may result in increases in our operating and financing costs.

Some of our operating costs, including fuel, insurance and security costs, are subject to increases because of economic or political instability. Since September 11, 2001, our insurance costs have increased, and we have also incurred additional expenses due to heightened security for our operations. Additional political instability or terrorist incidents could result in further increases to our operating costs and could also result in us not being able to obtain adequate insurance coverage due to the lack of viable insurance and reinsurance markets, particularly for war risk insurance. Although the cost of fuel has decreased from the higher price levels incurred in late 1999 and 2000, fuel prices could be seriously affected in the future by market forces beyond our control.

In addition, interest rates and our ability to secure debt or equity financing, if necessary, are dependent on many economic and political factors, which can be significantly affected by current events. Furthermore, actions by U.S. and foreign taxing jurisdictions could cause an increase in our costs. For example, the governor of the State of Alaska recently proposed increases in the taxation of cruise lines visiting Alaska.

Increases in operating and financing costs could adversely affect our operating results because we may not be able to increase the prices of our cruise vacations to recover these increased costs.

(6)Conducting business internationally may result in increased costs.

We operate our business internationally, and we plan to continue to develop our international presence, especially in Europe. Operating internationally exposes us to a number of risks. Examples include currency fluctuations, interest rate movements, increases in duties, taxes and governmental royalties, imposition of trade barriers and restrictions on the repatriation of earnings, political uncertainty, and changes in laws and policies affecting cruising, vacation or maritime businesses or the governing of foreign-based companies' operations. If we are unable to address these risks adequately, our financial results could be adversely affected.

(7)Delays or faults in ship construction or our inability to continue our shipbuilding program could reduce our profitability.

Cruise ships are large and complicated vessels, and building them involves risks similar to those encountered in other sophisticated construction projects, including delays in delivery and faulty construction. Delays or faults in ship construction may result in delays or cancellations of scheduled cruises, necessitate unscheduled repairs and drydocking of the ship and increase our shipbuilding costs and/or expenses. Industrial action, insolvency of shipyards or other events could also delay or indefinitely postpone the delivery of new ships. These events, in turn, could, to the extent they are not covered by contractual provisions or insurance, adversely affect our financial results.

In addition, we have entered into forward foreign currency contracts to fix the cost in U.S.dollars of ten of our foreign currency denominated shipbuilding contracts. If any of the shipyards with which we have contracted are unable to perform, we would still be required to perform under our foreign currency forward contracts related to that shipyard's shipbuilding contracts. This might require us to realize a loss on an

existing contract without having the ability to have an offsetting gain on our foreign currency denominated shipbuilding contract, thus resulting in an adverse affect on our financial results.

Finally, we believe that we are able to more effectively compete with our newer ships due to a number of factors, including the increased number of outside cabins and cabins with balconies and additional amenities. In order to continue to compete effectively we may have to continue to enter into new shipbuilding contracts, which will require significant capital expenditures. If we were to discontinue or decelerate our new shipbuilding program, our cash flow and net income could be adversely affected.

(8)The inability of qualified shipyards to build our ships could reduce our future profitability.

We believe that there are a limited number of shipyards in the world capable of the quality construction of large passenger cruise ships. We currently have contracts with three of these shipyards for the construction of 14 ships to enter service over the next four years. Other cruise operators also have contracts to construct new cruise ships. If we elect to build additional ships in the future, which we expect to do, these shipyards may not have the available capacity to build additional new ships for us at the times desired by us, and the shipyards may not agree to build additional ships at a cost acceptable to us. Additionally, ships under contract for construction may not be delivered. These events, in turn could adversely affect our financial results.

(9)Future business acquisitions could reduce our net income, earnings per share and cash flows.

We often evaluate acquisitions of other leisure and travel providers in a disciplined manner to determine if there is an opportunity to improve our potential for long-term internal growth and our net income, such as our current offer to acquire P&O. Any acquisition includes numerous risks, including, among others, those related to integrating the operations of the acquired entity and achieving the cost reduction synergies that were anticipated to be derived from the combined entity. In addition, we may finance our acquisitions by issuing debt and/or equity securities and, accordingly, additional interest expense related to this acquisition debt and/or additional shares of our common stock issued in connection with any acquisitions could have a negative effect on our net income and earnings per share.

(10)The lack of attractive port destinations for our cruise ships could reduce our net revenue yields and net income.

We believe that attractive port destinations are major reasons why our customers choose a cruise versus an alternative vacation option. The availability of ports, including the specific port facility at which our guests will embark and disembark, is affected by a number of factors, including, but not limited to, existing capacity constraints, security concerns, adverse weather conditions and natural disasters, financial limitations on port development, local governmental regulations and local community concerns about both port development and other adverse impacts on their communities from additional tourists. The inability to continue to maintain and increase our ports of call could adversely affect our net revenue yields and net income.

(11)We may not be able to obtain financing at all or on terms that meet our expectations, which could adversely affect our financial results.

A key to our access to financing is the maintenance of our strong long-term credit ratings. The proposed acquisition of P&O, if consummated, may result in a ratings downgrade and, thereby, increase our cost-of-

borrowing.

We believe that our current liquidity, together with our forecasted cash flow from operations, will be sufficient to fund most or all of our capital projects, debt service requirements, dividend payments, working capital and other firm commitments, excluding any cash portion of our offer to acquire P&O. Our forecasted cash flow from operations, as well as our credit ratings, may be adversely affected by various factors, including, but not limited to, declines in customer demand, increased competition, the deterioration in general economic and business conditions, terrorist attacks, ship incidents, adverse media publicity and changes in fuel prices, as well as other factors noted under these "Risk Factors" and the "Special Note Regarding Forward-Looking Statements" section below. To the extent that we are required, or choose, to fund future cash requirements, including our future shipbuilding commitments, from sources other than as discussed above, we will have to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets. Specifically, if our P&O acquisition is consummated, we intend to finance any cash portion of the purchase price up to approximately $2.4 billion through the issuance of long-term debt or equity securities or a combination of debt and equity. We also may need to refinance a portion of P&O's existing debt. Our future operating cash flow may not be sufficient to fund future obligations, and we may not be able to obtain additional financing, including financing for any cash portion of our proposed acquisition of P&O and refinancing of existing P&O debt, if necessary, at a cost that meets our expectations. Accordingly, our financial results could be adversely affected.

Risks Related To Our Corporate Structure and Common Stock

(1)A change of our tax status under the U.S. Internal Revenue Code of 1986, as amended (the "Code"), could have an adverse effect on our net income and shareholders.

We are a foreign corporation engaged in a trade or business in the U.S., and our ship-owning subsidiaries are foreign corporations that, in many cases, depending upon the itineraries of their ships, receive income from sources within the U.S. To the best of our knowledge, we believe that, under Section 883 of the Code and applicable income tax treaties, income and the income of our ship-owning subsidiaries, in each case derived from or incidental to the international operation of a ship or ships, is currently exempt from U.S. federal income tax. We believe that substantially all of our income, and the income of our ship-owning subsidiaries, with the exception of the U.S. source income from the transportation, hotel and tour business of Tours, is derived from or incidental to the international operation of a ship or ships within the meaning of Section 883 and applicable income tax treaties.

We believe that we and many of our ship-owning subsidiaries currently qualify for the Section 883 exemption since each is incorporated in a qualifying jurisdiction and our common stock is primarily and regularly traded on an established securities market in the U.S. To date, however, no final U.S. Treasury regulations or other definitive interpretations of the relevant portions of Section 883 have been promulgated, although regulations have been proposed. See the risk factor immediately below for a discussion of the proposed regulations under Section 883. Those regulations or official interpretations could differ materially from our interpretation of this Code provision and, even in the absence of differing regulations or official interpretations, the Internal Revenue Service might successfully challenge our interpretation. In addition, the provisions of Section 883 are subject to change at any time by legislation. Moreover, changes could occur in the future with respect to the identity, residence, or holdings of our direct or indirect shareholders that could affect us and our subsidiaries' eligibility for the Section 883 exemption. Accordingly,

it is possible that we and our subsidiaries will not be exempt from U.S. federal income tax on U.S.-source shipping income. If we and our ship-owning subsidiaries were not entitled to the benefit of Section 883, we would be subject to U.S. federal income taxation on a portion of our income, which would reduce our net income.

We believe that the income of some of our ship-owning subsidiaries currently qualifies for exemption from U.S. federal and certain foreign countries' income tax under bilateral income tax treaties. These treaties may be cancelled by either country or replaced with a new agreement that treats shipping income differently than under the agreement currently in force. If these subsidiaries do not qualify for benefits under the existing treaties or the existing treaties are cancelled or materially modified in a manner adverse to our interests and, with respect to U.S. federal income tax only, the subsidiaries do not qualify for Section 883 exemption; the ship-owning subsidiaries would be subject to U.S. federal and/or foreign income taxation on a portion of their income, which would reduce our net income.

(2) Failure to comply with the proposed Treasury regulations could have a negative impact on our net income and stock price. Also, in order to comply with proposed Treasury regulations, our shareholders' ability to acquire or transfer our common stock and convertible notes is restricted.

On February 8, 2000, the U.S. Treasury Department issued proposed Treasury regulations to Section 883 of the Code relating to income derived by foreign corporations from the international operation of ships and aircraft which would apply to us. The proposed regulations provide, in general, that a corporation organized in a qualified foreign country and engaged in the international operation of ships or aircraft shall exclude qualified income from gross income for purposes of U.S. federal income taxation provided that the corporation can satisfy certain ownership requirements, including, among other things, that its stock is publicly traded. To be considered publicly traded, a corporation's shares must be "primarily and regularly traded on an established securities market". Under the proposed Section 883 regulations stock will be considered "primarily traded" on an established securities market if the number of shares that are traded during a taxable year on that market exceeds that number of shares traded during that year on any other established securities market. Stock will be considered "regularly traded" on an established securities market under the proposed Section 883 regulations if (i) stock representing 80% or more of the issuer's outstanding shares, by voting power and value, is listed on the market and is traded on the market, other than in de minimis quantities, on at least 60 days during the taxable year and (ii) the aggregate number of shares of the stock traded during the taxable year is at least 10% of the average number of shares of the stock outstanding during the year. Even if a company can satisfy the above tests it will not be considered publicly traded in any taxable year in which 50% or more of the value of the outstanding shares of the stock are owned actually or constructively at any time during the taxable year by persons who each own 5% or more of the value of the outstanding shares of stock. We believe that we currently qualify as a publicly traded corporation under the proposed regulations and substantially all of our income, with the exception of the U.S. source income from the transportation, hotel and tour business of Tours, would continue to be exempt from U.S. federal income taxes. However, because various members of the Arison family and certain trusts established for their benefit currently own approximately 47% of our common stock, there is the potential that another shareholder could acquire 5% or more of our common stock, which could jeopardize our qualification as a publicly traded corporation. If, in the future, we were to fail to qualify as a publicly traded corporation, we would be subject to U.S. federal income tax on our income associated with our cruise operations in the U.S. In such event, our net income and stock price would be negatively impacted.

As a precautionary matter, we amended our second amended and restated articles of incorporation to ensure that we will continue to qualify as a publicly traded corporation under the proposed regulations. This amendment provides that no one person or group of related persons, other than certain members of the Arison family and certain trusts established for their benefit, may own or be deemed to own by virtue of the attribution provisions of the Code more than 4.9% of our common stock, whether measured by vote, value or number of shares. Any shares of our common stock acquired in violation of this provision will be transferred to a trust and, at the direction of our board of directors, sold to a person whose shareholding does not violate that provision. No profit for the purported transferee may be realized from any such sale. In addition, under specified circumstances, the trust may transfer the common stock at a loss to the purported transferee. Because certain of our notes are convertible into common stock, the transfer of these notes are subject to similar restrictions. These transfer restrictions may also have the effect of delaying or preventing a change in our control or other transactions in which the shareholders might receive a premium for their shares of our common stock over the then prevailing market price or which the shareholders might believe to be otherwise in their best interest.

(3)A group of principal shareholders effectively controls us and has the power to cause or prevent a change of control.

A group of shareholders, comprising certain members of the Arison family, including Micky Arison, our chairman and chief executive officer, and trusts established for their benefit, beneficially own a total of approximately 47% of our outstanding common stock. As a result, this group of shareholders has the power to substantially influence the election of directors and our affairs and policies, without the consent of our other shareholders. In addition, this group has the power to prevent or cause a change in control.

(4)We are not a U.S. corporation, and our shareholders may be subject to the uncertainties of a foreign legal system in protecting their interests.

Our corporate affairs are governed by our second amended and restated articles of incorporation and by-laws and by the corporate laws of the Republic of Panama. Thus, our public shareholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. or other jurisdiction.

(5)The holders of our common stock may experience dilution in the value of their equity interest as a result of the issuance and sale of additional shares of our common stock.

A substantial amount of shares of our common stock were issued by us in private transactions not involving a public offering and are therefore treated as "restricted securities" for purposes of Rule 144 under the Securities Act or are held by our affiliates and, therefore, treated as "restricted securities" or "control securities". Some of the members of the Arison family and related entities beneficially own approximately 47% of our outstanding common stock. No predictions can be made as to the effect, if any, that the issuance and availability for future market sales of our common stock will have on the market price of our common stock prevailing from time to time. Sales of substantial amounts of our common stock (including shares issued upon the exercise of stock options), or the perception that such sales could occur, could materially impair our future ability to raise capital through an offering of equity securities.

Special Note Regarding Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "assume," "believe," "expect," "forecast," "future," "intend," and words and terms of similar substance in connection with any discussion of future operating or financial performance. These forward-looking statements, including those which may impact the forecasting of our net revenue yields, booking levels, pricing, occupancy or business prospects, involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following:

- general economic and business conditions which may impact levels of disposable income of consumers and the net revenue yields for our cruise products;
- consumer demand for cruises and other vacation options;
- other vacation industry competition;
- effects on consumer demand of armed conflicts, political instability, terrorism, the availability of air service and adverse media publicity;
- increases in cruise industry and vacation industry capacity;
- continued availability of attractive port destinations;
- changes in tax laws and regulations;
- changes in financial and equity markets;
- our ability to implement our brand strategy;
- our ability to implement our shipbuilding program and to continue to expand our business outside the North American market;
- our ability to attract and retain shipboard crew;
- changes in foreign currency rates, security expenses, food, fuel, insurance and commodity prices and interest rates;
- delivery of new ships on schedule and at the contracted prices;
- weather patterns or natural disasters;
- unscheduled ship repairs and drydocking;
- incidents involving cruise ships;
- impact of pending or threatened litigation;
- ability to successfully implement cost improvement plans;
- continuing financial viability of our travel agent distribution system; and
- changes in laws and regulations applicable to us.

We caution the reader that these risks may not be exhaustive. We operate in a continually changing business environment, and new risks emerge from time to time. We cannot predict such risks nor can we assess the impact, if any, of such risks on our business or the extent to which any risk, or combination of risks may cause actual results to differ from those projected in any forward-looking statement. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

C. Cruise Segment

The multiple-night cruise industry is a small part of the overall global vacation market. We estimate that the global cruise industry carried approximately ten million passengers in 2001. The principal cruise sectors in the world, categorized by source of passengers, are North America, Europe, Asia/Pacific and South America. We source our passengers principally from North America, the largest cruise sector in the world and, to a lesser extent, from Europe. A small percentage of our passengers are sourced from South America and Asia/Pacific. See Note 12, "Segment

Information," to our Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K for additional information regarding our U.S. and foreign assets and revenues.

North American Cruise Industry

The passenger cruise industry as it exists today began in approximately 1970. Over time, the industry has evolved from a trans-ocean carrier service into a competitive vacation alternative to land-based resorts and hotels and sightseeing destinations. According to Cruise Lines International Association ("CLIA"), a leading industry trade group, in 1970 approximately 500,000 North American sourced passengers took cruises of two consecutive nights or more. CLIA estimates that this number reached approximately seven million passengers in 2001, an average compound annual growth rate of 8.9% since 1970. These strong growth rates were driven by new demand, as approximately 40% of North American sourced passengers in 2001 were new cruisers. Also, according to CLIA, by the end of 2001, the number of ships in North American service totaled 146 with an aggregate passenger capacity of approximately 176,000.

CLIA projections indicate that by the end of 2002, 2003, 2004 and 2005, North America will be served by 153, 166, 173 and 175 ships, respectively, having an aggregate passenger capacity of approximately 196,000, 224,000, 240,000 and 244,000, respectively. CLIA's estimates of new ship introductions are based on scheduled ship deliveries and could change. The lead-time for design, construction and delivery of a typical large cruise ship is approximately two to three years. Additionally, CLIA's estimates of capacity do not include assumptions related to unannounced ship withdrawals due to factors such as age or changes in itineraries and, accordingly, could indicate a higher percentage growth in capacity than will actually occur. Nonetheless, we believe net capacity serving North American sourced cruise passengers will increase over the next several years.

CLIA's estimate of North American sourced cruise passengers, which is only preliminary for 2001, and North American passenger capacity is as follows:

CALENDAR YEAR	NORTH AMERICAN CRUISE PASSENGERS(1)	NORTH AMERICAN PASSENGER CAPACITY(2)
2001	6,954,000	176,000
2000	6,883,000	166,000
1999	5,890,000	149,000
1998	5,432,000	138,000
1997	5,051,000	118,000

(1)Source: CLIA estimates based on passengers carried for at least two consecutive nights for the calendar year.
(2)Information presented is as of the end of the calendar year.

In spite of the cruise industry's growth since 1970, we believe cruises only represent approximately 2% of the relevant North American vacation market, defined as persons who travel for leisure purposes on trips of three nights or longer involving an overnight stay in a hotel. CLIA estimates that only 12% of the North American population has ever taken a cruise for at least two consecutive nights.

European Cruise Industry

Europe is one of the largest vacation markets, but the cruise industry in Europe is much smaller than the North American cruise industry. European sourced cruise passengers carried in 2001 are estimated to be approximately two million as compared to approximately seven million

passengers sourced from North America. From 1990 to 2001, the number of cruise passengers sourced from Europe has been growing faster than its North American counterpart and, based on our estimates, less than 1% of European travelers took a cruise in 2001. The compounded annual growth rate from 1996 to 2000 by major European cruise sector countries was 16% in the United Kingdom ("U.K."), 15% in France, 13% in Germany and 12% in Italy. The number of cruise ships being marketed to European customers has increased in 2001 compared to 2000 and, we believe that several additional new or existing ships will be introduced into Europe over the next several years.

In addition, we also believe that Europe represents a significant area for our growth because, among other things, the European cruise sector demographics appear favorable, Europe has a population larger than that of North America, there is a low level of customer penetration by the cruise industry, and European consumers tend to take longer vacations then their North American counterparts. The rate at which European and North American vacationers take a cruise has been growing at a compounded annual growth rate of 14% and 10%, respectively, from 1996 through 2000.

Passengers and Capacity

Our Cruise Operations had worldwide cruise passengers and passenger capacity as follows (1):

FISCAL YEAR	CRUISE PASSENGERS	PASSENGER CAPACITY
2001	3,385,000	58,346
2000	2,669,000	48,196
1999	2,366,000	43,810
1998	2,045,000	39,466
1997	1,945,000	31,078

(1) Information presented is as of the end of our fiscal year for passenger capacity. Costa's passengers and capacity are included in 2001, but not included in prior years. In December 2001, Carnival took delivery of the 2,124 passenger Carnival Pride, which increased our available passenger capacity to 60,466.

Our passenger capacity has grown from 31,078 at November 30, 1997 to 58,346 at November 30, 2001. During 1998, capacity increased 8,388 berths due to the delivery of Carnival's Elation and Paradise, the purchase of the Wind Surf, the acquisition of Cunard and the consolidation of Seabourn. In 1999 capacity increased by 4,344 berths, primarily due to the delivery of the Carnival Triumph and Holland America's Volendam. During 2000 capacity increased by 4,386 berths, primarily due to the delivery of the Carnival Victory and Holland America's Zaandam and Amsterdam, partially offset by the 1,214 berth decrease due to the sale of Holland America's Nieuw Amsterdam. During 2001 capacity increased by 10,150 berths, primarily due to the acquisition and consolidation of Costa's 9,200 berths and the delivery of the Carnival Spirit, partially offset by the removal from service of the 946 berth Costa Riviera and the 232 berth decrease due to the sale of the Seabourn Goddess I and II.

Cruise Ships and Itineraries

Carnival's 16 ships operate in the contemporary sector and are primarily marketed to the North American vacation market. All of the Carnival ships were designed by and built for Carnival, including three that are among the world's largest, the Carnival Victory, the Carnival Triumph and the Carnival Destiny. In addition, Carnival introduced the first two of its new "Spirit" class ships, the Carnival Spirit and Carnival Pride, which have 80% outside cabins, with 80% of those outside cabins

having balconies. Thirteen of the Carnival ships operate to destinations in the Bahamas or the Caribbean during all or a portion of the year and two Carnival ships call on ports on the Mexican Riviera year round. Carnival ships also offer cruises to Alaska, Canada, New England, the Hawaiian Islands and the Panama Canal.

Through our wholly-owned subsidiary, HAL Antillen, N.V. ("HAL"), we operate ten ships in the premium sector, which are primarily marketed to the North American vacation market under the Holland America brand. HAL also operates four sailing ships in a niche of the luxury cruise sector under the Windstar brand.

The Holland America ships offer premium cruises of various lengths to destinations in Alaska, the Caribbean, Panama Canal, Europe, the Bahamas, the Hawaiian Islands, South America and other worldwide locations. Cruise lengths vary from seven to 99 days, with a large proportion of cruises being seven or ten days. Periodically, the Holland America ships make longer cruises or operate on special itineraries in order to increase travel opportunities for its customers and diversify its cruise offerings. For example, in 2001, Holland America offered a 99-day world cruise. The majority of the Holland America ships operate to destinations in the Bahamas and the Caribbean during fall to spring and in Alaska and Europe during spring to fall. In order to offer a unique destination and, to compete more effectively while operating in the Bahamas and the Caribbean, Holland America includes in certain of its Bahamas and Caribbean itineraries, a private island destination known as Half Moon Cay. Half Moon Cay is a 2,400-acre island owned by Holland America. Facilities were constructed on the island on 45 acres along a crescent-shaped white sand beach. The remainder of the island remains undeveloped. The facilities on Half Moon Cay include bars, shops, restrooms, a post office, a chapel and an ice cream shop, as well as a food pavilion with open-air dining shelters.

Windstar currently markets cruises to destinations in the Caribbean, Europe, Central America and Tahiti and offers a casual, yet luxurious, cruise experience on board its modern sail ships. The Windstar ships are primarily marketed to the North American vacation market.

Passengers can enjoy multi-ethnic, multi-cultural and multi-lingual ambiance on board any of the eight Costa ships, all of which operate in Europe during the spring to fall. During the fall to spring, Costa repositions a few of its ships to operate in the Caribbean and South America. The Costa ships serve the contemporary sector and are primarily marketed to the European vacation market. Costa is the number one cruise line in Europe, principally serving customers in Italy, France, Germany and Spain, based on passengers carried and capacity of its ships. The Costa ships call on 94 European ports with 32 different itineraries and to various other ports in the Caribbean and South America. Costa is also expanding its presence in Germany by launching a new cruise product aimed exclusively at the German vacation market, with European and Caribbean sailings aboard the 760 berth Costa Marina, beginning in the Spring of 2002. Finally, Costa and Attica Enterprises have signed a letter of intent to create two joint ventures. Costa Attica Cruises is expected to be 75% owned by Costa and would start operating one of Costa's ships on cruises from Greek ports commencing in March 2003 and Costa Superfast is expected to be owned 25% by Costa and would start operating two of Attica's high quality ferries in the Western Mediterranean commencing in March 2003. No assurances can be given when or if either of these joint ventures will become operational.

Under the Cunard brand, we operate two ships in the premium/luxury sector, which are primarily marketed to the U.K., North American, German and Australian vacation markets. Cunard's flagship, the Queen Elizabeth 2, offers the only regularly scheduled transatlantic crossings between New York and Southampton, England. In addition, Cunard will reposition the

Caronia to service the growing U.K. market, with round-trip cruises from Southhampton commencing in May 2002. Both of Cunard's ships offer cruises to other worldwide destinations, with many of the cruises ranging between six and 18 days. The Cunard ships also offer extended cruises, such as the QE2's world cruise.

The three Seabourn ships (the "Yachts of Seabourn") offer an intense focus on personalized service and quality cuisine aboard its intimately sized all suite ships. The Yachts of Seabourn serve the luxury sector and are primarily marketed to the North American vacation market. These ships concentrate their operations in Europe, Asia and the Americas with cruises in the seven to 14 day range.

Summary information of our current ship offerings for fiscal 2002 is as follows:

SHIP	REGISTRY	CALENDAR YEAR BUILT	PASSENGER CAPACITY	APPROXIMATE GROSS REGISTERED TONS
Carnival:				
Carnival Pride (a)	Panama	2001	2,124	88,500
Carnival Spirit	Panama	2001	2,124	88,500
Carnival Victory	Panama	2000	2,758	102,000
Carnival Triumph	Bahamas	1999	2,758	102,000
Paradise	Panama	1998	2,052	70,000
Elation	Panama	1998	2,052	70,000
Carnival Destiny	Bahamas	1996	2,642	101,000
Inspiration	Bahamas	1996	2,052	70,000
Imagination	Bahamas	1995	2,052	70,000
Fascination	Bahamas	1994	2,052	70,000
Sensation	Bahamas	1993	2,052	70,000
Ecstasy	Panama	1991	2,052	70,000
Fantasy	Panama	1990	2,056	70,000
Celebration	Panama	1987	1,486	47,000
Jubilee	Bahamas	1986	1,486	47,000
Holiday	Bahamas	1985	1,452	46,000
Total Carnival			33,250	
Holland America(b):				
Zaandam	Netherlands	2000	1,440	63,000
Amsterdam	Netherlands	2000	1,380	62,000
Volendam	Netherlands	1999	1,440	63,000
Rotterdam	Netherlands	1997	1,316	62,000
Veendam	Bahamas	1996	1,266	55,000
Ryndam	Netherlands	1994	1,266	55,000
Maasdam	Netherlands	1993	1,266	55,000
Statendam	Netherlands	1993	1,266	55,000
Prinsendam (c)	Bahamas	1988	758	38,000
Noordam	Netherlands	1984	1,214	34,000
Total Holland America			12,612	
Costa:				
Costa Atlantica	Italy	2000	2,112	86,000
Costa Victoria	Italy	1996	1,928	76,000
Costa Romantica	Italy	1993	1,344	53,000
Costa Allegra	Italy	1992	806	30,000
Costa Classica	Italy	1991	1,302	53,000
Costa Marina	Italy	1990	762	25,500
Costa Europa (d)	Netherlands	1986	1,494	54,000
Costa Tropicale	Italy	1982	1,022	37,000
Total Costa			10,770	

SHIP	REGISTRY	CALENDAR YEAR BUILT	PASSENGER CAPACITY	APPROXIMATE GROSS REGISTERED TONS
Cunard:				
Caronia	England	1973	668	24,500
QE2	England	1969	1,790	70,000
Total Cunard			2,458	
Seabourn:				
Seabourn Legend	Bahamas	1992	208	10,000
Seabourn Spirit	Bahamas	1989	208	10,000
Seabourn Pride	Bahamas	1988	208	10,000
Total Seabourn			624	
Windstar Cruises:				
Wind Surf	Bahamas	1990	308	14,750
Wind Spirit	Bahamas	1988	148	5,700
Wind Song	Bahamas	1987	148	5,700
Wind Star	Bahamas	1986	148	5,700
Total Windstar			752	
Total Passenger Capacity			60,466	

(a)Carnival took delivery of the Carnival Pride in December 2001.
(b)In February 2002, Holland America took possession of the 1,214 passenger Patriot, formerly the Nieuw Amsterdam, pursuant to the bankruptcy proceedings surrounding the parent company of its former owner, who had purchased the Nieuw Amsterdam in fiscal 2000 from Holland America. We are currently evaluating the future plans for this ship.
(c)The Prinsendam, formerly the Seabourn Sun, will be transferred to Holland America in April 2002 and, after refurbishments, will commence sailing under the Holland America brand in June 2002.
(d)The Costa Europa, formerly Holland America's Westerdam, will be transferred to Costa in March 2002 and, after refurbishments, will commence cruising under the Costa brand in April 2002.

Cruise Ship Construction

We have signed agreements with three shipyards providing for the construction of 14 new cruise ships. In addition, we have entered into one shipbuilding option. See Note 7, "Commitments," to our Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K.

Cruise Pricing

Each of our cruise brands publishes brochures with prices for the upcoming seasons. Brochure prices vary by cruise line, by category of cabin, by ship, by season and by itinerary. Brochure prices are regularly discounted through our early booking discount programs and other promotions. The cruise ticket price includes accommodations, meals and most onboard entertainment, such as the use of, or admission to, a wide variety of activities and facilities, including a fully equipped casino, nightclubs, theatrical shows, movies, parties, a disco, a health club and swimming pools, on each ship.

Onboard and Other Revenues

We derive revenues from other onboard activities and services including casino gaming, bar sales, gift shop sales, entertainment arcades,

shore excursions, art auctions, photo sales, spa services, bingo games and lottery tickets, video diaries, snorkel equipment rentals, internet and telephone usage, and promotional advertising by merchants located in our ports of call.

