UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(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, 2006 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	**Commission file number: 1-15136**
Carnival Corporation (Exact name of registrant as specified in its charter)	Carnival plc (Exact name of registrant as specified in its charter)
Republic of Panama (State or other jurisdiction of incorporation or organization)	England and Wales (State or other jurisdiction of incorporation or organization)
59-1562976 (I.R.S. Employer Identification No.)	98-0357772 (I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue Miami, Florida 33178-2428 (Address of principal executive offices) (Zip code)	Carnival House, 5 Gainsford Street, London SE1 2NE, United Kingdom (Address of principal executive offices) (Zip code)
(305) 599-2600 (Registrant's telephone number, including area code)	011 44 20 7940 5381 (Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:	Securities registered pursuant to Section 12(b) of the Act:
Title of each class Common Stock ($.01 par value)	Title of each class Ordinary Shares each represented by American Depositary Shares ($1.66 par value), Special Voting Share, GBP 1.00 par value and Trust Shares of beneficial interest in the P&O Princess Special Voting Trust
Name of each exchange on which registered New York Stock Exchange, Inc.	Name of each exchange on which registered New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act. Yes X No _

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes _ No X

Indicate by check mark whether the registrants (1) have 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 registrants were required to file such reports), and (2) have 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 registrants' 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

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Act). Large Accelerated Filers X Accelerated Filers _ Non-Accelerated Filers _

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Act). Yes _ No X

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $15.98 billion as of the last business day of the registrant’s most recently completed second fiscal quarter.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $6.94 billion as of the last business day of the registrant’s most recently completed second fiscal quarter.

At February 5, 2007, Carnival Corporation had outstanding 623,106,732 shares of its Common Stock, $.01 par value.

At February 5, 2007, Carnival plc had outstanding 213,115,941 Ordinary Shares $1.66 par value, one Special Voting Share, GBP 1.00 par value and 623,106,732 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrants' 2006 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 joint Annual Report on Form 10-K.

Part and Item of the Form 10-K

Part II

Item 5(a) and (c).	Market for Registrants' Common Equity, Related Stockholder Matters, Securities Authorized for Issuance under Equity Compensation Plans and Issuer Purchases of Equity Securities – 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 Registrants' 2007 definitive proxy statement, to be filed with the Commission, are incorporated by reference into this joint 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 Registrants.
Item 11.	Executive Compensation.
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.
Item 13.	Certain Relationships and Related Transactions.
Item 14.	Principal Accounting Fees and Services.

PART I

Item 1. Business.

A. General

Carnival Corporation is incorporated in Panama, and Carnival plc is incorporated in England and Wales. Carnival Corporation and Carnival plc operate as a dual listed company ("DLC"), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's articles of incorporation and by-laws and Carnival plc's memorandum of association and articles of association. Carnival Corporation and Carnival plc are both public companies, with separate stock exchange listings and their own shareholders. Although the two companies have retained their separate legal identities; they operate as if they were a single economic enterprise with a single executive management team, and have identical Boards of Directors. See Note 3, "DLC Structure" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K. Together with their consolidated subsidiaries Carnival Corporation and Carnival plc are referred to collectively in this joint Annual Report on Form 10-K as "Carnival Corporation & plc," "our," "us," and "we."

We are the largest cruise company and one of the largest vacation companies in the world. We have a portfolio of widely recognized cruise brands and are a leading provider of cruises to all major vacation destinations. See Part I, Item 1. Business B. - "Cruise Operations" for further information.

As of February 12, 2007, a summary of the number of cruise ships we operate, by brand, their passenger capacity and the primary areas in which they are marketed, is as follows:

Cruise Brands	Number of Cruise Ships	Passenger Capacity(a)	Primary Market
Carnival Cruise Lines	21	47,818	North America
Princess Cruises ("Princess")	15	32,232	North America
Costa Cruises ("Costa")	11	20,218	Europe
Holland America Line	13	18,848	North America
P&O Cruises	5	8,840	United Kingdom
AIDA Cruises ("AIDA")	4	5,378	Germany
Cunard Line ("Cunard")	2	4,380	North America and United Kingdom
P&O Cruises Australia	2	2,474	Australia and New Zealand
Ocean Village	1	1,578	United Kingdom
Swan Hellenic	1	678	United Kingdom
Seabourn Cruise Line ("Seabourn")	3	624	North America
Windstar Cruises ("Windstar")	3	608	North America
	81	143,676	

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

As of February 12, 2007, we had signed agreements with three shipyards providing for the construction of 20 additional cruise ships scheduled to enter service between March 2007 and June 2011. These additions are expected to result in an increase in our passenger capacity of 49,308 lower berths, or 34.3%, compared to February 12, 2007. It is possible that some of our older ships may be sold or retired during the next few years, thus reducing the size of our fleet over this period. Alternatively, it is also possible that we could order more ships, which could enter service in 2010 and 2011, or acquire more ships, thus increasing the size of our fleet over this period. See Note 6, "Commitments" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K for additional information regarding our ship commitments.

In addition to our cruise operations, we own Holland America Tours and Princess Tours, the leading cruise/tour operators in the State of Alaska and the Canadian Yukon, which primarily complement their respective cruise operations and own substantially all the assets noted below. These tour companies currently market and operate:

- 16 hotels or lodges in Alaska and the Canadian Yukon, with over 3,500 guest rooms;

- over 560 motorcoaches used for sightseeing and charters in Washington State, Alaska, British Columbia, Canada and the Canadian Yukon;

- 29 domed rail cars, which are run on the Alaska Railroad between Anchorage and Fairbanks, Whittier and Denali, and Whittier and Talkeetna;

- two luxury dayboats offering tours to a glacier in Alaska and on the Yukon River; and

- sightseeing packages, or individual components of such packages, sold either separately or as part of our cruise/tour packages to our Alaskan cruise passengers and to other vacationers.

B. Cruise Operations

I. Industry Background

The multi-night cruise industry has grown significantly in recent years, but still remains a relatively small part of the wider global vacation market in which cruise companies compete for the discretionary income spent by vacationers. We estimate that the global cruise industry carried approximately 15.7 million passengers in 2006. The principal regions cruise passengers are sourced from are North America, which has increased by an estimated compound annual growth rate of 7.8% between 2000 and 2005, and Western Europe where cruise passengers have increased by a compound annual growth rate of approximately 10.0% between 2000 and 2005. In Europe cruising represents a smaller proportion of the overall vacation market than it does in North America and, accordingly, we believe the European market has considerable growth potential. Other areas such as Asia, the South Pacific, including Australia and New Zealand, and South America are a source of much lower numbers of cruise passengers and we also believe have significant growth potential. See Note 11, "Segment Information" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K for information regarding our cruise revenues.

Cruising offers a broad range of products to suit vacationing customers of many ages, backgrounds and interests. Cruise brands can be broadly characterized as offering contemporary, premium and luxury cruise experiences. The contemporary experience typically includes cruises that last seven days or less, have a more casual ambiance and are less expensive than premium or luxury cruises. The premium experience typically includes cruises that last from seven to 14 days. Premium cruises emphasize quality, comfort, style and more destination-focused itineraries and the average pricing on these cruises is typically higher than contemporary cruises. The luxury experience is typically characterized by smaller vessel size, very high standards of accommodation and service, and higher prices than premium cruises. Notwithstanding these classifications, there generally is significant overlap and competition among all cruise products.

We are a provider of cruise vacations in most of the largest vacation markets in the world, including North America, the UK, Germany, Southern Europe, South America and Asia/Pacific, with significant product offerings in each of the three classifications noted above. Our mission is "to deliver exceptional vacation experiences through the world's best-known cruise brands that cater to a variety of different lifestyles and budgets, all at an outstanding value unrivalled on land or at sea." A brief description of the principal vacation areas where we source substantially all of our passengers and our brands that market primarily to these vacationers is as follows:

II. North America

Most cruise passengers in the world are sourced from North America, where cruising has developed into a mainstream alternative to land-based resort and sightseeing vacations. Approximately 10.0 million North American-sourced cruise passengers took cruise vacations for two consecutive nights or more in 2005, and we estimate this amount increased to about 10.8 million passengers in 2006. This sector has continued to grow in recent years as new capacity has been introduced.

The principal itineraries visited by North American-sourced cruise passengers in 2006 were the Caribbean, the Bahamas, Mexico and Alaska. In addition, North American cruise passengers visited Europe, the Mediterranean, New England and Canada, Bermuda, Hawaii, the Panama Canal and other exotic locations, including South and Central America, Africa, the South Pacific, the Far East and India.

At the end of 2006, 127 ships with an aggregate passenger capacity of approximately 202,000 lower berths were based primarily in North America. Based on the number of ships that are currently on order worldwide and scheduled for delivery between 2007 and 2010, we expect that the net capacity serving North America will continue to increase. Our projections indicate that by the end of 2007, 2008, 2009 and 2010, North America will be served by 129, 135, 140 and 142 ships, respectively, having an aggregate passenger capacity of approximately 210,000, 225,000, 240,000 and 246,000 lower berths, respectively. These figures include some ships that were, or are expected to be, marketed in both North America and elsewhere during different times of the year. Our estimates of capacity do not include assumptions related to unannounced ship withdrawals due to factors such as the age of ships or changes in the location from where ships' passengers are predominantly sourced and, accordingly, could indicate a higher percentage growth in North American capacity than will actually occur. Alternatively, our growth estimates for 2010 may increase because of future shipbuilding orders, which have not yet been announced. Net capacity serving North American-sourced cruise passengers has increased at a compound annual growth rate of 5.3% for the past three years. The future growth rate is currently expected to be 5.8% for the next three years before reductions for withdrawals or transfers to other parts of the world.

Carnival Cruise Lines, Princess, Holland America Line, Seabourn and Windstar source their passengers primarily from North America. Cunard sources most of its passengers from Europe and North America.

Carnival Cruise Lines operates 21 contemporary ships, with one additional ship expected to begin service in each of fiscal 2007, 2008, 2009 and 2011. Carnival Cruise Lines is the largest cruise line in the world, offers quality cruise vacations at affordable prices and is well-known as the "Fun Ships," which we believe captures the essence of the brand. Carnival is continually introducing ways to keep its cruise experience fresh and exciting, including expanded dining choices, Carnival Comfort Bed sleep systems, spectacular production shows, innovative childrens' programming, revitalizing spa services and action-packed casinos.

All of Carnival Cruise Lines' ships were designed by and built for it, including seven that are among the world's largest. During all or a portion of the year, three of the Carnival Cruise Lines ships call on ports on the Mexican Riviera, and substantially all of the rest of the fleet operate for most of the year to destinations in the Bahamas or the Caribbean. In addition, Carnival Cruise Lines ships also offer seasonal cruises to Alaska, Canada/New England, Europe, the Hawaiian Islands, the Panama Canal and Bermuda. Most cruises range from three to seven days.

Princess, whose brand name was made famous by the "Love Boat" television show, recently celebrated its 40th anniversary, and is the world's third largest cruise line with a fleet of 15 modern ships. Princess offers over 90 unique itineraries to more than 270 destinations and is a leading cruise line in exotic regions all over the world (Europe, Alaska, Asia, Australia, the South Pacific and South America). As part of some of Princess' Caribbean cruise offerings, Princess leases and operates a private island destination, known as Princess Cays, which is located on the island of Eleuthra in the Bahamas. Substantially all of Princess' ships reflect an innovative design philosophy called "Big Ship Choice, Small Ship Feel," emphasizing a broad variety of amenities combined with the more intimate ambience found on smaller vessels. All Princess ships feature the Personal Choice Dining program, offering guests flexibility, convenience and quality in an array of traditional, anytime, specialty and casual dining options. A quality service program entitled C.R.U.I.S.E. (Courtesy, Respect, Unfailing In Service Excellence) helps ensure extremely high standards of service throughout the fleet.

Princess is widely recognized among travel agents as an innovative, premium cruise line. The introduction of the Caribbean Princess and Crown Princess are the latest in the evolving Grand Class series of vessels, with their "Movies Under the Stars" outdoor theaters, showing first-run Hollywood hits on a 300 square foot outdoor poolside LED screen. Further Grand Class Ships that will be introduced include the Emerald Princess in 2007 and an additional ship in 2008. More than 57% of each of these Grand Class ship's staterooms will have balconies; another hallmark of Princess' ships. Princess attracts consumers with a compelling, highly integrated brand marketing campaign, utilizing the slogan "Escape Completely" which appears in magazines, newspapers, direct mail, online, DVD and point-of-sale materials.

Holland America Line operates a premium fleet of 13 ships, with an additional ship expected to begin service in 2008. Holland America Line will offer nearly 500 sailings to all major cruising areas on all seven continents. Major homeports include New York, Boston, Ft. Lauderdale, Tampa, San Diego, Seattle, Vancouver, Copenhagen, Amsterdam, Rotterdam, Rome, Rio de Janeiro, Valparaiso, Auckland, Sydney and Hong Kong. Holland America's ships, which tend to be smaller and more intimate, were designed with airy viewing lounges, wraparound teak decks and private, roomy verandahs that offer guests the chance to experience wildlife and scenery. Cruise lengths vary from two to 114 days with most being seven days or longer. The majority of Holland America Line's sailings in the Caribbean visit a private island destination known as Half Moon Cay, which is owned by Holland America Line.

In 2006, Holland America Line completed its fleet-wide product and service enhancement program. These comprehensive enhancements, known as the "Signature of Excellence," focus on five areas vital to Holland America Line's guest experience as follows: (1) spacious, elegant ships and accommodations, (2) sophisticated dining, (3) gracious, unobtrusive service, (4) extensive enrichment programs and activities and (5) compelling worldwide itineraries.

Windstar operates three motor-sail yachts known for their casually elegant atmosphere. In 2007, Windstar will offer sailings in the Caribbean, Europe, the Americas and the Greek Isles. Renowned for offering a luxury cruise experience that is "180 Degrees from Ordinary," a high-percentage of return guests attests to the appeal of Windstar's casual ambiance of resort-style attire, exquisite cuisine and an extensive wine selection, open restaurant-style seating, attentive service, exotic destinations and complimentary water sports. A major fleet wide enhancement program, known as the "Degrees of Difference," began in fall 2006 and is expected to be completed in 2007.

The three Seabourn ships (the "Yachts of Seabourn") deliver personalized service and superb cuisine aboard each of their 208 passenger capacity all-suite ships. The Yachts of Seabourn offer an ultra-luxury experience and are considered the ultimate in cruise travel. These ships offer destinations throughout the world, including Europe, Asia, the South Pacific and the Americas, with cruises generally in the seven to 14 day range. The Yachts of Seabourn itineraries include many smaller, off-the-beaten-track ports that are inaccessible to larger ships. Seabourn recently ordered two new 450 passenger capacity ships, which are expected to begin service in 2009 and 2010.

III. Europe

We believe that Europe is the largest single leisure travel vacation market, but cruising in Europe has achieved a much lower penetration rate than in North America and is a relatively small percentage of the European vacation market. Approximately 3.2 million European-sourced passengers took cruise vacations in 2005 compared to approximately 10.0 million North American-sourced passengers. Additionally, we estimate that about 3.5 million European-sourced passengers took a cruise in 2006. The number of European cruise passengers increased by a compound annual growth rate of approximately 10.0% between 2000 and 2005. We believe that the European market represents a significant growth opportunity for us, and we plan to introduce a number of new or existing ships into Europe over the next several years. Approximately 55%, or 26,886 berths, of our ships under construction have been designated for our European brands.

At the end of 2006, 104 ships with an aggregate passenger capacity of approximately 104,000 lower berths were based primarily in Europe. Our projections indicate that by the end of 2007, 2008, 2009 and 2010, Europe will be served by 108, 113, 117 and 120 ships, respectively, having an aggregate passenger capacity of approximately 114,000, 126,000, 136,000 and 144,000 lower berths, respectively. These figures include some ships that were, or are expected to be, marketed in both Europe and elsewhere during different times of the year. Net capacity serving European-sourced cruise passengers has increased at a compound annual growth rate of 6.5% for the past three years. The future growth rate is currently expected to be 9.5% for the next three years. Our estimates of European capacity are based on similar assumptions as discussed previously for our North American estimates.

A. United Kingdom

The UK is the single largest country from which cruise passengers are sourced in Europe. Approximately 1.1 million UK passengers took cruises in 2005. Cruising was relatively underdeveloped as a vacation option for the UK consumers until the mid-1990s, but since then cruising in the UK has grown significantly. The number of UK cruise passengers increased by a compound annual growth rate of approximately 7.0% between 2000 and 2005. The main destination for UK cruise passengers is the Mediterranean. Other popular destinations for UK cruise passengers include the Caribbean, the Atlantic Islands, including the Canary Islands and the Azores, and Scandinavia.

P&O Cruises, Ocean Village and Swan Hellenic source substantially all of their passengers from the UK. In addition, our North American brands and Costa also source passengers from the UK. For example, Princess Cruises' Sea Princess which is homeported in Southampton during the summer months and Fort Lauderdale during the winter season has been primarily marketed to UK vacationers since 2005. Cunard sources customers from the UK, North America, Germany, Australia and the rest of the world.

P&O Cruises is the largest cruise operator and best known cruise brand in the UK, with five premium ships, and one additional ship expected to begin service in each of fiscal 2008 and 2010. These ships cruise to over 200 destinations in more than 90 countries, with most cruises ranging from seven to 14 days, but with some cruises lasting longer, including three world cruises in each of 2007 and 2008. These ships, which are relatively new compared to the ships that are more typically marketed in the UK, have enabled P&O Cruises to offer a more modern style of cruising to UK cruise passengers and increase their appeal to younger passengers and families, while retaining older and more traditional British customers. The Artemis and Arcadia are child-free ships, which generally appeal to an older guest demographic, while the rest of the fleet is well-equipped for children's activities. The ships have a wide choice of dining and entertainment options and offer a welcoming atmosphere, with an emphasis on the attributes of "Britishness," "professionalism," and "style."

Both Arcadia and Oceana offer a more contemporary and innovative experience with an informal atmosphere and range of alternative dining venues, from restaurants and buffets to grills and bistros and the elegant superliners Aurora and Oriana offer a stylish and classic cruise experience with their broad decks, traditional artwork and blend of formal and informal onboard experiences. The Artemis, the smallest ship in the P&O Cruises fleet, offers a more traditional and intimate experience, her size enabling her to visit ports not charted by larger vessels as well as fostering a real sense of camaraderie, of particular appeal to those who enjoy a more formal onboard experience, including P&O Cruises traditions such as afternoon tea and her program of Music Festivals at Sea. Each of these different ambiences appeal to a different type of British passenger. P&O Cruises offers cruises from Southampton, England to the Mediterranean, the Atlantic Islands, the Baltic, Scandinavia and the Norwegian Fjords during the summer, and primarily operates Caribbean cruises and a choice of three world voyages during the winter.

Under the Cunard brand, which is one of the most widely recognized brands in the UK, we operate two premium/luxury ships. Cunard's flagship, the Queen Mary 2, is the largest ocean liner in the world and operates the northern transatlantic crossing route as well as other itineraries around the world. The Queen Elizabeth 2, Cunard's former flagship, primarily serves UK-based passengers from Southampton, England and has offered a world cruise since 1975. Cunard expects its next ship, the Queen Victoria, to begin service in December 2007. Cunard's ships offer voyages to worldwide destinations, with many of the voyages ranging generally between six and 31 days, but with some three day voyages to give passengers a chance to get a taste of the Cunard experience and the 122-day world cruise, which gives passengers a chance to indulge themselves during a longer vacation.

The Ocean Village brand was launched in spring 2003, and consists of one contemporary ship serving the UK. This brand targets a young and active customer base and its cruise product emphasizes informality, health and well-being. The brand attracts a high proportion of passengers new to cruising. The Ocean Village ship offers one or two week cruises, together with cruise and stay holidays, and operates out of Heraklion, Crete in the Mediterranean during the summer season and from Barbados in the Caribbean during the winter season.

In spring 2007, the 1,666 passenger capacity AIDAblu, which is currently operated by AIDA, will transfer to Ocean Village as the Ocean Village Two. The Ocean Village Two will have Palma, Majorca as a homeport during the summer season and will have Barbados as a homeport during the winter season, replacing the Ocean Village which will move its winter homeport to Jamaica.

Swan Hellenic's 678 passenger capacity Minerva II operates a program of premium discovery cruises, principally for UK sourced passengers, however, in April 2007 Swan Hellenic will sail its last cruise and the Minerva II will be transferred to Princess and renamed the Royal Princess.

B. Southern Europe

The main countries in southern Europe for sourcing cruise passengers are Italy, France and Spain. Together, these countries generated approximately 1.1 million cruise passengers in 2005. Cruising by passengers from Italy, France and Spain had a compound annual growth rate in the number of passengers carried of approximately 12.8% between 2000 and 2005. We believe that Southern Europe is also relatively underdeveloped for the cruise industry. We intend to increase our penetration in southern Europe through Costa, one of the most recognized cruise brands marketed in Europe.

Costa operates 11 contemporary ships, with an additional ship expected to begin service in fiscal 2007, two ships in fiscal 2009 and one ship in 2010. Costa’s ships operate in Europe from spring to fall. From fall to spring Costa repositions five of its ships to the Caribbean and South America, while also maintaining a year-round presence with three of its ships in the Mediterranean region. Costa is the number one cruise line in continental Europe based on passengers carried and capacity of its ships, principally serving customers in Italy, France, Germany and Spain. Headquartered in Italy, Costa offers guests an international and multi-lingual ambiance with an Italian touch. The Costa ships call on 114 European and Middle Eastern ports, with 83 different itineraries, and sail to various other ports in the Caribbean and South America, with most cruises ranging from seven to 11 days.

In February 2007, we entered into a letter of intent with Orizonia Corporation, Spain’s largest travel company which operates its own cruise fleet under its Iberojet division, to form a joint venture to operate and expand the existing Iberojet Cruceros brand in Spain. Iberojet Cruceros currently operates two cruise ships, the 834-passenger Grand Voyager, built in 2000, and the 1,196-passenger Grand Mistral, constructed in 1999, which represent the newest ships in the contemporary Spanish cruise segment. Under the proposed agreement, the two existing vessels would be transferred by Iberojet to the joint venture. The intention is to grow that fleet over the next several years through the acquisition of existing tonnage from our current fleet. The Iberojet cruise business being contributed will be valued at €320 million, with €180 million in debt, representing a net equity value of €140 million. We will pay Iberojet €105 million for our 75% ownership interest in the joint venture and Iberojet will own the remaining 25%. We cannot be certain that this transaction will ultimately be completed on these or any other terms.

C. Germany

Germany is the largest source for cruise passengers in continental Europe, with approximately 0.6 million cruise passengers in 2005. Germany had a compound annual growth rate in the number of cruise passengers carried of approximately 11.0% between 2000 and 2005. We believe that Germany is also a relatively underdeveloped region for the cruise industry. The main destinations visited by German cruise passengers are the Mediterranean and the Caribbean. Other popular destinations for German cruise passengers include Scandinavia, the Atlantic Islands and the Arabian Gulf.

AIDA, which sources substantially all of its passengers from German speaking countries, is the clear leader in the German cruise segment. AIDA operates four contemporary ships, with one additional ship expected to begin service in each of fiscal 2007, 2008, 2009 and 2010. Each of these new ships has a passenger capacity 22% larger than the largest ship in AIDA's current fleet. The new vessels are innovative and high quality, introducing for example the ‘Theatrium’ as a central meeting place; with a market character that provides a completely new space concept and new entertainment ideas. Partially offsetting this capacity increase, the AIDAblu will be transferred to the Ocean Village brand in spring 2007.

AIDA's product is especially tailored for the German-speaking market and offers an exceptionally relaxed, yet active cruising experience with an emphasis on lifestyle, informality, friendliness and activity. Spa and fitness areas and high quality but informal dining options characterize the experience onboard the vessels.

AIDA’s ships primarily offer seven day trips that allow guests to easily book back-to-back cruise vacations. AIDA allows for an easy selling and booking experience by offering relatively few cabin categories and two seasons. During the summer, the AIDA ships sail in the Mediterranean and the North and Baltic Seas, calling on approximately 50 ports, while itineraries for the winter include the Caribbean, Central America, the Western Mediterranean, the Atlantic Islands, the Arabian Gulf and Trans-Suez Canal passages.

In December 2006, we entered into a letter of intent with TUI AG, Europe's biggest tour operator, to form a joint venture to develop, market and operate two cruise brands for the German-speaking holiday market. Under the proposed agreement, AIDA Cruises will be contributed by us to the joint venture in which TUI will buy an interest. In addition, a new TUI Cruises brand will be created that will target a different segment of the German cruise market from AIDA Cruises. AIDA's business was valued at 1.9 billion euros ($2.51 billion based on the November 30, 2006 exchange rate) for inclusion in the joint venture, which will be formed with 600 million euros ($792 million based on the November 30, 2006 exchange rate) of indebtedness. The letter of intent provides for TUI to initially purchase 5% of the joint venture in 2007, and it is expected that they will purchase another 20% in 2010. The purchase price will be paid to us in cash at the closing of each transaction based on a net equity value of 1.3 billion euros ($1.72 billion based on the November 30, 2006 exchange rate). If the initial 5% purchase closes in 2007, Carnival would expect to record a pretax gain of approximately $80 million. Another gain would be recorded at the time of closing of the subsequent 20% purchase in 2010. Apart from those gains, we believe that the transaction will be neutral to earnings for the 12-month period following the transaction closing, which is expected in the first half of 2007, pending approval of both companies and regulators. We cannot be certain that this transaction will ultimately be completed on these or any other terms.

IV. Australia, New Zealand and China

Cruising in Australia continues to develop. Approximately 195,000 Australians took cruise vacations in 2005. We serve this region primarily through P&O Cruises Australia, which is the leading cruise line in Australia and New Zealand.

P&O Cruises Australia is a cruise brand that caters specifically to Australians and New Zealanders. Its contemporary ships, the Pacific Sun and the Pacific Star, offer seven to 14 day cruises from Sydney, Brisbane and Auckland to Fiji, New Caledonia, Queensland and Vanuatu. In late 2007, the Regal Princess will be transferred from Princess to P&O Cruises Australia and will sail as the Pacific Dawn. In addition, Princess homeports the Pacific Princess in Sydney, Australia for a part of the year where it offers cruises to New Zealand.

In July 2006 Costa began homeporting the Costa Allegra out of Shanghai, China to cater primarily to the Chinese market. China is a new and untested market and Costa is the first international cruise line to homeport a ship there and source its passengers primarily from China. The ship operates five-day cruises from Shanghai, China to Nagasaki, Japan and Cheju, South Korea in the summer and it began operating five-day cruises from Hong Kong, China to Hainan Island, China and Halong Bay, Vietnam for its 2006 winter season. We cannot be certain that China or other markets will develop as expected.

V. South America

Cruise vacations have been marketed in South America for many years, although cruising as a vacation alternative remains in an early stage of development in the region. Cruises from South America typically occur during the Southern Hemisphere summer months of November through March, and are primarily seven to nine days in duration. Our presence is primarily represented through the Costa brand, which will operate two vessels in 2007 in this region, Costa Fortuna and Costa Romantica, collectively offering 4,046 lower berths.

VI. Ship Information

Summary information of our ships as of February 12, 2007 is as follows:

BRAND AND SHIP	REGISTRY	CALENDAR YEAR DELIVERED	PASSENGER CAPACITY
Carnival Cruise Lines			
Carnival Liberty	Panama	2005	2,966
Carnival Valor	Panama	2004	2,966
Carnival Miracle	Panama	2004	2,120
Carnival Glory	Panama	2003	2,968
Carnival Conquest	Panama	2002	2,966
Carnival Legend	Panama	2002	2,120
Carnival Pride	Panama	2001	2,120
Carnival Spirit	Panama	2001	2,122
Carnival Victory	Panama	2000	2,750
Carnival Triumph	Bahamas	1999	2,750
Paradise	Panama	1998	2,048
Elation	Panama	1998	2,050
Carnival Destiny	Bahamas	1996	2,634
Inspiration	Bahamas	1996	2,050
Imagination	Bahamas	1995	2,050
Fascination	Bahamas	1994	2,050
Sensation	Bahamas	1993	2,050
Ecstasy	Panama	1991	2,050
Fantasy	Panama	1990	2,054
Celebration	Panama	1987	1,484
Holiday	Bahamas	1985	1,450
Total Carnival Cruise Lines			47,818
Princess			
Crown Princess	Bermuda	2006	3,080
Sapphire Princess	Bermuda	2004	2,674
Caribbean Princess	Bermuda	2004	3,100
Diamond Princess	Bermuda	2004	2,674
Island Princess	Bermuda	2003	1,974
Coral Princess	Bermuda	2002	1,974
Star Princess	Bermuda	2002	2,598
Golden Princess	Bermuda	2001	2,598
Tahitian Princess	Bermuda	2000	668
Pacific Princess	Bermuda	1999	668
Sea Princess	Bermuda	1998	2,016
Grand Princess	Bermuda	1998	2,592
Dawn Princess	Bermuda	1997	1,998
Sun Princess	Bermuda	1995	2,022
Regal Princess(a)	Bermuda	1991	1,596
Total Princess			32,232
Costa			
Costa Concordia	Italy	2006	2,978
Costa Magica	Italy	2004	2,702
Costa Fortuna	Italy	2003	2,702
Costa Mediterranea	Italy	2003	2,114
Costa Atlantica	Italy	2000	2,114
Costa Victoria	Italy	1996	1,928
Costa Romantica	Italy	1993	1,344
Costa Allegra(b)	Italy	1992	784
Costa Classica	Italy	1991	1,302
Costa Marina	Italy	1990	762
Costa Europa	Italy	1986	1,488
Total Costa			20,218

BRAND AND SHIP	REGISTRY	CALENDAR YEAR DELIVERED	PASSENGER CAPACITY
Holland America Line(c)			
Noordam	Netherlands	2006	1,918
Westerdam	Netherlands	2004	1,848
Oosterdam	Netherlands	2003	1,848
Zuiderdam	Netherlands	2002	1,848
Zaandam	Netherlands	2000	1,432
Amsterdam	Netherlands	2000	1,380
Volendam	Netherlands	1999	1,432
Rotterdam	Netherlands	1997	1,316
Veendam	Netherlands	1996	1,258
Ryndam	Netherlands	1994	1,258
Maasdam	Netherlands	1993	1,258
Statendam	Netherlands	1993	1,258
Prinsendam	Netherlands	1988	794
Total Holland America Line			18,848
P&O Cruises			
Arcadia	Bermuda	2005	1,948
Oceana	Bermuda	2000	2,016
Aurora	UK	2000	1,870
Oriana	Bermuda	1995	1,818
Artemis	Bermuda	1984	1,188
Total P&O Cruises			8,840
AIDA			
AIDAaura	Italy	2003	1,266
AIDAvita	Italy	2002	1,266
AIDAcara	Italy	1996	1,180
AIDAblu(d)	Italy	1990	1,666
Total AIDA			5,378
Cunard			
Queen Mary 2	UK	2003	2,592
QE2	UK	1969	1,788
Total Cunard			4,380
P&O Cruises Australia			
Pacific Sun	UK	1986	1,480
Pacific Star	UK	1982	994
Total P&O Cruises Australia			2,474
Ocean Village			
Ocean Village	UK	1989	1,578
Swan Hellenic			
Minerva II(e)	Marshall Islands	2001	678
Seabourn			
Seabourn Legend	Bahamas	1992	208
Seabourn Spirit	Bahamas	1989	208
Seabourn Pride	Bahamas	1988	208
Total Seabourn			624
Windstar			
Wind Surf	Netherlands	1990	312
Wind Spirit	Bahamas	1988	148
Wind Star	Bahamas	1986	148
Total Windstar			608
Total			143,676

(a) The Regal Princess will be transferred to P&O Cruises Australia in October 2007 and renamed the Pacific Dawn.

(b) The Costa Allegra has been marketed primarily to Chinese-sourced passengers since the summer of 2006.
(c) Since November 2004, the 1,214 passenger former Noordam is being operated by an unrelated entity under a long-term bareboat charter agreement and, accordingly, is excluded from Holland America Lines' capacity.
(d) The AIDAblu will be transferred to Ocean Village in the spring of 2007 and renamed the Ocean Village Two.
(e) The Minerva II will be transferred to Princess in April 2007 and renamed the Royal Princess.

VII. Characteristics of the Cruise Vacation Industry

A. Strong Growth

Cruise vacations have experienced significant growth in recent years. The number of new cruise ships currently on order from shipyards indicates that the growth in cruise capacity is set to continue for a number of years. In order to fill this new capacity, continued growth in demand across the industry will be required. Given the historical growth rate of cruising and the relative low penetration levels in major vacation regions, we believe that there are significant opportunities for growth.