The casinos, which contain slot machines and gaming tables including blackjack, and in most cases craps, roulette and stud poker, are generally open only when our ships are at sea in international waters. We also earn revenue from the sale of alcoholic and other beverages. Onboard activities are either performed directly by us or by independent concessionaires, from which we collect a percentage of their revenues.

We receive additional revenues from the sale to our passengers of shore excursions at each ship's ports of call. The excursions include, among other things, bus and taxi sightseeing and adventure outings, local boat and beach parties and nightclub and casino visits. For the Carnival, Costa, Windstar, Cunard and Yachts of Seabourn ships, the shore excursions are primarily operated by independent tour operators. For the Holland America ships and other of our brands operating to destinations in Alaska, shore excursions are operated by Tours and independent parties.

Also, when a passenger elects to purchase air transportation from us, both our cruise revenues and operating expenses generally increase by approximately the same amount.

In conjunction with cruise vacations on our ships, all of our cruise brands sell pre- and post-cruise land packages. Carnival land packages generally include one, two or three-night vacations at nearby attractions, such as Universal Studios and Walt Disney World in Orlando, Florida, Busch Gardens in Tampa, Florida, or in proximity to other vacation destinations in Central and South Florida, Galveston, Texas, New Orleans, Louisiana, Los Angeles, California and San Juan, Puerto Rico. Holland America land packages outside of Alaska generally include one, two or three-night vacations, including stays in unique European port cities or near attractions in Central and South Florida. Costa's land packages generally include one or two-night vacations in well-known European cities or at vacation destinations in Central or South Florida. Cunard, Seabourn and Windstar packages include numerous luxury and/or exotic pre- and post-cruise land programs, such as world class golf programs and London and Paris luxury holidays.

In conjunction with our Alaskan cruise vacations on our Holland America, Carnival and the Yachts of Seabourn ships, we sell pre- and post-cruise land packages which are more fully described in Part I, Item 1. Business, D. Tour Segment.

Passengers and Occupancy

The aggregate number of passengers carried and occupancy percentage for our ships is as follows (1):

	YEARS ENDED NOVEMBER 30,		
	2001	2000	1999
Passengers carried	3,385,000	2,669,000	2,366,000
Occupancy percentage (2)	104.7%	105.4%	104.3%

(1)Costa is included in 2001 but not in 2000 and 1999.
(2)In accordance with cruise industry practice, occupancy percentage is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

The actual occupancy percentage for all cruises on our ships, excluding Costa in 2000, during each quarter of fiscal 2000 and 2001 was as follows:

QUARTERS ENDED	OCCUPANCY PERCENTAGE
February 29, 2000	103.4
May 31, 2000	102.3
August 31, 2000	112.4
November 30, 2000	103.4
February 28, 2001	105.2
May 31, 2001	102.5
August 31, 2001	113.0
November 30, 2001	97.9 (a)

(a)Our 2001 occupancy decreased compared to the fourth quarter of 2000 due primarily to the impact of the events of September 11 and their aftermath. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 13 to this Annual Report on Form 10-K.

Sales and Marketing

Our cruise vacations appeal to a broad range of customers, who are of all ages and interests, and who generate high-levels of repeat business for our different brands. Our target market in North America, comprised of households with an income of $40,000 or more and headed by a person who is at least 25 years old, includes approximately 145 million people. Industry studies show that approximately half of these people have expressed an interest in taking a cruise as a vacation alternative.

In addition, cruising has traditionally appealed to the middle and older segments of the population. These are the fastest growing segments of the population and are forecast to expand over the next 10 years, which we expect will provide a major source of new business for us. Furthermore, cruising is attracting interest from younger people. Approximately 28% of the cruise passengers sourced from North America between 1996 and 2000 were in the 25-39 age bracket.

Finally, cruising has very high satisfaction ratings, which generate strong levels of repeat business. In North America, industry studies indicate that cruise passengers experience a high level of satisfaction from their cruises, with 90% of cruisers finding it to be as good or better than other vacations; 65% of cruisers over the period 1996 to 2000 rated a cruise as "good value for the money" compared with other vacation alternatives; and half of the people that have taken a cruise have expressed that it is probable or definite that they would take another cruise within the next five years.

We believe that both our ability to attract land-based vacationers and our customers satisfaction levels are enhanced by the levels of choice and innovative new facilities onboard our cruise ships, such as balconies, multiple and 24-hour restaurants offering flexible dining, and amenities such as modern gymnasiums and health spas, internet cafes, theaters, discos and wedding chapels. Cruise ships are now floating resorts and our brands are positioned to appeal to each of the three major sectors of the cruise industry- contemporary, premium and luxury. Each of our brands offers a particular style of cruise vacationing: the excitement and variety of a Carnival "Fun Shipr," the five-star sophistication of Holland America, the classic British tradition of Cunard, indulgent intimacy and luxury onboard the Yachts of Seabourn, the casual elegance of Windstar and the Italian charm of Costa - individual brands with individual styles.

The contemporary sector is typically served by cruises that are seven days or less, are priced at per diems of $200 or less and feature a casual ambiance. The contemporary sector is targeted to the mass-market and is usually served by large ships, which offer excellent service at an affordable price, with a wide range of amenities. Passengers on contemporary cruises span all age groups, including families with children to senior citizens. The average contemporary passenger age tends to be younger than the average passenger age in the premium and luxury sectors. We believe that the success and growth of the Carnival brand is attributable in large part to our early recognition of these sectors of the cruise industry and our efforts to specifically reach and promote the expansion of the contemporary sector. The Costa brand is our primary vehicle for expansion into the European contemporary sector.

The premium sector is served typically by cruises that are seven to 14 days or longer, at per diems of $250 or higher and appeal principally to more affluent customers. The premium sector is usually served by smaller ships than the contemporary sector. Premium ships typically offer larger cabins and a higher level of individual service. We believe the success and growth of the Holland America brand is attributable to our efforts to promote the expansion of the premium sector.

The luxury sector, which is not as large as the other sectors, is typically served by cruises with per diems of $300 or higher. The luxury sector refers to the highest priced brands that enjoy a prestigious reputation, which may be attributable to the history and image of a particular ship, such as Cunard's QE2, or because the ships are smaller, more intimate, more aesthetically appealing and offering award-winning service, such as the Windstar ships or the Yachts of Seabourn.

During 1998, we created a marketing association called the "World's Leading Cruise LinesSM" for our family of six cruise brands in order to both educate the consumer about the overall breadth of our cruise brands, as well as to increase the effectiveness and efficiency of marketing our brands. During 2000, we launched "VIP", or Vacation Interchange Privileges, a loyalty program that provides special considerations to repeat guests aboard any of our six brands. In addition, we entered into a marketing alliance with Starwood Preferred guests, the world's leading hotel loyalty program, adding cruising from any of our six brands to the list of award options available to their customers.

Our various cruise lines employ over 600 personnel, excluding reservation agents, in the sales and sales support area who, among other things, focus on motivating, training and supporting the retail travel agent community which sells substantially all of our cruises. Travel agents generally receive a standard commission of 10% plus the potential of additional commissions based on sales volume. Commission rates on cruise vacations are usually higher than commission rates earned by travel agents on sales of airline tickets and hotel rooms. Moreover, since cruise vacations are substantially all-inclusive, sales of our cruise vacations generally yield higher commissions to travel agents than commissions earned on selling airline tickets and hotel rooms. During fiscal 2001, no controlled group of travel agencies accounted for more than 10% of our revenues.

A significant portion of our brands' cruises are generally booked from several months in advance of the sailing date for contemporary brands to up to a year in advance of sailing for our luxury brands. This lead-time allows us to adjust our prices, if necessary, in relation to demand for available cabins, as indicated by the level of advance bookings. Our fares, such as Carnival's Supersaver fares and Holland America's Early Savings and Alumni Savings fares, are designed to encourage potential passengers to book cruise reservations earlier, which helps to more effectively manage our overall net revenue yields. Our brands' payment

terms require that a passenger pay a deposit to confirm their reservation with the balance due well before the departure date. As a result of September 11 and its aftermath, our brands generally experienced a closer-to-sailing date booking pattern than was historically experienced. This change in pattern caused a reduction in the cash flows we received from bookings and, as would be expected, adversely affected our early booking programs.

Historically, our cruise brands have been marketed primarily in North America. We began to globalize our cruise business by expanding into Europe through the acquisition of a 50% interest in Costa in June 1997 and Cunard in May 1998. In September 2000, we positioned ourselves to better take advantage of this expanding market sector by acquiring the balance of Costa. This acquisition solidified our ownership of a cruise line that we believe is as recognizable in Southern Europe and South America as Carnival is in North America. We have leveraged Costa's European leadership position by increasing our new ship development commitment to the Costa brand, as well as by transferring Carnival's Tropicale in 2001 and Holland America's Westerdam in 2002 to the Costa fleet. As previously mentioned, we also are specifically tailoring the Costa Marina to German passengers, and will market her exclusively for German speaking customers. In this way we are expanding Europe's largest multiple-night cruise ship fleet, which should continue to position us to gain a greater foothold in the growing European cruise business. Additionally, Cunard will be playing a more significant role in our strategy to target the U.K. cruise sector. We will be repositioning the Caronia for round-trip cruises from Southampton as of May 2002, and have also committed to the construction of a new 1,968 passenger ship to serve the U.K. vacation market upon its expected delivery in January 2005.

Carnival

We believe that Carnival's success is due in large part to its unique brand positioning within the vacation industry. Carnival markets its cruises not only as alternatives to competitors' cruises, but as vacation alternatives to competitive land-based resorts and sightseeing destinations. Carnival seeks to attract passengers from the broad vacation market, including those who have never been on a cruise ship before and who might not otherwise consider a cruise as a vacation alternative. Carnival's strategy has been to emphasize the cruise experience itself rather than particular destinations, as well as the advantages of a prepaid, all-inclusive vacation package. Carnival regularly engages in comparative pricing advertisements in which it compares the cost of a cruise with land-based vacations. Carnival markets its cruises as the "Fun Shipsr" experience, which includes a wide variety of onboard activities and entertainment, such as full-scale casinos and nightclubs, an atmosphere of pampered service and high quality food.

Carnival uses, among others, the themes "Carnival's Got the Funr" and "The Most Popular Cruise Line in the World!r". Carnival advertises nationally directly to consumers primarily on network and cable television and through extensive print media. Carnival believes its advertising generates interest in cruise vacations generally and results in a higher degree of consumer awareness of the "Fun Shipsr" concept and the "Carnivalr" name in particular. During 2000, Carnival re-launched www.carnival.com, Carnival's consumer web site, which primarily serves as a marketing and research tool for its current and potential customers. During 2001, Carnival and Capital One launched an affordable cruise financing program bundled with a co-branded credit card featuring a comprehensive rewards program. The Fun Finance PlanSM enables cruise vacationers to pay for a Carnival cruise through fixed monthly credit card payments.

In addition, Carnival has expanded its ship embarkation locations in the U.S. and Canada over the past several years to help generate additional

drive-in business, which reduces the cost of a Carnival vacation compared to cruise or land-based alternatives that require air or other more expensive travel arrangements. Specifically, Carnival now has cruises originating from Charleston, Galveston, Honolulu, Mobile, New Orleans, New York, Norfolk, San Diego, Seward, Tampa and Vancouver, in addition to its traditional home ports of Miami, Los Angeles, Port Canaveral and San Juan.

Most of Carnival's cruise bookings are made through travel agents. In fiscal 2001, Carnival took reservations from about 27,000 of approximately 49,000 travel agency locations known to us in the U.S. and Canada. In addition, Carnival markets and sells its cruises to tour operators and through travel agents located in numerous other countries, including the U.K., Bermuda, the Bahamas, Argentina, Venezuela, Mexico and Italy.

Carnival engages in substantial promotional efforts designed to motivate and educate retail travel agents about its "Fun Shipsr" cruise vacations. Carnival employs approximately 130 business development managers and 50 in-house service representatives to motivate independent travel agents and to promote its cruises as an alternative to competitive land-based vacations or other cruise lines. Carnival believes it has one of the largest sales forces in the cruise industry.

To facilitate access and to simplify the reservation process, Carnival employs approximately 1,200 reservation agents primarily to take bookings from independent travel agents. Carnival's fully automated reservation system allows its reservation agents to respond quickly to book cabins on its ships. Additionally, through various third-party computer reservation systems or Carnival's internet booking engine, travel agents and consumers have the ability to make reservations directly into Carnival's computerized reservations system.

Holland America and Windstar

The Holland America and Windstar ships cater to the premium and luxury sectors, respectively. We believe that the hallmarks of the Holland America experience are beautiful ships and gracious, attentive service. Holland America communicates this difference as "A Tradition of Excellencer", a reference to its long-standing reputation for "world class" service and cruise itineraries. Holland America seeks to attract consumers who want an enhanced vacation in terms of service, smaller ships and a higher staff-to-guest ratio.

Substantially all of Holland America's bookings are made through travel agents. In fiscal 2001, Holland America took reservations from about 18,000 of approximately 49,000 travel agency locations known to us in the U.S. and Canada. In addition, Holland America and Windstar markets and sells its cruises to tour operators and through travel agents located in numerous other countries, including the U.K., Australia and the Netherlands.

Holland America has focused much of its sales efforts at creating an excellent relationship with the travel agency community. This is due principally to its marketing philosophy that travel agents have a large impact on the consumer vacation selection process and will recommend Holland America more often because of its excellent reputation for service to both its guests and their independent travel agents. Holland America solicits continuous feedback from customers and the independent travel agents making bookings with Holland America to ensure they are receiving excellent service. Holland America and Windstar believe that their web sites at www.hollandamerica.com and www.windstarcruises.com help to enrich the consumers web-based research experience.

Holland America's marketing communication strategy is primarily composed of newspaper and magazine advertising, large-scale brochure distribution, direct mail solicitations to past passengers and others and

network and cable television and radio spots. Holland America engages in substantial promotional efforts designed to motivate and educate retail travel agents about its products. Holland America employs approximately 50 field sales representatives, 30 inside sales representatives and 15 sales and service representatives to support the field sales force. To facilitate access and to simplify the reservation process, Holland America employs approximately 280 reservation agents primarily to take bookings from travel agents. Additionally, through various third-party computer reservation systems or Holland America's internet booking engine, travel agents and consumers have the ability to make reservations directly into Holland America's computerized reservations system.

Windstar has its own marketing and reservations staff. Field sales representatives for both Holland America and Carnival also act as field sales representatives for Windstar. Marketing efforts are devoted primarily to travel agent support and awareness, direct mail solicitation of past passengers and distribution of brochures. The marketing features the distinctive nature of the graceful, modern sail ships and the distinctive "casually elegant" experience on "intimate itineraries," apart from the normal cruise experience. Windstar's luxury cruise sector positioning is embodied in its marketing phrase "180 degrees from ordinaryr".

Costa

From June 1997 through September 28, 2000, we owned 50% of Costa. On September 29, 2000, we completed the acquisition of the remaining 50% interest in Costa. See Note 17, "Costa Acquisition," to our Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K.

Costa is headquartered in Genoa, Italy and is Europe's largest cruise line based on number of passengers carried and available capacity. Costa is targeted to the contemporary sector with most of its cruises sold to European passengers, primarily from Italy, France, Germany, Spain and Switzerland. Approximately 85% of Costa's revenues are generated by non-U.S. tour operators and travel agents. Costa has sales offices in Argentina, Brazil, England, France, Germany, Italy, Spain, Switzerland and the U.S., and employs over 300 personnel in the sales and sales support area, excluding reservation agents. Costa sales offices focus much of their effort at motivating and educating travel agents. These efforts include, among other things, newspaper, television, radio and magazine advertising, direct mail solicitation and brochure distribution. In addition, through the use of the internet, at web sites specifically designed for the country and guest that Costa is targeting, the consumers are educated about cruising and Costa (ie: www.costacruises.com and www.costa.it). To facilitate access and to simplify the reservation process, Costa employs approximately 110 reservation agents primarily to take bookings from travel agents. Additionally, through either Costa's internet booking engine and/or through third party computer reservation systems, Costa's European and South American travel agents generally have the ability to make reservations directly into Costa's reservations system.

We believe that one of the principal ways that Costa distinguishes itself from other brands is by immersing its guests in the Italian ambiance on its ships. The moment a guest boards a ship, they are greeted to Italian decor and art; the decks and restaurants are sometimes named after well-known Italian places, the cuisine is all prepared with an Italian flair and the officers and key personnel are all Italian. A voyage on board Costa is meant to capture the charm and flavor of a visit to Italy, except for the ship dedicated to the German market. Costa believes its advertising generates interest in cruise vacations generally and results in a higher degree of awareness to "Cruising Italian StyleSM". In addition, Costa is very experienced at providing cruises to guests with different nationalities and languages besides Italian, thereby enabling it to effectively market and sell its cruises throughout Europe and South and

North America.

Cunard and Seabourn

We own 100% of Cunard Line Limited, which owns Cunard and Seabourn. Currently five ships are being offered under these two brands, which are marketed separately.

The Cunard brand operates two ships in the premium/luxury cruise sector. Cunard's most visible ship is the QE2. The QE2 is the only active passenger ship of its size built specifically for navigating ocean waters and offering regularly scheduled transatlantic cruises, and thus enjoys a unique standing among modern passenger ships. Over the past year, Cunard has repositioned itself as the brand with the most famous ocean liners in the world. The fame of the QE2, as well as the worldwide anticipation of the arrival of the Queen Mary 2, which is expected in December 2003, reinforces this brand identity. The line's cruise ship, Caronia, will be based in Southhampton and dedicated to the U.K. market beginning May 2002.

The Seabourn brand currently operates three ships, offering ultra-luxury cruising with an intense focus on service and cuisine. It is the exceptionally high level of service which we believe enables the Yachts of Seabourn to be one of the most celebrated cruise lines in the world.

Cunard and Seabourn currently market and sell their products through their sales offices in Miami, Florida, the U.K., Germany and Australia. Approximately 60% and 31% of Cunard and Seabourn's revenues, respectively, are generated by non-U.S. tour operators and travel agents. Marketing efforts are devoted primarily to travel agent support and awareness, direct mail solicitation, loyalty marketing to past passengers, targeted print media campaigns and brochure distribution and the education of consumers at the Cunard and Seabourn web sites located at www.cunard.com and www.seabourn.com, respectively.

Substantially all of Seabourn's and Cunard's bookings are made through travel agents. In fiscal 2001, Seabourn and Cunard took reservations from about 10,200 of approximately 49,000 travel agency locations known to us in the U.S. and Canada. Cunard and Seabourn employ approximately 21 field sales representatives, 13 inside sales representatives and 20 sales and service representatives to support its field sales force. They also employ approximately 48 reservation agents primarily to take bookings, substantially all of which come from travel agents.

Seasonality

Our revenue from the sale of passenger tickets is moderately seasonal. Historically, demand for cruises has been greatest during the summer months. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - General," in Exhibit 13 to this Annual Report on Form 10-K.

Competition

We compete both with a wide array of other land-based vacation alternatives and with other cruise lines for the consumers' disposable leisure time dollars. Our cruise lines also compete, in some cases, against each other.

We compete with land-based vacation alternatives throughout the world, including, among others, resorts and hotels located in Las Vegas, Nevada, Orlando, Florida, various Caribbean, Bahamian and Hawaiian Island destination resorts and numerous vacation destinations throughout Europe and the rest of the world. Land-based competition in Las Vegas and Orlando together attract annually almost ten times the number of vacationers than the North America cruise industry. Specifically, our land-based

competitors, include, among others, Airtours, Club Mediterranee, Disney theme parks, GoGo Tours, Fairfield Communities Vacation Ownership Club, First Choice, Harrah's Entertainment, Hilton Hotels, Kuoni Travel, Mandalay Resort Group, Marriott International Resorts and the Marriott Vacation Ownership Club, MGM Grand, Nouvelle Frontieres, Perillo Tours, Preussag, Ritz-Carlton Hotels, Saga Tours, Six Flags, Starwood Hotels and Resorts, Sandals Resorts, SeaWorld theme parks, Sun City Resorts, Thomson Travel Group, Trafalgar and Universal theme parks.

Our primary cruise competitors in the contemporary and/or premium cruise sectors for North American sourced passengers are RCL, which owns Royal Caribbean International and Celebrity Cruises, Princess Cruises, owned by P&O, Norwegian Cruise Line ("NCL") and Orient Lines, both owned by Star Cruises plc, and Disney Cruise Line.

Our primary cruise competitors for European sourced passengers are Airtours' Sun Cruises, Fred Olsen, P&O Cruises, owned by P&O, Star Cruises and Thomson in the U.K.; Aida Cruises, A'Rosa and Seetours, all three owned by P&O, Hapag-Lloyd, Peter Deilmann and Phoenix in Germany and Mediterranean Shipping Cruises and Royal Olympic Cruise Line and its parent, Louis Cruise Line and Festival Cruises in Southern Europe. We also compete for passengers with NCL, Princess Cruises and RCL throughout Europe.

The Cunard, Seabourn and Windstar ships' compete for passengers sourced primarily from North America and/or Europe and the primary unaffiliated competitors within the luxury cruise sector include Crystal Cruises, Radisson Seven Seas Cruise Line, and Silversea Cruises, as well as the higher priced cabins on certain of the cruise lines which serve the premium sector.

On November 20, 2001, RCL and P&O announced their intention to combine their businesses, subject to shareholder approvals and regulatory clearances. We also have made an offer to acquire P&O (see Part I, Item 1. Business, A. General - Recent Development).

See Part I, Item 1. Business, B. Risk Factors for additional information regarding our competition.

Governmental Regulation

Our ships are registered in the Bahamas, England, Italy, the Netherlands and Panama, as more fully described under Part I, Item 1. Business, C. Cruise Segment - Cruise Ships and Itineraries and, accordingly, are regulated by these jurisdictions and by the international conventions governing the safety of our ships and guests that these jurisdictions have ratified or adhere to. Each country of registry conducts periodic inspections to verify compliance with these regulations as discussed more fully below. In addition, the directives and regulations of the European Union are applicable to some aspects of our ship operations.

Furthermore, the International Maritime Organization (the "IMO"), which operates under the United Nations, has adopted safety standards as part of the Safety of Life at Sea ("SOLAS") Convention, which is applicable to all of our ships. Generally, SOLAS establishes vessel design, structural features, materials, construction and life saving equipment requirements to improve passenger safety and security. The SOLAS requirements are revised from time to time, with the most recent modifications being phased in through 2010.

In 1993, SOLAS was amended to adopt the International Safety Management Code (the "ISM Code"). The ISM Code provides an international standard for the safe management and operation of ships and for pollution

prevention. The ISM Code became mandatory for passenger vessel operators, such as ourselves, on July 1, 1998. All of our operations and ships have obtained the required certificates demonstrating compliance with the ISM Code and are regularly inspected and controlled by the national authorities, as well as the international authorities acting under the provisions of the international agreements related to Port State Control (i.e. the process by which a nation exercises authority over foreign ships when the ships are in the waters subject to its jurisdiction).

Our ships are subject to a program of periodic inspection by ship classification societies who conduct annual, intermediate, drydocking and class renewal surveys. Classification societies conduct these surveys not only to ensure that our ships are in compliance with international conventions adopted by the flag state and domestic rules and regulations, but also to verify that our ships have been maintained in accordance with the rules of the society and recommended repairs have been satisfactorily completed.

We are subject to various international, national, state and local environmental protection and health and safety laws, regulations and treaties that govern, among other things, air emissions, employee health and safety, waste discharge, water management and disposal and storage, handling, use and disposal of hazardous substances, such as chemicals, solvents, paints and asbestos.

In particular, in the U.S., the Oil Pollution Act of 1990 ("OPA") provides for strict liability for water pollution, such as oil pollution or threatened oil pollution incidents in the 200-mile exclusive economic zone of the U.S., subject to monetary limits. These monetary limits do not apply, however, where the discharge is caused by gross negligence or willful misconduct of, or the violation of, an applicable regulation by a responsible party. Pursuant to the OPA, in order for us to operate in U.S. waters, we are also required to obtain Certificates of Financial Responsibility from the U.S. Coast Guard for each of our ships. These certificates demonstrate our ability to meet removal costs and damages related to water pollution, such as for an oil spill or a release of a hazardous substance up to our ship's statutory liability limit.

In addition, most U.S. states that border a navigable waterway or seacoast have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.

Furthermore, many countries have ratified and adopted IMO Conventions which, among other things, impose liability for pollution damage subject to defenses and to monetary limits, which monetary limits do not apply where the spill is caused by the owner's actual fault or by the owner's intentional or reckless conduct. In jurisdictions that have not adopted the IMO Conventions, various national, regional or local laws and regulations have been established to address oil pollution.

If we violate or fail to comply with environmental laws, regulations or treaties, we could be fined or otherwise sanctioned by regulators. Although we have made, and will continue to make, capital and other expenditures to comply with environmental laws and regulations, we do not expect these expenditures to have a material impact on our financial statements in 2002. See Note 8, "Contingencies," to our Consolidated Financial Statement in Exhibit 13 to this Annual Report in Form 10-K for additional discussion of ongoing governmental investigations into certain of our environmental compliance matters.

From time to time, environmental regulators consider more stringent regulations which may affect our operations and increase our compliance costs. As evidenced from the preceding paragraphs, the cruise industry is

affected by a substantial amount of environmental rules and regulations. We believe that the impact of cruise ships on the global environment will continue to be an area of focus by the relevant authorities and, accordingly, this will subject us to increasing compliance costs in the future.

Our ships that call on U.S. ports are subject to inspection by the United States Coast Guard for compliance with the SOLAS Convention and by the United States Public Health Service for sanitary standards. Our ships are also subject to similar inspections pursuant to the laws and regulations of various other countries our ships call on.

In addition, our ships that call on U.S. ports are regulated by the Federal Maritime Commission ("FMC"). Public Law 89-777 which is administered by the FMC requires most cruise line operators to establish financial responsibility for nonperformance of transportation. The FMC's regulations require that a cruise line demonstrate its financial responsibility through a guarantee, escrow arrangement, surety bond, insurance or self-insurance. Currently, the amount required must equal 110% of the cruise line's highest amount of customer deposits over a two-year period up to a maximum coverage level of $15 million. The FMC has recently decided to consider various changes to the financial responsibility regulations which could increase our compliance costs. In addition, other jurisdictions, including Argentina, Brazil, the U.K. and Germany require the establishment of financial responsibility for passengers from their jurisdictions.

In connection with a significant portion of our Alaska cruise operations, Holland America and Carnival rely on concession permits from the U.S. National Park Service, which are periodically renewed, to operate their cruise ships in Glacier Bay National Park. There can be no assurance that these permits will continue to be renewed or that regulations relating to the renewal of such permits, including preference or historical rights, will remain unchanged in the future.

We believe we have all the necessary licenses to conduct our business. From time to time, various other regulatory and legislative changes have been or may be proposed that could have an affect on the cruise industry in general. See "Risk Factors" for a discussion of other regulations which impact us.

Financial Information

For financial information about our cruise and affiliated operations segment with respect to each of the three years in the period ended November 30, 2001, see Note 10, "Segment Information," to our Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K.

D. Tour Segment

In addition to our cruise business we operate Tours, which is a leading cruise/tour operator in the state of Alaska and the Canadian Yukon. Tours also markets sightseeing packages both separately and as part of our cruise/tour packages. Since a substantial portion of Tours' business is derived from the sale of tour packages in Alaska during the summer season, Tour' operations are highly seasonal.

Holland America Tours

Tours is comprised of a group of companies which together comprise the tour operations and perform three independent yet interrelated functions. During 2001, as part of an integrated travel program to destinations in Alaska, the Canadian Yukon and Washington, the tour service group offered 32 different tour programs varying in length from 8 to 18 days. The

transportation group and hotel group supports the tour service group by supplying facilities needed to conduct tours. Facilities include dayboats, motor coaches, rail cars and hotels.

Two luxury dayboats perform an important role in the integrated travel program offering tours to the glaciers of Alaska and the Yukon River. The Yukon Queen II cruises the Yukon River between Dawson City, Yukon Territory and Eagle, Alaska and the Ptarmigan operates on Portage Lake in Alaska. The two dayboats have a combined capacity of 360 passengers.

A fleet of over 300 motor coaches operate in Alaska, Washington, British Columbia, Canada and the Canadian Yukon. These motor coaches are used for extended trips, city sightseeing tours and charter hire. Additionally, Tours operates express motor coach service between downtown Seattle, Washington and the Seattle-Tacoma International Airport and also provides transit service for some of our cruise passengers between Seattle and Vancouver.

Thirteen private, domed rail cars, which are called "McKinley Explorers", run on the Alaska Railroad between Anchorage and Fairbanks, stopping at Denali National Park.

In connection with its tour operations, Tours owns or leases motor coach maintenance shops in Seattle, Washington, and in Juneau, Fairbanks, Anchorage, Skagway and Ketchikan, Alaska. Tours also owns or leases service offices at Anchorage, Denali Park, Fairbanks, Juneau, and Skagway in Alaska, at Whitehorse in the Yukon Territory, in Seattle, Washington and Vancouver and Victoria, British Columbia.

Westmark Hotels

Tours operates 12 hotels in Alaska and the Canadian Yukon under the name Westmark Hotels. Four of the hotels are located in Canada's Yukon Territory and offer a combined total of 585 rooms. The remaining eight hotels, located throughout Alaska, provide a total of 1,348 rooms, bringing the total number of hotel rooms to 1,933. Eleven of the hotels are wholly owned by Tours subsidiaries and Westmark operates one under a management agreement.