In the few years prior to 2004, the cruise industry experienced significant pressure on cruise pricing, which we believe was ultimately the result of, among other things, various adverse international geopolitical and economic conditions and events, such as terrorism, the war in Iraq, and the risk of other armed conflicts, adverse publicity, increases in new cruise ship capacity, ship incidents, and competition from cruise ship and other vacation alternatives. During 2004 and 2005 the cruise industry had very robust years, which saw significant increases in both capacity and net revenue yields. During 2006, the cruise industry continued to experience solid growth for its non-Caribbean product offerings, however, there were a number of factors, such as a weaker U.S. economy, including the impact of higher fuel costs and higher U.S. interest rates, and the after effects of the devastating 2005 hurricane season, which we believe had adverse effects on vacationers' discretionary income and this group's confidence in the U.S. economy. These factors contributed to a reduction in North American demand for Caribbean cruises and, accordingly, resulted in lower pricing for most of our Caribbean cruise itineraries, especially our shorter duration cruises. Factors such as these or others could adversely impact future cruise industry growth if they were to occur or continue to exist in the future.

B. Wide Appeal of Cruising

Cruising appeals to a broad demographic range. Industry surveys estimate that there are approximately 127 million potential passengers for cruising in North America (defined as members of households with a minimum income of $40,000, that are headed by a person who is at least 25 years old). According to these surveys, about half of these individuals have expressed an interest in taking a cruise as a vacation alternative, and over 60% of worldwide cruise passengers are over the age of 40. The size of the North American population between ages 45 and 74 is expected to increase 17% between 2007 and 2017. We believe the cruise industry is well-positioned to take advantage of these favorable demographic trends, which are impacting its markets.

C. Relatively Low Penetration Levels

North America has higher cruising penetration rates than do cruise markets in Europe and Asia. Nevertheless, based upon information obtained from the Cruise Lines International Association, or CLIA, a leading trade group in the U.S., only approximately 17% of the U.S. population has ever taken a cruise and only 10% has done so in the past three years. In the UK, where there has been significant expansion in the number of cruise passengers carried over the last five years, cruising penetration levels per capita are only approximately three-fifths of those of North America. In the principal vacation regions in continental Europe, cruising penetration levels per capita are estimated to be less than one-fifth of those in North America. Elsewhere in the world cruising is at an early stage of development and has far lower penetration rates.

D. Satisfaction Rates

Cruise passengers tend to rate their overall satisfaction with a cruise-based vacation higher than comparable land-based hotel and resort vacations. We believe that a substantial number of cruise passengers think the value of their cruise vacation experience is as good as, or better than, the value of other comparable vacation alternatives.

VIII. Passengers, Capacity and Occupancy

Our cruise operations had worldwide cruise passengers, passenger capacity and occupancy as follows (a):

FISCAL YEAR	CRUISE PASSENGERS	PASSENGER CAPACITY	OCCUPANCY(b)
2002	3,549,000	67,282	105.2%
2003	5,038,000	113,296	103.4%
2004	6,306,000	129,108	104.5%
2005	6,848,000	136,960	105.6%
2006	7,008,000	143,676	106.0%

(a) Information presented is as of the end of our fiscal year for passenger capacity. Carnival plc's information is only included since April 17, 2003, the period subsequent to the completion of the DLC transaction.
(b) In accordance with cruise industry practice, occupancy is calculated using a denominator of two passengers per cabin even though some cabins can accommodate three or more passengers. The percentages in excess of 100% indicate that on average more than two passengers occupied some cabins.

Our passenger capacity has grown from 67,282 berths at November 30, 2002 to 143,676 berths at November 30, 2006, primarily because of the deliveries of 18 new cruise ships during this four-year period and the 34,428 berths added as a result of the DLC transaction with P&O Princess during 2003. See Part I, Item l. Business, B. - "Cruise Operations-Ship Information" for additional information.

The occupancy level on our ships during each quarter indicated below was as follows:

Quarters Ended	Occupancy
February 28, 2005	103.8%
May 31, 2005	104.8%
August 31, 2005	110.9%
November 30, 2005	102.7%
February 28, 2006	104.2%
May 31, 2006	105.4%
August 31, 2006	111.0%
November 30, 2006	103.4%

IX. Cruise Ship Construction and Cruise Port Facility Development and Operations

As of February 12, 2007, we had signed agreements with three shipyards providing for the construction of 20 additional cruise ships scheduled to enter service between March 2007 and June 2011. See Note 6, "Commitments" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

Primarily in cooperation with private or public entities, we are engaged in the development of new or enhanced cruise port facilities. These facilities are expected to provide our passengers with an improved vacation experience. Our involvement typically includes providing cruise port facility development and management expertise. We sometimes assist by providing direct financial support for port development projects. However, most of the time, our financial commitment is provided by long-term port usage agreements. During 2006, we were involved in the development and enhancement of cruise port facilities in Barcelona, Spain, New York City, New York, Miami, Florida and Naples, Italy. In addition, we are in the process of, or have recently completed negotiations for, the development of several other port facilities to service our North American and European guests, including, but not limited to, facilities in Civitavecchia, Italy, Roatan, Honduras and San Diego, California. In October 2005, our pier facility in Cozumel, Mexico was destroyed by Hurricane Wilma. This was one of our busiest transit ports in the world and served over 1.2 million passengers in 2005. We have begun rebuilding this pier and expect to complete construction in late-2008.

Finally, we currently operate other port facilities in Long Beach, California, Grand Turk, Turk and Caicos Islands, Juneau, Alaska and Savona, Italy pursuant to concession agreements with governmental authorities and other third parties. Our Long Beach terminal is one of the home ports for Carnival Cruise Lines' U.S. West Coast sailings to Mexico, as well as a transit port for some of our other brands. Finally, the Savona terminal is the home port for a number of Costa's ships, which sail in the Mediterranean Sea.

X. Cruise Pricing and Payment Terms

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 typically includes accommodations, meals, some beverages, 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 jogging track, a health club, swimming pools, sun decks, whirlpools and saunas. Our brands' payment terms generally require that a passenger pay a deposit to confirm their reservations with the balance due before the departure date, although some of our European brands provide certain of their travel agents and tour operators with credit terms, even though these parties typically require the passenger to pay for the entire cruise before sailing.

Historically, our advance bookings have generally been taken from several months in advance of the sailing date for contemporary brands, to more than a year in advance of sailing for our luxury brands. This lead-time provides us with more time to manage our prices in relation to demand for available cabins, with the goal of achieving higher overall net revenue yields - see "Key Performance Indicators" in our Management Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13 to this joint Annual Report on Form 10-K. In addition, some of our fares such as Carnival Cruise Lines' Supersaver fares, Costa’s Pronto Price Savings fares, Holland America Line's Early Savings and Mariner Savings fares and Princess's Loveboat Savers plan, are designed to encourage potential passengers to book cruise reservations earlier. In addition, AIDA has a "JustAIDA" booking program that allows guests to make a reservation two to three months before sailing, but the exact cruise ship and specific itinerary are not determined by AIDA until two weeks prior to sailing in order to help AIDA maximize their net revenue yields.

When a passenger elects to purchase air transportation from us, both our cruise revenues and cruise operating expenses generally increase by approximately the same amount. Air transportation prices can vary by gateway and destination. Over the last several years, we have generally experienced a lower number of guests purchasing air transportation from us, which we believe is partially a result of having opened additional embarkation points closer to our guests’ homes, as well as the availability of frequent flyer programs and competitively-priced air tickets sold by third parties.

XI. Onboard and Other Revenues

We earn onboard and other revenues from onboard activities and services not included in the cruise ticket price consisting of, but not limited to, casino gaming, bar and some beverage sales, gift shop sales, entertainment arcades, shore excursions, art auctions, photo sales, spa services, bingo games and lottery tickets, enhanced dining experiences in alternative restaurants, video diaries, golf lessons, snorkel equipment rentals, internet and telephone usage and onboard promotional advertising for merchants located at our ports of call.

Our casinos, which contain slot machines and gaming tables including blackjack, and in most cases craps and roulette, are open only when our ships are at sea in international waters or when otherwise specifically permitted by law. Onboard and other activities are provided either directly by us or by independent concessionaires, from which we collect a percentage of their revenues or a fee.

Sales to our passengers of shore excursions at each ship's ports of call include, among other things, general sightseeing and adventure outings and local boat and beach parties. For the Holland America Line and Princess ships and our other brands operating to destinations in Alaska, shore excursions are operated by Holland America Tours and Princess Tours, as well as locally-owned operations. For shore excursions in other locations, we typically utilize locally-owned operations.

In conjunction with our cruise vacations, all of our cruise brands also sell pre- and post-cruise land packages. Packages offered in conjunction with ports of call in the U.S. would generally include one to four-night vacations at nearby attractions or other vacation destinations, such as Universal Studios and Walt Disney World in Orlando, Florida, Busch Gardens in Tampa, Florida, or individual/multiple city tours of Boston, Massachusetts, New York City, New York, and/or San Diego, California. Packages offered in Europe generally include up to four-night vacations, including stays in well-known European cities such as Athens, Greece, Barcelona, Spain, Copenhagen, Denmark, London, England, Paris, France and Rome, Italy.

In conjunction with our Alaska cruise vacations, principally on our Holland America Line, Princess and Carnival Cruise Lines ships, we sell pre- and post-cruise land packages, utilizing, to a large extent, our transportation and hotel assets.

XII. Sales Relationships and Marketing Activities

We are a customer service-driven company and continue to invest in our service organization to assist travel agents and guests. We believe that our support systems and infrastructure are among the strongest in the vacation industry.

We sell our cruises mainly through travel agents, including wholesalers and tour operators. Our individual cruise brands' relationships with their travel agents are generally independent of each of our other brands, except for certain brands sourcing UK and Australian passengers as discussed below. These travel agent relationships are not exclusive and most travel agents also sell cruises and other vacations provided by our competitors. Our policy towards travel agents is to train and motivate them to support our products with competitive sales and pricing policies and joint marketing programs. We also use a wide variety of marketing techniques, including websites, seminars and videos, to familiarize the agents with our cruise brands and products. As with our brands' travel agent relationships, each of our brands' marketing programs are generally independent of each of our other brands. In each of our principal markets, we have familiarized the travel agency community with our cruise brands and products.

Travel agents generally receive standard commissions of 10%, plus the potential of additional commissions based on sales volume. During fiscal 2006, no controlled group of travel agencies accounted for more than 10% of our revenues.

Our investment in customer service has been focused on the development of systems and employees. We have improved our systems within the reservations and customer relationship management functions, emphasizing the continued support of the travel agency community, while simultaneously developing greater contact and interactivity with our customer base. Each brand has its own website, which provides access to information about our products to users throughout the world, and substantially all provide booking engines to our travel partners and to our customers. We also support booking capabilities through major airline computer reservation systems, including SABRE, Galileo, Amadeus and Worldspan. Although the vast majority of our cruises are distributed through travel agents, we also take telephone and internet bookings direct from customers who choose not to utilize the services of a travel agent.

We have pursued comprehensive marketing campaigns to market our brands to vacationers, including direct response marketing. The principal media used are television, magazine, newspaper and radio advertisements and promotional campaigns. To stimulate demand we have also been offering more home port locations, which enable certain guests to lower the price of their cruise vacation by substantially reducing or eliminating the cost of air travel to and from the port.

In addition, in both the UK and Australia we have formed a sales alliance known as the "Complete Cruise Solution," whereby our UK and Australian sales forces and back-office operations are able to provide their customers with one-stop cruise shopping for a number of our brands. Finally, we have established the World's Leading Cruise Lines ("WLCL") alliance for our family of North American cruise brands and Costa in order both to educate the consumer about the overall breadth of our cruise brands, as well as to increase the effectiveness and efficiency of marketing our brands. As part of this alliance, we offer Vacation Interchange Privileges, which is a loyalty program that provides special considerations to repeat guests aboard the WLCL brands.

XIII. Seasonality

Our revenues from the sale of passenger tickets are seasonal. Historically, demand for cruises has been greatest during our third fiscal quarter, which includes the Northern Hemisphere summer months. This higher demand during the third quarter results in higher net revenue yields and, accordingly, the largest share of our net income is earned during this period. The seasonality of our results is also increased due to ships being taken out of service for maintenance, which we typically schedule during non-peak demand periods. In addition, substantially all of Holland America Tours' and Princess Tours' revenues and net income are generated from May through September in conjunction with the Alaska cruise season.

XIV. Competition

We compete with land-based vacation alternatives throughout the world, including, among others, hotels, resorts, theme parks, land-based casino operations, vacation ownership properties located in Las Vegas, Nevada and Orlando, Florida, various Caribbean, Mexican, Bahamian and Hawaiian Island destinations and numerous other vacation choices throughout Europe and the rest of the world.

Our primary cruise competitors for contemporary and premium North American-sourced passengers are Royal Caribbean Cruises Ltd., which owns Royal Caribbean International and Celebrity Cruises, Star Cruises Limited, which owns NCL Corporation Ltd., which is comprised of Norwegian Cruise Line, NCL America and Orient Lines, Disney Cruise Line, Mediterranean Shipping Company, which owns MSC Cruises, and Crystal Cruises.

Our primary cruise competitors for European-sourced passengers in the UK are Royal Caribbean International, Island Cruises, Fred Olsen Cruise Lines, Discovery Cruises, Saga Cruises, and Thomson Cruises, which is owned by TUI; in Germany they are MSC Cruises, Hapag-Lloyd, which is owned by TUI, Peter Deilmann, Phoenix Reisen and Transocean Cruises; and in Southern Europe they are MSC Cruises, Louis Cruise Line, Pullmantur, which is owned by Royal Caribbean Cruises Ltd., and Iberojet. We also compete for passengers throughout Europe with Celebrity Cruises, Norwegian Cruise Line and Orient Lines.

Our primary cruise competitors for our Seabourn and Windstar luxury brands include Regent Seven Seas Cruises, Seadream Yacht Club and Silversea Cruises.

Our North American, European and Australian brands also compete among themselves for passengers.

XV. Governmental Regulations

A. Maritime Regulations

Our ships are regulated by various international, national, state and local laws, regulations and treaties in force in the jurisdictions in which our ships operate. In addition, our ships are registered in the Bahamas, Bermuda, Italy, the Marshall Islands, the Netherlands, Panama and the UK and, accordingly, are regulated by these jurisdictions and by the international conventions that govern the safety and environmental impact of our ships, guests and crew members. 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 and the many other international ports that our ships visit are applicable to some aspects of our ship operations.

Specifically, the International Maritime Organization, sometimes referred to as the "IMO", which operates under the auspices of the United Nations, has adopted safety standards as part of the International Convention for Safety of Life at Sea, sometimes referred to as SOLAS, which is applicable to all of our ships. Among other things, SOLAS establishes requirements for vessel design, structural features, materials, construction, life saving equipment, safe management and operation and security in order to help ensure passenger and crew 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 incorporate the International Safety Management Code, referred to as 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 is mandatory for passenger vessel operators. 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, the process by which a nation exercises authority over foreign ships when the ships are in that nation’s waters.

In December 2004, the Maritime Safety Committee approved for adoption amendments to SOLAS chapter II-I Parts A & B that relate to the damage stability of new cruise passenger vessels. These regulations were adopted in May 2005, and are applicable to those vessels whose keels are laid after January 1, 2009. Although the new standards do not affect our existing fleet or our vessels currently under contract whose keels will have been laid prior to January 1, 2009, compliance with these standards for ships whose keels are subsequently laid will require the development of new designs, which will increase costs.

The most important convention regulating and preventing marine pollution by ships is the IMO International Convention for the Prevention of Pollution from Ships ("MARPOL"), as amended. This convention applies to all of our ships and covers accidental and operational oil pollution as well as pollution by various items including, but not limited to, sewage, garbage and air emissions.

Our ships are subject to a program of periodic inspection by ship classification societies who conduct annual, intermediate, dry-docking and class renewal surveys. Classification societies conduct these surveys not only to ensure that our ships are in compliance with international conventions adopted by their respective country of registry and domestic rules and regulations, but also to verify that our ships have been maintained in accordance with the rules of the society and that recommended repairs have been satisfactorily completed.

Our ships that call at U.S. ports are subject to inspection by the U.S. Coast Guard for compliance with SOLAS, by the U.S. Public Health Service for sanitary standards, and by other agencies such as U.S. Customs and Border Protection, with regard to customs and immigration. Our ships are also subject to similar inspections pursuant to the laws and regulations of various other countries our ships visit.

Finally, our ships are also subject to various security requirements, primarily including the International Ship and Port Facility Security Code ("ISPS Code"), which is part of SOLAS. Among other things, the ISPS Code requires vessel owners to implement security measures, conduct vessel security assessments, and develop security plans. Under these requirements, we have prepared and submitted security plans for all our ships to their respective country of registry, and International Ship Security Certificates have been issued demonstrating compliance with the ISPS Code. For ships that are registered in the U.S. or have operations located in the U.S. the Maritime Transportation Security Act of 2002 ("MTSA") is the governing regulation. The MTSA establishes Area Maritime Security requirements for geographic port areas that provide authority for the U.S. Coast Guard to implement operational and physical security measures on a port area basis that could affect our operation in those areas.

In 2006, the International Labour Organization ("ILO"), adopted a new Consolidated Maritime Labour Convention (the "Convention"). The ILO is also an agency of the United Nations that develops worldwide employment standards. There have been over 60 maritime labor conventions and recommendations developed since 1920 in areas such as minimum age of seafarers, medical certificates, recruitment practices, health and welfare, hours of work, and social security. The Convention is a comprehensive instrument that consolidates all of the existing standards and recommendations into one instrument to reflect modern conditions and language that will govern all aspects of crew management for all ships in international commerce. While many of the practices, were widely adhered to by ships registered in different countries, this consolidated Convention will place additional requirements on shipowners not previously in effect. Thirty member countries representing 33% of the world’s merchant ship tonnage will be required to ratify the Convention before it goes into effect 12 months after such ratification. We currently expect the Convention to be effective for our ships in 2010 based on an expected European Unions ("EU") ratification in 2008 or early 2009. Accordingly, if ratified, the Convention may increase our 2010 and subsequent crew costs.

We believe that health, environmental, safety and security issues will continue to be an area of focus by relevant government authorities in the U.S., the European Union and elsewhere. Resulting legislation or regulations, or changes in existing legislation or regulations, could impact our operations and would likely subject us to increasing compliance costs in the future.

B. Permits for Glacier Bay, Alaska

In connection with certain of our Alaska cruise operations, Holland America Line, Princess Cruises and Carnival Cruise Lines rely on concession permits from the U.S. National Park Service to operate their cruise ships in Glacier Bay National Park and Preserve. Such permits must be periodically renewed and we cannot be certain that they 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.

C. Alaska Environmental Regulations

The State of Alaska enacted legislation which prohibits certain discharges in designated Alaska waters, ports or near shorelines and requires that certain discharges be monitored to verify compliance with the standards established by the legislation. Both the state and federal environmental regime in Alaska is more stringent than the federal regime under the Federal Water Pollution Control Act with regard to discharge from vessels. The legislation also provides that repeat violators of the regulations could be prohibited from operating in Alaskan waters.

D. Other Environmental, Health and Safety Matters

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. We are committed to helping to conserve the natural environment, not only because of the existing regulations, but because a pristine environment is one of the key elements that bring our guests on board our ships.

In particular, in the U.S., the Act to Prevent Pollution from Ships, implementing the MARPOL convention, provides for severe civil and criminal penalties related to ship-generated pollution for incidents in U.S. waters within three nautical miles and in some cases in the 200-mile exclusive economic zone.

Furthermore, in the U.S., the Oil Pollution Act of 1990 (the "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 proximately caused by the gross negligence or willful misconduct or the violation of an applicable safety, construction, or operating regulation by a responsible party; or the responsible party fails or refuses to: report the incident as required by law, provide all reasonable cooperation and assistance in connection with removal operations, or without sufficient cause, comply with an order issued by the federal on-scene coordinator. 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 operating therein. 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 waterways or seacoasts 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 and in some cases have no statutory limits of liability.

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.

Limitations on the sulphur content of fuel are part of new regulations approved by the International Convention for the Prevention of Pollution from Ships Annex VI ("MARPOL Annex VI"). Ships must carry an International Air Pollution Prevention Certificate issued by its flag state indicating that it is operating in compliance with MARPOL Annex VI. These certificates are required to be issued during the three-year period ending in May 2008. Among other things, MARPOL Annex VI establishes a limit on the sulphur content of fuel oil and calls on the IMO to monitor the worldwide average sulphur content of fuel oil supplied for use aboard vessels. In addition, MARPOL Annex VI provides for special "Sox Emission Control Areas" to be established with more stringent limitations on sulphur emissions. Compliance with MARPOL and other European Union ("EU") regulations may increase our operating costs, including the cost of fuel, beginning in November 2007 for ships operating in the North Sea and the English Channel. Further EU regulations regarding the use of low sulphur fuel on passenger ships on regular service to or from EU ports has recently been introduced. Our current understanding is that these EU regulations do not apply to cruise ships, however, we cannot be certain that our understanding is correct.

If we violate or fail to comply with environmental laws, regulations or treaties, we could be fined or otherwise sanctioned by regulators. We have made, and will continue to make, capital and other expenditures to comply with environmental laws and regulations.

The International Organization for Standardization ("ISO") is an international standard-setting body, which produces worldwide industrial and commercial standards. ISO 14001 is one of the series of ISO 14000 environmental management standards that were developed to help organizations manage their processes, products and services to minimize environmental impacts. ISO 14001 presents a structured approach to setting environmental objectives and targets, and provides a framework for any organization to apply these broad conceptual tools to their own processes. During 2006, we completed our corporate-wide implementation and received certification of our ISO 14001 Environmental Management System at all our ship operating companies.

In December 2006 the Maritime Safety Committee, which is the safety body at the IMO, approved the adoption of amendments to SOLAS Ch II-2 that relate to passenger ship balconies. These regulations will enter into force on July 1, 2008 and impose stricter limits on combustible materials and apply to both new and existing ships. As of February 12, 2007, we anticipate that all our ships including recent newbuild contracts, those currently under construction and our existing ships will meet these requirements.

In addition, there are a number of safety related amendments that will enter into force in July 2010 many of which are already being incorporated into our current newbuilds. These include requirements for safety centers, emergency cabin lighting, local sounding audible alarms, and amendments to fire detection systems. Finally, the enhanced safe return to port requirements also enter into force for keels laid after July 2010. Our current newbuilds meet existing requirements, and do not need to comply with these new standards, but future new designs are being developed that will meet these new requirements.

From time to time, environmental, health and safety regulators consider more stringent regulations which may affect our operations and increase our compliance costs. As evidenced from certain of 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 throughout the world and, accordingly, this will likely subject us to increasing compliance costs in the future.

See Part 1, Item 1A. "Risk Factors" for additional discussion of our environmental risks.

E. Consumer Regulations

Our ships that call on U.S. ports are regulated by the Federal Maritime Commission referred to as the "FMC". Public Law 89-777, which is administered by the FMC, requires most cruise line operators to establish financial responsibility for their liability to passengers for non-performance of transportation, as well as casualty and personal injury. The FMC's regulations require that a cruise line demonstrate its financial responsibility for non-performance of transportation through a guarantee, escrow arrangement, surety bond or 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. See Part 1, Item 1. Business, E. - "Insurance – Other Insurance" for additional discussion.

In the UK, we are required to bond and obtain licenses from various organizations in connection with the conduct of our business and our ability to meet liability in the event of non-performance of obligations to consumers. These organizations include the Passenger Shipping Association and the Civil Aviation Authority. See Part 1, Item 1. Business, E. - "Insurance-Other Insurance" for additional discussion.

We are also required by German and French law to obtain a guarantee from a reputable insurance company to ensure that, in case of insolvency, our customers will be refunded any monies they have paid on account of a booking and, in addition, that they will be repatriated without additional cost if insolvency occurs after a cruise starts. In addition, in Australia, we are a member of the Travel Compensation Fund which provides compensation, as a last resort, to consumers who suffer losses in their dealings with travel agents. Finally, other jurisdictions, including Argentina and Brazil, require the establishment of financial responsibility for passengers from their jurisdictions.

We believe we have all material licenses to conduct our business. From time to time, various other regulatory and legislative changes may be proposed or adopted that could have an effect on the cruise industry, in general, and our business, in particular. See Part I, Item 1A. "Risk Factors" for a discussion of other regulations which impact us.

XVI. Financial Information

For financial information about our cruise reporting segment and geographic information with respect to each of the three years in the period ended November 30, 2006, see Note 11, "Segment Information" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

C. Employees

Our shoreside operations have approximately 10,100 full-time and 4,600 part-time/seasonal employees. We also employ approximately 60,000 officers, crew and staff onboard our 81 ships at any one time. Due to the highly seasonal nature of our Alaskan and Canadian operations, Holland America Tours and Princess Tours increase their work force during the late spring and summer months in connection with the Alaskan cruise season, employing additional seasonal personnel, which have been included above. We have entered into agreements with unions covering certain employees in our hotel, transportation and ship operations. We consider our employee and union relations generally to be good.

We source our shipboard officers primarily from Italy, the UK, Holland, Germany and Norway. The remaining crew positions are manned by persons from around the world. We utilize various manning agencies in many countries and regions to help secure our shipboard employees.

D. Suppliers

Our largest purchases are for travel agency services, fuel, advertising, food and beverages, hotel and restaurant supplies and products, airfare, repairs and maintenance, including dry-docking, port facility utilization, communication services and for the construction of our ships. Although we utilize a select number of suppliers for most of our food and beverages and hotel and restaurant supplies and products, most of these items are available from numerous sources at competitive prices. The use of a select number of suppliers enables us to, among other things, obtain volume discounts. We purchase fuel and port facility services at some of our ports of call from a limited number of suppliers. In addition, we perform our major dry-dock and ship improvement work at dry-dock facilities in Australia, the Bahamas, British Columbia, Canada, the Caribbean, Europe and the U.S. Finally, as of February 12, 2007, we have agreements in place for the construction of 20 cruise ships by three shipyards. We believe there are sufficient dry-dock and shipbuilding facilities to meet our anticipated repair, maintenance, refurbishment and newbuild requirements.

E. Insurance

General

We maintain insurance to cover a number of risks associated with owning and operating vessels in international trade. All such insurance policies are subject to coverage limits, exclusions and deductible levels. Insurance premium increases are dependent on our own loss experience and the general premium requirements of our underwriters. We cannot be certain that affordable and viable direct and reinsurance markets will be available to us in the future. We maintain certain levels of self-insurance for the below-mentioned risks, some of which have increased in recent years, and we may increase our self insurance levels further in the future to mitigate premium increases. We do not carry coverage related to loss of earnings or revenues for our ships.

Protection and Indemnity ("P&I") Coverage

Third-party liabilities in connection with our cruise activities are covered by entry in P&I clubs, which are mutual indemnity associations owned by ship owners. Our vessels are entered in three P&I clubs as follows: The West of England Ship Owners Mutual Insurance Association (Luxembourg), The Steamship Mutual Underwriting Association (Bermuda) Limited and the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. The P&I clubs in which we participate are part of a worldwide group of P&I clubs, known as the International Group of P&I Clubs (the "IG"). The IG insures directly, and through reinsurance markets, a large portion of the world's shipping fleets. Coverage is subject to the P&I clubs' rules and the limit of coverage is determined by the IG. P&I coverage includes legal, statutory or pre-approved contract liabilities and other expenses related to crew, passengers and other third parties. This coverage also includes shipwreck removal, pollution and damage to third party property.

Hull and Machinery Insurance

We maintain insurance on the hull and machinery of each of our ships in amounts equal to the estimated market value of each ship. The coverage for hull and machinery is provided by international marine insurance carriers. Most insurance underwriters make it a condition for insurance coverage that a ship be certified as "in class" by a classification society that is a member of the International Association of Classification Societies ("IACS"). All of our ships are currently certified as in class with an IACS member. These certifications have either been issued or endorsed within the last twelve months.

War Risk Insurance

We maintain war risk insurance coverage for liability and physical damage, subject to coverage limits and exclusions for claims such as those arising from chemical, nuclear and biological attacks, on all of our ships covering our legal liability to crew, passengers and other third parties as well as loss or damage to our vessels arising from war or war-like actions, including terrorist risks. This coverage is provided by international marine insurance carriers. Under the terms of our war risk insurance coverage, which is typical for war risk policies in the marine industry, underwriters can give seven days notice to the insured that the liability and physical damage policies can be cancelled. In addition, the policy can be reinstated at different premium rates. This gives underwriters the ability to increase our premiums following events that they determine have increased their risk.

Other Insurance

As required by the FMC, we maintain performance bonds or bank guarantees in the aggregate amount of $105 million for ships operated by our brands which embark passengers in U.S. ports to cover passenger ticket liabilities in the event of a cancelled or interrupted cruise. We also maintain other performance bonds or guarantees as required by various U.S. and foreign authorities that regulate certain of our operations in their jurisdictions; the most significant of which are required by the UK Passenger Shipping Association and the UK Civil Aviation Authority and total approximately £104 million ($203 million U.S. dollars at November 30, 2006 exchange rate) and £52 million ($103 million U.S. dollars at the November 30, 2006 exchange rate), respectively, to cover our brands' UK passenger and air ticket deposit liabilities.

We maintain standard property and casualty insurance policies to cover shoreside assets and liabilities to third parties, including our tour business and certain port facility assets, as well as appropriate workers' compensation policies.

The Athens Convention

Current conventions generally in force applying to passenger ships are the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea (1974), the 1976 Protocol to the Athens Convention and the Convention on Limitation of Liability for Maritime Claims (1976). The U.S. has not ratified any Athens Convention Protocol. However, a vessel’s flag state or the port state that has ratified it may enforce the 1976 Athens Convention Protocol with regard to vessels registered under its flag or visiting a port located in its jurisdiction.

The IMO Diplomatic Conference agreed to a new protocol to the Athens Convention on November 1, 2002. The new protocol, which has not yet been ratified by the U.S. or any of our flag states, requires substantial levels of compulsory insurance which must be maintained by passenger ship operators and provides a direct action provision, which will allow claimants to proceed directly against insurers. This new protocol requires passenger ship operators to maintain insurance or some other form of financial security, such as a guarantee from a bank, to cover the limits of liability under the Athens Convention with regards to the death or personal injury of passengers. The timing of the ratification of this new protocol, if obtained at all, is uncertain. We cannot be certain that affordable and viable direct and reinsurance markets will be available to provide the level of coverage required under the new protocol. If the new protocol is ratified, we expect insurance costs would increase.

F. Trademarks and Other Intellectual Property

We own and have registered, or licensed, numerous trademarks and have also registered various domain names, which we believe are widely recognized throughout the world and have considerable value. These trademarks include the names of our cruise lines, each of which we believe is a widely-recognized brand name in the cruise vacation industry, as well as "World's Leading Cruise Lines." We have a license to use the P&O name, the P&O flag and other relevant trademarks and domain names in relation to cruises and related activities. Finally, we also have a license to use the "Love Boat" name and related marks. See Note 2, "Trademarks" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

G. Taxation

U.S. Federal Income Tax

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. for U.S. federal income tax purposes. To the best of our knowledge, we believe that, under Section 883 of the Internal Revenue Code and applicable income tax treaties, our income and the income of our ship-owning subsidiaries, to the extent derived from or incidental to the international operation of a ship or ships, is currently exempt from U.S. federal income tax. This exempt income does not include our U.S. source income, principally from the transportation, hotel and tour businesses of Holland America Tours and Princess Tours, and, beginning with the year ended November 30, 2005, the items listed in the regulations under Section 883 that the Internal Revenue Service does not consider to be incidental to ship operations. Among the items that are identified in the regulations as not incidental to ship operations are income from the sale of air transportation, shore excursions and pre- and post cruise land packages deemed to be from sources within the United States. In addition, during the last quarter of 2005 and the first quarter of 2006, we chartered three vessels to the Military Sealift Command in connection with the Hurricane Katrina relief effort. Income from these charters is not considered to be income from the international operation of our ships and, accordingly, income taxes have been provided on the net earnings of these charters.

The following summary of the application of the principal U.S. federal income tax laws to us is based upon existing U.S. federal income tax law, including the Internal Revenue Code, proposed, temporary and final U.S. Treasury regulations, certain current income tax treaties, administrative pronouncements and judicial decisions, as currently in effect, all of which are subject to change, possibly with retroactive effect.

Application of Section 883 of the Internal Revenue Code

In general, under Section 883, certain non-U.S. corporations are not subject to U.S. federal income tax or branch profits tax on U.S. source income derived from, or incidental to, the international operation of a ship or ships. Effective for our year ended November 30, 2005 and thereafter, regulations provide, in general, that a foreign corporation will qualify for the benefits of Section 883 if, in relevant part, (i) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the U.S. and (ii) the foreign corporation meets the publicly-traded test described below. In addition, to the extent a foreign corporation's shares are owned by a direct or indirect parent corporation which itself meets the publicly-traded test, then in analyzing the stock ownership test with respect to such subsidiary, stock owned directly or indirectly by such parent corporation will be deemed owned by individuals resident in the country of incorporation of such parent corporation.