The hotels play an important role in Tours tour programs during the summer months when they provide accommodations to the tour passengers. The hotels located in the larger metropolitan areas remain open during the entire year, acting during the winter season as centers for local community activities while continuing to accommodate the traveling public. Most of the Westmark hotels include dining, lounge and conference or meeting room facilities. Certain hotels have gift shops and other tourist services on the premises.

For the seven hotels that operate year-round, the occupancy percentage for fiscal 2001 was 55.2%, and for the five hotels that operate only during the summer months, the occupancy percentage for fiscal 2001 was 65.5%.

Sales and Marketing

Tours has its own marketing staff devoted to travel agent support and awareness, direct mail solicitation of past customers, use of consumer magazine and newspaper advertising to develop prospects and enhance awareness and distribution of brochures. Additionally, television and radio spots are used to market its tour and cruise packages. The Tours marketing message leverages its 55 years of Alaska tourism leadership and its extensive array of hotel and transportation assets to create a brand preference for Tours. To the prospective vacationer Tours endeavors to convince them that "Holland America Tours is Alaska".

Holland America tours are marketed both separately and as part of

cruise/tour packages. Although most of Tours cruise/tours include a Holland America cruise as the cruise segment, other cruise lines also market Holland America tours as a part of their cruise/tour packages and sightseeing excursions. Holland America tours sold separately are marketed through independent travel agents and also directly by Tours, utilizing sales desks in major hotels. General marketing for the hotels is done through various media in Alaska, Canada and the contiguous U.S. Travel agents, particularly in Alaska, are solicited, and displays are used in airports in Seattle, Washington, Portland, Oregon and various Alaskan cities. Room rates at Westmark Hotels are on the upper end of the scale for hotels in Alaska and the Canadian Yukon.

Seasonality

Tours' tour revenues are highly seasonal with a large majority generated during the late spring and summer months in connection with the Alaska cruise season. Tours' tours are conducted in Alaska, the Canadian Yukon and Washington. The Alaska and Canadian Yukon tours coincide to a great extent with the Alaska cruise season, May through September. Washington tours are conducted year-round although demand is greatest during the summer months. During periods in which tour demand is low Tours seeks to maximize its motor coach charter activity, such as operating charter tours to ski resorts in Washington.

Competition

Tours competes with independent tour operators and motor coach charter operators in Alaska, British Columbia, the Canadian Yukon and Washington. The primary competitors in these areas are Princess Tours,with approximately 215 motor coaches and five hotels, Alaska Sightseeing/Trav-Alaska, with approximately 12 motor coaches, and commencing in 2001, Royal Celebrity Tours, with approximately 20 motor coaches. The primary competitor in Washington is Hesselgrave International, with approximately 35 motor coaches.

Westmark Hotels compete with various hotels throughout Alaska, many of which charge prices below those charged by Westmark Hotels. Dining facilities in the hotels also compete with the many restaurants in the same geographic areas.

Government Regulations

Tours motor coach operations are subject to regulation both at the federal and state levels, including primarily the U.S. Department of Transportation, the Washington Utilities and Transportation Commission, the British Columbia Motor Carrier Commission, the Yukon Motor Transport Board and the Alaska Department of Transportation. Certain activities of Tours involve federal or state properties and may require concession permits and are subject to regulation by various federal or state agencies, such as the U.S. National Park Service, the U.S. Forest Service and the State of Alaska Department of Natural Resources.

In connection with the operation of its beverage facilities in the Westmark Hotels, Tours is required to comply with state, county and/or city ordinances regulating the sale and consumption of alcoholic beverages. Violations of these ordinances could result in fines, suspensions or revocation of licenses and preclude the sale of any alcoholic beverages by the hotel involved.

In the operation of its hotels, Tours is required to comply with applicable building and fire codes. Changes in these codes have in the past and may in the future require expenditures to ensure continuing compliance.

From time to time, various other regulatory and legislative changes

have been or may be proposed that could have an effect on the tour industry in general.

Financial Information

For financial information about our tour segment with respect to each of the three years in the period ended November 30, 2001, see Note 10, "Segment Information," to our Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K.

E. Employees

Our operations have approximately 5,200 full-time and 2,300 part-time/seasonal employees engaged in shoreside operations. We also employ approximately 1,700 officers and 24,000 crew and staff on our 43 ships. Due to the seasonality of its Alaska and Canadian operations, HAL and its subsidiaries increase their work force during the summer months, employing additional seasonal personnel which have been included above. We have entered into agreements with unions covering certain employees in our hotel, motor coach and ship operations. We consider our employee and union relations generally to be good.

F. Suppliers

Our largest purchases are for airfare, advertising, fuel, food and beverages and hotel and restaurant supplies and products and for the construction of our ships. Although we choose to use a limited number of suppliers for most of our food and beverages, and hotel and restaurant supplies and products, most of these purchases are available from numerous sources at competitive prices. The use of a limited number of suppliers enables us to, among other things, obtain volume discounts. We purchase fuel from a limited number of sources located at certain of our ports of call. See Part I, Item 1., Business, B. Risk Factors - for a discussion of the limited number of qualified shipyards available to build our new ships.

G. Insurance

We maintain insurance covering legal liabilities related to crew, passengers and other third parties on our ships in operation through The West of England Shipowners Mutual Insurance Association (Luxembourg) ("WOE"), Steamship Mutual Underwriting Association Ltd. (the "SMUAL") and the United Kingdom Mutual Steamship Assurance Association (Bermuda) Limited (the "UKMSAA"). The amount and terms of this insurance is governed by the rules of the foregoing protection and indemnity associations.

We maintain insurance on the hull and machinery of each ship in amounts equal to the approximate market value of each ship. We maintain war risk insurance on each ship which includes legal liability to crew and passengers, including terrorist risks for which coverage would be excluded under WOE, SMUAL and UKMSAA, subject to certain limitations. The coverage for hull and machinery and war risks is provided by international marine insurance carriers. We, as currently required by the FMC, maintain at all times four $15 million performance bonds for all of our ships which embark passengers in U.S. ports, to cover passenger ticket liabilities in the event of a canceled or interrupted cruise. We also maintain other performance bonds as required by various foreign authorities who regulate certain of our operations in their jurisdictions. As a result of the September 11, 2001 attacks, our war risk insurance premiums have increased, and we expect most of our other insurance premiums to increase at the time of their renewals. No assurance can be given that affordable and viable insurance and reinsurance markets will be available to us in the future, particularly for war risk insurance.

We maintain certain levels of self-insurance for the above mentioned risks through the use of substantial deductibles. We do not typically carry

coverage related to loss of earnings or revenues for our cruise or tour operations.

We also maintain various other insurance policies to protect the assets of Tours and other activities.

H. Trademarks

We own numerous trademarks, which we believe are widely recognized throughout the world and have considerable value.

Item 2. Properties

Our cruise ships, which are all owned by us, and our private island, Half Moon Cay, are described in Part I, Item 1. Business, C. Cruise Segment - Cruise Ships and Itineraries and our cruise ships under construction are described in Note 7, "Commitments," to the Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K. The properties associated with Tours operations are described in Part I, Item 1. Business, D. Tour Segment.

Carnival's principal shoreside operations and its headquarters and our corporate headquarters are located at 3655 N.W. 87th Avenue, Miami, Florida. These facilities are owned by us and have approximately 456,000 square feet of office space. HAL's principal shoreside operations and its headquarters are located at 300 Elliott Avenue West in Seattle, Washington in approximately 154,000 square feet of leased office space. Costa's principal shoreside operations and its headquarters are located in Genoa, Italy in approximately 125,000 square feet of owned and leased space. Cunard Line Limited's principal shoreside operations and its headquarters are located at 6100 Blue Lagoon Drive in Miami, Florida in approximately 51,000 square feet of leased office space. We also lease space in Colorado Springs, Colorado for use as an additional reservation center and have leases for additional office space in Southampton and London, England and Hollywood, Florida for Cunard's U.K. operations and our U.K. sales and shipbuilding technical service offices and for Costa's South Florida sales office.

Our cruise ships, tour properties, shoreside operations and headquarter facilities are well maintained and in good condition. We evaluate our needs periodically and obtain additional facilities when deemed necessary and we believe that these facilities are adequate for our current needs.

Item 3. Legal Proceedings

One action has been filed against Tours and one action has been filed against Costa on behalf of purported classes of persons who paid port charges to Tours or Costa, alleging that statements made in advertising and promotional materials concerning port charges were false and misleading (collectively, the "Passenger Complaints"). The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages, or alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief. The status of each pending Passenger Complaint is as follows:

In April 1996, a Passenger Complaint was filed against Tours in the Superior Court in King County, Washington, by Francine Pickett and others on behalf of a purported nationwide class. In April 1998 Tours entered into a settlement agreement, which was approved by the court. However, one member of the settlement class appealed the agreement.

In August, 2000, the Washington Court of Appeals refused to approve the settlement that had been reached by Tours in its Passenger Complaint and instead remanded the case to the trial court. In December 2001, the Washington Supreme Court reversed the decision of the Court of Appeals. This reversal, which had been sought by Tours, reinstates that settlement that had been agreed to with the class representatives providing for the issuance of vouchers to certain passengers. The one member of the settlement class who originally appealed the agreement had requested that the Washington Supreme Court reconsider its decision reversing the decision of the Court of Appeals in this matter. In February 2002, this request was denied.

In September 1996, a Passenger Complaint was filed against Costa in the Circuit Court for the Eleventh Judicial Circuit in Miami-Dade County, Florida by Mr. & Mrs. Latman on behalf of a purported nationwide class. These proceedings, including Costa's appeal to the Florida Supreme Court of the Third District Court of Appeals' order to the trial court to certify the class, have been stayed pending the outcome of ongoing settlement negotiations.

Several actions (collectively the "ADA Complaints") have been filed against Carnival, Costa, Cunard and Tours alleging that they violated the Americans with Disabilities Act of 1990 by failing to make certain cruise ships accessible to individuals with disabilities. The plaintiffs seek injunctive relief to require modifications to certain vessels to increase accessibility to disabled passengers and fees and costs. The status of each pending ADA Complaint is as follows:

On December 17, 1998, an ADA Complaint was filed against Carnival by Access Now, Inc. and Edward S. Resnick in the U.S. District Court for the Southern District of Florida. Carnival and the plaintiffs agreed to settle this action pursuant to an agreement that Carnival will make certain modifications to its then existing 15 ships with an option to include future ships into the settlement agreement. The court approved the settlement on October 31, 2001 and closed the case. No appeal has been filed and the time for appeal has expired.

On August 29, 2000, an ADA Complaint was filed against Cunard by Access Now, Inc. and Edward S. Resnick in the U.S. District Court for the Southern District of Florida. Cunard filed an answer to the complaint on November 10, 2000. Given the settlement reached in the case against Carnival, the plaintiff has agreed to dismiss the ADA Complaint against Cunard without prejudice pending settlement negotiations which are ongoing.

On August 28, 2000, Access Now, Inc. and Edward S. Resnick also filed complaints in the U.S. District Court for the Southern District of Florida against Costa and Tours. These complaints seek modifications to vessels to increase accessibility to disabled passengers. These cases have been transferred before the same judge. Costa's and Tours' motions to dismiss these actions were denied.

Several actions were filed against us and four of our executive officers by a purported class of persons who purchased our common stock between February 25, 1999 and February 16, 2000 alleging that statements made in our public filings relating to compliance with applicable safety regulations were in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The complaints also allege violations by the individual defendants as controlling persons under Section 20(a) of the Securities Exchange Act of 1934. In November 2000, the plaintiffs filed a consolidated amended complaint in the U.S. District Court for the Southern District of Florida (the "Stock Purchaser Complaint"). The Stock Purchaser Complaint seeks certification of a class action, an award or unspecified compensatory damages, attorneys' and expert fees and costs. On February 5, 2001, we filed a motion to dismiss the Stock

Purchaser Complaint. The motion to dismiss has been fully briefed, and we are awaiting the judge's ruling.

In August 2000, we received a grand jury subpoena signed by an Assistant U.S. Attorney in the Southern District of Florida. The subpoena demanded the production of documents concerning environmental practices of ships operated by us and compliance with environmental laws and regulations. We have produced documents in response to the subpoena, have cooperated with the government's investigation and our employees have provided information regarding environmental compliance to the Office of the U.S. Attorney for the State of Florida. We continue to engage in settlement discussions with the Office of the U.S. Attorney for the Southern District of Florida. No charges have been lodged against us as of this date, however, such charges may be lodged in the future.

On November 22, 2000, Costa instituted arbitration proceedings in Italy to confirm the validity of its decision not to deliver its ship, the Costa Classica, to the shipyard of Cammell Laird Holdings PLC ("Cammell Laird") under a $70 million contract for the conversion and lengthening of the ship. Cammell Laird joined the arbitration proceeding on January 9, 2001 to present its counter demands. On January 9, 2001, Costa gave Cammell Laird notice of termination of the contract and Cammell Laird replied with its notice of termination of the contract on February 2, 2001. It is expected that the arbitration tribunal's decision will be made in mid-2003 at the earliest.

On February 23, 2001, Holland America Line-USA, Inc. ("HAL, Inc."), one of our subsidiaries, received a subpoena from a grand jury sitting in the U.S. District Court for the District of Alaska. The subpoena requests that HAL, Inc. produce documents and records relating to the air emissions from Holland America ships in Alaska. HAL, Inc. is responding to the subpoena.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Executive Officers of the Registrant

Pursuant to General Instruction G(3), the information regarding our executive officers called for by Item 401(b) of Regulation S-K is hereby included in Part I of this Annual Report on Form 10-K.

The following table sets forth the name, age and title of each of our executive officers. Titles listed relate to positions within Carnival Corporation unless otherwise noted.

NAME	AGE	POSITION
Richard D. Ames	54	Vice President - Audit Services
Micky Arison	52	Chairman of the Board of Directors and Chief Executive Officer
Gerald R. Cahill	50	Senior Vice President-Finance and Chief Financial Officer
Pamela C. Conover	46	President and Chief Operating Officer of Cunard Line Limited
Robert H. Dickinson	59	President and Chief Operating Officer of Carnival and Director
Kenneth D. Dubbin	48	Vice President-Corporate Development
Pier Luigi Foschi	54	Chairman and Chief Executive Officer of

		Costa Cruises, S.p.A.
Howard S. Frank	60	Vice Chairman of the Board of Directors and Chief Operating Officer
Ian J. Gaunt	50	Senior Vice President - International
A. Kirk Lanterman	70	Chairman of the Board of Directors, President, and Chief Executive Officer of Holland America Line-Westours Inc. and Director
Arnaldo Perez	42	Vice President, General Counsel and Secretary
Lowell Zemnick	58	Vice President and Treasurer

Business Experience of Officers

Richard D. Ames has been Vice President - Audit Services since January 1992. From October 1989 to January 1992 he was the Director of Internal Audit. From February 1983 until October 1989 he was Director of Internal Audit for Resorts International, Inc. He was a management consultant with International Intelligence, Inc., a subsidiary of Resorts International, Inc.from January 1979 to February 1983.

Micky Arison has been Chief Executive Officer since 1979 and Chairman of the Board of Directors since 1990. He was President from 1979 to May 1993 and has also been a director since June 1987. Prior to 1979, he served Carnival for successive two-year periods as a sales agent, a reservations manager and as Vice President in charge of passenger traffic.

Gerald R. Cahill has been Senior Vice President-Finance, Chief Financial Officer and Chief Accounting Officer since January 1998. From September 1994 to January 1998 he was Vice President-Finance. He was Chief Financial Officer from 1988 to 1992 and Chief Operating Officer from 1992 to 1994 of Safecard Services, Inc. From 1979 to 1988 he held financial positions at Resorts International Inc. and, prior to that, spent six years with Price Waterhouse.

Pamela C. Conover has been President and Chief Operating Officer of Cunard Line Limited since February 2001. She was Chief Operating Officer of Cunard Line Limited from June 1998 to January 2001. From May 1995 to May 1998, she was Vice President of Strategic Planning for Carnival Corporation. From May 1994 to April 1995, she was President and Chief Operating Officer of Epirotiki Cruise Line, which was a Carnival Corporation joint venture. From September 1985 until April 1994, she worked for Citicorp, New York, specializing in financing and advisory services for shipping companies.

Robert H. Dickinson has been President and Chief Operating Officer of Carnival since May 1993. From 1979 to May 1993, he was Senior Vice President-Sales and Marketing of Carnival. He has also been a director since June 1987.

Kenneth D. Dubbin has been Vice President-Corporate Development since May 1999. From 1988 to April 1999 he was Vice President and Treasurer of RCL.

Pier Luigi Foschi has been Chief Executive Officer of Costa Cruises, S.p.A. since October 1997 and Chairman of its Board since January 2000. From 1974 to 1997, he held senior positions with OTIS, a world leader in the field of elevators, which is a subsidiary of United Technologies Corporation, and from 1990 to 1997 was Executive Vice President of Otis's Asia-Pacific operations.

Howard S. Frank has been Vice Chairman of the Board of Directors since October 1993, Chief Operating Officer since January 1998 and a director since April 1992. From July 1989 to January 1998, he was Chief Financial

Officer and Chief Accounting Officer and from July 1989 to October 1993 he was Senior Vice President-Finance. From July 1975 through June 1989 he was a partner with Price Waterhouse.

Ian J. Gaunt is an English Solicitor and has been Senior Vice President-International since May 1999. He was a partner of the London-based international law firm of Sinclair, Roche and Temperley from 1982 through April 1999 where he represented us as special external legal counsel since 1981.

A. Kirk Lanterman is a Certified Public Accountant and has been a director since April 1992. He has been Chairman of the Board of Directors, President and Chief Executive Officer of Holland America Line-Westours Inc. ("HALW") since August 1999. From March 1997 to August 1999, he was Chairman of the Board of Directors and Chief Executive Officer of HALW. From December 1989 to March 1997, he was President and Chief Executive Officer of HALW. From 1983 to 1989 he was President and Chief Operating Officer of HALW. From 1979 to 1983, he was President of Westours, Inc. which merged with Holland America Line in 1983.

Arnaldo Perez has been Vice President, General Counsel and Secretary since August 1995. He was Assistant General Counsel from July 1992 to July 1995. Prior to joining Carnival Corporation, he was a partner at the law firm of Weil, Lucio, Mandler, Croland & Steele in Miami, Florida.

Lowell Zemnick is a Certified Public Accountant and has been a Vice President since 1980 and Treasurer since September 1990 and from May 1987 to June 1989 was Chief Financial Officer. He was Chief Financial Officer of Carnival from 1980 to September 1990.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

A. Market Information

The information required by Item 201(a) of Regulation S-K, Market Information, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

B. Holders

The information required by Item 201(b) of Regulation S-K, Holders of Common Stock, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

C. Dividends

We declared cash dividends on all of our common stock in the amount of $.105 per share in each of the quarters of fiscal 2001 and 2000 and in the first quarter of fiscal 2002. Payment of future dividends on our common stock will depend upon, among other factors, our earnings, financial condition and capital requirements. We may also declare special dividends to all stockholders in the event that members of the Arison family and certain related entities are required to pay additional income taxes by reason of their ownership of our common stock because of an income tax audit of ourselves.

The Republic of Panama does not currently have tax treaties with any other country. Under current law we believe that distributions to our shareholders, other than residents of Panama or other business entities

conducting business in Panama, are not subject to taxation under the laws of the Republic of Panama. Dividends that we pay to U.S. citizens, residents, corporations and to foreign corporations doing business in the U.S., to the extent treated as "effectively connected" income, will be taxable as ordinary income for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits, but generally will not qualify for any dividends-received deduction.

The payment and amount of any dividend is within the discretion of the Board of Directors, and it is possible that the amount of any dividend may vary from the levels discussed above.

D. Recent Sales of Unregistered Securities

On April 25, 2001, we sold $600 million aggregate principal amount of 2% convertible notes and on October 24 and 26, of 2001, we sold an aggregate of $1,051,175,000 of zero-coupon convertible notes, for which we received gross cash proceeds of $500 million, in private offerings to Merrill Lynch & Co., as the initial purchasers. These notes were simultaneously resold by the initial purchaser in transactions exempt from registration requirements of The Securities Act to persons reasonably believed by the initial purchaser to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act.) The aggregate gross underwriting discounts for these transactions was approximately $22 million. The proceeds from the issuance of our 2% convertible notes were used to repay some of our outstanding commercial paper due in 2001 and for general corporate purposes. The proceeds from the issuance of our zero-coupon notes were used primarily to repay existing bank indebtedness and to make in full the approximately $300 million final payment for Carnival's new ship, the Carnival Pride, in December 2001. See Note 6, "Long-Term Debt," to our Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K for more information on these notes.

The above described sales were made without general solicitation or advertising. We have filed registration statements on Form S-3 covering the resale of the notes and underlying common stock issued in those sales. All net proceeds from the sale of such securities will go to the selling shareholders who offer and sell their securities. We have not received and will not receive any proceeds from the sale of these notes or underlying common stock other than the proceeds from the initial sale of such notes.

Item 6. Selected Financial Data

The information required by Item 6, Selected Financial Data, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information required by Item 7A, Quantitative and Qualitative Disclosures About Market Risk, is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 8. Financial Statements and Supplementary Data

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated January 29, 2002,except as to Note 18

which is dated February 15, 2002, and the Selected Quarterly Financial Data (Unaudited), are shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Items 10, 11, 12 and 13. Directors and Executive Officers of the Registrant, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management, and Certain Relationships and Related Transactions

The information required by Items 10, 11, 12 and 13 is incorporated herein by reference to our definitive Proxy Statement to be filed with the Commission not later than 120 days after the close of the fiscal year, except that the information concerning our executive officers called for by Item 401(b) of Regulation S-K is included in Part I of this Annual Report on Form 10-K.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1)(2) Financial Statements and Schedules:

The financial statements shown in Exhibit 13 are hereby incorporated herein by reference.

(3) Exhibits:

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this Annual Report on Form 10-K and such Exhibit Index is hereby incorporated herein by reference.

(b) Reports on Form 8-K

We filed current reports on Form 8-K on September 20, 2001 (Items 5 and 7), October 19, 2001 (Items 5 and 7), October 23, 2001 (Item 5), October 25, 2001 (Items 5 and 7), October 29, 2001 (Item 5) and November 7, 2001 (Item 9).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, and the State of Florida on this 26 day of February 2002.

CARNIVAL CORPORATION

By /s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Micky Arison Micky Arison	Chairman of the Board of Directors and Chief Executive Officer	February 26, 2002
/s/ Howard S. Frank Howard S. Frank	Vice Chairman of the Board of Directors and Chief Operating Officer	February 26, 2002
/s/ Gerald R. Cahill Gerald R. Cahill	Senior Vice President-Finance and Chief Financial and Accounting Officer	February 26, 2002
/s/ Shari Arison Shari Arison	Director	February 26, 2002
/s/ Maks L. Birnbach Maks L. Birnbach	Director	February 26, 2002
/s/ Richard G. Capen, Jr. Richard G. Capen, Jr.	Director	February 26, 2002
/s/ Robert H. Dickinson Robert H. Dickinson	Director	February 26, 2002
/s/ Arnold W. Donald Arnold W. Donald	Director	February 26, 2002
/s/ James M. Dubin James M. Dubin	Director	February 26, 2002
/s/ A. Kirk Lanterman A. Kirk Lanterman	Director	February 26, 2002
/s/ Modesto A. Maidique Modesto A. Maidique	Director	February 26, 2002
/s/ Stuart Subotnick Stuart Subotnick	Director	February 26, 2002
/s/ Sherwood M. Weiser Sherwood M. Weiser	Director	February 26, 2001
Meshulam Zonis	Director	
/s/ Uzi Zucker Uzi Zucker	Director	February 26, 2002

INDEX TO EXHIBITS
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Exhibits

3.1-Second Amended and Restated Articles of Incorporation of the Company. (1)

3.2-Amendment to Second Amended and Restated Articles of Incorporation of the Company. (2)

3.3-Certificate of Amendment of Articles of Incorporation of the Company. (3)

3.4-Form of By-laws of the Company. (4)

4.1-Agreement of the Company dated February 26, 2002 to furnish certain debt instruments to the Securities and Exchange Commission.

10.1-Retirement and Consulting Agreement dated November 20, 2001 between Alton Kirk Lanterman, Carnival Corporation and Holland America Line-Westours Inc.

10.2-Executive Long-term Compensation Agreement dated January 16, 1998 between Robert H. Dickinson and Carnival Corporation. (5)

10.3-1994 Carnival Cruise Lines Key Management Incentive Plan as amended on July 17, 2000. (6)

10.4-Amended and Restated Carnival Corporation 1992 Stock Option Plan. (7)

10.5-Carnival Cruise Lines, Inc. 1993 Restricted Stock Plan adopted on January 15, 1993 and as amended January 5, 1998 and December 21, 1998. (8)

10.6-Carnival Corporation "Fun Ship" Nonqualified Savings Plan. (9)

10.7 -Amendments to The Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees. (10)

10.8-Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan. (11)

10.9-2001 Outside Director Stock Option Plan

10.10- Revolving Credit Agreement dated June 26, 2201, by and among Carnival Corporation, The Chase Manhattan Bank and various other lenders. (12)

10.11-Consulting Agreement/Registration Rights Agreement dated June 14, 1991, between the Company and Ted Arison. (13)

10.12-First Amendment to Consulting Agreement/Registration Rights Agreement. (14)

10.13-Arnold W. Donald Director's Agreement. (15)

10.14-Meshulam Zonis Director's Agreement. (16)

10.15-Maks L. Birnbach Director's Agreement. (17)

10.16-Stuart Subotnick Director's Agreement. (18)

10.17-Sherwood M. Weiser Director's Agreement. (19)

10.18-Uzi Zucker Director's Agreement. (20)

10.19-James M. Dubin Director's Agreement. (21)

10.20-Modesto M. Maidique Director's Agreement. (22)

10.21-Richard G. Capen Director's Agreement. (23)

10.22-Shari Arison Dorsman Director's Agreement. (24)

10.23-Executive Long-term Compensation Agreement dated January 11, 1999, between the Company and Micky Arison. (25)

10.24-Executive Long-term Compensation Agreement dated January 11, 1999, between the Company and Howard S. Frank. (26)

10.25- Registration Rights Agreement, dated as of October 24, 2001, between

Carnival Corporation and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated. (27)

10.26-Second Supplemental Indenture, dated as of October 24, 2001, between Carnival Corporation and U.S. Bank Trust National Association, as trustee, creating a series of securities designated Liquid Yield Option-TM-Notes due 2021 (Zero Coupon--Senior). (28)

10.27-Indenture, dated as of April 25, 2001, between Carnival Corporation and U.S. Bank Trust National Association, as trustee, relating to unsecured and unsubordinated debt securities. (29)

10.28-First Supplemental Indenture, dated as of April 25, 2001, between Carnival Corporation and U.S. Bank Trust National Association, as trustee, creating a series of securities designated 2% Convertible Senior Debentures due 2021. (30)

10.29-Registration Rights Agreement, dated as of April 25, 2001, among Carnival Corporation and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated. (31)

10.30-Form of Indenture, dated March 1, 1993, between Carnival Cruise Lines, Inc. and First Trust National Association, as Trustee, relating to the Debt Securities, including form of Debt Security. (32)

10.31-Carnival Corporation Supplemental Executive Retirement Plan. (33)

10.32-Amendment to the Carnival Corporation Supplemental Executive Retirement Plan. (34)

10.33-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan. (35)

10.34-Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees. (36)

10.35-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan. (37)

10.36-Retirement Agreement between the Company and Meshulam Zonis. (38)

10.37-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan.

10.38-Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees.

10.39-Employment letter dated August 12, 1997, between Costa Crociere, S.p.A. and Pier Luigi Foschi.

10.40-Amendment to employment letter, dated December 1, 2000, between Costa Crociere, S.p.A. and Pier Luigi Foschi.

10.41-Costa Crociere, S.p.A. Regulation of the Management Long-term Incentive Plan.

10.42-Amended and Restated Operating Agreement of Continental Hospitality Holdings, LLC.

12.0-Ratio of Earnings to Fixed Charges.

13.0-Portions of 2001 Annual Report incorporated by reference into 2001 Annual Report on Form 10-K.

21-Significant Subsidiaries of the Company.

23.0-Consent of PricewaterhouseCoopers LLP.

Sequential
Numbering
System
Exhibits

(1)Incorporated by reference to Exhibit No. 3 to the registrant's registration statement on Form S-3 (File No. 333-68999), filed with the Securities and Exchange Commission.

(2)Incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(3)Incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 2000 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(4)Incorporated by reference to Exhibit No. 3.2 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(5)Incorporated by reference to Exhibit No. 10.2 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(6)Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended August 31, 2000 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(7)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(8)Incorporated by reference to Exhibit No. 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1998 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(9)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(10)Incorporated by reference to Exhibit No. 10.7 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(11)Incorporated by reference to Exhibit No. 10.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(12)Incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 2001 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(13)Incorporated by reference to Exhibit No. 4.3 to post-effective amendment no. 1 on Form S-3 to the registrant's registration statement on Form S-1 (File No. 33-24747), filed with the Securities and Exchange Commission.

(14)Incorporated by reference to Exhibit No. 10.40 to the registrant's

Annual Report on Form 10-K for the fiscal year ended November 30, 1992 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(15)Incorporated by reference to Exhibit No. 10.13 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 2000 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(16)Incorporated by reference to Exhibit No. 10.14 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 2000 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(17)Incorporated by reference to Exhibit No. 28.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(18)Incorporated by reference to Exhibit No. 28.3 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(19)Incorporated by reference to Exhibit No. 28.4 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(20)Incorporated by reference to Exhibit No. 28.5 to the registrant's registration statement on Form S-1 (File No. 33-14844), filed with the Securities and Exchange Commission.