A company whose shares are considered to be "primarily and regularly traded on an established securities market" in the U.S. or another qualifying jurisdiction will meet the publicly-traded test (the "publicly-traded test"). Stock will be considered "primarily traded" on one or more established securities markets if, with respect to each class of stock of the particular corporation, the number of shares in each such class that are traded during a taxable year on any such market exceeds the number of shares in each such class traded during that year on any other established securities market. Stock of a corporation will generally be considered "regularly traded" on one or more established securities markets under the regulations if (i) one or more classes of stock of the corporation that, in the aggregate, represent more than 50% of the total combined voting power of all classes of stock of such corporation entitled to vote and of the total value of the stock of such corporation are listed on such market; and (ii) with respect to each class relied on to meet the more than 50% requirement in (i) above, (x) trades in each such class are effected, other than in de minimis quantities, on such market on at least 60 days during the taxable year, and (y) the aggregate number of shares in each such class of the stock that are traded on such market during the taxable year is at least 10% of the average number of shares of the stock outstanding in that class during the taxable year. A class of stock that otherwise meets the requirements outlined in the preceding sentence is not treated as meeting such requirements for a taxable year if, at any time during the taxable year, one or more persons who own, actually or constructively, at least 5% of the vote and value of the outstanding shares of the class of stock, own, in the aggregate, 50% or more of the vote and value of the outstanding shares of the class of stock (the "5% Override Rule"). However, the 5% Override Rule does not apply (a) where the foreign corporation establishes that qualified shareholders own sufficient shares of the closely-held block of stock to preclude non-qualified shareholders of the closely-held block of stock from owning 50% or more of the total value of the class of stock for more than half of the taxable year; or (b) to shares of stock owned by an investment company registered under the Investment Company Act of 1940.

We believe that Carnival Corporation currently qualifies as a publicly traded corporation under the regulations and substantially all of its income, with the exceptions noted above, will continue to be exempt from U.S. federal income taxes. However, because various members of the Arison family and trusts established for their benefit currently own approximately 37% of Carnival Corporation shares, there is the potential that additional shareholders could acquire 5% or more of its shares, which could result in Carnival Corporation being considered closely held, and thus jeopardize its qualification as a publicly traded corporation. If, in the future, Carnival Corporation were to fail to qualify as a publicly traded corporation, it and all of its ship-owning or operating subsidiaries that rely on Section 883 for exempting cruise operations income would be subject to U.S. federal income tax on their U.S. source cruise operation income. In such event, the net income of Carnival Corporation’s ship-owning or operating subsidiaries would be materially reduced.

As a precautionary matter, Carnival Corporation amended its articles of incorporation in fiscal 2000 to ensure that it would continue to qualify as a publicly traded corporation under these regulations when they were originally proposed. As applied to Carnival Corporation, the final regulations are substantially the same as the proposed regulations. This amendment provides that no one person or group of related persons, other than certain members of the Arison family and trusts established for their benefit, may own or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code more than 4.9% of Carnival Corporation shares, whether measured by vote, value or number of shares, without the consent of Carnival Corporation’s Board of Directors. Unless Board consent is provided, any Carnival Corporation shares 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 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 Carnival Corporation notes are convertible into its shares, 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 control or other transactions in which the shareholders might receive a premium for Carnival Corporation shares over the then prevailing market price or which the shareholders might believe to be otherwise in their best interest.

Although the above represents our interpretation of this Internal Revenue Code provision and the U.S. Treasury regulations, the Internal Revenue Service's interpretation of these provisions could differ materially. 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 trading volume or trading frequency of Carnival Corporation shares or with respect to the identity, residence, or holdings of Carnival Corporation’s direct or indirect shareholders that could affect Carnival Corporation’s and its subsidiaries eligibility for the Section 883 exemption. Accordingly, although we believe it is unlikely, it is possible that Carnival Corporation and its ship-owning or operating subsidiaries’ whose tax exemption is based on Section 883 could lose this exemption. If Carnival Corporation and/or its ship-owning or operating subsidiaries were not entitled to the benefit of Section 883, Carnival Corporation and/or its ship-owning or operating subsidiaries would be subject to U.S. federal income taxation on a portion of our income.

Exemption Under Applicable Income Tax Treaties

We believe that the U.S. source shipping income from Carnival plc and its UK and Italian resident subsidiaries currently qualify for exemption from U.S. federal income tax under applicable bilateral U.S. income tax treaties. There is, however, no authority that directly addresses the effect, if any, of DLC arrangements on the availability of benefits under the treaties and, consequently, the matter is not free from doubt. These treaties may be abrogated by either applicable country, replaced or modified with new agreements that treat shipping income differently than under the agreements currently in force. If any of our subsidiaries that currently claim exemption from U.S. income taxation on their U.S. source shipping income under an applicable treaty do not qualify for benefits under the existing treaties, or if the existing treaties are abrogated, replaced or materially modified in a manner adverse to our interests and, with respect to U.S. federal income tax only, if any such subsidiary does not qualify for exemption under Section 883, such ship-owning or operating subsidiary may be subject to U.S. federal income taxation on a portion of its income, which would reduce our net income.

Taxation in the Absence of an Exemption under Section 883 or any Applicable U.S. Income Tax Treaty

Shipping income that is attributable to transportation of passengers which begins or ends in the U.S. is considered to be 50% derived from U.S. sources. Shipping income that is attributable to transportation of passengers which begins and ends in foreign countries is considered 100% derived from foreign sources. Shipping income that is attributable to the transportation of passengers which begins and ends in the U.S. without stopping at an intermediate foreign port is considered to be 100% derived from U.S. sources.

The legislative history of the transportation income source rules suggests that a cruise that begins and ends in a U.S. port, but that calls on more than one foreign port, will derive U.S. source income only from the first and last legs of the cruise. Because there are no regulations or other Internal Revenue Service interpretations of these rules, the applicability of the transportation income source rules in the aforesaid manner is not free from doubt.

In the absence of an exemption under Section 883 or any applicable U.S. income tax treaty, as appropriate, we and/or our subsidiaries would be subject to either the net income and branch profits tax regimes of Section 882 and Section 884 of the Internal Revenue Code (the "net tax regime") or the four percent of gross income tax regime of Section 887 of the Internal Revenue Code (the "four percent tax regime").

Where the relevant foreign corporation has, or is considered to have, a fixed place of business in the U.S. that is involved in the earning of U.S. source shipping income and substantially all of this shipping income is attributable to regularly scheduled transportation, the net tax regime is applicable. If the foreign corporation does not have a fixed place of business in the U.S. or substantially all of its income is not derived from regularly scheduled transportation, the four percent tax regime will apply.

The net tax regime should be the tax regime applied to Carnival Corporation in the absence of an exemption under Section 883. Under the net tax regime, U.S. source shipping income, net of applicable deductions, would be subject to a federal corporate tax of up to 35% and the net after-tax income would be potentially subject to a further branch tax of 30%. In addition, interest paid by the corporations, if any, would generally be subject to a branch interest tax.

The four percent tax regime should be the tax regime applicable to our vessel owning subsidiaries based outside the United States, in the absence of an exemption under Section 883 or any applicable U.S. income tax treaty. Under the four percent tax regime, gross U.S. source shipping income would be subject to a four percent tax, without the benefit of deductions.

UK Income Tax

Cunard, Ocean Village, P&O Cruises, P&O Cruises Australia and Swan Hellenic have all elected to enter the UK tonnage tax regime. Companies to which the tonnage tax regime applies pay corporation tax on profit calculated by reference to the net tonnage of qualifying vessels. UK corporation tax is not chargeable under the normal UK tax rules on these brands' operating relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping related activities. It also includes dividends from foreign companies, which are subject to a tax on profits in their country of residence or elsewhere and the activities of which broadly would qualify in full for the UK tonnage tax regime if they were UK resident.

For a company to be eligible for the regime, it must be subject to UK corporation tax and, among other matters, operate qualifying ships that are strategically and commercially managed in the UK. There is also a seafarer training requirement to which the tonnage tax companies are subject.

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime, which are not currently forecast to be significant, remain subject to normal UK corporation tax.

Italian and German Income Tax

In November 2004, the German brand of Carnival plc, AIDA, became a division of Costa. From the date of this change, AIDA's income is subject to Italian income tax. The majority of the profits earned by our German brands are exempt from German corporation taxes by virtue of the Italy/Germany double tax treaty.

During the 2005 third quarter, Costa elected to enter into the Italian Tonnage Tax regime, effective for its 2005 fiscal year and for the following nine years. This regime taxes Costa’s and AIDA’s shipping profits, as defined, which is most of Costa’s and AIDA’s income, calculated by reference to the net tonnage of its qualifying vessels. However, most of the income not considered to be shipping profits for Italian Tonnage Tax purposes will be taxed under the Italian tax regime for Costa and AIDA’s Italian-registered ships.

Australian Income Tax

P&O Cruises Australia is a division of Carnival plc, and the income from this operation, is subject to UK tonnage tax as discussed above. The majority of this operation's profits are exempt from Australian corporation taxes by virtue of the UK/Australian tax treaty.

State Taxes

In addition to the U.S. federal income and branch level taxes discussed above, Carnival Corporation & plc and certain of its affiliates are subject to various U.S. state income taxes generally imposed on each states portion of the U.S. source income subject to federal income taxes.

In addition, in August, 2006 the State of Alaska passed Ballot Initiative 2 (the "Initiative") which, among other things, imposes a tax on cruise passengers sailing in Alaskan waters. The Initiative took effect at the beginning of 2007 and imposes a $46 per passenger tax on cruise passengers aboard vessels with at least 250 berths, an additional fee of $4 per passenger for an Ocean Ranger program, expands the amount of commercial passenger vessel income that is subject to Alaska corporate state income taxes and assesses a 33% tax on income from onboard gambling. The Initiative also imposes a number of other regulations, reporting and operational requirements on cruise vessel operators.

H. Website Access to Carnival Corporation & plc SEC Reports

We make available, free of charge, access to our joint Annual Report on Form 10-K, joint Quarterly Reports on Form 10-Q, joint Current Reports on Form 8-K, Section 16 filings and all amendments to those reports as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC through our home pages at www.carnivalcorp.com and www.carnivalplc.com.

Item 1A. Risk Factors.

You should consider carefully the specific risk factors set forth below and other information contained or incorporated by reference in this joint 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. You should note that the risks described below are not the only risks we face. The risks listed below are only those risks relating to our operations that we consider material. There may be additional risks, that we currently consider not to be material, or which we are not currently aware of, that could have an adverse effect on our future results. Some of the statements in this section and elsewhere in this joint Annual Report on Form 10-K are "forward-looking statements." For a discussion of those statements and of other factors to consider see the "Cautionary Note Concerning Factors That May Affect Future Results" section below.

- General economic and business conditions may adversely impact the levels of our potential vacationers' discretionary income and this group's confidence in the U.S. economy and, consequently, reduce our brands' net revenue yields and profitability.

Demand for cruises is dependent on the underlying economic strength of the countries from which cruise companies source their passengers. Adverse changes in the economic climate, such as higher fuel prices, higher interest rates and changes in governmental policies could reduce the discretionary income or consumer confidence in the countries from which we source our guests. Consequently this may negatively affect demand for vacations, including cruise vacations, which are a discretionary purchase. Decreases in demand could lead to price discounting which, in turn, could reduce the profitability of our business.

- International political and other world events affecting safety and security could adversely affect the demand for cruises and could harm our future sales and profitability.

Demand for cruises and other vacation options has been, and is expected to continue to be, affected by the public's attitude towards the safety and security of travel. Events such as the terrorist attacks in the U.S. on September 11, 2001 and the threats of additional attacks in the U.S. and elsewhere, concerns of an outbreak of additional hostilities and national government travel advisories, together with the resulting political instability and concerns over safety and security aspects of traveling, have had a significant adverse impact on demand and pricing in the travel and vacation industry and may continue to do so in the future. Decreases in demand could lead to price discounting which, in turn, could reduce the profitability of our business.

- We may lose business to competitors throughout the vacation market.

We face significant competition from other cruise lines, both on the basis of cruise pricing and also in terms of the types of ships, services and destinations we offer to cruise passengers. In addition, we may need to enhance our older ships with current amenities in order for those ships to be more competitive with other cruise ships. Our principal competitors include the companies listed in this joint Annual Report on Form 10-K under Part 1, Item 1. Business, B. - "Cruise Operations – Competition."

However, we operate in the vacation market, and cruising is only one of many alternatives for people choosing a vacation. We therefore risk losing business not only to other cruise lines, but also to other vacation operators that provide other travel and leisure options, including hotels, resorts and package holidays and tours.

In the event that we do not compete effectively with other cruise companies and other vacation alternatives, our results of operations and financial condition could be adversely affected.

- Overcapacity within the cruise and land-based vacation industry could have a negative impact on net revenue yields and increase operating costs, thus resulting in ship, goodwill and/or trademark asset impairments, all of which could adversely affect profitability.

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 vacation companies are expected to introduce new ships. In order to utilize new capacity, the cruise vacation industry will probably need to increase its share of the overall vacation market. The overall vacation market is also facing increases in land-based vacation capacity, which also will impact us. Failure to increase our share of the overall vacation market is one of a number of factors that could have a negative impact on our net revenue yields. In some prior years, our net revenue yields were negatively impacted as a result of a variety of factors, including capacity increases. Should net revenue yields be negatively impacted, our results of operations and financial condition could be adversely affected, including the impairment of the value of our ships, goodwill and/or trademark assets. In addition, increased cruise capacity could impact our ability to retain and attract qualified crew at competitive costs and, therefore, increase our shipboard employee costs.

- Accidents, unusual weather conditions or natural disasters and other incidents affecting the health, safety, security and vacation satisfaction of passengers could have an adverse affect on our sales and profitability.

The operation of cruise ships involves the risk of accidents, including those caused by the improper operation of our ships, passenger and crew illnesses such as the spread of contagious diseases, mechanical failures, fires, collisions and other incidents at sea or while in port, which may bring into question passenger safety, health, security and vacation satisfaction, and thereby adversely effect future industry performance, sales and profitability. In addition, our cruises and port facilities may be impacted by unusual weather patterns or natural disasters, such as hurricanes and earthquakes. For example, in 2005 Hurricane Wilma caused the temporary closing of cruise ports in South Florida and also destroyed our pier facility in Cozumel, Mexico, which is not expected to re-open until late-2008. It is possible that we could be forced to alter itineraries or cancel a cruise or a series of cruises due to these or other factors, which would have an adverse affect on sales and profitability.

- Adverse publicity concerning the cruise industry in general, or us in particular, could affect our reputation and harm our future sales and profitability.

Maintaining a good reputation is critical to our business. Reports, whether true or not, of ship accidents and other incidents at sea or while in port, missing passengers, inappropriate crew or passenger behavior, passenger or crew illnesses such as incidents of stomach flu or other contagious diseases, security breaches, terrorist threats and attacks and other adverse events can result in negative publicity. Anything that damages our reputation (whether or not justified), including adverse publicity about the safety and passenger satisfaction of cruising, or the vacation industry in general, could have an adverse affect impact on demand, which could lead to price discounting and a reduction in our net income.

- We are subject to many economic and political factors, including changes in and compliance with numerous rules and regulations that are beyond our control, which could result in increases in our operating, financing and tax costs and could harm future sales and profitability.

Some of our operating costs, including fuel, food, insurance, payroll and security costs, are subject to increases because of market forces, economic or political instability or decisions beyond our control. In addition, interest rates, currency fluctuations and our ability to obtain debt or equity financing are dependent on many economic and political factors. Actions by U.S. and non-U.S. taxing jurisdictions could also cause an increase in our costs.

For example, in 2006, 2005 and 2004 fuel costs accounted for 14.4%, 11.9% and 9.3%, respectively, of our total cruise operating expenses. Economic and political conditions in certain parts of the world make it difficult to predict the price of fuel in the future. Future increases in the cost of fuel globally would increase the cost of our cruise ship operations.

In addition, the State of Alaska recently instituted new state taxes which will impact the cruise industry operating in Alaska, and could result in a reduction in demand for Alaska cruises. It is possible that other states, countries or ports of call that we regularly visit may decide to also assess new taxes specifically targeted to the cruise industry, which could increase our operating costs and/or could decrease the demand for cruises and ultimately decrease our net revenue yields.

Increases in operating, financing and tax costs could adversely affect our results because we may not be able to recover these increased costs through price increases charged to our passengers.

- Environmental legislation and regulations could affect operations and increase our operating costs.

Some environmental groups have lobbied for more stringent regulation of cruise ships. Some groups have also generated negative publicity about the cruise industry and its environmental impact. The U.S. Congress, the IMO and the U.S. Environmental Protection Agency periodically consider new laws and regulations to manage cruise ship pollution. In addition, various other regulatory agencies in the States of Alaska, California, Florida, Hawaii, Maine, Washington and elsewhere, including European regulatory organizations, have enacted or are considering new regulations or policies, which could adversely impact the cruise industry. See Part I, Item 1. Business, B. - "Cruise Operations – Governmental Regulations" for additional information.

Current and future environmental laws and regulations, or liabilities arising from past or future releases of, or exposure to, hazardous substances or to vessel discharges, could increase our cost of compliance or otherwise materially adversely affect our business, results of operations and/or financial condition.

- New regulations of health, safety, security and other regulatory issues could increase our operating costs or negatively effect our bookings and future net revenue yields and adversely affect net income.

We are subject to various international, national, state and local health, safety and security laws, regulations and treaties. See Part I, Item 1. Business, B. - "Cruise Operations-Governmental Regulations" for a detailed discussion of these regulatory issues.

We believe that health, safety, security and other regulatory issues will continue to be areas of focus by relevant government authorities in the U.S., Europe and elsewhere. Resulting legislation or regulations, or changes in existing legislation or regulations, could impact our operations and would likely subject us to increasing compliance costs in the future.

Pursuant to the Western Hemisphere Travel Initiative, by the earlier of June 1, 2009 or 90 days after the sanctioning of a People Access Security Service ("PASS") card, U.S. citizens will be required to carry a passport or, if available, a PASS card, for travel by land or sea to or from certain countries/areas that are currently exempt from passport requirements, such as the Caribbean, Canada and Mexico. The State Department and the Department of Homeland Security are collaborating on the development of a PASS card system. The PASS card is a secure credential that verifies the citizenship and identity of U.S. nationals who re-enter the United States and is seen as a less expensive alternative to a passport.

Since many cruise customers visiting these destinations may not currently have passports or may not obtain a PASS card if and when available, it is likely that this will have some negative effect on our bookings and future net revenue yields when the regulations take effect. There are a number of factors that could influence the ultimate impact of these regulations, such as customer travel patterns, the cost and ease of obtaining PASS cards, customer price sensitivity and the cost and effectiveness of mitigating programs we and others have established or will establish.

- Delays in ship construction and problems encountered at shipyards could reduce our profitability.

The construction of cruise ships is a complex process and involves risks similar to those encountered in other sophisticated construction projects, including delays in completion and delivery. In addition, industrial actions, insolvency or financial problems of the shipyards building our ships could also delay or prevent the delivery of our ships under construction. These events could adversely affect our profitability. However, the impact from a delay in delivery could be partially mitigated by contractual provisions and refund guarantees obtained by us. In addition, the consolidation of the European cruise shipyards in recent years could result in higher prices for future new ship orders, which could reduce our profitability.

Finally, as of November 30, 2006, we had entered into foreign currency swaps to fix the cost in sterling of two of our euro denominated shipbuilding contracts. If the shipyard with which we have contracted is unable to perform under the related contracts, the foreign currency swaps related to the shipyard's shipbuilding contracts would still have to be honored. This might require us to realize a loss on existing foreign currency swaps without having the ability to have an offsetting gain on our foreign currency denominated shipbuilding contracts, thus resulting in an adverse effect on our financial results.

- Our future operating cash flow may not be sufficient to fund future obligations, and we may not be able to obtain additional financing, if necessary, on terms that are favorable or consistent with our expectations.

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, overcapacity, the deterioration in general economic and business conditions, terrorist attacks, ship accidents and other incidents, adverse publicity and increases in fuel prices, as well as other factors noted under these "Risk Factors" and under the "Cautionary Note Concerning Factors That May Affect Future Results" section below. To the extent that we are required, or choose, to fund future cash requirements, including future shipbuilding commitments, from sources other than cash flow from operations, cash on hand and current external sources of liquidity, including committed financings, 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.

Our access to, and the cost of, financing will depend on, among other things, the maintenance of strong long-term credit ratings. Carnival Corporation and Carnival plc's senior, unsecured long-term debt ratings are "A3" by Moody's, "A-" by Standard & Poor's and "A-" by Fitch Ratings. Carnival Corporation's short-term corporate credit ratings are "Prime-2" by Moody's, "A-2" by Standard & Poor's and "F2" by Fitch Ratings.

- Geographic regions in which we try to expand our business may be slow to develop, and ultimately not develop how we expect, thus resulting in the slower growth of our business.

As we expand our global presence, we enter into new developing markets, which require, among other things, certain start-up costs that we may not be able to recover through future revenues that these new markets will generate. In addition, we cannot be certain that these markets will ultimately develop as we expect. Accordingly, our business expansion plans may not produce the returns that we had expected. For instance, we recently entered the Chinese market, and it is currently too early to determine if it will develop as expected.

- We rely to a large extent on scheduled commercial airline services for guest connections and, therefore, increases in the price of, or major changes or reduction in commercial airline services, could undermine our ability to provide reasonably priced vacation packages to our guests.

Some of our guests depend on scheduled commercial airline services to transport them to or from the ports where our cruises embark or disembark. Increases in the price of airfare would increase the overall vacation price to our guests and may adversely affect demand for our cruises. In addition, changes in commercial airline services as a result of strikes, weather or other events, or the lack of availability due to schedule changes or a high level of airline bookings could adversely affect our ability to deliver guests to or from our cruise ships and increase our cost of sales which would, in turn, have an adverse effect on our results of operations.

- We rely on external sales distribution channels for most of our guests bookings and, therefore, major changes in the costs or availability of external distribution channels could result in a reduction in our sales revenues and net income.

In 2006, the vast majority of our guests booked their cruises through independent travel agents, wholesalers and tour operators. These parties generally sell and market our cruises on a nonexclusive basis. Although we offer commission and other incentives to them for booking our cruises that are comparable to those offered by others in the cruise industry, there can be no guarantee that our competitors will not offer higher commissions and incentives in the future. In addition, significant disruptions or contractions to these businesses could have an adverse effect on our sales and related commission costs.

- The decision to self-insure against various risks or the inability to obtain insurance for certain risks at reasonable rates could result in higher expenses.

We seek to maintain comprehensive insurance coverage at commercially reasonable rates. We believe that our current coverage is adequate to protect us against most of the significant risks involved in the conduct of our business, although we do elect to self-insure or use higher deductibles for various risks to minimize the cost of our insurance coverage. Accordingly, we are not protected against all risks, which could result in unexpected increases in our expenses in the event of an incident.

In addition, a new protocol to the Athens Convention is in the process of being ratified, which would require some passenger ship operations to maintain insurance or some other form of financial security, to cover the limits of liability under the Athens Convention. If the protocol is ratified, we cannot be certain that affordable and viable insurance markets will be available to provide the required coverages. If the new protocol is ratified we expect our insurance costs to increase.

Finally, we may also be subject to additional premium costs, in amounts based not only on our own claim records, but also on the claim records of all other members of the protection and indemnity associations through which we receive indemnity coverage for tort liability. If we, or other members of our P&I associations, were to sustain significant losses in the future, our ability to obtain insurance coverage or coverage at commercially reasonable rates could be materially adversely affected.

- Disruptions to our information technology networks could result in decreases in our net income.

Our ability to increase revenues and decrease costs, as well as our ability to serve passengers most effectively, depends in part on the reliability of our information technology ("IT") networks. We use software and other IT systems to, among other things, manage our inventory of cabins held for sale and set their pricing in order to maximize our revenues, and to optimize the effectiveness and efficiency of our shoreside and shipboard operations. Any disruption to these computer systems could adversely impact our customer service, decrease the volume of our business and result in increased costs. While we have invested and continue to invest in IT security initiatives and disaster recovery plans, these measures cannot insulate us from IT disruptions that could result in adverse effects on our operations and net income.

- The continued availability of attractive port destinations for our cruise ships could reduce our net revenue yields and net income.

We believe that attractive port destinations, including ports that are not overly congested with tourists, are major reasons why our guests 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, unusual weather patterns and natural disasters, financial limitations on port development, political instability, exclusivity arrangements that ports may have with our competitors, local governmental regulations and charges and local community concerns about both port development and other adverse impacts on their communities from additional tourists. The inability to continue to maintain, rebuild and increase our ports of call could adversely affect our net revenue yields and net income.

- The DLC structure involves risks not associated with the more common ways of combining the operations of two companies, and these risks may have an adverse effect on the economic performance of the companies and/or their respective share prices.

The DLC structure is a relatively uncommon way of combining the management and operations of two companies and it involves different issues and risks from those associated with the other more common ways of effecting a business combination, such as a merger or exchange offer to create a wholly owned subsidiary. In our DLC structure, the combination is effected primarily by means of contracts between Carnival Corporation and Carnival plc and not by operation of a statute or court order. The legal effect of these contractual rights may be different from the legal effect of a merger or amalgamation under statute or court order, and there may be difficulties in enforcing these contractual rights. Shareholders and creditors of either company might challenge the validity of the contracts or their lack of standing to enforce rights under these contracts, and courts may interpret or enforce these contracts in a manner inconsistent with the express provisions and intentions we included in such contracts. In addition, shareholders and creditors of other companies might successfully challenge other DLC structures and establish legal precedents that could increase the risk of a successful challenge to our DLC structure. We are maintaining two separate public companies and comply with both Panamanian corporate law and English company laws and different securities and other regulatory and stock exchange requirements in the UK and the U.S. This structure requires more administrative time and cost than was the case for each company individually, which has an adverse effect on our operating efficiency.

- Changes under the Internal Revenue Code, applicable U.S. income tax treaties, and the uncertainty of the DLC structure under the Internal Revenue Code may adversely affect the U.S. federal income taxation of our U.S. source shipping income. In addition, changes in the UK, Italian, German, Australian and other countries' or states’ income tax laws, regulations or treaties could also adversely affect our net income.

We believe that substantially all of the U.S. source shipping income of each of Carnival Corporation and Carnival plc qualifies for exemption from U.S. federal income tax, either under (1) Section 883 of the Internal Revenue Code; (2) U.S.-Italian income tax treaty; or (3) other applicable U.S. income tax treaties, and should continue to so qualify under the DLC structure. There is, however, no existing U.S. federal income tax authority that directly addresses the tax consequences of implementation of a dual listed company structure for purposes of Section 883 or any other provision of the Internal Revenue Code or any income tax treaty and, consequently, these matters are not free from doubt.

As discussed above, if we did not qualify for exemption from U.S. federal income taxes we would have higher income taxes and lower net income. Finally, changes in the income tax laws affecting our cruise businesses in the UK, Italy, Germany, Australia and elsewhere could result in higher income taxes being levied on our cruise operations, thus resulting in lower net income.

See Part I, Item 1. Business, G. - "Taxation" for additional information.

- A small group of shareholders collectively owned, as of January 31, 2007, approximately 29% of the total combined voting power of our outstanding shares and may be able to effectively control the outcome of shareholder voting.

A group of shareholders, consisting of some members of the Arison family, including Micky Arison, and trusts established for their benefit, beneficially owned approximately 37% of the outstanding common stock of Carnival Corporation, which shares represent sufficient shares entitled to constitute a quorum at shareholder meetings and to cast approximately 29% of the total combined voting power of Carnival Corporation & plc. Depending upon the nature and extent of the shareholder vote, this group of shareholders may have the power to effectively control, or at least to influence substantially, the outcome of certain shareholder votes and, therefore, the corporate actions requiring such votes.

- Carnival Corporation and Carnival plc are not U.S. corporations, and our 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 third amended and restated articles of incorporation and amended and restated by-laws and by the corporate laws of Panama. Carnival plc is governed by its articles of association and memorandum of association and by the corporate laws of England and Wales. The corporate laws of Panama and England and Wales may differ in some respects from the corporate laws in the U.S.

- Provisions in Carnival Corporation's and Carnival plc's constitutional documents may prevent or discourage takeovers and business combinations that our shareholders might consider to be in their best interests.

Carnival Corporation's amended articles of incorporation and by-laws and Carnival plc's articles of association contain provisions that may delay, defer, prevent or render more difficult a takeover attempt that our shareholders consider to be in their best interests. As a result, these provisions may prevent our shareholders from receiving a premium to the market price of our shares offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our shares if they are viewed as discouraging takeover attempts in the future.

Specifically, Carnival Corporation’s articles of incorporation contain provisions that prevent third parties, other than the Arison family and trusts established for their benefit, from acquiring beneficial ownership of more than 4.9% of its outstanding shares without the consent of Carnival Corporation's board of directors and provide for the lapse of rights, and sale, of any shares acquired in excess of that limit. The effect of these provisions may preclude third parties from seeking to acquire a controlling interest in us in transactions that shareholders might consider to be in their best interests and may prevent them from receiving a premium above market price for their shares. For a description of the reasons for the provisions see Part I, Item 1. Business, G. – "Taxation-Application of Section 883 of the Internal Revenue Code."

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements contained in this joint Annual Report on Form 10-K are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlook, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We have tried, wherever possible, to identify these statements by using words like "will," "may," "believes," "expects," "anticipates," "forecast," "future," "intends," "plans," and "estimates" and for similar expressions.

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in this joint Annual Report on Form 10-K. Forward-looking statements include those statements which may impact the forecasting of our earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and/or tax costs, fuel costs, cost per available lower berth day, estimates of ship depreciable lives and/or residual values, outlook or business prospects.

Certain of the risks we are exposed to are identified in "Management's Discussion and Analysis of Financial Condition and Results of Operations— Cautionary Note Concerning Factors That May Affect Future Results" in Exhibit 13 to this joint Annual Report on Form 10-K and in this Item 1A. "Risk Factors." These sections contain important cautionary statements and a discussion of many of the factors that could materially affect the accuracy of our forward-looking statements and/or adversely affect our business, results of operations and financial position.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant listing rules, we expressly disclaim any obligation to disseminate, after the date of this joint Annual Report on Form 10-K, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Carnival Corporation and Carnival plc corporate headquarters and our operating units' principal shoreside operations and headquarters are as follows:

Entity/Brand	Location	Square Footage	Own/Lease
Carnival Corporation and Carnival Cruise Lines	Miami, FL U.S.A.	456,000/20,000	Own/Lease
Princess and Cunard	Santa Clarita, CA U.S.A.	283,000	Lease
Holland America Line, Holland America Tours, Princess Tours and Windstar	Seattle, WA U.S.A.	233,000/38,000	Lease/Own
Costa	Genoa, Italy	155,000/8,000	Own/Lease
Art framing and warehouse and Princess warehouse facilities	Dania Beach and Ft. Lauderdale, Florida U.S.A.	152,000	Lease
P&O Cruises, Ocean Village, Swan Hellenic, Cunard, Carnival Corporation & plc's Technical Services and UK sales office	Southampton, England (a)	112,000	Lease
AIDA	Rostock, Germany	110,000	Lease
Carnival Cruise Lines sales office	Miramar, Florida U.S.A.	63,000	Lease
P&O Cruises Australia	Sydney, Australia	35,000	Lease
Costa U.S. sales office	Hollywood, Florida U.S.A.	29,000	Lease
Carnival plc and UK sales offices	London, England	8,000	Lease

(a) P&O Cruises recently entered into a new Southampton office lease agreement for 150,000 square feet to eventually replace their existing Southampton lease facility, which they expect to move into during fiscal 2009.

In addition, we also lease 27,000 square feet of office space in Colorado Springs, Colorado and 10,000 square feet in Fort Pierce, Florida for additional Carnival Cruise Lines reservation centers and 20,000 square feet in Los Angeles, California for Princess' entertainment department. In Williston, North Dakota, Holland America Line owns 22,000 square feet of office space that is also a reservation center. Finally, we own or lease port facilities in Cozumel, Mexico, Juneau, Alaska, Long Beach, California, Savona, Italy and Grand Turk, the Turks & Caicos Islands.

Our cruise ships, shoreside operations, headquarter facilities and Holland America Tours' and Princess Tours' properties, are all well maintained and in good condition. We evaluate our needs periodically and obtain additional facilities when deemed necessary. We believe that our facilities are adequate for our current needs.

Our cruise ships and Holland America Line's and Princess' private islands, Half Moon Cay and Princess Cays, respectively, are briefly described in Part I, Item 1. Business, B. - "Cruise Operations." The hotel properties associated with Holland America Tours and Princess Tours operations, substantially all of which are owned, are briefly described in Part I, Item 1. Business, A. - "General."

Item 3. Legal Proceedings.