(21)Incorporated by reference to Exhibit No. 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(22)Incorporated by reference to Exhibit No. 10.6 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(23)Incorporated by reference to Exhibit No. 10.7 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(24)Incorporated by reference to Exhibit No. 10.8 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(25)Incorporated by reference to Exhibit No. 10.36 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1998 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(26)Incorporated by reference to Exhibit No. 10.37 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1998 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(27)Incorporated by reference to Exhibit 4.7 to the registrant's registration statement on form S-3 (File No. 333-74190), filed with the Securities and Exchange Commission.

(28)Incorporated by reference to Exhibit 4.6 to the registrant's registration statement on form S-3 (File No. 333-74190), filed with the Securities and Exchange Commission.

(29)Incorporated by reference to Exhibit 4.5 to the registrant's registration statement on form S-3 (File No. 333-62950), filed with the Securities and Exchange Commission.

(30)Incorporated by reference to Exhibit 4.6 to the registrant's registration statement on form S-3 (File No. 333-62950), filed with the Securities and Exchange Commission.

(31)Incorporated by reference to Exhibit 4.7 to the registrant's registration statement on form S-3 (File No. 333-62950), filed with the Securities and Exchange Commission.

(32)Incorporated by reference to Exhibit No. 4 to the registrant's registration statement on Form S-3 (File No. 33-53136), filed with the Securities and Exchange Commission.

(33)Incorporated by reference to Exhibit No. 10.32 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(34)Incorporated by reference to Exhibit No. 10.31 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 2000 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(35)Incorporated by reference to Exhibit No. 10.33 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(36)Incorporated by reference to Exhibit No. 10.33 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 2000 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(37)Incorporated by reference to Exhibit No. 10.34 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 2000 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

(38) Incorporated by reference to Exhibit No. 10.35 to the registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 2000 (Commission File No. 1-9610), filed with the Securities and Exchange Commission.

Ex-4.1
Exhibit 4.1

EXHIBIT 4.1

February 26, 2002

Securities and Exchange Commission
450 Fifth Street, N.W.

Judiciary Plaza
Washington, DC 20549

RE: Carnival Corporation
Commission File No. 1-9610

Gentlemen:

Pursuant to Item 601 (b) (4) (iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation (the "Company") hereby agrees to furnish copies of certain long-term debt instruments to the Securities and Exchange Commission upon the request of the Commission, and, in accordance with such regulation, such instruments are not being filed as part of the Annual Report on Form 10-K of the Company for its fiscal year ended November 30, 2001.

Very truly yours,

CARNIVAL CORPORATION

/s/ Arnaldo Perez

Arnaldo Perez
Vice President, General Counsel

EXHIBIT 10.1
RETIREMENT AND CONSULTING AGREEMENT

AGREEMENT made this 20th day of November, 2001 between CARNIVAL CORPORATION, having its principal place of business at 3655 Northwest 87th Avenue, Miami, Florida 33178, and its wholly owned subsidiary, Holland America Line - Westours, Inc., having its principal place of business at 300 Elliott Avenue West, Seattle, Washington 98119 (collectively, the "Companies") and Alton Kirk Lanterman, ("Lanterman"), residing at 714 West Galer Street, Seattle, Washington, 98119.

RECITALS:

A. Lanterman has served as Chairman or President and Chief Executive Officer of Holland America Line- Westours Inc. ("HAL") since January 1989 and has performed exemplary service during said years.

B. The Companies desire to compensate Lanterman for such exemplary service by way of retirement pay.

C. The Companies desire to retain Lanterman's consulting services following such retirement on the terms set forth in this Agreement.

IN CONSIDERATION of past services as related above and the consulting services related below, it is agreed as follows:

1. Compensation For Past Services and Consulting Services

1.1 For a period of fifteen (15) years following the date of retirement by Lanterman from active services with the Companies (the "Retirement Date"), the Companies shall pay to Lanterman, in monthly installments of $141,500, an annual compensation of $1,698,000.

1.2 In the event of Lanterman's death prior to the Retirement Date, or prior to the fifteenth anniversary of the Retirement Date, the

unpaid balance of this total compensation ($25,470,000) shall be paid in full to Lanterman's estate within 30 days of his death. The unpaid balance shall be its then present value calculated by utilization of an interest rate of 8.5% per year.

2. Consulting Services

Commencing on the Retirement Date and for a period of fifteen (15) years, Lanterman agrees to perform consulting services for the Companies in regard to the business operations of HAL upon the specific written request of the Companies. Such services shall be provided during normal business hours, on such dates, for such time and at such locations as shall be agreeable to Lanterman. Such services shall not require more than five (5) hours in any calendar month, unless expressly consented to by Lanterman, whose consent may be withheld for any reason whatsoever. The Companies will reimburse Lanterman for any out-of-pocket expenses incurred by him in the performance of said services.

3. Independent Contractor

Lanterman acknowledges that commencing on the Retirement Date, he will be solely an independent contractor and consultant. He further acknowledges that he will not consider himself to be an employee of the Companies and will not be entitled to any employment rights or benefits of the Companies.

4. Confidentiality

Lanterman will keep in strictest confidence, both during the term of this Agreement and subsequent to termination of this Agreement, and will not during the term of this Agreement or thereafter disclose or divulge to any person, firm or corporation, or use directly or indirectly, for his own benefit or the benefit of others, any confidential information of the Companies, including, without limitation, any trade secrets respecting the business or affairs of the Companies which he may acquire or develop in connection with or as a result of the performance of his services hereunder. In the event of an actual or threatened breach by Lanterman of the provisions of this paragraph, the Companies shall be entitled to injunctive relief restraining Lanterman from the breach or threatened breach as its sole remedy. The Companies hereby waive their rights for damages, whether consequential or otherwise.

5..Enforceable

The provisions of this Agreement shall be enforceable notwithstanding the existence of any claim or cause of action of Lanterman against the Companies, or the Companies against Lanterman, whether predicated on this Agreement or otherwise.

6..Applicable Law

This Agreement shall be construed in accordance with the laws of the State of Washington, and venue for any litigation concerning an alleged breach of this Agreement shall be in King County, Washington, and the prevailing party shall entitled to reasonable attorney's fees and costs incurred.

7..Entire Agreement

This Agreement contains the entire agreement of the parties relating to the subject matter hereof. A similar agreement of November 2000 shall become null and void upon the execution of this Agreement. Any notice to be given under this Agreement shall be sufficient if it is in writing and is sent by certified or registered mail to Lanterman or to the

Companies to the attention of the President, or otherwise as directed by the Companies, from time to time, at the addresses as they appear in the opening paragraph of this Agreement.

8. Waiver

The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the Companies and Lanterman have duly executed this agreement as of the day and year first above written.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank
Howard S. Frank
Its: Vice Chairman

HOLLAND AMERICA LINE-WESTOURS INC.

By: /s/ Larry Calkins
Larry Calkins
Its: V.P. - Finance, CFO

/s/ Alton Kirk Lanterman
Signature

Alton Kirk Lanterman
Print Full Name

EXHIBIT 10.9
CARNIVAL CORPORATION
2001 OUTSIDE DIRECTOR STOCK OPTION PLAN

(adopted by the Board of Directors on February 16, 2001 approved by the shareholders on April 17, 2001, effective as of January 1, 2001, amended by the Board of Directors on October 8, 2001)

CARNIVAL CORPORATION, a Panamanian corporation (the "Company"), hereby formulates and adopts the following 2001 Outside Director Stock Option Plan (the "Plan") for Eligible Directors of the Company.

1. Purpose. The purpose of the Plan is to promote the interests of the Company and its shareholders by strengthening the Company's ability to attract and retain the services of experienced and knowledgeable nonemployee directors and by encouraging such directors to acquire an increased proprietary interest in the Company.

2. Administration. The Plan shall be administered by the Plan Administration Committee of the Board of Directors (the "Committee"). Subject to the express provisions of the Plan, the Committee shall have plenary authority to interpret the Plan, to prescribe, amend and rescind the rules and regulations relating to it and to make all other determinations deemed necessary and advisable for the administration of

the Plan. No member of the Committee shall be liable for anything done or omitted to be done by him or by any other member of the Committee in connection with the Plan, except for his own willful misconduct or gross negligence. All decisions which are made by the Committee with respect to interpretation of the terms of the Plan and with respect to any questions or disputes arising under the Plan shall be final and binding on the Company and the participants, their heirs or beneficiaries. The Committee shall not be empowered to take any action, whether or not otherwise authorized under the Plan, which would result in any Eligible Director failing to qualify as a "disinterested person." A majority of the Committee will constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all members of the Committee without a meeting, will be acts of the Committee.

3. Common Stock Subject to Options. Subject to the adjustment provisions of Paragraph 15 below, a maximum of 800,000 shares of Common Stock, par value $.01 per share, of the Company (the "Common Stock") may be made subject to options granted under the Plan. If, and to the extent that, options granted under the Plan shall terminate, expire or be canceled for any reason without having been exercised, new options may be granted in respect of the shares covered by such terminated, expired or canceled options. The granting and such terms of such new options shall comply in all respects with the provisions of the Plan. Shares sold upon the exercise of any option granted under the Plan may be shares of authorized and unissued Common Stock, shares of issued Common Stock held in the Company's treasury, or both.

There shall be reserved at all times for sale under the Plan a number of shares, of either authorized and unissued shares of Common Stock, shares of Common Stock held in the Company's treasury, or both, equal to the maximum number of shares which may be purchased pursuant to options granted or that may be granted under the Plan.

4. Participation in Plan. Each member of the Company's Board of Directors (a "Director") who is not otherwise an employee of the Company or any subsidiary of the Company within the meaning of the Employee Retirement Income Security Act of 1974 (an "Eligible Director") shall be eligible to participate in the Plan. A Director who is an employee and who retires or resigns from employment with the Company and/or its affiliates, but remains an Eligible Director of the Company, shall become eligible to participate in the Plan in accordance with Paragraph 5, effective as of the first annual meeting of shareholders held after his termination of employment.

5. Option Grants. Each Eligible Director shall receive upon initial election to office by the shareholders and thereafter annually on the date of the Company's annual meeting of shareholders at which such Eligible Director is re-elected to office or on any other date properly approved pursuant to this Paragraph (the "Grant Date") an option to acquire 6,000 shares of Common Stock at a price as set forth in Paragraph 6. The Board of Directors may authorize a Grant Date other than the date of the Company's annual meeting of shareholders provided that options to acquire no more than 6,000 shares of Common Stock are authorized for or attributable to any given calendar year.

An Eligible Director receiving an option pursuant to the Plan is hereinafter referred to as an "Optionee".

6. Price. The option price of each share of Common Stock purchasable under any option granted pursuant to the Plan shall be the Fair Market Value (as defined below) thereof at the time the option is granted.

For purposes of the Plan, "Fair Market Value" of a share of Common Stock means the average of the high and low sales prices of a share of Common Stock on the New York Stock Exchange Composite Tape on the date in question. If shares of Common Stock are not traded on the New York Stock Exchange on such date, "Fair Market Value" of a share of Common Stock shall be determined by the Committee in its sole discretion.

7. Vesting. Each grant of options shall vest and become exercisable in five equal annual installments beginning one year from

the Grant Date.

8. Duration of Options. Any options granted prior to the approval of the Plan by the shareholders of the Company shall not vest or be exercisable or transferable in any manner until such shareholder approval is obtained at the next Annual Meeting of the Shareholders following adoption of the Plan by the Board of Directors. If such shareholder approval is not obtained at such meeting, all options issued pursuant to the Plan shall be canceled and deemed null and void. Each option granted hereunder shall be exercisable for a period of ten years from the date of grant.

9. Exercise of Options. An option granted under this Plan shall be deemed exercised when the person entitled to exercise the option (a) delivers written notice to the Company at its principal business office, directed to the attention of its Secretary, of the decision to exercise, specifying the number of shares with respect to which the option is exercised and the price per share designated in the option agreement, (b) concurrently tenders to the Company full payment for the shares of Common Stock to be purchased pursuant to such exercise, and (c) complies with such other reasonable requirements as the Committee establishes pursuant to Paragraph 2 of the Plan.

Full payment for shares of Common Stock purchased by the Optionee shall be made at the time of any exercise, in whole or in part, of an option, and certificates for such shares shall be delivered to the Optionee as soon thereafter as is reasonably possible. No shares of Common Stock shall be transferred to the Optionee until full payment therefor has been made and the Optionee shall have none of the rights of a shareholder with respect to any shares of Common Stock subject to an option until a certificate for such shares shall have been issued and delivered to the Optionee. Such payment shall be made in cash or by check or by money order payable to the Company, in each case payable in U.S. currency. In the Committee's discretion, such payment may be made by delivery of shares of Common Stock that have been held for at least six (6) months or were purchased on the open market, having a fair market value (determined as of the date of the option is so exercised in whole or in part), that, when added to the value of any cash, check, promissory note or money order satisfying the foregoing requirements, will equal the aggregate purchase price.

10. Termination of Service.

(a) Death or Disability. Upon an Optionee's termination of service due to death or Disability (as defined in the Company's long term disability plan), all unvested options shall immediately vest and become exercisable and all vested options shall continue to be exercisable by the Optionee or his estate, as applicable, until the earlier to occur of (i) the original expiration date of such option, and (ii) one year from the date of termination of services; provided, however, that if the Optionee dies during the one year period following his Disability, the vested options shall remain exercisable until the one year anniversary of his death (unless the options expire earlier by their original terms).

(b) Other Termination. Except as provided in the last sentence of this paragraph, upon an Optionee's termination of service for any reason other than death or Disability, all unvested options shall continue to vest in accordance with their initial terms, and all vested options shall continue to be exercisable until the original expiration date of such option; provided, however, that if the Optionee's service as a Director terminates prior to serving in that capacity for one year, all of such Optionee's options shall immediately expire upon such termination.

11. Nontransferability of Options. Subject to Paragraph 8 of the Plan, no option or any right evidenced thereby shall be transferable in any manner other than by will or the laws of descent and distribution, and, during the lifetime of an Optionee, only the Optionee (or the Optionee's court-appointed legal representative) may exercise an option.

In the Committee's discretion, an option may be transferred pursuant to a "qualified domestic relations order," as defined in section 414(p) of the Code.

12. Rights of Optionee. Neither the Optionee nor the Optionee's executor or administrator shall have any of the rights of a shareholder of the Company with respect to the shares subject to an option until certificates for such shares shall actually have been issued upon the due exercise of such option. No adjustment shall be made for any regular cash dividend for which the record date is prior to the date of such due exercise and full payment for such shares has been made therefor.

13. Right To Terminate Relationship. Nothing in the Plan or in any option shall confer upon any Optionee the right to continue to serve as a Director of the Company.

14. Nonalienation of Benefits. No right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same shall be void. To the extent permitted by applicable law, no right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities or torts of the person entitled to such benefits.

15. Adjustment Upon Changes in Capitalization, etc. In the event of any stock split, stock dividend, stock change, reclassification, recapitalization or combination of shares which changes the character or amount of Common Stock prior to exercise of any portion of an option theretofore granted under the Plan, such option, to the extent that it shall not have been exercised, shall entitle the Optionee (or the Optionee's executor or administrator) upon its exercise to receive in substitution therefor such number and kind of shares as the Optionee would have been entitled to receive if the Optionee had actually owned the stock subject to such option at the time of the occurrence of such change; provided, however, that if the change is of such a nature that the Optionee, upon exercise of the option, would receive property other than shares of stock the Committee shall make an appropriate adjustment in the option to provide that the Optionee (or the Optionee's executor or administrator) shall acquire upon exercise only shares of stock of such number and kind as the Committee, in its sole judgment, shall deem equitable; and, provided further, that any such adjustment shall be made so as to conform to the requirements of section 424(a) of the Code.

In the event that any transaction (other than a change specified in the preceding paragraph) described in section 424(a) of the Code affects the Common Stock subject to any unexercised option, the Board of Directors of the surviving or acquiring corporation shall make such similar adjustment as is permissible and appropriate.

If any such change or transaction shall occur, the number and kind of shares for which options may thereafter be granted under the Plan shall be adjusted to give effect thereto.

16. Purchase for Investment. Whether or not the options and shares covered by the Plan have been registered under the Securities Act of 1933, as amended, each person exercising an option under the Plan may be required by the Company to give a representation in writing that such person is acquiring such shares for investment and not with a view to, or for sale in connection with, the distribution of any part thereof. The Company will endorse any necessary legend referring to the foregoing restriction upon the certificate or certificates representing any shares issued or transferred to the Optionee upon the exercise of any option granted under the Plan.

17. Form of Agreements with Optionees. Each option granted pursuant to the Plan shall be in writing and shall have such form, terms and provisions, not inconsistent with the provisions of the Plan, as the Committee shall provide for such option. The effective date of the granting of an option shall be the date on which the Committee approves such grant. Each Optionee shall be notified promptly of such grant, and a written agreement shall be promptly executed and delivered by the

Company and the Optionee.

18. Termination and Amendment of Plan and Options. Unless the Plan shall theretofore have been terminated as hereinafter provided, options may be granted under the Plan at any time, and from time to time, prior to the tenth anniversary of the Effective Date (as defined below), on which date the Plan will expire, except as to options then outstanding under the Plan. Such options shall remain in effect until they have been exercised, have expired or have been canceled.

The Board, without further approval of the Company's shareholders, may terminate, modify or amend this Plan at any time and from time to time in such respects as the Board of Directors may deem advisable, subject to any shareholder or regulatory approval required by law; provided that any such amendment shall comply with the applicable requirements for exemption (to the extent necessary) under Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

No termination, modification or amendment of the Plan, without the consent of the Optionee, may adversely affect the rights of such person with respect to such option. With the consent of the Optionee and subject to the terms and conditions of the Plan, the Committee may amend outstanding option agreements with any Optionee.

19. Effective Date of Plan. The Plan shall become effective as of January 1, 2001 upon its adoption by the Board of Directors (the "Effective Date"), subject, however, to its approval by the Company's shareholders within 12 months after the date of such adoption.

20. Government and Other Regulations. The obligation of the Company with respect to options granted under the Plan shall be subject to all applicable laws, rules and regulations and such approvals by any governmental agency as may be required, including, without limitation, the effectiveness of any registration statement required under the Securities Act of 1933, as amended, the rules and regulations of any securities exchange on which the Common Stock may be listed.

21. Withholding. The Company's obligation to deliver shares of Common Stock in respect of any option granted under the Plan shall be subject to all applicable federal, state and local tax withholding requirements. Federal, state and local tax withholding tax due upon the exercise of any option (or upon any disqualifying disposition of shares of Common Stock subject to an Incentive Option) in the Committee's sole discretion, may be paid in shares of Common Stock (including the withholding of shares subject to an option) upon such terms and conditions as the Committee may determine.

22. Separability. If any of the terms or provision of the Plan conflict with the requirements of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, then such terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of Rule 16b-3.

23. Exclusion from Pension and Profit-Sharing Computation. By acceptance of an option, each Optionee shall be deemed to have agreed that such grant is special incentive compensation that will not be taken into account, in any manner, as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan of the Company or any of its Subsidiaries. In addition, such option will not affect the amount of any life insurance coverage, if any, provided by the Company on the life of the Optionee which is payable to such beneficiary under any life insurance plan covering employees of the Company or any of its Subsidiaries.

24. Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of Florida.

EXHIBIT 10.40

December 1, 2000

Mr. Pier Luigi Foschi
COSTA CROCIERE

Dear Pier:

This letter will serve to confirm the agreement we reached concerning the changes to your August 12, 1997 Letter of Employment, as amended on January 11, 1999, and January 14, 2000.

Fixed Salary

Section 2.1 has been changed to reflect that your fixed gross salary in Italian Lira will be equivalent to a net amount of US$350,000. This fixed annual salary compensation will cover the fiscal year beginning October 1, 2000 through November 30, 2001. Based on a fixed annual salary of US$350,000, your monthly fixed salary payment will be US$29,167. Such fixed salary payments of US$29,167 will be paid for the 14-month period beginning October 1, 2000 through November 30, 2001. The relative exchange rate shall be calculated as of October 1, 1997 (i.e., 1724 Lira to USD$1), in order that your Lira increase in compensation is equivalent to your US Dollar increase.

Variable Salary

Section 2.7. indicates that your variable salary will be 75% of your fixed salary in section 2.1 (the "Bonus"). This Bonus compensation will cover the period from October 1, 2000 through November 30, 2001 (14 months). The obligation to pay this Bonus is contingent upon the Company achieving at least 90% of the November 30 fiscal year 2001 budget, as presented to us. It is understood that the November 30, 2001 financial results will be based on US GAAP financial statements prepared using Italian Lira.

All other sections of your August 12, 1997 employment letter will stay in effect through the fiscal year ended November 30, 2001.

Please sign below to indicate agreement with the above amendments.

Best regards,

/s/ Howard S. Frank

HSF/dab

P.S. For your records, this letter will also serve as our approval for you to receive your bonus for the fiscal 2000 year, as previously communicated to you by telephone.

/s/ Pier Luigi Foschi 12/5/2000
Pier Luigi Foschi Date

EXHIBIT 10.41

COSTA CROCIERE S.P.A.
Regulation of the Management Long Term Incentive Plan
(The LTIP 99 Regulation)

1. Purposes

The introduction of a Long Term Incentive Plan (the "Plan") of Costa Crociere S.p.A. (the "Company") has different purposes: to line up the interests of the Managers to those of the shareholders, aimed to increase the Company's value; to attract, stimulate and retain the talented managers in order to maximize the Company's results; to recognize the performances and the results, also in light of the changes of the Company's ownership occurred during the past years; to improve the tax efficiency of the total remuneration.

The Plan takes into account the possibility offered by the Legislative Decree n. 314 dated 9. 2. 1997, providing the total tax and social security contribution exemption for the assignment of shares, gratuitous or with consideration, in the event the shares assigned and subscribed by the employees are new shares pursuant to article 2349 and 2441 of the Italian Civil Code ("ICC"). However, it is anticipated that this tax regime will be amended.

On the basis of such considerations it would be appropriate for the Company a structure based upon the gratuitous assignment of shares to the managers according to article 2349 of ICC through allocation of retained earnings (i.e. Performance Shares).

The implementation of the Plan shall be carried out through the issuance of a tranche of shares to be gratuitously assigned to the General Manager, to the Managers and Top-employees of the Company. Such shares result from the capital increase resolved by the shareholders' meeting of the Company of November 10, 1999. The Board of Directors of the controlling company Costa Holding S.r.l. ("Costa Holding") on February 20, 2002 resolved to purchase those shares that the Participants to the LTIP will sell according to the terms and conditions of this Regulation.

In particular, the issuance and the assignment of such tranche of shares to the beneficiaries is connected to the excellent performance level obtained by the Company during the 1998 and 1999 financial years as a consequence of changes occurred in the Company's ownership in the new management policy and the effective contribution of the management team.

2. Implementation of the Plan

The Plan will be implemented through the issuance of ordinary shares of the Company.
The Company by-laws provides the faculty to assign shares to the employees and the faculty of the shareholders' meeting to partially allocate the profits to a special reserve.
The ordinary shareholders' meeting of November 10, 1999 has allocated part of the profits carried forward to a special reserve for the purposes to increase the Company's capital in favor to the employees.
The capital increase pursuant to article 2349 c.c. has been carried out by approval of the extraordinary shareholders' meeting of the Company, which has increased the outstanding capital for the issuance of the shares and the simultaneous assignment of the same to the beneficiaries.

3. Participants

The number of persons involved into the LTIP includes the General Manager, and those among Managers and Top-employees who have mainly contributed to reach the Company's results. The list of Managers and Top-employees eligible for the Plan will be approved by the Committee entitled to manage the Plan pursuant to par. 6 below, based on recommendation by the Managing Director.

4. Features

The Plan intends to recognize and reward the effort of the Company's management as a consequence of the new ownership of the Company and the excellent results of the 1998 and 1999 financial years.

The level of the incentive shall be determined as a percentage on the

remuneration for different classes of management of the Company.

The following chart identifies the levels of remuneration for each class:
Roles

Level of incentive (% of the
remuneration)
Top-employees
Max. 25%
Managers
Max. 30%

The Incentive Level of the General Manager, which requires a more specific performance evaluation, will be determined by the Committee.

It should be underlined that the long-term incentive levels are approximate because the final value which will be paid depends on the Company's trend, the real value of the share and the personal performance.

Based on the criteria for determination of the incentive, it is expected that incentive at the maximum level will be awarded in very few instances.

5. Terms of Implementation of the Plan and reasons for the assignment of shares.

The implementation of the Plan, as regulated by the present Regulation, provides the issuance by the Company of an overall number of 642,000 ordinary shares within the end of 1999 and the simultaneous assignment of the same to the beneficiaries of the Plan. The issuance of the shares shall be carried out on the basis of the Extraordinary Shareholders meeting resolution of November 10, 1999 which approved the capital increase pursuant to article 2349 of ICC up to ITL 802,500,000 for an overall number of 642,000 ordinary shares to be gratuitously assigned to the General Manager, and some selected Managers and Top-employees according to the terms indicated in par. 6 of the present Regulation. The number of shares to be assigned to each participant shall be determined by the Committee set up for the purposes to manage the Plan as set forth in par. 6 of the present Regulation and shall be calculated according to the net worth resulting from the 1998-1999 financial statements of the Company.

Subject to par. 7, such shares cannot be transferred for a period of three years from issuance (cannot be transferred before December 2002) at the end of which, pursuant to the terms and conditions of this Regulation, the shares shall be sold by the Participants of the Plan to Costa Holding at the price determined by the Committee under paragraph 6 below, based on the following formula. The final price of the shares will be adjusted by subtracting the cumulative amount of dividends received per share owned.

SHARE PRICE CALCULATION FORMULA

The share price will be computed every year at the end of March after the Financial Statements are approved by the Shareholders.

a) For the share price to be calculated until the fiscal year ending on November 30, 2001, the following formula shall apply (the "Old Formula"):

Share price calculation formula = A + (B% * C * A) = D

A =
Share price at the time of initial shares assignment
(based on net worth shown in September 30, 1999
financial statements) or share price of prior
financial year computed by applying this formula.
B =
Year over year profit after tax percentage difference.
C =
Adjustment factor
If B is positive C = 1
If B is negative C = 2
D =
Current share price

b) For the share price to be calculated with regard to the fiscal year ending on November 30, 2002 and the subsequent fiscal years, the following formula shall apply (the "New Formula") :

Share price calculation formula = AX + (BX% * CX * AX) = DX

AX =
Share price as of November 30, 2001 (pursuant to the
Old formula) or share price of prior financial year
determined by applying the New Formula.
BX =
Year over year operating income, adjusted with the
interest expenses, percentage difference determined
according to US GAAP.
CX =
Adjustment factor
If BX is positive CX = 1
If BX is negative CX = 2
DX =
Current share price

For the purposes of the above mentioned calculation formula the short financial year October - November 2000 and the related financial statements approved by the Company upon the change of the date of close of the financial year from September 30 to November 30, 2000 shall not be taken into account. Therefore, said financial year October-November 2000 will be excluded for the purposes of calculation of the factors A, B and C of the aforesaid formula.

The above mentioned three years restriction provided for the other classes of beneficiaries would not apply with reference to the shares assigned to the General Manager.

The same extraordinary shareholders' meeting of November 10, 1999 resolved to delegate to the Board of Directors of the Company or the Committee provided under par. 6 the power to prepare and approve the present Regulation concerning the Plan.

6. Management of the Plan

A Committee for the LTIP has been set up in order to implement the same plan according to the general guidelines of the Board of Directors to which the Committee shall periodically report.

In particular, the Committee approves the list of participants to be included in the Plan prepared by the Managing Director, manages the Plan and is responsible for the approval of the number of shares to be assigned to each participant.

The Committee as designated by the Board of Directors, is composed by Mess.rs Howard Frank and Gerald Raymond Cahill, directors, supported by the Managing Director and, other appropriate Company's functions.

The Committee is also entitled, to apply this Regulation, to adjust - according to the applicable provisions of law - the terms of assignment of each tranche of shares as well as to regulate the exercise of the rights arising from extraordinary transactions on the Company's capital (i.e. mergers, paid or unpaid increase of capital, splitting or grouping of shares, conversion in other currency, etc.), according to the principles contained in the present Regulation.

The Committee shall formulate management guidelines for the valuation of participants also for the purpose of voting.

For the purpose of paragraph 7 below, the Committee, based on the above share price calculation formula shall also determine the share price at which Costa Holding shall purchase the shares from the Participants to the LTIP.

In addition the Committee shall discretionary decide the contentious cases of mutual termination of the employment relationship, with the purposes to reward the managers and top-employees required to leave the Company even though they have positively cooperated to the Company's results.

7. Management of the withdrawal of the participants from the plan

The shares may be sold by the Participants to the LTIP only to Costa Holding in the framework of a plan of Costa Holding to consolidate its participation into the Company.

With respect to the withdrawal occurring after the assignment of the shares but within the three years period (before December 2002) during which the shares may not be assigned as provided by paragraph 5:
- In the event of death: immediate assignment of the shares to the heirs who are obliged to assign them to Costa Holding within 120 days from the date of the assignment
- in the event of normal retirement: immediate assignment of the shares to Costa Holding
- in the event of resignation and firing: obligation to assign the shares to Costa Holding
- in the event of agreed termination: discretional decision of the Committee to maintain, reduce, remove or postpone the restricted period
In any event, the shares shall be assigned by the participants to Costa Holding after ten years following the granting.

8. Management of the admissions and terms of assignment of the shares

During the sixty days following the shareholders resolution of increase of capital of the Company, the shares will be assigned to the beneficiaries by written communication sent by letter.
The beneficiaries shall communicate by letter to the Company the acceptance or the refusal of the assignment within five days from the date of the above-mentioned communication.

9. Custody and management of the shares

The assigned shares shall be deposited with the Company which will sub-deposit them with an entity entitled to custody and manage the same on behalf of the Company and for the benefit of each Participant.

EXHIBIT 10.42

AMENDED AND RESTATED OPERATING AGREEMENT
OF CONTINENTAL HOSPITALITY HOLDINGS, LLC

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF CONTINENTAL HOSPITALITY HOLDINGS, LLC (the "Agreement") is made by the persons and entities listed on Schedule A attached hereto (hereinafter the "Members"), effective as of May 3, 2001 (the "Effective Date").

The Members hereby agree:

ARTICLE

DEFINITIONS

When used in this Agreement, the following terms shall have the meanings set forth below.

1.1 Act. The Delaware Limited Liability Company Act as amended, Chapter 18-101, et seq., (or the corresponding provision(s) of any succeeding law).

1.2 Bankruptcy. Entry of an order for relief under the federal bankruptcy law; filing a voluntary petition under the federal bankruptcy law; an adjudication as insolvent or bankrupt; an assignment of property for the benefit of creditors; filing a petition or answer seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any federal or state law for relief of debtors, or the failure to obtain within 120 days the stay or dismissal of such a proceeding brought by a third party; filing an answer or other pleading admitting or failing to deny the material allegations of a petition filed to obtain relief of the above nature; seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of any substantial portion of assets; or the failure to have the appointment of a conservator, receiver, or trustee vacated or stayed within 60 days after the occurrence of such event, or the failure to have the appointment vacated within 60 days after the expiration of any such stay.

1.3 Capital Transaction. The following events shall be defined as Capital Transactions for purposes of this Agreement: (i) any sale of all or part of the Property other than in the ordinary course of the Company's business; (ii) any insurance payments or damage recoveries paid to the Company in respect of the Property to the extent not required to repair or restore the Property; (iii) any condemnation proceeds paid to the Company for the taking of all or part of the Property to the extent not required to repair or restore the Property; and (iv) any refinancing of any of the Company's loans, to the extent proceeds are derived in excess of expenses and amounts set aside for the reduction of any Company liabilities.

1.4 Cash Flow. For any period during which the Company is in existence, Cash Flow means the gross receipts of the Company from sources other than capital contributions made by the Members and less the current expenditures of the Company for the same period. Current expenditures of the Company shall be deemed to include (i) operational expenses; (ii) payments of principal and interest upon any indebtedness (including any indebtedness owed to the Members or any of their affiliates); (iii) expenses incurred by the Company for capital improvements; and (iv) any expenditures for taxes, insurance, or assessments.

1.5 Certificate of Formation. The Certificate of Formation of the Company, as amended, filed with the Secretary of State of the State of

Delaware.

1.6 Code. The Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (or the corresponding provision(s) of any succeeding law).

1.7 Company. Continental Hospitality Holdings, LLC, a limited liability company organized under the Act.

1.8 Distributions. Cash or property distributed to the Members other than payments to the Members for services or as repayment of loans.

1.9 Liquidation. Liquidation means the earlier of (a) the date upon which the Company is terminated under Section 708(b)(1) of the Code, or any similar provision enacted in lieu thereof, or (b) the date upon which the Company ceases to be a going concern.

1.10 Managing Members. As set forth in Section 6.1.

1.11 Percentage Interests. As set forth on Schedule A.

1.12 Property. All the real, personal and intangible property owned by or on behalf of the Company.

ARTICLE

FORMATION

2.1 Organization. The Members hereby organize the Company as a Delaware limited liability company pursuant to the provisions of the Act.

2.2 Agreement. The Members, by executing this Agreement, hereby agree to the terms and conditions of the Agreement, as it may from time to time be amended. To the extent any provision of the Agreement is prohibited or ineffective under the Act, the Agreement shall be deemed to be amended to the least extent necessary in order to make the Agreement effective under the Act. In the event the Act is subsequently amended or interpreted in such a way to make any provision of the Agreement that was formerly invalid, valid, such provision shall be considered to be valid from the effective date of such interpretation or amendment.

2.3 Name. The name of the Company is Continental Hospitality Holdings, LLC, and all business of the Company shall be conducted under that name or, if an assumed or fictitious name certificate is properly filed, under any other name selected by the Managing Members.

2.4 Term. The duration of the Company shall be perpetual, unless the Company shall be sooner dissolved and its affairs wound up in accordance with the Act or this Agreement.

2.5 Registered Agent and Office. The name and address of the registered agent for the service of process shall be as set forth in the Certificate of Formation, as amended from time to time. In the event the registered agent ceases to act as such for any reason or the registered office shall change, the Managing Members shall promptly designate a replacement registered agent or file a notice of change of address, as the case may be.

2.6 Principal Office. The principal mailing address of the Company shall be at such location or address as the Managing Members may determine from time to time.

ARTICLE 3

PURPOSE; NATURE OF BUSINESS

3.1 Purpose; Nature of Business. The business purpose of the Company is to engage in any and all business activities permitted under the laws of the State of Delaware. The Company shall have the authority to do all things necessary or convenient to accomplish its purpose and operate its business as described in this Article III.

ARTICLE 4

MEMBERS AND CAPITAL

4.1 Members and Membership Interests. The names and Percentage Interests of the Members shall be set forth on Schedule A attached hereto.

4.2 Withdrawal of Capital. Except as otherwise provided herein, the Members shall have no right to withdraw their capital contribution or any part thereof. The Members shall not be entitled to interest on their capital contributions.

4.3 Power of Members. Except as otherwise expressly provided herein, the Members shall not take part in the day-to-day management, operation or control of the business and affairs of the Company or have any right, power or authority to transact any business in the name of the Company or to act for, or on the behalf of, or to bind the Company. The Members shall have no interest in the specific property of the Company.

ARTICLE 5

DISTRIBUTIONS AND ALLOCATIONS OF PROFITS AND LOSSES

5.1 Distributions. To the extent available, the Company may distribute Cash Flow and net proceeds from Capital Transactions to the Members in accordance with their respective Percentage Interests. The Company shall apply a Member's distribution first in satisfaction of any outstanding obligation of such Member to the Company.

5.2 Limitation on Distributions. The Company shall not make a Distribution to the Members if such Distribution would violate Section 18-607 of the Act or other applicable law.

5.3 Profits and Losses. Profits and losses of the Company, as determined for federal and state income tax purposes, shall generally be allocated among the Members in accordance with their respective Percentage Interests, except that (a) losses shall first be allocated in proportion to, and to the extent of, the Members' respective positive capital account balances, determined in accordance with Section 704 of the Code, and (b) profits shall be allocated in a manner which, to the extent possible, maintain the Members' respective positive capital account balances in proportion to the amounts which would be distributed if the assets of the Company were sold at their respective fair market values and the net proceeds distributed to the Members in liquidation of the Company.

ARTICLE 6

MANAGEMENT

6.1 Managing Members. Sherwood Weiser, Donald Lefton and a designated representative of Carnival Corporation (the "Carnival Representative") are hereby appointed as the Managing Members of the Company. Carnival Corporation hereby initially designates Howard Frank as its initial Managing

Member.

6.2 Function. All powers of the Company shall be exercised by, or under the authority of, and the business and affairs of the Company shall be managed under the direction and control of the Managing Members. Subject to the provisions of Section 6.4 hereof, any one of the Managing Members shall have full authority to act for and on behalf of the Company. The Managing Members may utilize the services of any of the Members as consultants with regard to the business of the Company.

6.3 Duties.

(a) The Managing Members shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Company and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

(b) In performing their duties, the Managing Members shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared by and presented by one or more agents or employees of the Company whom such Managing Members reasonably believe to be reliable and competent in the matters presented or counsel, public accountants or other persons as to matters which such Managing Members reasonably believe to be within such person's professional or expert competence. A person who performs his or her duties in compliance with this Section shall have no liability by reason of being or having been a Managing Member.

6.4 Major Acts. Notwithstanding anything in this Agreement to the contrary, no Managing Member shall take any of the actions with respect to the matters described below (all such actions being referred to collectively herein as "Major Acts" and each individually as a "Major Act") without the consent of both (i) the Carnival Representative and (ii) either of Sherwood Weiser or Donald Lefton.

"Major Acts" shall mean any decision of the Company (or any entity owned or controlled by the Company) to: (a) incur any indebtedness; (b) enter into, amend, or terminate any agreement or collection of related agreements in excess of $20,000, whether oral or written, including, but not limited to, all agreements relating to acquisitions, employment of employees with the Company and/or executive compensation, or alter the compensation arrangements of the Company's executives or any Member; (c) approve the Company's annual budget and capital budget or cause the Company to deviate from the Company's annual budget; (d) make any capital expenditures in excess of those reflected in the Company's capital budget previously approved by the Managing Members; (e) enter into any agreement or amend any existing agreement which restricts or adversely affects the Company's ability to perform its obligations under operating agreements or other similar corporate agreements; (f) enter into any sale and leaseback transactions with respect to any of its property; (g) enter into any agreement with any affiliate of any Member; (h) engage in any business other than that set forth in Article III hereof; (i) sell all or any material part of its assets in a single transaction or in a series of transactions; (j) merge or consolidate, with any other entity; (k) make or permit to remain outstanding any loan or advance to, or extend credit to, or own, purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to or other investment in, any other person or entity; (l) issue, sell or otherwise transfer any membership interests or other securities of the Company, including rights, options or other convertible or exchangeable securities (except as permitted hereby); (m) engage in any transaction with any Member or officer or director of the Company, or any affiliate of any such person or entity; (n) grant registration rights to any Member; (o) approve the pledge, hypothecation or similar credit transaction involving any membership interests; (p) make any distribution to the Members; (q) approve the transfer of any membership interests; (r) appoint a person as an officer of the Company; or (s) modify

or amend this Agreement.

ARTICLE 7

TRANSFER OF COMPANY INTERESTS

7.1 No Transfer.

(a)No Member may sell, assign, transfer, give, hypothecate or otherwise encumber (any such sale, assignment, transfer, gift, hypothecation or encumbrance being hereinafter referred to as a "Transfer"), directly or indirectly, or by operation of law or otherwise, any interest in the Company (including a Transfer or Merger involving shares, membership interests or partnership interests of any Member not an individual), except (i) as hereinafter set forth in this Article VII, or (ii) upon prior written consent of the Managing Members in their sole discretion. Any Transfer of any interest in the Company in contravention of this Article VII shall be null and void and shall be deemed a material breach of and default under this Agreement and the other Members shall have all of the rights and remedies available under this Agreement, in law or in equity.

(b)Notwithstanding the provisions of Section 7.1(a), each Member shall be permitted to Transfer all or any portion of his or its Interest to (i) his spouse, any lineal descendent, parent, grandparent, sibling or other blood relative, (ii) any custodian, guardian or other representative for a spouse, lineal descendent, parent, grandparent or sibling, and/or (iii) the trustee of any trust created for the benefit of the Member, his or her spouse, lineal descendent, parent, grandparent or sibling; and/or (iv) in the case of an entity Member, to its partners, members, shareholders, subsidiaries or beneficial owners in connection with the distribution of its Interest to such persons; (collectively, the "Permitted Family Transferees"); provided, however, that each and every such Permitted Family Transferee executes a written acknowledgment that (x) all interests in the Company held by the Permitted Family Transferee will, notwithstanding the Transfer to such Permitted Family Transferee, be deemed for all purposes of this Agreement to be owned by the transferring Member (including all voting rights with respect to such Interest) and (y) he, she or it agrees to be bound by all the terms of this Agreement.

7.2 Succession by Operation of Law. Notwithstanding Section 7.1 hereof, in the event of the death or incapacity of an individual Member or in the event of the merger, consolidation, dissolution or liquidation of any Member not an individual, all of such Member's rights to distributions and allocations by the Company, shall pass to such Member's personal representative, heir or distributee, in the case of an individual Member, or to such Member's legal successor, in the case of any Member not an individual, but such personal representative, heir, distributee or legal successor shall not become a Member of the Company without the prior written consent of the Managing Members, which consent may not be unreasonably withheld, conditioned or delayed.

7.3 New Members. Notwithstanding Section 7.2 hereof, no person or entity, not then a Member, shall become a Member hereunder under any of the provisions hereof unless such person or entity shall expressly assume and agree to be bound by all of the terms and conditions of this Agreement. If requested by the other Member each such person or entity shall also cause to be delivered to the Company, at his or its sole cost and expense, a favorable opinion of legal counsel reasonably acceptable to each of the other Members, to the effect that (i) the contemplated Transfer of such interests in the Company ("Company Interest)" to such person or entity does not require registration under the Securities Act of 1933 or applicable State securities or Blue Sky laws, (ii) such person or entity has the legal right, power and capacity to own the Company Interest, and (iii) the contemplated Transfer of such Company Interest to such person or entity will not cause the Company to

be treated as a corporation for federal income tax purposes. All reasonable costs and expenses incurred by the Company in connection with any Transfer of a Company Interest and, if applicable, the admission of a person or entity as a Member hereunder, shall be paid by the transferee. Upon compliance with all provisions hereof applicable to such person or entity becoming a Member, all Members hereby agree to execute and deliver such amendments hereto as are necessary to constitute such person or entity as a Member of the Company.

ARTICLE 8

DISSOLUTION AND WINDING UP

8.1 Events of Dissolution. Each of the following shall be an Event of Dissolution causing the Company to dissolve:

(a)the unanimous written consent by the Members to dissolve the Company; and

(b)the entry of a decree of judicial dissolution under Section 18-802 of the Act.

8.2 Winding Up and Filing Certificate of Cancellation. Upon dissolution, the Managing Members shall wind up the affairs of the Company and liquidate its assets. The Managing Members shall determine the time, manner, and terms of any sales of Company assets, the amount of any reserves, and the time when reserves will be distributed to the Members in final liquidation. Upon the commencement of the winding up of the Company, a certificate of cancellation shall be filed by the Company with the Secretary of State of the State of Delaware. The certificate of cancellation shall set forth the information required by the Act. The winding up of the Company shall be completed when all debts, liabilities, and obligations of the Company have been paid and discharged or reasonably adequate provision therefor has been made, and all of the remaining Property has been distributed to the Members.

ARTICLE 9

BOOKS, RECORDS AND TAX MATTERS

9.1 Records. At all times during the existence of the Company, the Managing Members shall maintain books of account which shall reflect all Company transactions. In addition, the Managing Members shall keep at the Company's principal place of business a copy of the Certificate of Formation, this Agreement and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any document was executed and such other records as the Managing Members shall determine. Records kept under this Section are subject to inspection and copying during ordinary business hours at the reasonable request, and at the expense, of the Members.

9.2 Taxable and Fiscal Year. The Company's taxable and fiscal years shall be the calendar year.

9.3 Tax and Financial Reports. As soon as practicable after the close of each fiscal year, the Managing Members shall deliver to the Members such information as may be reasonably requested by the Members for the preparation of their income tax returns.

9.4 Accounting Decisions. All decisions as to accounting matters, except as specifically provided to the contrary herein, shall be made by the Managing Members. The Managing Members may rely upon the advice of the Company's accountants or professional advisors in making such decisions.

9.5 Tax Elections. The Managing Members shall have the authority to

make any tax election under the Code that they determine to be necessary or appropriate.

ARTICLE 10

LIMITATION OF LIABILITY

10.1 Limited Liability.

(a)Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Members shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or a Managing Member.

b)Except as otherwise expressly required by law, the Members, in their capacity as such, shall have no liability in excess of (i) the amount of their net capital contributions, (ii) their share of any assets and undistributed profits of the Company, and (iii) the amount of any Distributions wrongfully distributed to them.

ARTICLE 11

CONFLICT OF INTEREST

11.1 Company Interests. The Members shall be entitled to enter into transactions that may be considered to be competitive with the Company, it being expressly understood that any Member may enter into transactions that are similar to the transactions into which the Company may enter.

11.2 Interested Transaction. A Member does not violate a duty or obligation to the Company merely because such Member's conduct furthers such Member's own interest. A Member may lend money to and transact other business with the Company. The rights and obligations of a Member who lends money to or transacts business with the Company are the same as those of a person who is not a Member, subject to other applicable law. No transaction with the Company shall be voidable solely because a Member has a direct or indirect interest in the transaction.

ARTICLE 12

INDEMNIFICATION

12.1 Indemnification. To the maximum extent permitted by applicable law, the Company shall indemnify any officer, employee, Managing Member, representative or agent of the Company (each a "Covered Person") from and against any claim, loss, expense, liability, action or damage (including, without limitation, any action by a Member against a Covered Person) due to or arising from any liability or damage incurred by reason of any action, inaction or decision performed, taken, not taken or made by it or any of them in connection with the activities and operations of the Company, provided such Covered Person acted in good faith and in a manner such Covered Person reasonably believed to be in, or not opposed to, the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe the conduct of such Covered Person was unlawful. The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, by itself, create a presumption that the Covered Person did not act in good faith and in a manner which the Covered Person reasonably believed to be in, or not opposed to, the best interest of the Company, or that the Covered Person had reasonable cause to believe that his conduct was unlawful (unless there has been a final

adjudication in the proceeding that the Covered Person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Company, or that the Covered Person did have reasonable cause to believe that his conduct was unlawful). Any Covered Person may consult with counsel selected by it and any opinion of an independent counsel (which may be counsel for the Company or any affiliate) shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by such Covered Person hereunder in good faith and in accordance with the opinion of such counsel. Any indemnification under this Section shall include reasonable attorneys' fees incurred by Covered Persons in connection with the defense of any action based on any such action, inaction or decision, and including to the extent permitted by law, all such liabilities under United States federal and state securities acts. The reasonable expenses incurred by Covered Persons in connection with the defense of any such action shall be paid or reimbursed by the Company as incurred upon an undertaking by such Covered Person to repay such expenses if it shall ultimately be determined that such Covered Person is not entitled to be indemnified hereunder.

12.2 Limitations. Notwithstanding the provisions of Section 12.1, a Covered Person shall not be entitled to be indemnified or held harmless from and against any claim, loss, expense, liability, action or damage due to or arising from its or their gross negligence or willful misconduct.

12.3 Non-Exclusive Right. The provisions of this Section shall be in addition to and not in limitation of any other rights of indemnification and reimbursement or limitations of liability to which a Covered Person may be entitled under the Act, common law, or otherwise. The provisions of this Section shall apply whether or not at the time of reimbursement the Covered Person is then a Covered Person. Notwithstanding any repeal of this Section or other amendment hereof, its provisions shall be binding upon the Company (subject only to the exceptions above set forth) as to any claim, loss, expense, liability, action or damage due to or arising out of matters which occur during or relate to the period prior to any such repeal or amendment of this Section 12.3.

ARTICLE 13

AMENDMENT

13.1 Amendment. Except as otherwise provided herein, this Agreement may not be altered or modified except by a writing signed by a majority in interest of the Members.

ARTICLE 14

CERTIFICATE OF FORMATION

14.1 Certificate of Formation. The affairs of the Company and its relationship to the Members shall be further governed by the terms and conditions of the Certificate of Formation, as amended from time to time. In case of a conflict between the provisions of this Agreement and those of the Certificate of Formation, the latter shall govern.

ARTICLE 15

MISCELLANEOUS

15.1 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware and all rights and remedies

that may exist hereunder shall be governed by such laws, in each case, without regard to its principles of conflicts of laws.

15.2 Interpretation. Throughout this Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine, neuter, singular or plural, whichever shall be applicable. All references herein to "Articles," "Sections" and paragraphs shall refer to corresponding provisions of this Agreement.

15.3 Previous Operating Agreements. The Agreement supercedes and replaces in its entirety the Operating Agreement dated February 27, 2001 and executed by the then sole member of the Company and the Operating Agreement dated April 27, 2001 and executed by the then Members (the "Previous Agreements") and the Previous Agreements shall be of no further force and effect.

15.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which will constitute one and the same instrument.

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IN WITNESS WHEREOF, this Agreement has been made and executed effective as of this 3rd day of May, 2001.

/s/Sherwood Weiser_____
SHERWOOD WEISER

/s/Donald Lefton_____
DONALD LEFTON

/s/Thomas Hewitt_____
THOMAS HEWITT

/s/Peter Sibley_____
PETER SIBLEY

CHC INVESTOR PARTNERS, L.P.

By:/s/Karim Alibhai_____
General Partner

By:_____
Name:Karim Alibhai
Title:President_____

/s/Robert Sturges_____
ROBERT STURGES

/s/Peter Temling_____
PETER TEMLING

[SIGNATURE PAGE TO OPERATING AGREEMENT]

/s/Irving Zeldman_____
IRVING ZELDMAN

/s/Douglas Weiser_____
DOUGLAS WEISER

/s/Warren Weiser_____
WARREN WEISER

/s/Bradley Weiser_____
BRADLEY WEISER

/s/Robyn Fisher_____
ROBYN FISHER

/s/Lisa Tabatchnick_____
LISA TABATCHNICK

[SIGNATURE PAGE TO OPERATING AGREEMENT]

CARNIVAL CORPORATION

By:/s/Gerry Cahill_____
Title: Chief Financial Officer

SCHEDULE A

Name of Members	Percentage Interest
Sherwood Weiser	11.36%
Donald Lefton	11.36%
Thomas Hewitt	4.22%
Peter Sibley	4.22%
CHC Investor Partners, L.P.	4.94%
Robert Sturges	1.77%
Peter Temling	2.28%
Irving Zeldman	3.73%
Douglas Weiser	0.18%
Warren Weiser	0.18%
Bradley Weiser	0.18%
Robyn Fisher	0.29%
Lisa Tabatchnick	0.29%
Carnival Corporation	55.00%
Total	100.00%

EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(In thousands, except ratios)

	YEARS ENDED NOVEMBER 30,				
	2001	2000	1999	1998	1997
Net Income	$926,200	$ 965,458	$1,027,240	$835,885	$666,050
Income tax (benefit) Expense	(12,257)	1,094	2,778	3,815	6,233
Income before income taxes	913,943	966,552	1,030,018	839,700	672,283
Adjustment to Earnings:					

Minority interest			14,014	11,102	
Loss (income) from affiliated operations and dividends received	56,910	(21,362)	(60,671)	(63,059)	(46,569)
Earnings as adjusted	970,853	945,190	983,361	787,743	625,714
Fixed Charges:					
Interest expense, net	120,692	41,372	46,956	57,772	55,898
Interest portion of rent expense (1)	4,409	3,509	3,405	3,480	3,528
Capitalized interest	29,357	41,110	40,908	35,130	16,846
Total fixed charges	154,458	85,991	91,269	96,382	76,272
Fixed charges not affecting earnings:					
Capitalized interest	(29,357)	(41,110)	(40,908)	(35,130)	(16,846)
Earnings before fixed Charges	$1,095,954	$ 990,071	$1,033,722	$848,995	$685,140
Ratio of earnings to fixed charges	7.1 x	11.5 x	11.3 x	8.8 x	9.0 x

_____

(1) Represents one-third of rent expense, which management believes to be representative of the interest portion of rent expense.

EXHIBIT 13

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

	NOVEMBER 30, 2001	2000
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,421,300	$ 189,282
Short-term investments	36,784	5,470
Accounts receivable, net	90,763	95,361
Inventories	91,996	100,451
Prepaid expenses and other	113,798	158,918
Fair value of hedged firm commitments	204,347	
Total current assets	1,958,988	549,482
Property and Equipment, Net	8,390,230	8,001,318
Investments in and Advances to Affiliates		437,391
Goodwill, less Accumulated Amortization of $117,791 and $99,670	651,814	701,385
Other Assets	188,915	141,744
Fair Value of Hedged Firm Commitments	373,605	
	$11,563,552	$9,831,320
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	$ 21,764	$ 248,219
Accounts payable	269,467	332,694
Accrued liabilities	298,032	302,585
Customer deposits	627,698	770,425
Dividends payable	61,548	61,371

Fair value of derivative contracts	201,731	
Total current liabilities	1,480,240	1,715,294
Long-Term Debt	2,954,854	2,099,077
Deferred Income and Other Long-Term Liabilities	157,998	146,332
Fair Value of Derivative Contracts	379,683	
Commitments and Contingencies (Notes 7 and 8)		
Shareholders' Equity		
Common stock; $.01 par value; 960,000 shares authorized; 620,019 and 617,568 shares issued	6,200	6,176
Additional paid-in capital	1,805,248	1,772,897
Retained earnings	5,556,296	4,884,023
Unearned stock compensation	(12,398)	(12,283)
Accumulated other comprehensive loss	(36,932)	(75,059)
Treasury stock; 33,848 and 33,087 shares at cost	(727,637)	(705,137)
Total shareholders' equity	6,590,777	5,870,617
	$11,563,552	$9,831,320

The accompanying notes are an integral part of these consolidated financial statements.

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except earnings per share)

<TABLE>

	YEARS ENDED NOVEMBER 30,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Revenues	$4,535,751	$3,778,542	3,497,470
Costs and Expenses			
Operating	2,468,730	2,058,342	1,862,636
Selling and administrative	618,664	487,403	447,235
Depreciation and amortization	372,224	287,667	243,658
Impairment charge	140,378		
	3,599,996	2,833,412	2,553,529
Operating Income Before (Loss) Income From Affiliated Operations	935,755	945,130	943,941
(Loss) Income From Affiliated Operations, Net	(44,024)	37,828	75,758
Operating Income	891,731	982,958	1,019,699
Nonoperating Income (Expense)			
Interest income	34,255	16,506	41,932
Interest expense, net of capitalized interest	(120,692)	(41,372)	(46,956)
Other income, net	108,649	8,460	29,357
Income tax benefit (expense)	12,257	(1,094)	(2,778)
Minority interest			(14,014)
	34,469	(17,500)	7,541
Net Income	$ 926,200	$ 965,458	$1,027,240
Earnings Per Share:			
Basic	$1.58	$1.61	$1.68
Diluted	$1.58	$1.60	$1.66

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
<TABLE>

	YEARS ENDED NOVEMBER 30,		
	2001	2000	1999
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	$ 926,200	$ 965,458	$1,027,240
Operating items not requiring cash:			
Depreciation and amortization	372,224	287,667	243,658
Impairment charge	140,378		
Gain on sale of investments in affiliates, net	(116,698)		
Loss (income) from affiliated operations and dividends received	56,910	(21,362)	(60,671)
Minority interest			14,014
Other	21,199	(14,689)	4,007
Changes in operating assets and liabilities, excluding businesses acquired and consolidated:			
(Increase) decrease in:			
Receivables	(7,134)	(15,132)	(3,271)
Inventories	8,455	(8,205)	(8,570)
Prepaid expenses and other	43,691	(21,972)	(9,465)
(Decrease) increase in:			
Accounts payable	(63,227)	58,133	27,333
Accrued and other liabilities	(335)	(5,977)	58,016
Customer deposits	(142,727)	55,614	37,433
Net cash provided by operating activities	1,238,936	1,279,535	1,329,724
INVESTING ACTIVITIES			
Additions to property and equipment, net	(826,568)	(1,003,348)	(872,984)
Proceeds from sale of investments in affiliates	531,225		
Proceeds from sale of ships	15,000	51,350	
Acquisition of consolidated subsidiaries, net		(383,640)	(54,715)
(Purchase of) proceeds from sale of short-term investments, net	(33,395)	22,170	(11,890)
Other, net	(28,178)	21,441	29,209
Net cash used in investing activities	(341,916)	(1,292,027)	(910,380)
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	2,574,281	1,020,091	7,772
Purchase of treasury stock		(705,137)	
Principal repayments of long-term debt	(1,971,026)	(388,429)	(564,838)
Dividends paid	(245,844)	(254,333)	(219,179)
Proceeds from issuance of common stock, net	5,274	7,811	741,575
Debt issuance costs	(25,531)		(176)
Net cash provided by (used in) financing activities	337,154	(319,997)	(34,846)
Effect of exchange rate changes on cash and cash equivalents	(2,156)		
Net increase (decrease) in cash and cash equivalents	1,232,018	(332,489)	384,498
Cash and cash equivalents at beginning of year	189,282	521,771	137,273
Cash and cash equivalents at end of year	$1,421,300	$ 189,282	$ 521,771

The accompanying notes are an integral part of these consolidated financial statements.