On September 21, 2006, a class action complaint was filed by J. B. Miller on behalf of a purported class of past passengers against Holland America Line ("HAL") in the U.S. District Court for the Western District of Washington. The complaint alleges that HAL (a) failed to disclose that shore excursion vendors paid HAL to promote their services as required by an Alaska statute, and (b) collected and retained payment from passengers for Passenger Vessel Service Act ("PSVA") violations in certain instances when HAL did not actually incur the fines. The complaint seeks (i) certification as a class action, (ii) statutory damages under Alaska's consumer protection statutes, (iii) damages for each PSVA fine collected and additional damages for each PSVA fine collected where no fine was imposed, (iv) injunctive relief and (v) attorneys' fees, costs and interest. We believe that we have meritorious defenses to these claims and intend to vigorously defend this matter.

In January 2006, a lawsuit was filed against Carnival Corporation and its subsidiaries and affiliates, and other non-affiliated cruise lines in the U.S. District Court for the Southern District of New York on behalf of James Jacobs and a purported class of owners of intellectual property rights to musical plays and other works performed in the U.S. The plaintiffs claim infringement of copyrights to Broadway, off Broadway and other plays. The suit seeks payment of (i) damages, (ii) disgorgement of alleged profits and (iii) an injunction against future infringement. We intend to vigorously defend this matter.

As of February 2007, three separate actions had been filed against each of Carnival Corporation and Princess Cruise Lines, Ltd. in either the U.S. District Court for the Southern District of Florida ("Florida Court") or the U.S. District Court for the Central District of California ("California Court") on behalf of some current and former crew members alleging that Carnival Cruise Lines and Princess Cruises failed to timely pay the plaintiffs for overtime and other wages due (the "Wage Actions"). These six actions generally seek payment of (i) damages for breach of contract or restitution for back wages, (ii) damages under the Seaman's Wage Act and (iii) interest.

Carnival:

In November 2005 and in March 2005, two lawsuits were filed against Carnival Corporation in the Florida Court. In May 2006, Carnival Corporation entered into a settlement agreement for these combined lawsuits. The settlement received final court approval in 2006 resulting in the dismissal of the cases. The settlement agreement required Carnival Corporation to establish a settlement fund, the ultimate net amount of which was estimated and recorded as an expense in 2006. In February 2006 a lawsuit was filed against Carnival Corporation in the California Court, which was dismissed in November 2006 with prejudice.

Princess:

In November 2005, a lawsuit was filed against Princess in the Florida Court. In September 2006, Princess entered into a settlement agreement, which is subject to final court approval. The settlement agreement required Princess to establish a settlement fund, the ultimate net amount of which was estimated and recorded as an expense in 2006. We cannot be certain that such approval will be obtained. However, the Florida Court has granted preliminary approval of the settlement. A hearing is scheduled for February 2007.

Also in September 2006, Princess settled the third class action filed against it in the California Court. In December 2006, preliminary approval of the settlement was issued by the California Court. As part of the settlement, plaintiff's appeal of summary judgment granted to Princess in the remaining Wage Action will be dismissed. We cannot be certain that final approval of the settlement will be granted.

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 79 million euro denominated contract for the conversion and lengthening of the ship in November 2000. 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. In October 2006 the arbitrator ruled in Costa's favor and, accordingly, confirmed Costa's decision not to deliver the Costa Classica to Cammell Laird. Unless the Cammell Laird administrators appeal the Tribunal's decision by December 2007, this matter is concluded.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Executive Officers of the Registrants

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 joint 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 and Carnival plc unless otherwise noted. All the Carnival plc positions were effective as of April 17, 2003, except as noted below.

NAME	AGE	POSITION
Micky Arison	57	Chairman of the Board of Directors and Chief Executive Officer
Gerald R. Cahill	55	Executive Vice President and Chief Financial and Accounting Officer
Robert H. Dickinson	64	President and Chief Executive Officer of Carnival Cruise Lines and Director
Pier Luigi Foschi	60	Chairman and Chief Executive Officer of Costa Crociere, S.p.A. and Director
Howard S. Frank	65	Vice Chairman of the Board of Directors and Chief Operating Officer
Stein Kruse	48	President and Chief Executive Officer of Holland America Line Inc. ("HAL")
Arnaldo Perez	46	Senior Vice President, General Counsel and Secretary
Peter G. Ratcliffe	58	Chief Executive Officer of P&O Princess Cruises International and Director

Business Experience of Executive Officers

Micky Arison has been Chairman of the Board of Directors since October 1990 and a director since June 1987. He has been Chief Executive Officer since 1979. Mr. Arison has been employed by us for 35 years.

Gerald R. Cahill has been Executive Vice President and Chief Financial and Accounting Officer since December 2003. From January 1998 to November 2003 he was Senior Vice President Finance, Chief Financial and Accounting Officer. Mr. Cahill has been employed by us for 12 years.

Robert H. Dickinson has been a director since June 1987. Mr. Dickinson has been President and Chief Executive Officer of Carnival Cruise Lines since May 2003. He was President and Chief Operating Officer of Carnival Cruise Lines from May 1993 to May 2003. Mr. Dickinson has been employed by us for 35 years.

Pier Luigi Foschi has been a director since April 2003. He has been Chief Executive Officer of Costa Crociere, S.p.A. since October 1997 and Chairman of its Board since January 2000. Mr. Foschi has been employed by us for nine years.

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. Mr. Frank has been employed by us for 17 years.

Stein Kruse has been the President and Chief Executive Officer of HAL since December 2004. From November 2003 to November 2004, he was the President and Chief Operating Officer of HAL. From September 1999 to October 2003, he was Senior Vice President, Fleet Operations for HAL. From June 1997 to August 1999 he was Senior Vice President and Chief Financial Officer for "K" Line America, Inc. Mr. Kruse has been employed by us for seven years.

Arnaldo Perez has been Senior Vice President, General Counsel and Secretary since March 2002. From August 1995 to February 2002 he was Vice President, General Counsel and Secretary. Mr. Perez has been employed by us for 14 years.

Peter G. Ratcliffe has been a director since April 2003 and a director of Carnival plc since October 2000. He is Chief Executive Officer of P&O Princess Cruises International, and is primarily responsible for the operations of Cunard, Ocean Village, P&O Cruises, P&O Cruises Australia, Princess and Swan Hellenic. He was Carnival plc’s Chief Executive Officer until April 2003. He was previously an executive director of The Peninsular and Oriental Steam Navigation Company and head of its cruise division, having served as President of Princess since 1993 and its Chief Operating Officer since 1989. Mr. Ratcliffe has been employed by us or Carnival plc predecessor companies for 33 years.

PART II

Item 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

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 joint 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 joint Annual Report on Form 10-K.

C. Dividends

Carnival Corporation and Carnival plc declared cash dividends on all of their common stock and ordinary shares, respectively, in the amount of:

	Quarters Ended			
	February 28	**May 31**	**August 31**	**November 30**
2007	$0.275			
2006	$0.25	$0.25	$0.25	$0.275
2005	$0.15	$0.20	$0.20	$0.25

All dividends for both Carnival Corporation and Carnival plc are declared in U.S. dollars. Holders of Carnival Corporation common stock or Carnival plc American Depository Shares receive a dividend payable in U.S. dollars. The dividends payable for Carnival plc ordinary shares are payable in sterling, unless the shareholders elect to receive the dividend in U.S. dollars. Dividends payable in sterling will be converted from U.S. dollars into sterling at the dollar/sterling exchange rate quoted by the Bank of England in London at the 12:00 p.m. foreign exchange rate on the next business day that follows the quarter end.

Payment of future dividends on Carnival Corporation common stock and Carnival plc ordinary shares will depend upon, among other factors, our earnings, financial condition and capital requirements. The payment and amount of any dividend is within the discretion of the Boards of Directors, and it is possible that the timing and amount of any dividend may vary from the levels discussed above. We cannot be certain that Carnival Corporation and Carnival plc will continue to have per share dividend increases as were declared in 2006 and 2005 or maintain their current levels.

D. Securities Authorized for Issuance under Equity Compensation Plans

The information required by Item 201(d) of Regulation S-K is incorporated by reference to Part III of this joint Annual Report on Form 10-K.

E. Issuer Purchases of Equity Securities

During the quarter ended November 30, 2006, purchases by Carnival Corporation of Carnival Corporation's equity securities that are registered by it pursuant to Section 12 of the Exchange Act were as follows:

Period	Total Number of Shares Purchased in Fourth Quarter	Average Price Paid per Share	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs(a) (in millions)
September 1, 2006 through September 30, 2006	1,143,200	$42.44	$773
October 1, 2006 through October 31, 2006			$773
November 1, 2006 through November 30, 2006			$773
Total	1,143,200	$42.44	

(a) During 2004 the Boards of Directors authorized the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares subject to certain repurchase restrictions on the Carnival plc shares. We completed this $1 billion repurchase program on June 29, 2006. A second $1 billion authorization was approved by the Boards of Directors in June 2006 subject to certain restrictions ("2006 Purchase Program"). This 2006 Purchase Program may be discontinued by our Boards of Directors at any time and does not have an expiration date. The Carnival plc share repurchase authorization requires annual shareholder approval. All shares in the above table were repurchased pursuant to this 2006 Purchase Program. At February 9, 2007 the remaining availability pursuant to our 2006 Purchase Program was $773 million.

During the year ended November 30, 2006, $69 million of our Zero-Coupon Notes were converted at their accreted value into 2.1 million shares of Carnival Corporation common stock, of which 1.9 million were issued from treasury stock. The issuance was exempt from registration under Section 3(a)(9) of the Securities Act of 1933, as amended.

Each share of Carnival Corporation common stock issued is paired with a trust share of beneficial interest in the P&O Princess Special Voting Trust, which holds a Special Voting Share issued by Carnival plc in connection with the DLC transaction.

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 joint 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 joint 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 Management's Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13 and is incorporated by reference into this joint 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 February 12, 2007, and the Selected Quarterly Financial Data (Unaudited), are shown in Exhibit 13 and are incorporated by reference into this joint Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit, is recorded, processed, summarized and reported, within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our Chief Executive Officer, Chief Operating Officer and Chief Financial and Accounting Officer have evaluated our disclosure controls and procedures and have concluded, as of November 30, 2006, that they are effective as described above.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Operating Officer and Chief Financial and Accounting Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"). Based on our evaluation under the COSO Framework, our management concluded that our internal control over financial reporting was effective as of November 30, 2006.

Our management's assessment of the effectiveness of our internal control over financial reporting as of November 30, 2006 has been audited by PricewaterhouseCoopers LLP, an independent registered certified public accounting firm, as stated in their report which is shown in Exhibit 13 and is incorporated by reference into this joint Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

During the three months ended November 30, 2006, we continued with our implementation of a new worldwide accounting system. As a result, there have been changes in our internal control over financial reporting during the quarter ended November 30, 2006 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.

Item 9B. Other Information.

None.

PART III

Items 10, 11, 12, 13 and 14. Directors and Executive Officers of the Registrants, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, Certain Relationships and Related Transactions, and Principal Accounting Fees and Services.

The information required by Items 10, 11, 12, 13 and 14 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive proxy statement to be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of the fiscal year, except that the information concerning the Carnival Corporation and Carnival plc executive officers called for by Item 401(b) of Regulation S-K is included in Part I of this joint Annual Report on Form 10-K.

We have adopted a code of ethics that applies to our chief executive officer, chief operating officer and senior financial officers, including the principal financial and accounting officer, controller and other persons performing similar functions. This code of ethics is posted on our website, which is located at www.carnivalcorp.com and www.carnivalplc.com. We intend to satisfy the disclosure requirement under Item 10 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics by posting such information on our website, at the addresses specified above. Information contained in our website, whether currently posted or posted in the future, is not part of this document or the documents incorporated by reference in this document.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) (1) Financial Statements

The financial statements shown in Exhibit 13 are incorporated herein by reference into this joint Annual Report on Form 10-K.

(2) Financial Statement Schedules

All schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instruction or are inapplicable and, therefore, have been omitted.

(3) Exhibits

The exhibits listed on the accompanying Index to Exhibits are filed or incorporated by reference as part of this joint Annual Report on Form 10-K and such Index to Exhibits is hereby incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARNIVAL CORPORATION

/s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
February 12, 2007

CARNIVAL PLC

/s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
February 12, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of each of the registrants and in the capacities and on the dates indicated.

CARNIVAL CORPORATION

/s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
February 12, 2007

/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer
February 12, 2007

/s/ Gerald R. Cahill
Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer
February 12, 2007

/s/*Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director
February 12, 2007

/s/*Robert H. Dickinson
Robert H. Dickinson
Director
February 12, 2007

/s/*Arnold W. Donald
Arnold W. Donald
Director
February 12, 2007

/s/*Pier Luigi Foschi
Pier Luigi Foschi
Director
February 12, 2007

/s/*Richard J. Glasier
Richard J. Glasier
Director
February 12, 2007

CARNIVAL PLC

/s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
February 12, 2007

/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer
February 12, 2007

/s/ Gerald R. Cahill
Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer
February 12, 2007

/s/*Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director
February 12, 2007

/s/*Robert H. Dickinson
Robert H. Dickinson
Director
February 12, 2007

/s/*Arnold W. Donald
Arnold W. Donald
Director
February 12, 2007

/s/*Pier Luigi Foschi
Pier Luigi Foschi
Director
February 12, 2007

/s/*Richard J. Glasier
Richard J. Glasier
Director
February 12, 2007

/s/*Baroness Sarah Hogg
Baroness Hogg
Director
February 12, 2007

/s/*A. Kirk Lanterman
A. Kirk Lanterman
Director
February 12, 2007

/s/*Modesto A. Maidique
Modesto A. Maidique
Director
February 12, 2007

/s/*Sir John Parker
Sir John Parker
Director
February 12, 2007

/s/*Peter G. Ratcliffe
Peter G. Ratcliffe
Director
February 12, 2007

/s/*Stuart Subotnick
Stuart Subotnick
Director
February 12, 2007

/s/*Laura Weil
Laura Weil
Director
February 12, 2007

/s/*Uzi Zucker
Uzi Zucker
Director
February 12, 2007

*By: /s/ Arnaldo Perez
(Arnaldo Perez
Attorney-in-fact)
February 12, 2007

/s/*Baroness Sarah Hogg
Baroness Hogg
Director
February 12, 2007

/s/*A. Kirk Lanterman
A. Kirk Lanterman
Director
February 12, 2007

/s/*Modesto A. Maidique
Modesto A. Maidique
Director
February 12, 2007

/s/*Sir John Parker
Sir John Parker
Director
February 12, 2007

/s/*Peter G. Ratcliffe
Peter G. Ratcliffe
Director
February 12, 2007

/s/*Stuart Subotnick
Stuart Subotnick
Director
February 12, 2007

/s/*Laura Weil
Laura Weil
Director
February 12, 2007

/s/*Uzi Zucker
Uzi Zucker
Director
February 12, 2007

*By: /s/ Arnaldo Perez
(Arnaldo Perez
Attorney-in-fact)
February 12, 2007

INDEX TO EXHIBITS

Page No. in
Sequential
Numbering
System
Exhibits

3.1-Third Amended and Restated Articles of Incorporation of Carnival Corporation, incorporated by reference to Exhibit No. 3.1 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

3.2-Amended and Restated By-laws of Carnival Corporation, incorporated by reference to Exhibit No. 3.2 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

3.3-Articles of Association of Carnival plc, incorporated by reference to Exhibit No. 3.3 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

3.4-Memorandum of Association of Carnival plc, incorporated by reference to Exhibit No. 3.4 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

4.1-Agreement of Carnival Corporation and Carnival plc, dated February 7, 2007 to furnish certain debt instruments to the Securities and Exchange Commission.

4.2-Carnival Corporation Deed, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc for the benefit of the P&O Princess Shareholders, incorporated by reference to Exhibit No. 4.1 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2003.

4.3-Equalization and Governance Agreement, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc, incorporated by reference to Exhibit No. 4.2 to our joint Quarterly Report on Form 10-Q of Carnival Corporation and Carnival plc for the quarter ended August 31, 2003.

4.4-Carnival Corporation Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 4.3 to the joint registration statement on Form S-4 of Carnival Corporation and Carnival plc.

4.5-Carnival plc (formerly P&O Princess Cruises plc) Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 4.10 to the joint registration statement on Form S-3 and F-3 of Carnival Corporation, Carnival plc and P&O Princess Cruises International Ltd. ("POPCIL").

4.6-Specimen Common Stock Certificate, incorporated by reference to Exhibit No. 4.16 to the joint registration statement on Form S-3 and F-3 of Carnival Corporation, Carnival plc and POPCIL.