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</TABLE>

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

<TABLE>

	Comprehensive income	Common stock	Additional paid-in capital	Retained earnings	Unearned stock compensation	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at November 30, 1998		$5,955	$ 880,488	$3,379,628	$(5,294)	$ 24,699	$	$4,285,476
Comprehensive income:								
Net income	$1,027,240			1,027,240				1,027,240
Foreign currency Translation adjustment	(19,209)					(19,209)		(19,209)
Changes in securities valuation allowance	(4,374)					(4,374)		(4,374)
Total comprehensive income	$1,003,657							
Cash dividends				(230,370)				(230,370)
Issuance of stock in public offering, net		170	725,062					725,232
Issuance of stock to acquire minority interest in Cunard Line Limited		32	127,037					127,069
Issuance of stock under stock plans		13	24,821		(7,326)			17,508
Amortization of unearned stock compensation					2,675			2,675
Balances at November 30, 1999		6,170	1,757,408	4,176,498	(9,945)	1,116		5,931,247
Comprehensive income:								
Net income	$ 965,458			965,458				965,458
Foreign currency translation adjustment	(73,943)					(73,943)		(73,943)
Changes in securities valuation allowance, net	(2,232)					(2,232)		(2,232)
Total comprehensive income	$ 889,283							
Cash dividends				(250,923)				(250,923)

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Issuance of stock under stock plans	6	15,489		(5,977)			9,518
Amortization of unearned stock compensation				3,639			3,639
Effect of conforming Costa's reporting period			(7,010)				(7,010)
Purchase of treasury stock						(705,137)	(705,137)
Balances at November 30, 2000	6,176	1,772,897	4,884,023	(12,283)	(75,059)	(705,137)	5,870,617
Comprehensive income:							
Net income	$ 926,200		926,200				926,200
Foreign currency translation adjustment, net	45,781				45,781		45,781
Changes in securities valuation allowance, net	6,411				6,411		6,411
Minimum pension liability adjustment	(5,521)				(5,521)		(5,521)
Changes related to cash flow derivative hedges, net	(4,330)				(4,330)		(4,330)
Transition adjustment for cash flow derivative hedges	(4,214)				(4,214)		(4,214)
Total comprehensive income	$ 964,327						
Cash dividends			(246,021)				(246,021)
Issuance of stock under stock plans	24	32,351		(4,601)		(22,500)	5,274
Amortization of unearned stock compensation				4,486			4,486
Effect of conforming Airtours' reporting period			(7,906)				(7,906)
Balances at November 30, 2001	$6,200	$1,805,248	$5,556,296	$(12,398)	$(36,932)	$(727,637)	$6,590,777

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL

Description of Business

Carnival Corporation is a Panamanian corporation and along with its consolidated subsidiaries is referred to collectively in these consolidated financial statements and elsewhere in this 2001 Annual Report as "we," "our" and "us." We are a global vacation and leisure travel provider that operates six cruise lines under the brand names Carnival Cruise Lines ("Carnival"), Costa Cruises ("Costa"), Cunard Line ("Cunard"), Holland America Line ("Holland America"), Seabourn Cruise Line ("Seabourn") and Windstar Cruises ("Windstar") and a tour business, Holland America Tours ("Tours"). Carnival operates fifteen cruise ships with destinations primarily to the Caribbean, the Bahamas and the Mexican Riviera. Holland America operates ten cruise ships with destinations primarily to Alaska, the Caribbean and Europe. Costa operates seven cruise ships with destinations primarily to Europe, the Caribbean and South America. Cunard operates two premium/luxury cruise ships and Seabourn and Windstar each operate four luxury ships with destinations to the Caribbean, Europe, Central America and other worldwide locations. Tours is the largest cruise/tour operator in Alaska and the Canadian Yukon. Tours also markets sightseeing packages, both separately and as a part of its cruise/tour packages.

Preparation of Financial Statements

The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the amounts reported and disclosed in our financial statements. Actual results could differ from these estimates. All material intercompany accounts, transactions and unrealized profits and losses on transactions within our consolidated group and with affiliates are eliminated in consolidation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

We consolidate subsidiaries over which we have control, as typically evidenced by a direct ownership interest of greater than 50%. For affiliates where significant influence over financial and operating policies exists, as typically evidenced by a direct ownership interest from 20% to 50%, the investment is accounted for using the equity method. See Note 5.

Prior to our acquisition of Costa in late fiscal 2000, we accounted for our 50% interest in Costa using the equity method and recorded our portion of Costa's operating results as earnings from affiliated operations on a two-month lag basis. For September, October and November, 2000, we continued to record our 50% interest in Costa's operating results for the months of July, August and September, 2000, respectively, using the equity method. As of November 30, 2000, we changed how we report Costa's operating results from a two-month lag basis to reporting on Costa's current month's results. At that time, Costa's operating results for the months of October and November 2000 were recorded as a direct charge to retained earnings in our November 30, 2000 consolidated balance sheet and our November 30, 2000 consolidated balance sheet included Costa's November 30, 2000 balance sheet. The impact of conforming Costa's reporting period on our fiscal 2000 revenues, operating income and net income was not material. Commencing in fiscal 2001, Costa's results of operations were consolidated on a current month basis in the same manner as our other wholly-owned subsidiaries. See Note 17.

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents include investments with original maturities

of three months or less and are stated at cost. At November 30, 2001 and 2000, cash and cash equivalents included $1.38 billion and $157 million of investments, respectively, primarily comprised of strong investment grade asset-backed debt obligations and money market funds in 2001 and time deposits in 2000.

Short-term investments are comprised of marketable debt and equity securities which are categorized as available for sale and, accordingly, are stated at their fair values. Unrealized gains and losses are included as a component of accumulated other comprehensive income (loss) within shareholders' equity ("AOCI") until realized. The specific identification method is used to determine realized gains or losses.

Inventories

Inventories consist primarily of provisions, spare parts, supplies and fuel carried at the lower of our weighted-average cost or market.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization was computed using the straight-line method over our estimate of average useful lives as follows:

	Years
Ships	30
Buildings and improvements	10-40
Transportation equipment and other	2-20
Leasehold improvements	Shorter of lease term or related asset life

We review our long-lived assets and goodwill for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of our asset based on our estimate of its undiscounted future cash flows. If these estimated future cash flows are less than the carrying value of the asset, an impairment charge is recognized for the difference between the asset's estimated fair value and its carrying value (see Notes 4 and 16).

Drydock costs are included in prepaid expenses and are amortized to operating expenses using the straight-line method generally over one or two years.

Ship improvement costs that we believe add value to our ships are capitalized to the ships, and depreciated over the improvements' estimated useful lives, while costs of repairs and maintenance are charged to expense as incurred. We capitalize interest on ships and other capital projects during the construction period. Upon the replacement or refurbishment of previously capitalized ship components, these assets' estimated cost and accumulated depreciation are written-off and any resulting gain or loss is recognized in operations. No material gains or losses were recognized in fiscal 2001, 2000 or 1999. See Note 3.

Investments in Affiliates

At November 30, 2000, the costs in excess of the net assets acquired ("goodwill") of our affiliate, Airtours plc ("Airtours"), was $195 million. Goodwill was amortized using the straight-line method, principally over 40 years and was recorded as "(Loss) Income from Affiliated Operations, Net" in the accompanying statements of operations (see Notes 5 and 16).

Goodwill

Goodwill was amortized using the straight-line method over 40 years. At November 30, 2001, goodwill consisted of $275 million from our acquisition of HAL Antillen, N.V., the parent company of Holland America, Windstar and Tours, $235 million from our acquisition of Cunard and $260 million from our fiscal 2000 acquisition of Costa (see Notes 4 and 16).

Derivative Instruments and Hedging Activities

We utilize derivative instruments, currently forward and swap contracts, to limit our exposure to fluctuations in foreign currency exchange rates, to manage our interest rate exposure, and to achieve a desired proportion of variable and fixed rate debt (see Note 11).

Our most significant contracts to buy foreign currency are forward contracts entered into to fix the cost in United States ("U.S.") dollars of ten of our foreign currency denominated shipbuilding commitments (see Note 7). If our shipbuilding contract is denominated in the functional currency of the cruise line that is expected to be operating the ship, we do not enter into a forward contract to hedge that commitment.

Effective December 1, 2000, we adopted Statement of Financial Accounting Standards ("SFAS") No. 133, as amended, "Accounting for Derivative Instruments and Hedging Activities", which requires that all derivative instruments be recorded on our balance sheet at their fair values. Derivatives that are not hedges must be recorded at fair value and the changes in fair value must be immediately included in earnings. If a derivative is a fair value hedge, then changes in the fair value of the derivative are offset against the changes in the fair value of the underlying hedged firm commitment. If a derivative is a cash flow hedge, then changes in the fair value of the derivative are recognized as a component of AOCI until the underlying hedged item is recognized in earnings. The ineffective portion of a hedge derivative's change in fair value is immediately recognized in earnings. We formally document all relationships between hedging instruments and hedged items, as well as our risk management objectives and strategies for undertaking our hedge transactions.

The total $578 million of current and long-term fair value of hedged firm commitment assets on our November 30, 2001 balance sheet, principally includes $567 million of unrealized gains on our shipbuilding commitments denominated in foreign currencies because of the strengthening of the dollar compared to the euro. In addition, the total $581 million of fair value of derivative contract liabilities on our November 30, 2001 balance sheet, principally includes $567 million of unrealized losses on our forward foreign currency contracts relating to those same shipbuilding commitments, which are used to fix the cost of our shipbuilding commitments in U.S. dollars, and effectively offsets the related hedged firm commitment assets.

We classify the fair value of our derivative contracts and the offsetting fair value of our hedged firm commitments as either current or long-term liabilities and assets depending on whether the maturity date of the derivative contract is within or beyond one year from our balance sheet date, respectively. The cash flows from derivatives treated as hedges are classified in our statements of cash flows in the same category as the item being hedged.

Upon adoption of SFAS No. 133 on December 1, 2000, our recorded assets and liabilities each increased by approximately $540 million. This increase in assets and liabilities primarily represented the recording of offsetting unrealized gains and losses on our shipbuilding contracts and related foreign currency forward contracts, respectively. In accordance with the transition provisions of SFAS No. 133, we recorded an adjustment

of $4.2 million in AOCI to record the unrealized net losses from our cash flow hedges that existed on December 1, 2000.

Derivative gains and losses included in AOCI are reclassified into earnings at the same time the underlying hedged transaction is recorded in earnings. During fiscal 2001, all net changes in the fair value of both our fair value hedges and the offsetting hedged firm commitments and our cash flow hedges were immaterial, as were any ineffective portions of these hedges. No fair value hedges or cash flow hedges were derecognized or discontinued in fiscal 2001, and the amount of estimated unrealized net losses which are expected to be reclassified to earnings in the next twelve months is not material. At November 30, 2001, AOCI included $8.5 million of unrealized net losses from cash flow hedge derivatives, which were substantially all variable to fixed interest rate swap agreements.

Finally, if any of the three shipyards with which we have contracted to build our ships is unable to perform, we would still be required to perform under our foreign currency forward contracts related to that shipyard's shipbuilding contracts. Accordingly, based upon the circumstances, we may have to discontinue the accounting for those forward contracts as hedges, if the shipyard can not perform.

Prior to fiscal 2001, changes in the fair values of and any discounts or premiums on, our shipbuilding forward foreign currency contract hedges were recorded at maturity, which coincided with the dates when the related foreign currency payments were to be made, with any resulting gains or losses recorded as a decrease or increase, respectively, to the cost paid for our ships.

Prior to fiscal 2001, the fair values of our interest rate swap agreements were not recorded in our financial statements. Any differences paid or received on interest rate swap hedges were recognized as adjustments to interest expense over the life of the swap, thereby adjusting the effective interest rate on our underlying debt.

Revenue and Expense Recognition

Guest cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities on our balance sheet when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard activities and all associated direct costs of a voyage, generally upon completion of voyages with durations of ten days or less and on a pro rata basis for voyages in excess of ten days. Revenues and expenses from our tour and related services are recognized at the time the services are performed or expenses are incurred.

In fiscal 2001, we adopted Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements" which provides guidance on the recognition, presentation and disclosure of revenues in financial statements. Our adoption of this SAB did not have a material impact on our financial statements.

Advertising Costs

Substantially all of our advertising costs are charged to expense as incurred, except costs which result in tangible assets, such as brochures, which are recorded as prepaid expenses and charged to expense as consumed. Advertising expenses totaled $214 million in fiscal 2001, $181 million in fiscal 2000 and $178 million in fiscal 1999. At November 30, 2001 and 2000, the amount of advertising related costs included in prepaid expenses was not material.

Foreign Currency Translations and Transactions

For our foreign subsidiaries and affiliates using the local currency

as their functional currency, assets and liabilities are translated at exchange rates in effect at the balance sheet dates. Translation adjustments resulting from this process are reported in AOCI. Revenues and expenses of these foreign subsidiaries and affiliates are translated at weighted-average exchange rates for the period. Exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are immediately included in our earnings.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during each period. Diluted earnings per share is computed by dividing net income, as adjusted, by the weighted-average number of shares of common stock, common stock equivalents and other potentially dilutive securities outstanding during each period. See Note 14.

Stock-Based Compensation

We account for our employee and director stock-based compensation using the intrinsic value method and disclose fair value pro forma information (see Note 13).

Concentrations of Credit Risk

As part of our ongoing control procedures, we monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. Credit risk, including counterparty nonperformance under derivative instruments, contingent obligations and new ship progress payment guarantees, is considered minimal, as we primarily conduct business with large, well-established financial institutions who have long-term credit ratings of A or above. In addition, we have established guidelines regarding credit ratings and investment maturities that seek to maintain safety and liquidity.

We also monitor the creditworthiness of our customers to which we grant credit terms in the normal course of our business. Concentrations of credit risk associated with these receivables are considered minimal primarily due to their short maturities. We have experienced only minimal credit losses on our trade receivables. We do not normally require collateral or other security to support normal credit sales. However, we do normally require collateral and/or guarantees to support notes receivable on significant asset sales and new ship progress payments to shipyards.

Reclassifications

Reclassifications have been made to prior year amounts to conform to the current year presentation.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following (in thousands):

	November 30,	
	2001	2000
Ships	$ 8,892,412	$8,575,563
Ships under construction	592,781	320,480
	9,485,193	8,896,043

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Land, buildings and improvements	264,294	275,203
Transportation equipment and other	349,188	314,417
Total property and equipment	10,098,675	9,485,663
Less accumulated depreciation and amortization	(1,708,445)	(1,484,345)
	$ 8,390,230	$8,001,318

Capitalized interest, primarily on our ships under construction, amounted to $29 million in fiscal 2001 and $41 million in both fiscal 2000 and fiscal 1999. Ships under construction include progress payments for the construction of the ship, as well as design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. At November 30, 2001, two ships with an aggregate net book value of $617 million were pledged as collateral pursuant to a $126 million note and a $430 million contingent obligation (see Notes 6 and 8).

Maintenance and repair expenses and drydock amortization were $160 million, $132 million and $113 million in fiscal 2001, 2000 and 1999, respectively.

NOTE 4 - IMPAIRMENT CHARGE

During fiscal 2001, we reviewed our long-lived assets and goodwill for which there were indications of possible impairment. The assets we reviewed were primarily from our Cunard and Seabourn brands, since we had experienced continued losses from these brands and had recently restructured their operations and made changes to their senior management. In addition, we reviewed a Holland America note receivable collateralized by a ship, the former Nieuw Amsterdam, which we sold to a company whose parent declared bankruptcy in the fourth quarter of fiscal 2001. Based on these reviews, we recorded an impairment charge, including a loss on the sale of two Seabourn ships, of approximately $140 million in fiscal 2001, including $39 million in the fourth quarter of 2001. This charge included a $36 million write-off of Seabourn's goodwill balance; a $71 million reduction in the carrying value of ships, primarily those operated by Cunard and Seabourn; a $15 million write-down of the Holland America note receivable; an $11 million loss from the sale of the Seabourn Goddess I and II; and a $6 million write-down of the carrying value of two of Tours' hotel properties. The note receivable and ship fair values were based on third party appraisals or negotiations with unrelated third parties, and the fair values of the goodwill and hotels were based on our estimates of discounted future cash flows.

NOTE 5 - INVESTMENTS IN AND ADVANCES TO AFFILIATES

On June 1, 2001, we sold our investment in Airtours, which resulted in a nonoperating net gain of $101 million and net cash proceeds of $492 million. Cumulative foreign currency translation losses of $59 million were reclassified from AOCI and included in determining this 2001 net gain. We also recorded a direct charge of $8 million to our retained earnings in fiscal 2001, which represented our share of Airtours' losses for April and May 2001, since Airtours' results were reported on a two-month lag.

In fiscal 2001, we sold our interest in CRC Holdings, Inc. ("CRC") to an unrelated third party, which resulted in a nonoperating net gain of $16 million and net cash proceeds of $39 million. One of the members of our Board of Directors was a principal shareholder in CRC.

Dividends received from affiliates were $13 million, $16 million and $15 million in fiscal 2001, 2000 and 1999, respectively, which reduced the carrying value of our investments in affiliates in accordance with the equity method of accounting.

At November 30, 2000, affiliated companies that we accounted for using

the equity method, excluding Costa, had current assets, long-term assets, current liabilities, long-term liabilities and shareholders' equity of $2.27 billion, $1.98 billion, $1.85 billion, $1.53 billion and $870 million, respectively.

Income statement and segment information for our affiliated companies accounted for using the equity method, including Airtours and Costa, was as follows (in thousands):

	Fiscal Years Ended	
	2000	1999
Revenues	$6,669,052	$5,963,425
Gross margin	$1,345,593	$1,265,614
Operating income	$ 5,114	$ 359,953
Depreciation and amortization	$ 152,123	$ 133,302
Net income	$ 19,770	$ 255,146
Capital expenditures	$ 650,098	$ 356,267

Since we sold our interest in Airtours and CRC during fiscal 2001, no data has been presented for fiscal 2001.

NOTE 6 - LONG-TERM DEBT

Long-term debt consisted of the following (in thousands):

	November 30,	
	2001 (a)	2000 (a)
Euro note, secured by one ship, bearing interest at euribor plus 0.5% (4.8% and 5.7% at November 30, 2001 and 2000, respectively), due through 2008	$ 125,770	$ 141,628
Unsecured notes, bearing interest at rates ranging from 6.15% to 7.7%, due through 2028(b)	848,779	848,657
Unsecured euro notes, bearing interest at rates ranging from euribor plus 0.19% to euribor plus 1.0% (3.9% to 4.9% and 5.2% to 6.1% at November 30, 2001 and 2000, respectively), due 2005 and 2006	604,068	814,076
Unsecured euro notes, bearing interest at 5.57%, due in 2006	266,223	
Unsecured 2% convertible notes, due in 2021	600,000	
Unsecured zero-coupon convertible notes, net of discount, with a face value of $1.05 billion, due in 2021	501,945	
Commercial paper, bearing interest at 6.6%		342,846
$200 million multi-currency revolving credit facility drawn in euros, bearing interest at 5.3% at November 30, 2000		160,862
Other	29,833	39,227
	2,976,618	2,347,296
Less portion due within one year	(21,764)	(248,219)
	$2,954,854	$2,099,077

(a) All borrowings are in U.S. dollars unless otherwise noted. Euro denominated notes have been translated to U.S. dollars at the period end exchange rate. At November 30, 2001 and 2000, approximately 66% and 52% of our debt was U.S. dollar denominated and 34% and 48% was euro denominated,

respectively.
(b) These notes are not redeemable prior to maturity.

In April 2001, we issued $600 million of unsecured 2% notes that are convertible into 15.3 million shares of our common stock at a conversion price of $39.14 per share, subject to adjustment, contingent upon the price of our common stock being greater than 110% of the conversion price. This condition was not met during fiscal 2001. Subsequent to April 14, 2008, we may redeem all or a portion of the notes at their face value plus any unpaid accrued interest. In addition, on April 15 of 2005, 2008 and 2011 the noteholders may require us to repurchase all or a portion of the outstanding notes at their face value plus any unpaid accrued interest. Upon conversion, redemption or repurchase of the notes we may choose to deliver common stock, cash or a combination of cash and common stock with a total value equal to the value of the consideration otherwise deliverable. See Note 14.

In October 2001, we received net proceeds of $489 million from the issuance of zero-coupon convertible notes. These notes have a yield to maturity of 3.75% and are convertible commencing on March 1, 2002 into 17.4 million shares of our common stock, based on a conversion rate, subject to adjustment, of 16.5964 shares for each $1,000 principal amount at maturity of notes. The conversion feature is contingent upon the price of our common stock reaching certain targeted levels, also subject to adjustment. These levels commence at a low of $31.94 per share in fiscal 2002 and increase quarterly to $65.92 per share in fiscal 2021. Subsequent to October 23, 2008, we may redeem all or a portion of the notes at their accreted values. In addition, on October 24 of 2006, 2008, 2011 and 2016 the noteholders may require us to repurchase all or a portion of the outstanding notes at their accreted values. Upon conversion, redemption or repurchase of the notes we may choose to deliver common stock, cash or a combination of cash and common stock with a total value equal to the value of the consideration otherwise deliverable. See Note 14.

In May 2001, Costa entered into a five-year $231 million unsecured euro denominated revolving credit facility of which $137 million was available at November 30, 2001.

Effective July 2001, we replaced our $1 billion unsecured revolving credit facility and our $200 million unsecured multi-currency revolving credit facility with a $1.4 billion unsecured multi-currency revolving credit facility, due June 2006. The new revolving credit facility bears interest at libor/euribor plus 17 basis points ("BPS"), which will vary based on changes to our senior unsecured long-term debt ratings, and provides for an undrawn facility fee of eight BPS. Our commercial paper program is supported by this revolving credit facility and, accordingly, any amounts outstanding under our commercial paper program reduce the aggregate amount available under this facility. Since our commercial paper was backed by our long-term revolving credit facilities, balances outstanding under our commercial paper programs were classified as long-term in our November 30, 2000 balance sheet. At November 30, 2001, our entire $1.4 billion facility was available. This facility and other of our loan agreements contain covenants that require us, among other things, to maintain a minimum debt service coverage and limit our debt to tangible capital ratio. In addition, our ability to draw upon the then available portion of our $1.4 billion credit facility could be terminated if our business suffers a material adverse change. At November 30, 2001, we were in compliance with all of our debt covenants.

At November 30, 2001, the scheduled annual maturities of our long-term debt was as follows (in thousands):

Fiscal

2002	$ 21,764
2003	145,897
2004	140,209
2005	885,365(a)
2006	1,226,860(a)
Thereafter	556,523
	$2,976,618

(a) Includes our 2% convertible notes in 2005 and our zero-coupon convertible notes in 2006 based on the date of the noteholders first put option.

Debt issuance costs are generally amortized to interest expense using the straight-line method over the term of the notes or to the noteholders first put option date, whichever is earlier. In addition, all loan issue discounts are amortized to interest expense using the effective interest method over the term of the notes.

NOTE 7 - COMMITMENTS

Ship Commitments

A description of our ships under contract for construction at November 30, 2001 was as follows (in millions, except passenger capacity data):

Ship	Expected Service Date(1)	Shipyard	Passenger Capacity(2)	Estimated Total Cost(3)
Carnival:				
Carnival Pride(4)	12/01	Masa-Yards(5)	2,124	$ 375
Carnival Legend	8/02	Masa-Yards(5)	2,124	375
Carnival Conquest	12/02	Fincantieri	2,974	500
Carnival Glory	8/03	Fincantieri	2,974	500
Carnival Miracle	4/04	Masa-Yards(5)	2,124	375
Carnival Valor	11/04	Fincantieri(5)	2,974	500
Total Carnival			15,294	2,625
Holland America:				
Zuiderdam	12/02	Fincantieri(5)	1,848	410
Oosterdam	7/03	Fincantieri(5)	1,848	410
Newbuild	5/04	Fincantieri(5)	1,848	410
Newbuild	11/05	Fincantieri(5)	1,848	410
Total Holland America			7,392	1,640
Costa:				
Costa Mediterranea	7/03	Masa-Yards (6)	2,114	335
Costa Fortuna	1/04	Fincantieri(6)	2,720	390
Costa Magica	12/04	Fincantieri(6)	2,720	390
Total Costa			7,554	1,115
Cunard:				
Queen Mary 2	12/03	Chantiers de l'Atlantique(5)	2,620	780
Newbuild(7)	2/05	Fincantieri(5)	1,968	410
Total Cunard			4,588	1,190
Total			34,828	$6,570

(1) The expected service date is the date the ship is currently expected to begin its first revenue generating cruise.
(2) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can

accommodate three or four passengers.
(3) Estimated total cost of the completed ship includes the contract price with the shipyard, design and engineering fees, capitalized interest, various owner supplied items and construction oversight costs.
(4) On December 14, 2001, we accepted delivery of the Carnival Pride.
(5) These construction contracts are denominated in euros and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts. At November 30, 2001, the $567 million of unrealized losses from these forward contracts has been recorded as fair value of derivative contract liabilities on our November 30, 2001 balance sheet and are also included in the above estimated total cost of these construction contracts.
(6) These construction contracts are denominated in euros, which is Costa's functional currency. The estimated total costs have been translated into U.S. dollars using the November 30, 2001 exchange rate.
(7) This construction contract and related forward contracts were transferred from Holland America to Cunard in December 2001.

In addition to these ship construction contracts, in December 2001, we entered into one shipbuilding option with Fincantieri for a May 2006 delivery date. No assurance can be given as to whether we will exercise this option.

In connection with our ships under contract for construction, we have paid approximately $593 million through November 30, 2001 and anticipate paying the remaining estimated total cost as follows (in millions):

Fiscal	
2002	$1,751
2003	1,501
2004	2,037
2005	688
	$5,977

Port Facilities

At November 30, 2001, we had commitments through 2023, with initial or remaining terms in excess of one year, to pay minimum amounts for our annual usage of port facilities as follows (in thousands):

Fiscal	
2002	$ 21,831
2003	18,947
2004	19,318
2005	20,667
2006	19,211
Thereafter	178,405
	$278,379

Operating Leases

Rent expense under our operating leases, primarily for office and warehouse space, was $13 million in fiscal 2001 and $10 million in both fiscal 2000 and fiscal 1999. At November 30, 2001, minimum annual rentals for our operating leases, with initial or remaining terms in excess of one year, were as follows (in thousands):

Fiscal	
2002	$10,100
2003	8,600
2004	7,700
2005	7,600
2006	7,500
Thereafter	22,300

$63,800

NOTE 8 - CONTINGENCIES

Litigation

Several actions have been filed against Costa, Cunard and Tours alleging that they violated the Americans with Disabilities Act ("ADA") by failing to make certain cruise ships accessible to individuals with disabilities (collectively the "ADA Complaints"). Plaintiffs seek injunctive relief and fees and costs. These actions are proceeding.

Several actions filed in the U.S. District Court for the Southern District of Florida against us and four of our executive officers on behalf of a purported class of purchasers of our common stock were consolidated into one action in Florida (the "Stock Purchase Complaint"). The plaintiffs have claimed that statements we made in public filings violated federal securities laws and seek unspecified compensatory damages and attorney and expert fees and costs. This action is proceeding.

The ultimate outcome of the pending ADA and Stock Purchase Complaints cannot be determined at this time. We believe that we and our executive officers have meritorious defenses to these claims and, accordingly, we intend to vigorously defend against these actions.

In August 2000, we received a grand jury subpoena requesting that we produce documents and records concerning environmental matters. We produced documents in response to the subpoena and are engaged in settlement discussions with the Office of the U.S. Attorney for the Southern District of Florida. No charges have been lodged against us. In the event that the investigation results in adverse findings with regard to our compliance with U.S. laws pertaining to the environment, a judgment could include fines and mandatory provisions relating to future compliance practices, among other forms of relief. However, the ultimate outcome of this matter cannot be determined at this time.

In February 2001, Holland America Line-USA, Inc. ("HAL, Inc."), our wholly-owned subsidiary, received a grand jury subpoena requesting that it produce documents and records relating to the air emissions from Holland America ships in Alaska. HAL, Inc. is responding to the subpoena. The ultimate outcome of this matter cannot be determined at this time.

Costa has instituted arbitration proceedings in Italy to confirm the validity of its decision not to deliver its ship, the Costa Classica, to the shipyard of Cammell Laird Holdings PLC ("Cammell Laird") under a $70 million contract for the conversion and lengthening of the ship. Costa has also given notice of termination of the contract. It is expected that the arbitration tribunal's decision will be made at the earliest by mid-2003. In the event that an award is given in favor of Cammell Laird the amount of damages which Costa will have to pay, if any, is not currently determinable. The ultimate outcome of this matter cannot be determined at this time.

In the normal course of our business, various other claims and lawsuits have been filed or are pending against us. The majority of these claims and lawsuits are covered by insurance. We believe the ultimate outcome of any such actions, which are not covered by insurance, will not have a material adverse effect on our financial statements.

Contingent Obligations

At November 30, 2001, we had contingent obligations totaling $787 million to participants in lease out and lease back type transactions for three of our ships, which had an aggregate net book value of $980 million.

Only in the remote event of nonperformance by certain major financial institutions, all of which have long-term credit ratings of AAA or AA, would we be required to make any payments under these contingent obligations. Between 2017 and 2022 we have the right to exercise options that would terminate these transactions at no cost to us. As a result of these three transactions we have received $67 million, which was recorded as deferred income on our balance sheets and is being amortized to nonoperating income through 2022. These transactions require that in the event our long-term debt ratings are reduced to A-, we must provide a letter of credit for $22 million, and if reduced below BBB, we must provide a letter of credit for an additional $94 million, or alternatively provide mortgages in the amount of $94 million on two of our ships.

Travel Vouchers

Pursuant to Carnival's and Holland America's settlement of port litigation, travel vouchers with face values of $10 to $55 were required to be issued to qualified past passengers. Approximately $125 million of these travel vouchers are available to be used for future travel prior to their expiration, principally in fiscal 2005. The amount and timing of the travel vouchers which may be redeemed is not reasonably determinable. Accordingly, we will account for the redemption of these travel vouchers as a reduction to our future revenues as they are used.

NOTE 9 - INCOME AND OTHER TAXES

We believe that substantially all of our income, with the exception of our U.S. source income from the transportation, hotel and tour businesses of Tours, is exempt from U.S. federal income taxes. If we were found not to qualify for exemption pursuant to applicable income tax treaties or under the Internal Revenue Code, as amended, (the "Code") or if the Code were to be changed in a manner adverse to us, a portion of our income would become subject to taxation by the U.S. at higher than normal corporate tax rates.

Some of our subsidiaries, including Costa and Tours, are subject to foreign and/or U.S. income taxes. In fiscal 2001, we recognized a $9 million income tax benefit from Costa primarily due to changes in Italian tax laws. Finally, we do not expect to incur income taxes on future distributions of undistributed earnings of foreign subsidiaries and, accordingly, no deferred income taxes have been provided for the distribution of these earnings.

In addition to or in place of income taxes, virtually all jurisdictions where our ships call, impose taxes based on passenger counts, ship tonnage or some other measure. These taxes are recorded as operating expenses in the accompanying statements of operations.

NOTE 10 - SHAREHOLDERS' EQUITY

Our Articles of Incorporation authorize our Board of Directors, at their discretion, to issue up to 40 million shares of our preferred stock. At November 30, 2001 and 2000, no preferred stock had been issued.

In December 1998, we issued 17 million shares of our common stock in a public offering and received net proceeds of approximately $725 million. We issued the stock concurrent with the addition of our common stock to the S&P 500 Composite Index.

In February 2000, our Board of Directors authorized the repurchase of up to $1 billion of our common stock. As of November 30, 2001, we had repurchased 33.1 million shares of our common stock at a cost of $705 million pursuant to this authorization. In addition, we received 761,000 shares of our common stock from our chief executive officer valued at its

quoted market price of $23 million, which we recorded as treasury stock, in payment of the exercise price for two million shares of our common stock issued to him pursuant to a stock option plan (see Note 13).

At November 30, 2001, there were 53 million shares of our common stock reserved for issuance pursuant to our convertible notes and our stock option, employee stock purchase, restricted stock and dividend reinvestment plans. During fiscal 2001, we declared cash dividends aggregating $0.42 per share for the year.

At November 30, 2001 and 2000, AOCI included cumulative foreign currency translation adjustments which decreased shareholders' equity by $22 million and $68 million, respectively.

NOTE 11 - FINANCIAL INSTRUMENTS

We estimated the fair value of our financial instruments through the use of public market prices, quotes from financial institutions and other available information. Considerable judgment is required in interpreting data to develop estimates of fair value and, accordingly, amounts are not necessarily indicative of the amounts that we could realize in a current market exchange. Our financial instruments are not held for trading or other speculative purposes.

Cash and Cash Equivalents

The carrying amounts of our cash and cash equivalents approximate their fair values due to their short maturities.

Other Assets

At November 30, 2001 and 2000, long-term other assets included marketable securities, held in Rabbi Trusts for certain of our nonqualified benefit plans, and notes and other receivables, principally collaterized by a ship, the former Nieuw Amsterdam. These assets had carrying and fair values of $143 million at November 30, 2001 and $135 million at November 30, 2000. Fair values were based on public market prices, estimated discounted future cash flows or estimated fair values of collateral.

Long-Term Debt

At November 30, 2001 and 2000, the fair value of our long-term debt, including the current portion, was $2.95 billion and $2.27 billion, respectively, which was $26 million and $75 million less than its carrying value on those respective dates. The net difference between the fair value of our long-term debt and its carrying value was due primarily to our issuance of debt obligations at fixed interest rates that are below market interest rates in existence at the measurement dates. The fair values of our unsecured notes, convertible notes and unsecured 5.57% euro notes were based on their public market prices. The fair values of our other long-term debt were estimated based on appropriate market interest rates being applied to this debt.

Foreign Currency Contracts

We have forward foreign currency contracts, designated as foreign currency fair value hedges, for ten of our euro denominated shipbuilding contracts (see Note 7). At November 30, 2001 and 2000, the fair value of these forward contracts was an unrealized loss of $567 million and $538 million, respectively. These forward contracts mature through 2005. The fair values of our forward contracts were estimated based on prices quoted by financial institutions for these instruments.

Interest Rate Swaps

We have interest rate swap agreements designated as fair value hedges whereby we receive fixed interest rate payments in exchange for making variable interest rate payments. At November 30, 2001, these interest rate swap agreements effectively changed $225 million of fixed rate debt with a weighted-average fixed interest rate of 6.8% to Libor-based floating rate debt.

In addition, we also have interest rate swap agreements designated as cash flow hedges whereby we receive variable interest rate payments in exchange for making fixed interest rate payments. At November 30, 2001 and 2000, these interest rate swap agreements effectively changed $637 million and $762 million, respectively, of euribor floating rate debt to fixed rate debt with a weighted-average fixed interest rate of 5.3% and 5.2%, respectively.

These interest rate swap agreements mature through 2006. At November 30, 2001 and 2000, the fair value of our interest rate swaps was a net unrealized loss of $3.3 million and $2.8 million, respectively. The fair values of our interest rate swap agreements were estimated based on appropriate market interest rates being applied to these instruments.

NOTE 12 - SEGMENT INFORMATION

Our cruise segment included six cruise brands (five, excluding Costa, prior to fiscal 2001), which have been aggregated as a single operating segment based on the similarity of their economic and other characteristics. Cruise revenues are comprised of sales of passenger cruise tickets, including, in some cases, air transportation to and from the cruise ships, and revenues from certain onboard activities and other services. The tour segment represents the transportation, hotel and tour operations of Tours.

The significant accounting policies of the segments are the same as those described in Note 2 - "Summary of Significant Accounting Policies". Cruise revenues included intersegment revenues which primarily represent billings to the tour segment for the cruise portion of a tour when a cruise is sold as a part of a tour package. In addition, cruise and tour operating expenses included a cost allocation of certain corporate and other expenses. Information for the cruise and tour segments for fiscal 2001, 2000 and 1999 was as follows (in thousands):

<TABLE>

	Revenues	Operating income (loss)	Depreciation and amortization	Capital expenditures	Total assets
<S>	<C>	<C>	<C>	<C>	<C>
2001					
Cruise	$4,357,942	$ 958,273 (a)	$ 359,314	$ 801,453	$ 9,905,353(b)
Tour	229,483	(10,357)(a)	11,474	25,108	188,296(c)
Affiliated operations(d)		(44,024)			
Intersegment elimination	(51,674)				
Corporate(e)		(12,161)	1,436	7	1,469,903
	$4,535,751	$ 891,731	$ 372,224	$ 826,568	$11,563,552
2000					
Cruise	$3,578,372	$ 957,226	$ 276,483	$ 972,270	$ 9,093,646(b)
Tour	259,662	7,664	10,825	30,129	199,722(c)
Affiliated operations		37,828(b)			437,391

Intersegment elimination	(59,492)				
Corporate(e)		(19,760)	359	949	100,561
	$3,778,542	$ 982,958	$ 287,667	$1,003,348	$ 9,831,320
1999					
Cruise	$3,286,701	$ 947,452	$ 232,942	$ 837,126	$ 6,938,411
Tour	271,828	10,403	10,716	24,416	185,591(c)
Affiliated operations		75,758(b)			586,922
Intersegment elimination	(61,059)				
Corporate(e)		(13,914)		11,442	575,431
	$3,497,470	$1,019,699	$ 243,658	$ 872,984	$ 8,286,355

</TABLE>

(a) Cruise and tour operating income (loss) included $134 million and $6 million of impairment charges, respectively (see Note 4).
(b) The November 30, 2001 and 2000 cruise assets included Costa, while Costa's results of operations were presented in the affiliated operations segment for 2000 and 1999(see Notes 2 and 17).
(c) Tour assets primarily included hotels in Alaska and the Canadian Yukon, luxury dayboats offering tours to the glaciers of Alaska, motor coaches used for sightseeing and charters in the states of Washington and Alaska and private, domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks.
(d) On June 1, 2001 we sold our investment in Airtours. Accordingly, we did not record any equity in the earnings or losses from the affiliated operations of Airtours after our quarter ended May 31, 2001.
(e) Operating loss represented corporate expenses not allocated to segments. Corporate assets primarily included cash, cash equivalents, short-term investments, debt issuance costs and transportation assets.

See Note 5 for affiliated operations segment information which were not included in our consolidated operations.

Foreign revenues for our cruise brands, including Costa in 2001, represent sales generated from outside the U.S. primarily by foreign tour operators and foreign travel agencies. The majority of these foreign revenues are from Italy, Canada, United Kingdom, France, Germany and Spain. Foreign assets represent assets which are located outside of the U.S. and included all of our ships. Revenues and year-end asset information by geographic area was as follows (in thousands):

	2001	2000	1999
Revenues:			
United States	$3,489,913	$3,180,667	$2,934,492
Foreign	1,045,838	597,875	562,978
	$4,535,751	$3,778,542	$3,497,470
Assets:			
United States	$ 2,040,145	$ 680,897	$1,063,963
Foreign	9,523,407	9,150,423	7,222,392
	$11,563,552	$9,831,320	$8,286,355

NOTE 13 - BENEFIT PLANS

Stock Option Plans

We have stock option plans primarily for supervisory and management level employees and members of our Board of Directors. The plans are administered by a committee of three of our directors (the "Committee") which determines who is eligible to participate, the number of shares for which options are to be granted and the amounts that may be exercised within a specified term. The option exercise price is generally set by the Committee at 100% of the fair market value of the common stock on the date the option is granted. Substantially all options granted during fiscal 2001, 2000 and 1999 were granted at an exercise price per share equal to the fair market value of our common stock on the date of grant. Employee options generally have vested evenly over five years and have a ten year term and director options granted prior to fiscal 2001 have vested immediately and have a five or ten year term. Director options granted subsequent to fiscal 2000 will vest evenly over five years and have a ten year term. At November 30, 2001, options for 704,000 shares were available for future grants under our 2001 Outside Director Stock Option Plan. In addition, on January 14, 2002, our Board of Directors authorized the adoption of our 2002 Stock Option Plan, subject to shareholder approval, under which 40 million shares will be available for future option grants. A summary of the activity and status of our stock option plans was as follows:

	Weighted Average Exercise Price Per Share			Number of Options Years Ended November 30,		
	2001	2000	1999	2001	2000	1999
Outstanding options- beginning of year	$26.80	$22.70	$14.95	8,840,793	6,517,168	5,987,574
Options granted	$26.44	$35.92	$44.54	6,580,250	2,910,575	1,641,400
Options exercised	$11.70	$13.43	$11.01	(2,218,075)	(244,850)	(956,706)
Options canceled	$35.15	$35.91	$26.55	(428,675)	(342,100)	(155,100)
Outstanding options- end of year	$28.95	$26.80	$22.70	12,774,293	8,840,793	6,517,168
Options exercisable- end of year	$25.96	$15.82	$12.64	2,972,498	4,042,452	3,601,993

<TABLE>

Information with respect to outstanding and exercisable stock options at November 30, 2001 was as follows:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Shares	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$ 1.94-$ 2.25	35,980	(1)	$ 2.05	35,980	$ 2.05
$ 6.94-$10.31	195,800	0.7	$ 7.31	195,800	$ 7.31
$10.59-$15.00	707,000	3.3	$11.37	707,000	$11.37
$16.28-$22.57	4,160,269	9.1	$21.59	545,551	$19.31
$24.63-$29.81	4,307,144	8.6	$28.75	460,894	$26.40
$33.04-$41.34	294,000	7.8	$35.22	117,733	$36.04
$43.56-$48.56	3,074,100	7.7	$44.36	909,540	$44.73
Total	12,774,293	8.1	$28.95	2,972,497	$25.96

</Table>

(1) These stock options do not have an expiration date.

Pursuant to SFAS No. 123, we elected to use the intrinsic value method of accounting for employee and director stock-based compensation awards. Accordingly, we have not recognized compensation expense for our noncompensatory employee and director stock option awards. Our pro forma net income and earnings per share for fiscal 2001, had we elected to adopt the fair value approach (which charges earnings for the estimated fair value of stock options) of SFAS No. 123, would have been $904 million and $1.54 per share, and would not have been materially different from reported net income and earnings per share for fiscal 2000 and 1999.

The weighted-average fair values of options we granted during fiscal 2001, 2000 and 1999 were $12.67, $13.31 and $15.15 per share, respectively, at the dates of grant. The fair values of options were estimated using the Black-Scholes option pricing model with the following weighted-average assumptions for fiscal 2001, 2000 and 1999, respectively; expected dividend yields of 1.16%, 1.17% and 0.80%; expected volatility of 50.0%, 28.9% and 26.3%; risk free interest rates of 4.5%, 6.4% and 4.8%; and expected option life of six years for all periods.

Restricted Stock Plan

We have a restricted stock plan under which three executive officers have been issued restricted shares of our common stock. These shares have the same rights as our common stock, except for restriction and forfeiture provisions. During fiscal 2001, 2000 and 1999, 150,000 shares of common stock were issued each year which were valued at $5 million, $6 million and $7 million, respectively. Unearned stock compensation was recorded in stockholders' equity at the date of award based on the quoted market price of the shares on the date of grant and is amortized to expense using the straight-line method from the grant date through the vesting date. These shares vest five years after the grant date. As of November 30, 2001 and 2000 there were 647,000 shares and 497,000 shares, respectively, issued under the plan which remain to be vested.

Defined Benefit Pension Plans

We have one qualified and one nonqualified defined benefit pension plan that is available to full-time Carnival and corporate shoreside employees who were employed by Carnival before January 1, 1998. Our funding policy for this qualified plan is to annually contribute at least the amount required under the applicable labor regulations. The nonqualified plan is unfunded. In addition, we have two nonqualified plans, one for the Carnival shipboard employees, except for deck and engine officers, and one supplemental executive retirement plan ("SERP") in which two executive officers currently participate. The Carnival shipboard nonqualified plan is funded by contributions into a Rabbi Trust and the SERP is unfunded. At November 30, 2001, the Carnival shipboard plan had a minimum pension liability adjustment of $5.5 million included in AOCI. Total expense for these defined benefit pension plans was $8 million, $6 million and $4 million in fiscal 2001, 2000 and 1999, respectively.

Defined Contribution Plans

We have several defined contribution plans available to substantially all U.S. and Canadian employees, to Cunard's United Kingdom employees and to Carnival's shipboard deck and engine officers. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense relating to these plans was $8 million, $7 million and $6 million in fiscal 2001, 2000 and 1999, respectively.

Employee Stock Purchase Plan

We have an Employee Stock Purchase Plan which is authorized to issue up to 4,000,000 shares of our common stock to substantially all of our

employees. The purchase price is derived from a formula based on 85% of the fair market value of our common stock during the six-month purchase period, as defined. During fiscal 2001, 2000 and 1999, we issued 82,733, 171,886 and 144,911 shares, respectively, at a weighted-average share price of $21.94, $26.36 and $36.67, respectively, under this plan.

NOTE 14 - EARNINGS PER SHARE

Our basic and diluted earnings per share were computed as follows (in thousands, except per share data):

	Years Ended November 30,		
	2001	2000	1999
Net income	$926,200	$965,458	$1,027,240
Effect on net income of assumed issuance of affiliate securities			(3,299)
Net income, as adjusted	$926,200	$965,458	$1,023,941
Weighted average common shares outstanding	585,064	599,665	612,484
Dilutive effect of stock plans	1,798	2,247	3,516
Diluted weighted average shares outstanding	586,862	601,912	616,000
Basic earnings per share	$1.58	$1.61	$1.68
Diluted earnings per share	$1.58	$1.60	$1.66

During fiscal 2001, 2000 and 1999, the exercise prices for 5.4 million, 4.4 million and 1.1 million options, respectively, were greater than the average fair market prices of our common stock for those periods and, consequently, were excluded from our diluted earnings per share computations since they were anti-dilutive.

In addition, our 2001 diluted earnings per share computation did not include 32.7 million shares of our common stock issuable upon conversion of our 2% and zero-coupon convertible notes, as this common stock was not issuable under the contingent issuance provisions of these debt instruments.

NOTE 15 - SUPPLEMENTAL CASH FLOW INFORMATION

	YEARS ENDED NOVEMBER 30,		
	2001	2000	1999
	(in thousands)		
Cash paid (received) for:			
Interest, net of amount capitalized	$109,321	$40,431	$ 49,836
Income taxes	$ 3,931	$ (800)	$ 3,841
Noncash investing and financing activities:			
Common stock received as payment of stock option exercise price	$ 22,500		
Note received upon the sale of the Nieuw Amsterdam		$84,500	
Common stock issued for acquisition of Cunard Line Limited minority interest			$127,069

NOTE 16 - RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, SFAS No. 141, "Business Combinations" and SFAS No. 142,

"Goodwill and Other Intangible Assets" were issued. SFAS No. 141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method. SFAS No. 141 also further clarifies the criteria for recognition of intangible assets separately from goodwill. Our adoption of this standard is not expected to have a material effect on our accounting for prior business combinations.

SFAS No. 142 eliminates the amortization of goodwill and indefinite-lived intangible assets and requires an annual, or when events or circumstances dictate, a more frequent impairment review of both these non-amortizable intangible assets. Identifiable intangible assets with a determinable useful life will continue to be amortized. The amortization provisions apply immediately to goodwill and other intangible assets acquired after June 30, 2001. Goodwill and other intangible assets acquired prior to June 30, 2001 will be affected upon adoption. We intend to early adopt SFAS No. 142 as of the beginning of fiscal 2002. Accordingly, we no longer intend to amortize goodwill as of December 1, 2001, and will perform a transitional impairment test of our existing goodwill as of December 1, 2001 and annually thereafter. Our cessation of goodwill amortization will result in a reduction of $20 million in annual goodwill amortization, assuming no future impairment of goodwill. Goodwill amortization was $25 million, $23 million and $21 million in fiscal 2001, 2000 and 1999, respectively.

The SFAS No. 142 goodwill impairment review consists of a two-step process of first determining the fair value of the reporting unit and comparing it to the carrying value of the net assets allocated to the reporting unit. If this fair value exceeds the carrying value, no further analysis is required. If the fair value of the reporting unit is less than the carrying value of the net assets, the implied fair value of the reporting unit is allocated to all underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their fair value. If necessary, goodwill is then written-down to its implied fair value. We must complete the first step of the transitional impairment review by May 31, 2002 and, if necessary, the second step by November 30, 2002. We do not expect that there will be any impairment of our goodwill upon adoption.

In August 2001, SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" was issued. SFAS No. 144 requires (i) the recognition and measurement of the impairment of long-lived assets to be held and used and (ii) the measurement of long-lived assets to be held for sale. SFAS No. 144 is effective for us in fiscal 2003. We have not completed our review of SFAS No. 144, however, we expect that the adoption of this standard will not have a material effect on our financial statements since the impairment assessment under SFAS No. 144 is largely unchanged from existing literature.

NOTE 17 - COSTA ACQUISITION

From June 1997 through September 28, 2000, we owned 50% of Costa. On September 29, 2000, we acquired the remaining 50% interest in Costa from Airtours at a cost of $511 million. Substantially all of the purchase price was funded by euro denominated borrowings. We accounted for this transaction using the purchase accounting method.

Had the above transaction occurred on December 1, 1998, our unaudited consolidated revenues for fiscal 2000 and 1999 would have been approximately $4.3 billion and $4.1 billion, respectively. The impact on our unaudited consolidated net income and earnings per share for fiscal 2000 and 1999 would not have been material.

The impact on our assets and liabilities related to this acquisition was as follows (in thousands):

Fair value of acquired assets	$ 915,437

Debt assumed	(310,259)
Other liabilities assumed	(94,354)
Cash paid for acquisition	510,824
Cash acquired and consolidated	(130,539)
Net cash paid as reflected in our 2000 Statement of cash flows	$ 380,285

NOTE 18 - SUBSEQUENT EVENT

Subsequent to November 30, 2001, we announced that we had made a pre-conditional offer to acquire P&O Princess Cruises plc ("P&O"), the world's third largest cruise company. The value of our offer as of February 15, 2002 was approximately $5.4 billion to be paid in shares of our common stock. In addition, we will assume P&O's net debt, which was approximately $1.4 billion as of December 31, 2001. It is our intention, upon closing of the transaction, to pay approximately $2.4 billion of the purchase price in cash, subject to our obtaining satisfactory financing, which will reduce the portion of our offer that will be paid in shares of our common stock. As of the date we made our pre-conditional offer, P&O and Royal Caribbean Cruises Ltd. ("RCL") were parties to a series of agreements that would result in a combination of P&O and RCL in a dual listed structure. P&O has rejected our pre-conditional offer and has recommended the combination with RCL to its shareholders. Both the combination with RCL and our offer are subject to certain conditions, including regulatory clearances. No assurance can be given that we will be successful in acquiring P&O.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Carnival Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, cash flows and shareholders' equity present fairly, in all material respects, the financial position of Carnival Corporation and its subsidiaries at November 30, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, the Company changed its method of accounting for derivative instruments and hedging activities in 2001.

/s/PricewaterhouseCoopers LLP

Miami, Florida

January 29, 2002,except as to Note 18 which is dated as of February 15, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our letter to shareholders and elsewhere in this 2001 Annual Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "assume," "believe," "expect," "forecast," "future," "intend," and words and terms of similar substance in connection with any discussion of future operating or financial performance. These forward-looking statements, including those which may impact the forecasting of our net revenue yields, booking levels, pricing, occupancy or business prospects, involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following:

- general economic and business conditions which may impact levels of disposable income of consumers and the net revenue yields for our cruise products;
- consumer demand for cruises and other vacation options;
- other vacation industry competition;
- effects on consumer demand of armed conflicts, political instability, terrorism, the availability of air service and adverse media publicity;
- increases in cruise industry and vacation industry capacity;
- continued availability of attractive port destinations;
- changes in tax laws and regulations;
- changes in financial and equity markets;
- our ability to implement our brand strategy;
- our ability to implement our shipbuilding program and to continue to expand our business outside the North American market;
- our ability to attract and retain shipboard crew;
- changes in foreign currency rates, security expenses, food, fuel, insurance and commodity prices and interest rates;
- delivery of new ships on schedule and at the contracted prices;
- weather patterns or natural disasters;
- unscheduled ship repairs and drydocking;
- incidents involving cruise ships;
- impact of pending or threatened litigation;
- ability to successfully implement cost improvement plans;
- continuing financial viability of our travel agent distribution system; and
- changes in laws and regulations applicable to us.

We caution the reader that these risks may not be exhaustive. We operate in a continually changing business environment, and new risks emerge from time to time. We cannot predict such risks nor can we assess the impact, if any, of such risks on our business or the extent to which any risk, or combination of risks may cause actual results to differ from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies are those which we believe require our most subjective or complex judgments; often as a result of the need to make estimates about the effect of matters that are inherently uncertain. A discussion of our critical accounting policies, the underlying judgments and uncertainties affecting their application and the likelihood that materially different amounts would be reported under different conditions or using different assumptions, is as follows:

Ship Accounting

Our most significant assets are our ships, which represent 69% of our total assets. We utilize several critical accounting policies dealing with our ship accounting. First, we compute our ships' depreciation expense, which requires us to estimate the average useful lives of each of our ships, as well as their salvage values. Secondly, we account for ship improvement costs by capitalizing those costs which we believe will add value to our ships and depreciate those improvements over their estimated useful lives. Finally, we account for the replacement or refurbishment of our ship components and recognize the resulting gain or loss in operations.

We determine the average useful lives of our ships based primarily on our estimates of the average useful lives of the ships' major component systems, such as cabins, main diesels, main electric, superstructure and hull. In addition, we consider, among other things, the impact of anticipated technological changes, long-term vacation market conditions and competition and historical useful lives of similarly-built ships. We have estimated our new ships' average useful lives at 30 years and their salvage values at 15% of our original ship cost.

Given the very large and complex nature of our ships, all the above ship accounting estimates require considerable judgment and are inherently uncertain. We do not have cost segregation studies performed to specifically componentize our ship systems; therefore, our overall estimates of the relative costs of these component systems are based principally on general and technical information known about major ship component system lives and our knowledge of the cruise industry. In addition, we do not identify and track the depreciation of specific component systems, but instead utilize estimates when determining the net cost basis of assets being replaced or refurbished. If materially different conditions existed, or if we materially changed our assumptions of ship lives and salvage values, our depreciation expense, gain or loss on replacement or refurbishment of ship assets and net book value of our ships would be materially different. In addition, if we change our assumptions in making our determinations as to whether improvements to a ship add value, the amounts we expense each year as repair and maintenance costs could increase, partially offset by a decrease in depreciation expense, as less costs would have been initially capitalized to our ships.

We believe that the estimates we made for ship accounting purposes are reasonable and our methods are consistently applied and, accordingly, result in depreciation expense that is based on a rational and systematic method to equitably allocate the costs of our ships to the periods during which services are obtained from their use. In addition, we believe that the estimates we made are reasonable and our methods consistently applied (1) in determining the overall relative costs of our ships' component systems; (2) in determining which ship improvement costs add value to our ships; and (3) in determining the net cost basis of ship component assets being replaced or refurbished. Finally, we believe our critical ship accounting policies are generally comparable with those of other major cruise companies.

Asset Impairment

Our review of our long-lived assets, principally ships, and goodwill requires us to initially estimate the undiscounted future cash flow of these assets, whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable. If such analysis indicates that a possible impairment may exist, as described in Note 2 in the accompanying financial statements, we are required to then estimate the fair value of the asset, principally determined either by third party appraisals, sales price negotiations or estimated discounted future cash flows, which includes making estimates of the timing of the future cash flows, discount rates and reflecting varying degrees of perceived risk.

The determination of fair value includes numerous uncertainties, unless a viable actively traded market exists for the asset, which is sometimes not the case for used cruise ships. For example, in determining fair values of ships utilizing discounted forecasted cash flows, significant judgments are made concerning future net revenue yields, operating, selling and administrative costs per available berth day, interest and discount rates, cruise itineraries, ship additions and retirements, technological changes, consumer demand, governmental regulations and the effects of competition. In addition, third party appraisers are sometimes used to determine fair values and some of their valuation methodologies are also subject to similar types of uncertainties. We believe that we have made reasonable estimates and judgments in determining whether our long-lived assets and goodwill have been impaired, however, if there is a material change in the assumptions used in our determination of fair values or if there is a material change in the conditions or circumstances influencing fair value, we could be required to recognize a material impairment charge.

Contingencies - Litigation

We are a party to two grand jury investigations related to environmental issues, as well as other legal actions. See Note 8 in the accompanying financial statements for additional information concerning our litigation contingencies. We periodically assess the potential liabilities related to any lawsuits or claims brought against us. While it is typically very difficult to determine the timing and ultimate outcome of these actions, we use our best judgment to determine if it is probable that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable loss, if any, can be made.

Given the inherent uncertainty related to the eventual outcome of litigation, it is possible that all or some of these matters may be resolved for amounts materially different from any provisions that we may have made with respect to their resolution.

Proposed Exposure Draft

In June 2001, the Accounting Standards Executive Committee issued a Statement of Position exposed draft, entitled "Accounting for Certain Costs and Activities Related to Property, Plant and Equipment" ("Proposed SOP"). If issued in its current form, the Proposed SOP would require, among other things, significant changes to our ship accounting. Specifically, we would be required to adopt the component method of accounting for our ships, which would require us, among other things, to maintain very detailed historical cost records for the components of our ships and may result in changes in the amount and timing of depreciation and repair and maintenance expenses and the amount of gain or loss recognized on the replacement or refurbishment of ship component parts. In addition, we would have to expense drydock costs as incurred instead of amortizing our costs to expense generally over one or two years. Finally, we would have to treat liquidated damages received from shipyards for delay delivery damages as a reduction to our ships' cost basis instead of our current treatment of recording liquidated damages as nonoperating income, since they are a reimbursement for expenses incurred and lost profits. If adopted, the Proposed SOP would be effective for us in

fiscal 2003. We have not completed an analysis of the impact this Proposed SOP would have on our financial statements, as we are uncertain whether, or in what form, this Proposed SOP will be adopted.

RESULTS OF OPERATIONS

We earn our cruise revenues primarily from the following:

- the sale of passenger cruise tickets, which includes accommodations, meals, and most onboard activities,
- the sale of air transportation to and from our cruise ships, and
- the sale of goods and services on board our cruise ships, such as casino gaming, bar sales, gift shop and photo sales, shore excursions and spa services.

We also derive revenues from the tour and related operations of Tours.

For segment information related to our revenues, operating income and other financial information see Note 12 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information was as follows:

	YEARS ENDED NOVEMBER 30,		
	2001	2000	1999
Revenues	100%	100%	100%
Costs and Expenses			
Operating	54	54	53
Selling and administrative	14	13	13
Depreciation and amortization	8	8	7
Impairment charge	3		
Operating Income Before (Loss) Income From Affiliated Operations	21	25	27
(Loss) Income From Affiliated Operations, Net	(1)	1	2
Net Income	20%	26%	29%
Selected Statistical Information (in thousands):			
Passengers carried	3,385	2,669	2,366
Available lower berth days	20,685	15,888	14,336
Occupancy percentage	104.7%	105.4%	104.3%

Commencing in fiscal 2001, our statements of operations and selected statistical information included the consolidation of Costa's results of operations. In fiscal 2000 and 1999, our 50% interest in Costa's results of operations were recorded in affiliated operations and were not included in the 2000 or 1999 statistical information.

General

Our cruise and tour operations experience varying degrees of seasonality. Our revenue from the sale of passenger tickets for our cruise operations is moderately seasonal. Historically, demand for cruises has been greatest during the summer months. Our tour revenues are highly seasonal, with a vast majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

Through fiscal 2000, we recorded our share of Airtours' and Costa's operating results as earnings from affiliated operations on a two-month lag

basis. Beginning in fiscal 2001, all of Costa's results of operations were consolidated into our financial statements on a current month basis, thus eliminating the two-month lag in reporting Costa's results of operations. This change in the timing of reporting periods, as well as Costa's greater seasonality, has increased the seasonality of our quarterly results of operations, most significantly between our third and fourth fiscal quarters. Costa's seasonally strong summer results of operations have been recorded in our third quarter in fiscal 2001 versus in the fourth quarter in fiscal 2000.

In addition, on June 1, 2001 we sold our investment in Airtours and, accordingly, we ceased recording Airtours' results in our affiliated operations as of the end of our second quarter of fiscal 2001. Historically, Airtours' results were very seasonal, with losses recorded in the first half of our fiscal year and substantially all of Airtours' profits being recognized in our fourth quarter.

The year over year percentage increase in our average passenger capacity resulting primarily from the 2002 and subsequent delivery of ships under contract for construction for fiscal 2002, 2003 and 2004 is expected to approximate 4.2%, 17.0% and 17.2%, respectively. Substantially all of our fiscal 2002 capacity increase will be in our Carnival and Costa brands.

OUTLOOK FOR FISCAL 2002 ("2002")

The events of September 11 and their aftermath coupled with the already soft global economy, both of which adversely affected leisure travel and lowered consumer confidence, will negatively impact our 2002 operating results. We believe the impact of September 11 should be greatest in the first quarter of 2002, because of the tremendous reduction in booking volumes during the two months following September 11 and the resultant reduction in cruise prices needed to stimulate booking volumes. Since mid-November 2001, we have continued to see an improvement in our booking volumes and prices.

On February 12, 2002, we announced that our net bookings during the first five weeks of "Wave Season", traditionally the time of the cruise industry's highest booking levels, had increased 8% over the same period last year, compared to an expected 3% capacity increase for the first nine months of 2002. In addition, pricing had also recovered from the significantly discounted prices experienced after the events of September 11, with pricing during recent weeks almost equal to last year's levels. Because of the improved booking levels and pricing, we estimated that net revenue yields for the first quarter of 2002 will be down approximately 8%. Finally, while cumulative advance booking levels and prices for the second through fourth quarters of 2002 were still below last year's levels, we expected that net revenue yields for the remainder of 2002 should continue to improve compared to the 8% decrease expected in the first quarter of 2002.

FISCAL 2001 ("2001") COMPARED TO FISCAL 2000 ("2000")

Revenues

Revenues increased $757 million, or 20%, in 2001 compared to 2000. Cruise revenues increased by $780 million or 21.8%, to $4.36 billion in 2001 from $3.58 billion in 2000. Approximately $598 million of our cruise revenue increase was due to the consolidation of Costa, and $182 million was due to increased revenues from our other brands. Our other brands' cruise revenues change resulted from an increase of 9.6% in our passenger capacity, partially offset by a 4.1% decrease in our gross revenue per passenger cruise day and a slight decrease in our occupancy rate of 0.4%. Our post-September 11 cruise results were adversely affected by the September 11 terrorist attacks, which impacted all leisure travel and caused significant price competition among alternative vacation options in order to stimulate demand. Due to this significant reduction in demand for post-September 11 travel, we had lower

occupancies and prices during our 2001 fourth quarter. In addition, the slowdown in the general economic and business conditions throughout fiscal 2001 also adversely impacted our customers and, accordingly, had an overall negative effect on our 2001 gross revenues compared to 2000. Our luxury cruise brands, which comprised approximately 8% of our average capacity during 2001, were particularly affected by this slowdown, and realized significantly lower pricing during most of 2001 compared to 2000.

Costs and Expenses

Operating expenses increased $410 million, or 19.9%, in 2001 compared to 2000. Cruise operating costs increased by $423 million, or 22.1%, to $2.33 billion in 2001 from $1.91 billion in 2000. Approximately $340 million of our cruise operating cost increase was due to the consolidation of Costa, and the remaining $83 million of the increase was from our other brands. Cruise operating costs, excluding Costa, increased in 2001 primarily from additional costs associated with our 9.6% increase in passenger capacity, partially offset by a 4.4% decrease in our operating expenses per available berth day. Excluding Costa, cruise operating costs as a percentage of cruise revenues were 53% and 53.4% in 2001 and 2000, respectively.

Selling and administrative expenses increased $131 million, or 26.9%, to $619 million in 2001 from $487 million in 2000. Approximately $98 million of our increase was due to the consolidation of Costa, and the remaining $33 million of the increase was from our other brands. Selling and administrative expenses, excluding Costa, increased in 2001 primarily from additional expenses associated with our 9.6% increase in passenger capacity and the 0.6% increase in our cruise selling and administrative expenses per available berth day. Excluding Costa, selling and administrative expenses as a percentage of revenues were 13.2% and 12.9% in 2001 and 2000, respectively.

Depreciation and amortization increased by $85 million, or 29.4%, to $372 million in 2001 from $288 million in 2000. This increase was primarily from our consolidation of Costa, which accounted for approximately $50 million of the increase, and the majority of the remaining $35 million increase was due to our expansion of the fleet and ship improvement expenditures.

See Note 4 in the accompanying financial statements for additional information regarding our $140 million impairment charge in 2001.

Affiliated Operations

During 2001, we recorded $44 million of losses from affiliated operations as compared with $38 million of income in 2000. Our portion of Airtours' losses in 2001 was $43 million as compared to $41 million of losses in 2000. In fiscal 2001 Costa's results of operations have been consolidated and are not included in our 2001 affiliated operations. We recorded income of $77 million during 2000 from our interest in Costa. See the "Nonoperating Income (Expense)" and "Affiliated Operations" sections below for a discussion of certain nonrecurring events. See Notes 5 and 17 in the accompanying financial statements for additional information regarding our affiliated operations and the acquisition of Costa.

Nonoperating Income (Expense)

Interest expense, net of interest income and excluding capitalized interest, increased to $116 million in 2001 from $66 million in 2000. An approximate $99 million increase in interest expense was caused by our higher average outstanding debt balances, partially offset by $30 million of additional interest income from our higher average invested cash balances and a $19 million reduction in net interest expense due to lower interest rates. The higher average debt balances were primarily from our acquisition and consolidation of Costa and our issuance of $600 million of 2% convertible notes in April 2001. Capitalized interest decreased $12 million during 2001

as compared to 2000 due primarily to our lower average levels of investment in ship construction projects.

Other income in 2001 of $109 million consisted primarily of a gain of $101 million from the sale of our investment in Airtours, a $13 million gain from a settlement agreement with the manufacturers of some of our ship propulsion systems to reimburse us for lost revenues and expenses incurred due to disruption in service during 2000, a $16 million gain from the sale of our interest in CRC, partially offset by $9 million of short-term investment write-downs and $9 million of estimated net litigation expenses.

Income tax benefit of $12 million was recognized in 2001 compared to a $1 million expense in 2000. Approximately $9 million of the net increase in the income tax benefit was from Costa, primarily due to changes in Italian tax laws.

FISCAL 2000 ("2000") COMPARED TO FISCAL 1999 ("1999")

Revenues

Revenues increased $281 million, or 8%, in 2000 compared to 1999. Cruise revenues increased $292 million, or 8.9%, to $3.58 billion in 2000 from $3.29 billion in 1999. The cruise revenue change resulted from an increase of 10.8% in our passenger capacity and a 1.2% increase in our occupancy rate, partially offset by a 3.2% decrease in our gross revenue per passenger cruise day. The decrease in gross revenue per passenger cruise day was primarily due to pressure on our cruise ticket prices throughout the year, with the exception of the Millennium cruises. This pressure on cruise ticket pricing was caused by a number of factors including, but not limited to, relatively softer demand and a fall-off in pre- and post Millennium bookings. Also, when a passenger elects to provide his or her own transportation, rather than purchasing air transportation from us, both our cruise revenues and operating expenses decrease by approximately the same amount. During 2000, there was a reduction in the percentage of our passengers electing to use our air program and, accordingly, this caused a reduction in gross revenue per passenger cruise day, as well as a reduction in operating expenses.

Costs and Expenses

Operating expenses increased $196 million, or 10.5%, in 2000 compared to 1999. Cruise operating costs increased by $201 million, or 11.8%, to $1.91 billion in 2000 from $1.71 billion in 1999. Cruise operating costs increased in 2000 primarily from additional costs associated with our 10.8% increase in passenger capacity and a .9% increase in our operating expense per available berth day. The increase in operating expense per available berth day was primarily due to increases in our fuel costs. Commencing in the fourth quarter of 1999, we began to incur significantly higher fuel costs due to a very large increase in the price of bunker fuel which continued to increase as the year progressed. The increases in the price of fuel increased our consolidated operating expenses by approximately $51 million for 2000 compared to 1999. Cruise operating costs as a percentage of cruise revenues were 53.4% and 52% in 2000 and 1999, respectively.

Selling and administrative expenses increased $40 million, or 9.0%, to $487 million in 2000 from $447 million in 1999. Selling and administrative expenses increased in 2000 primarily from additional expenses associated with our 10.8% increase in passenger capacity, partially offset by a 2.3% decrease in our cruise selling and administrative expenses per available berth day. Selling and administrative expenses as a percentage of revenues were 12.9% and 12.8% in 2000 and 1999, respectively.

Depreciation and amortization increased by $44 million, or 18.1%, to $288 million in 2000 from $244 million in 1999. This increase was primarily

from the additional depreciation associated with our expansion of the fleet and ship improvement expenditures.

Affiliated Operations

During 2000, we recorded $38 million of income from affiliated operations as compared with $76 million of income in 1999. Our portion of Airtours' losses in 2000 was $41 million as compared to income of $36 million in 1999. We recorded income of $77 million and $40 million during 2000 and 1999, respectively, related to our interest in Costa. Our results from affiliated operations included net nonrecurring charges totaling $5 million, consisting of a $43 million charge for our equity interest in restructuring and other nonrecurring net charges recorded by Airtours, partially offset by our $38 million income tax benefit from Costa's change in tax status upon registration of its ships within the Italian International Ship Registry and the reversal of certain Costa tax liabilities.

Nonoperating Income (Expense)

Interest expense, net of interest income and excluding capitalized interest, increased to $66 million in 2000 from $46 million in 1999. An approximate $28 million increase in interest income was caused by our lower average invested cash balances, partially offset by a $9 million reduction in interest expense from our lower average outstanding debt balances.

Other income in 2000 of $8 million consisted primarily of $21 million of net compensation received from a shipyard, an $11 million gain on our forward foreign currency contract purchased to fix our 2000 acquisition price of Costa, partially offset by a $21 million port litigation charge. The payments from the shipyard represent reimbursements for expenses incurred and lost profits due to ship construction or design issues which caused either delays in ship delivery or drydocks to correct the problems.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Our business provided approximately $1.24 billion and $1.28 billion of net cash from operations during fiscal 2001 and fiscal 2000, respectively. Our fiscal 2001 cash flow from operations was reduced as a result of the events of September 11 and their aftermath.

During fiscal 2001, our net expenditures for capital projects were approximately $827 million, of which $643 million was spent for our ongoing shipbuilding program. The $184 million of nonshipbuilding capital expenditures consisted primarily of ship improvements, information technology assets, tour assets, and other. In addition, during fiscal 2001 we received $531 million of net proceeds from the sale of our interests in Airtours and CRC.

During fiscal 2001, we received proceeds of $710 million and we made payments of $1.05 billion under our commercial paper programs. We also made principal payments on other debt totaling $919 million. In addition, we raised net proceeds of $589 million from the issuance of our 2% convertible notes in April 2001, $765 million primarily for the refinancing of our Costa acquisition and other Costa indebtedness and $489 million from the issuance of our zero-coupon convertible notes in October 2001. We also paid cash dividends of $246 million in fiscal 2001.

Future Commitments and Funding Sources

<TABLE>

At November 30,2001, our contractual cash obligations, with initial or remaining terms in excess of one year, were as follows (in thousands)(a):

Contractual Cash Obligations	Total	Payments Due by Fiscal 2002	2003	2004	2005	2006	Thereafter
<s>	<c>	<c>	<c>	<c>	<c>	<c>	<c>
Shipbuilding	$5,977,000	$1,751,000	$1,501,000	$2,037,000	$ 688,000	$	$
Long-term debt	2,976,618	21,764	145,897	140,209	885,365	1,226,860	556,523
Port facilities	278,379	21,831	18,947	19,318	20,667	19,211	178,405
Operating leases	63,800	10,100	8,600	7,700	7,600	7,500	22,300
Total contractual cash obligations	$9,295,797	$1,804,695	$1,674,444	$2,204,227	$1,601,632	$1,253,571	$ 757,228

(a) See Notes 6 and 7 in the accompanying financial statements for additional information regarding our debt and commitments.
</TABLE>

At November 30, 2001, we had liquidity which consisted of $1.46 billion of cash, cash equivalents and short-term investments and $1.54 billion available for borrowing under our revolving credit facilities obtained through a group of banks, which have strong long-term credit ratings. Our revolving credit facilities mature in 2006. A key to our access to liquidity is the maintenance of our strong long-term credit ratings. The proposed acquisition of P&O, if consummated, may result in a ratings downgrade and, thereby, increase our cost-of-borrowing, although we believe our senior unsecured long-term debt will retain its long-term investment grade debt ratings.

We believe that our liquidity of approximately $2.69 billion as of January 31, 2002, as well as our forecasted cash flow from future operations, will be sufficient to fund most or all of our capital projects, debt service requirements, dividend payments, working capital and other firm commitments, excluding the cash portion of our P&O acquisition price. Our forecasted cash flow from future operations may be adversely affected by various factors including, but not limited to, declines in customer demand, increased competition, the deterioration in general economic and business conditions, terrorist attacks, ship incidents, adverse media publicity and changes in fuel prices, as well as other factors noted under "Special Note Regarding Forward-Looking Statements." To the extent that we are required, or choose, to fund future cash requirements from sources other than as discussed above, we believe that we will be able to secure financing from banks or through the offering of debt and/or equity securities in the public or private markets. Specifically, if our P&O acquisition is consummated we intend to finance approximately $2.4 billion in cash through the issuance of long-term debt or equity securities or a combination of debt and equity. No assurance can be given that our future operating cash flow will be sufficient to fund future obligations or that we will be able to obtain additional financing for the cash portion of our proposed acquisition of P&O.

OTHER MATTER

Market Risks

We are principally exposed to market risks from fluctuations in foreign currency exchange rates, bunker fuel prices, interest rates and food commodity prices. We seek to minimize these risks through our normal

operating and financing activities, including netting certain exposures to take advantage of any natural offsets, through our long-term investment and debt portfolio strategies and, when considered appropriate, through the use of derivative financial instruments. The financial impacts of these hedging instruments are offset by corresponding changes in the underlying exposures being hedged. Our policy is to not use financial instruments for trading or other speculative purposes.

Exposure to Foreign Currency Exchange Rates

Our primary foreign currency exchange risk was related to our outstanding commitments under ship construction contracts denominated in a currency other than the functional currency of the cruise brand that is expected to be operating the ship. These non-functional currency commitments are affected by fluctuations in the value of the U.S. dollar as compared to the euro. Foreign currency forward contracts are generally used to manage this risk (see Notes 2 and 11 in the accompanying financial statements). Accordingly, increases and decreases in the fair value of these foreign currency forward contracts offset changes in the U.S. dollar fair value of the hedged foreign currency denominated ship construction commitments, thus resulting in the elimination of such risk.

At November 30, 2001, the fair value of these contracts was an unrealized loss of $567 million which is recorded, along with an offsetting $567 million fair value asset related to our shipbuilding firm commitments, on our accompanying 2001 balance sheet. These foreign currency forward contracts mature through 2005. Based upon a 10% strengthening or weakening of the U.S. dollar compared to the euro as of November 30, 2001, assuming no changes in comparative interest rates, the estimated fair value of these contracts would decrease or increase by $57 million, which would be offset by a decrease or increase of $57 million in the U.S. dollar value of the related foreign currency ship construction commitments resulting in no net dollar impact to us.

The cost of shipbuilding orders which we may place in the future may be affected by foreign currency exchange rate fluctuations. Should the U.S. dollar weaken relative to the euro, future orders for new ship construction in European shipyards may be at higher prices relative to the U.S. dollar.

Additionally, our investments in foreign subsidiaries subjects us to foreign currency exchange rate risk. We consider our investments in foreign subsidiaries to be denominated in relatively stable currencies and/or of a long-term nature and, accordingly, do not typically manage our related foreign currency exchange rate risk through the use of derivative financial instruments. However, in paying the Costa acquisition price, we utilized debt denominated in euros, the functional currency of Costa, to reduce a portion of this risk.

Finally, we sell cruises and incur cruise expenses in foreign currencies which subjects us to foreign currency exchange risk. The primary currencies for which we have exchange rate exposure are the U.S. dollar versus both the euro and the U.K. Pound Sterling. We do not expect that the impact of fluctuations in the foreign currency exchange rate on our foreign currency denominated cruise revenues and expenses to materially affect our results of operations due primarily to the natural hedges which are expected to exist within our operations, including interest expense on euro denominated borrowings, and the relative stability of the foreign currencies. However, we will continue to monitor such items to determine if any actions, such as the issuance of additional foreign currency denominated debt or use of other financial instruments, would be warranted to reduce such risk.

Exposure to Bunker Fuel Prices

Cruise ship operating expenses are impacted by changes in bunker fuel

prices. Bunker fuel consumed over the past three fiscal years ranged from approximately 2.5 % in fiscal 1999 to 4.0 % in fiscal 2001 and 2000 of our gross cruise revenues. We have typically not used financial instruments to hedge our exposure to the bunker fuel price market risk. However, in fiscal 2001 and 2000, we entered into fuel swap agreements intended to hedge this price risk for a very minor portion of our upcoming year's consumption. We are continuing to monitor this market risk, and may, in the future, decide to increase our use of financial instruments to reduce this risk.

Based upon a 10% hypothetical increase or decrease in the November 30, 2001 bunker fuel price, we estimate that our fiscal 2002 bunker fuel cost would increase or decrease by approximately $15 million compared to fiscal 2001.

Exposure to Interest Rates

In order to limit our exposure to interest rate fluctuations, we have entered into a substantial amount of fixed rate debt instruments. Also, Costa has entered into variable to fixed interest rate swap agreements to fix substantially all of its interest costs over the short-term. We continuously evaluate our debt portfolio, including interest rate swap agreements, and make periodic adjustments to the mix of floating rate and fixed rate debt based on our view of interest rate movements. Accordingly, in 2001 we entered into fixed to variable interest rate swap agreements, which has lowered our fiscal 2001 interest costs and is also expected to lower our fiscal 2002 interest costs. At November 30, 2001, 89% of our debt was effectively fixed and 11% was variable.

At November 30, 2001, our long-term debt had a carrying value of $2.98 billion. At November 30, 2001, our swap agreements effectively changed $225 million of fixed rate debt with a weighted-average fixed interest rate of 6.8% to Libor-based floating rate debt. In addition, interest rate swaps at November 30, 2001, effectively changed $637 million of euribor floating rate debt to fixed rate debt with a weighted-average fixed interest rate of 5.3%. These interest rate swaps mature through 2006. The fair value of our debt and swaps at November 30, 2001 was $2.95 billion. Based upon a hypothetical 10% decrease or increase in the November 30, 2001 market interest rates, the fair value of our debt and swaps would increase or decrease by $64 million. In addition, based upon a hypothetical 10% decrease or increase in our November 30, 2001 common stock price, the fair value of our convertible notes would increase or decrease by approximately $45 million.

These hypothetical amounts are determined by considering the impact of the hypothetical interest rates and common stock price on our existing debt and interest rate swaps. This analysis does not consider the effects of the changes in the level of overall economic activity that could exist in such environments or any relationships which may exist between interest rate and stock price movements. Furthermore, since substantially all of our fixed rate debt cannot be prepaid and a large portion of our variable rate debt is subject to interest rate swaps which effectively fix the interest rate in the short-term, it is most likely we would be unable to take any significant steps in the short-term to mitigate our exposure in the event of a significant decrease in market interest rates.

Exposure to Food Commodity Prices

We have commodity price risk related to our food purchases. We do not typically manage these risks through the use of derivative financial instruments since we do not expect changes in food commodity prices to be material. However, we will continue to monitor these risks to determine if any actions would be necessary to reduce such risks.

SELECTED FINANCIAL DATA

The selected consolidated financial data presented below for fiscal 1997 through 2001 and as of the end of each such fiscal year, are derived from our audited financial statements and should be read in conjunction with those financial statements and the related notes.

<TABLE>

	Years Ended November 30,				
	2001	2000	1999	1998	1997
	(in thousands, except per share data)				
Income Statement and Other Data (a):					
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	$4,535,751	$3,778,542	$3,497,470	$3,009,306	$2,447,468
Operating income before (loss) income from affiliated operations	$ 935,755	$ 945,130	$ 943,941	$ 819,792	$ 660,979
Operating income	$ 891,731	$ 982,958	$1,019,699	$ 896,524	$ 714,070
Net income	$ 926,200 (b)	$ 965,458	$1,027,240	$ 835,885	$ 666,050
Earnings per share (c):					
Basic	$ 1.58	$ 1.61	$ 1.68	$ 1.40	$ 1.12
Diluted	$ 1.58	$ 1.60	$ 1.66	$ 1.40	$ 1.12
Dividends declared per share (c)	$ .420	$ .420	$ .375	$ .315	$ .240
Cash from operations	$1,238,936	$1,279,535	$1,329,724	$1,091,840	$ 877,580
Capital expenditures	$ 826,568	$1,003,348	$ 872,984	$1,150,413	$ 497,657
Available lower berth days	20,685	15,888	14,336	12,237	10,992
Passengers carried	3,385	2,669	2,366	2,045	1,945
Occupancy percentage (d)	104.7%	105.4%	104.3%	106.3%	108.3%

	As of November 30,				
	2001 (a)	2000 (a)	1999	1998	1997
	(in thousands)				
Balance Sheet and Other Data:					
Total assets	$11,563,552 (e)	$9,831,320	$8,286,355	$7,179,323	$5,426,775
Long-term debt, excluding current portion	$ 2,954,854	$2,099,077	$ 867,515	$1,563,014	$1,015,294
Total shareholders' equity	$ 6,590,777	$5,870,617	$5,931,247	$4,285,476	$3,605,098
Debt to capital	31.1%	28.6%	15.3%	27.6%	23.0%

</TABLE>

(a) From June 1997 through September 28, 2000, we owned 50% of Costa. On September 29, 2000, we completed the acquisition of the remaining 50% interest in Costa. We accounted for this transaction using the purchase accounting method. Prior to the fiscal 2000 acquisition, we accounted for our 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 our other wholly-owned subsidiaries. Our November 30, 2001 and 2000 consolidated balance sheets include Costa's balance sheet. All statistical information prior to 2001 does not include Costa. See Notes 2, 5 and 17 in the accompanying financial statements.

(b) Our net income for fiscal 2001 includes an impairment charge of $140 million and a nonoperating net gain of $101 million from the sale of our investment in Airtours. See Notes 4 and 5 in the accompanying financial statements.

(c) All 1998 and 1997 per share amounts have been adjusted to reflect a two-for-one stock split effective June 12, 1998.

(d) In accordance with cruise industry practice, occupancy percentage is

calculated based upon two passengers per cabin even though some cabins can accommodate three or four passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

(e) Effective December 1, 2000, we adopted SFAS No. 133 which requires that all derivative instruments be recorded on our balance sheet. Total 2001 assets include $578 million which represents the fair value of hedged firm commitments. See Note 2 in the accompanying financial statements

MARKET PRICE FOR COMMON STOCK

Our common stock is traded on the New York Stock Exchange under the symbol CCL. Our intra-day high and low common stock sales prices for the periods indicated were as follows:

	High	Low
Fiscal 2001:		
First Quarter	$34.94	$21.94
Second Quarter	$33.40	$23.60
Third Quarter	$33.74	$25.89
Fourth Quarter	$31.47	$16.95
Fiscal 2000:		
First Quarter	$51.25	$27.25
Second Quarter	$29.06	$21.19
Third Quarter	$27.50	$18.31
Fourth Quarter	$25.88	$19.56

As of January 29, 2002, there were approximately 4,632 holders of record of our common stock. The Republic of Panama does not currently have tax treaties with any other country. Under current law, we believe that distributions to our shareholders, other than residents of Panama or other business entities conducting business in Panama, are not subject to taxation under the laws of the Republic of Panama. Dividends that we pay to U.S. citizens, residents, corporations and to foreign corporations doing business in the U.S., to the extent treated as "effectively connected" income, will be taxable as ordinary income for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits, but generally will not qualify for any dividends-received deduction.

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)
<TABLE>

Quarterly financial results for fiscal 2001 were as follows:

	Quarters Ended			
	February 28	May 31	August 31	November 30
	(in thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Revenues	$1,007,606	$1,079,125	$1,489,918	$959,102
Gross profit	$ 407,486	$ 477,791	$ 770,540	$411,204
Operating income before loss from affiliated operations	$ 160,004	$ 230,868	$ 425,346	$119,537
Operating income	$ 138,941	$ 207,907	$ 425,346	$119,537
Net income	$ 127,950(a)	$ 186,963(b)	$ 494,975(c)	$116,312(d)
Earnings per share:				
Basic	$ .22	$ .32	$ .84	$ .20
Diluted	$ .22	$ .32	$ .84	$ .20
Dividends declared per share	$ .105	$ .105	$ .105	$ .105

(a) Includes a $13 million gain from a settlement agreement with the manufacturers of some of our ship

propulsion systems to reimburse us for lost revenues and expenses incurred due to disruption in service
during 2000.
(b) Includes a $16 million gain from the sale of our interest in CRC, partially offset by $9 million of
short-term investment write-downs and $6 million of estimated litigation expenses.
(c) Includes a $101 million impairment charge and $7 million of estimated litigation expenses, partially offset by a gain of $101 million from the sale of our investment in Airtours.
(d) Includes a $39 million impairment charge, partially offset by $4 million of net nonoperating income
related to port and other litigation.
</TABLE>

<TABLE>
Quarterly financial results for fiscal 2000 were as follows:

	Quarters Ended			
	February 29	May 31	August 31	November 30
	(in thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Revenues	$824,878	$875,127	$1,228,211	$850,326
Gross profit	$359,438	$378,006	$ 613,487	$369,269
Operating income before (loss) income from affiliated operations	$170,955	$188,891	$ 418,910	$166,374
Operating income	$159,518	$194,419	$ 420,458	$208,563
Net income	$171,517(a)	$203,956(a)(b)	$ 396,190	$193,795(c)
Earnings per share:				
Basic	$ .28	$ .34	$ .67	$ .33
Diluted	$ .28	$ .34	$ .67	$ .33
Dividends declared per share	$ .105	$ .105	$ .105	$ .105

(a) Includes $9 million and $7 million in the February 29 and May 31 quarters, respectively, of net compensation received from a shipyard relating to the delayed delivery of Holland America Line's Zaandam.
(b) Includes $13 million of gains from the reversal of certain of Costa's tax liabilities.
(c) Includes charges totaling $24 million consisting of (1) a $42 million charge for our equity interest in restructuring and other nonrecurring net charges recorded by Airtours and (2) a $21 million
port litigation charge, partially offset by (3) a $12 million gain on our forward foreign currency contract purchased to fix our 2000 acquisition price of Costa and (4) a $27 million deferred income tax
benefit from Costa's change in tax status upon registration of its ships within the Italian International Ship Registry. In addition, includes approximately $7 million of net compensation received from a shipyard for reimbursements related to Holland America Line's Rotterdam VI.

</TABLE>

EXHIBIT 21

LIST OF SIGNIFICANT SUBSIDIARIES AND AFFILIATES OF CARNIVAL CORPORATION

	Name of Subsidiary	Jurisdiction of Incorporation or Organization
	Carnival (UK) plc	United Kingdom
(1)	Costa Crociere S.p.A.	Italy
(2)	Costa Finance, S.A.	Luxembourg
(3)	Costa Holdings Srl	Italy
	Cunard Line Limited	Bermuda

	HAL Antillen N.V.	Netherlands Antilles
(4)	HAL Buitenland B.V.	Netherlands
(4)	HAL Nederland N.V.	Netherlands Antilles
(4)	Holland America Line N.V.	Netherlands Antilles
(4)	Wind Surf Limited	Bahamas

(1) Subsidiary of Costa Holdings, Srl
(2) Subsidiary of HAL Buitenland B.V. and Carnival Corporation
(3) Subsidiary of Costa Finance, S.A.
(4) Subsidiary of HAL Antillen N.V.

EXHIBIT 23

Consent of Independent Certified Public Accountants

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (No. 33-63563, No. 333-43269, No. 333-68999, No. 333-72729, No. 333-62950 and No. 333-74190) and Registration Statements on Forms S-8 (No. 33-45287, No. 33-51195, No. 33-53099, No. 333-43885, No. 333-60558 and No. 333-67394) and Registration Statement on Form S-1 (No. 33-14844) of Carnival Corporation of our report dated January 29, 2002, except as to Note 18 which is dated as of February 15, 2002, relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K.

/s/PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Miami, Florida
February 26, 2002

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