4.7-Pairing Agreement, dated as of April 17, 2003, between Carnival Corporation, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and Computershare Investor Services (formerly SunTrust Bank), as transfer agent, incorporated by reference to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

4.8-Voting Trust Deed, dated as of April 17, 2003, between Carnival Corporation and The Law Debenture Trust Corporation (Cayman) Limited, as trustee, incorporated by reference to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

4.9-SVE Special Voting Deed, dated as of April 17, 2003, between Carnival Corporation, DLS SVC Limited, P&O Princess Cruises plc, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and The Law Debenture Trust Corporation, P.L.C., incorporated by reference to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

4.10-Form of deposit agreement among P&O Princess Cruises plc, Morgan Guaranty Trust Company of New York, as depositary, and holders and beneficial owners from time to time of ADRs issued thereunder, incorporated by reference to P&O Princess' Cruises registration statement on Form 20-F.

4.11-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, incorporated by reference to Exhibit No. 4.5 to Carnival Corporation registration statement on Form S-3.

4.12-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, incorporated by reference to Exhibit No. 4 to Carnival Corporation registration statement on Form S-3.

4.13-Second Supplemental Indenture, dated December 1, 2003, between Carnival plc and Carnival Corporation to The Bank of New York, as Trustee, relating to 7.30% Notes due 2007 and 7.875% debentures due 2027 incorporated by reference to Exhibit No. 4.14 to our joint Annual Report on Form 10-K for the year ended November 30, 2003.

*10.1-Retirement and Consulting Agreement, dated November 28, 2003, between Alton Kirk Lanterman, Carnival Corporation, Holland America Line Inc., and others, incorporated by reference to Exhibit No. 10.1 to our joint Annual Report on Form 10-K for the year ended November 30, 2003.

*10.2-Amendment to the Amended and Restated Carnival Corporation 1992 Stock Option Plan, incorporated by reference to Exhibit No. 10.2 to our joint Annual Report on Form 10-K for the year ended November 30, 2003.

10.3-Facilities Agreement dated October 21, 2005, between Carnival Corporation, Carnival plc, and certain of Carnival Corporation and Carnival plc subsidiaries, The Royal Bank of Scotland as facilities agent and a syndicate of financial institutions incorporated by reference to Exhibit 10.3 to our joint Annual Report on Form 10-K for the year ended November 30, 2005.

*10.4-Amended and Restated Carnival Corporation 1992 Stock Option Plan, incorporated by reference to Exhibit No. 10.4 to our Annual Report on Form 10-K for the year ended November 30, 1997.

*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, incorporated by reference to Exhibit No. 10.5 to our Annual Report on Form 10-K for the year ended November 30, 1998.

*10.6-Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.6 to our Annual Report on Form 10-K for the year ended November 30, 1997.

*10.7-Amendments to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees, incorporated by reference to Exhibit No. 10.7 to our Annual Report on Form 10-K for the year ended November 30, 1997.

*10.8-Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan, incorporated by reference to Exhibit No. 10.4 to our Annual Report on Form 10-K for the year ended November 30, 1990.

*10.9-Executive Long-term Compensation Agreement, dated as of January 16, 1998, between Robert H. Dickinson and Carnival Corporation, incorporated by reference to Exhibit No. 10.2 to our Annual Report on Form 10-K for the year ended November 30, 1997.

*10.10-Consulting Agreement/Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison, incorporated by reference to Exhibit No. 4.3 to post-effective amendment no. 1 on Form S-3 to Carnival Corporation’s registration statement on Form S-1.

*10.11-First Amendment to Consulting Agreement/Registration Rights Agreement between Carnival Corporation and Ted Arison, incorporated by reference to Exhibit No. 10.40 to Carnival Corporation’s Annual Report on Form 10-K for the year ended November 30, 1992.

*10.12-Director Appointment Letter between Peter G. Ratcliffe and Carnival plc, incorporated by reference to Exhibit No. 10.23 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.13-Director Appointment Letter, dated August 19, 2004, between Baroness Sarah Hogg and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.13 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.14-Director's Appointment Letter, dated August 19, 2004, between Richard J. Glasier and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.14 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.15-Director Appointment Letter, dated August 19, 2004, between Sir John Parker and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.15 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.16-Amended and Restated Carnival plc 2005 Employee Share Plan, incorporated by reference to Exhibit No. 10.2 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*10.17-Executive Long-term Compensation Agreement, dated January 11, 1999, between Carnival Corporation and Micky Arison, incorporated by reference to Exhibit No. 10.36 to Carnival Corporation’s Annual Report on Form 10-K for the year ended November 30, 1998.

*10.18-Executive Long-term Compensation Agreement, dated January 11, 1999, between Carnival Corporation and Howard S. Frank, incorporated by reference to Exhibit No. 10.37 to Carnival Corporation’s Annual Report on Form 10-K for the year ended November 30, 1998.

*10.19-Carnival Corporation Supplemental Executive Retirement Plan, incorporated by reference to Exhibit No. 10.32 to Carnival Corporation’s Annual Report on Form 10-K for the year ended November 30, 1999.

*10.20-Amendment to the Carnival Corporation Supplemental Executive Retirement Plan, incorporated by reference to Exhibit No. 10.31 to Carnival Corporation’s Annual Report on Form 10-K for the year ended November 30, 2000.

*10.21-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.33 to Carnival Corporation’s Annual Report on Form 10-K for the year ended November 30, 1999.

*10.22-Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees, incorporated by reference to Exhibit No. 10.33 to Carnival Corporation’s Annual Report on Form 10-K for the year ended November 30, 2000.

*10.23-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.34 to Carnival Corporation’s Annual Report on Form 10-K for the year ended November 30, 2000.

*10.24-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.37 to Carnival Corporation’s Annual Report on Form 10-K for the year ended November 30, 2001.

*10.25-Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees, incorporated by reference to Exhibit No. 10.38 to Carnival Corporation’s Annual Report on Form 10-K for the year ended November 30, 2001.

*10.26-Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2005.

*10.27-Amended and Restated Carnival Corporation 2002 Stock Plan, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.28-Agreement with Pier Luigi Foschi, incorporated by reference to Exhibit No. 10.4 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

10.29-Succession Agreement, dated as of May 28, 2002, to Registration Rights Agreement, dated June 14, 1991, between Carnival Corporation and Ted Arison, incorporated by reference to Exhibit No. 10.3 to Carnival Corporation’s Quarterly Report on Form 10-Q for the quarter ended May 31, 2002.

*10.30-Employment Agreement, dated as of April 17, 2003, by and between POPCIL and Peter Ratcliffe, incorporated by reference to Exhibit No. 10.2 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.31-Carnival Corporation & plc Non-Executive Board of Director Cruise Benefit Policy, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*10.32-Indemnification Agreement, dated April 17, 2003, between Micky M. Arison and Carnival Corporation, incorporated by reference to Exhibit No. 10.5 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.33-Consulting Agreement, dated November 30, 2004, between A. Kirk Lanterman, Holland America Line Inc. and others, incorporated by reference to our joint Current Report on Form 8-K, dated December 6, 2004.

*10.34-Indemnification Agreement, dated April 17, 2003, between Robert H. Dickinson and Carnival Corporation, incorporated by reference to Exhibit No. 10.9 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.35-Amendment to the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended February 28, 2006.

*10.36-Indemnification Agreement, dated April 17, 2003, between Pier Luigi Foschi and Carnival Corporation, incorporated by reference to Exhibit No. 10.13 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.37-Indemnification Agreement, dated April 17, 2003, between Howard S. Frank and Carnival Corporation, incorporated by reference to Exhibit No. 10.15 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.38-Director Appointment Letter, dated December 1, 2004, between A. Kirk Lanterman and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.38 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.39-Indemnification Agreement, dated April 17, 2003, between Peter G. Ratcliffe and Carnival Corporation, incorporated by reference to Exhibit No. 10.24 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.40-Director Appointment Letter, dated April 14, 2003, between Micky M. Arison and Carnival plc, incorporated by reference to Exhibit No. 10.4 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.41-Director Appointment Letter, dated August 19, 2004, between Richard G. Capen and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.41 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.42-Director Appointment Letter, dated April 14, 2003, between Robert H. Dickinson and Carnival plc, incorporated by reference to Exhibit No. 10.8 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.43-Director Appointment Letter, dated August 19, 2004, between Arnold W. Donald and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.43 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.44-Director Appointment Letter between Pier Luigi Foschi and Carnival plc, incorporated by reference to Exhibit No. 10.12 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.45-Director Appointment Letter, dated April 14, 2003, between Howard S. Frank and Carnival plc, incorporated by reference to Exhibit No. 10.14 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.46-Director Appointment Letter, dated August 19, 2004, between Modesto A. Maidique and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.46 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.47-Amendment No. 1 to the Employment Agreement, dated as of July 19, 2004, by and between P&O Princess International Ltd. and Peter Ratcliffe incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2004.

*10.48-Director Appointment Letter, dated August 19, 2004, between Stuart Subotnick and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.48 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.49-Director Appointment Letter, dated August 19, 2004, between Uzi Zucker and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.49 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.50-Amendment of the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q for the quarter ended February 28, 2003.

*10.51-Amendment of the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees, incorporated by reference to Exhibit No. 10.2 to our Quarterly Report on Form 10-Q for the quarter ended February 28, 2003.

*10.52-The P&O Princess Cruises Executive Share Option Plan, incorporated by reference to Exhibit No. 4.9 to P&O Princess' Annual Report on Form 20-F for the year ended December 30, 2001.

*10.53-The P&O Princess Cruises Deferred Bonus and Co-Investment Matching Plan, incorporated by reference to Exhibit No. 4.10 to P&O Princess' Annual Report on Form 20-F for the year ended December 30, 2001.

*10.54-Carnival Cruise Lines Management Incentive Plan, incorporated by reference to Exhibit No. 10.3 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*10.55-Amendment to the Carnival Corporation Supplemental Executive Retirement Plan, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended February 29, 2004.

*10.56-Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended February 29, 2004.

*10.57-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.2 to our joint Quarterly Report on Form 10-Q for the quarter ended February 29, 2004.

*10.58-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended February 28, 2005.

*10.59-Form of Nonqualified Stock Option Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan, incorporated by reference to Exhibit No. 10.5 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*10.60-Form of Restricted Stock Award Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan, incorporated by reference to Exhibit No. 10.6 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*10.61-Form of Restricted Stock Unit Award Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan, incorporated by reference to Exhibit No. 10.7 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*10.62-Form of Share Option Certificate for the Amended and Restated Carnival plc 2005 Employee Share Plan, incorporated by reference to Exhibit No. 10.8 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

10.63-Deed of Guarantee, dated October 21, 2005, between Carnival Corporation as guarantor and the Royal Bank of Scotland plc as facilities agent, incorporated by reference to Exhibit No. 10.63 to our joint Annual Report on Form 10-K for the year ended November 30, 2005.

10.64-Deed of Guarantee, dated October 21, 2005, between Carnival plc as guarantor and the Royal Bank of Scotland plc as facilities agent, incorporated by reference to Exhibit No. 10.64 to our joint Annual Report on Form 10-K for the year ended November 30, 2005.

*10.65-Corporate Aviation Administrative Policy Statement for the use of Carnival Corporation & plc aircraft, incorporated by reference to Exhibit No. 10.2 to our joint Quarterly Report on Form 10-Q for the quarter ended February 28, 2006.

*10.66-Form of Restricted Share Unit Award Certificate for the Amended and Restated Carnival plc 2005 Employee Share Plan, incorporated by reference to Exhibit No. 10.3 to our joint Quarterly Report on Form 10-Q for the quarter ended February 28, 2006.

*10.67-Form of Restricted Stock Unit Agreement for the Amended and Restated Carnival Corporation 2002 Stock Plan, incorporated by reference to Exhibit No. 10.4 to our joint Quarterly Report on Form 10-Q for the quarter ended February 28, 2006.

*10.68-Princes Cruises Chief Executive Officer Supplemental Retirement Plan for Peter Ratcliffe, incorporated by reference to the joint Current Report on Form 8-K filed on October 20, 2006.

12-Ratio of Earnings to Fixed Charges.

13-Portions of 2006 Annual Report incorporated by reference into 2006 joint Annual Report on Form 10-K.

21-Significant Subsidiaries of Carnival Corporation and Carnival plc.

23-Consent of Independent Registered Certified Public Accounting Firm.

24.1-Powers of Attorney given by certain Directors of Carnival Corporation and Carnival plc to Micky Arison, Howard S. Frank, Gerald R. Cahill and Arnaldo Perez authorizing such persons to sign this 2006 joint Annual Report on Form 10-K and any future amendments on their behalf.

24.2-Power of Attorney given by Laura Weil, a Director of Carnival Corporation and Carnival plc to Micky Arison, Howard S. Frank, Gerald R. Cahill and Arnaldo Perez authorizing such persons to sign this 2006 joint Annual Report on Form 10-K and any future amendments on their behalf.

31.1-Certification of Chief Executive Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2-Certification of Chief Operating Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.3-Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.4-Certification of Chief Executive Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.5-Certification of Chief Operating Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.6-Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1-Certification of Chief Executive Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2-Certification of Chief Operating Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.3-Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.4-Certification of Chief Executive Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.5-Certification of Chief Operating Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.6-Certification of Executive Vice President and Chief Financial and Accounting Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*Indicates a management contract or compensation plan or arrangement.

Exhibit 4.1

February 7, 2007

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, DC 20549

RE: Carnival Corporation,
Commission File No. 1-9610, and Carnival plc, Commission File No. 1-15136

Gentlemen:

Pursuant to Item 601(b)(4)(iii) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, Carnival Corporation and Carnival plc (the “Companies”) hereby agree 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 joint Annual Report on Form 10-K of the Companies for their year ended November 30, 2006.

Very truly yours,

CARNIVAL CORPORATION AND CARNIVAL PLC

/s/ Arnaldo Perez

Senior Vice President, General Counsel
and Secretary

Exhibit 12

CARNIVAL CORPORATION & PLC
Ratio of Earnings to Fixed Charges
(in millions, except ratios)

	Years Ended November 30,				
	2006	**2005**	**2004**	**2003**	**2002**
Net income	$2,279	$2,253	$1,809	$ 1,187	$ 1,011
Income tax expense (benefit), net	39	72	47	29	(57)
Income before income taxes	2,318	2,325	1,856	1,216	954
Fixed charges					
Interest expense, net	312	330	284	195	111
Interest portion of rent expense (a)	16	17	17	16	5
Capitalized interest	37	21	26	49	39
Total fixed charges	365	368	327	260	155
Fixed charges not affecting earnings:					
Capitalized interest	(37)	(21)	(26)	(49)	(39)
Earnings before fixed charges	$2,646	$2,672	$ 2,157	$ 1,427	$ 1,070
Ratio of earnings to fixed charges	7.2x	7.3x	6.6x	5.5x	6.9x

(a) Represents one-third of rent expense, which we believe to be representative of the interest portion of rent expense.

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)

	Years Ended November 30,		
	2006	2005 (Note 2)	2004
Revenues			
Cruise			
Passenger tickets	$ 8,903	$ 8,399	$7,357
Onboard and other	2,514	2,338	2,070
Other	422	357	300
	11,839	11,094	9,727
Costs and Expenses			
Operating			
Cruise			
Commissions, transportation and other	1,749	1,645	1,572
Onboard and other	453	412	359
Payroll and related	1,158	1,122	1,003
Fuel	935	707	493
Food	644	613	550
Other ship operating	1,538	1,465	1,315
Other	314	254	210
Total	6,791	6,218	5,502
Selling and administrative	1,447	1,335	1,285
Depreciation and amortization	988	902	812
	9,226	8,455	7,599
Operating Income	2,613	2,639	2,128
Nonoperating (Expense) Income			
Interest income	25	29	17
Interest expense, net of capitalized interest	(312)	(330)	(284)
Other expense, net	(8)	(13)	(5)
	(295)	(314)	(272)
Income Before Income Taxes	2,318	2,325	1,856
Income Tax Expense, Net	(39)	(72)	(47)
Net Income	$ 2,279	$ 2,253	$1,809
Earnings Per Share			
Basic	$ 2.85	$ 2.80	$ 2.25
Diluted	$ 2.77	$ 2.70	$ 2.18
Dividends Per Share	$ 1.025	$ 0.80	$0.525

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED BALANCE SHEETS
(in millions, except par value)

	November 30, 2006	November 30, 2005 (Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,163	$ 1,178
Trade and other receivables, net	280	430
Inventories	263	250
Prepaid expenses and other	289	263
Total current assets	1,995	2,121
Property and Equipment, Net	23,458	21,312
Goodwill	3,313	3,206
Trademarks	1,321	1,282
Other Assets	465	428
	$30,552	$28,349
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 438	$ 300
Current portion of long-term debt	1,054	1,042
Convertible debt subject to current put option		283
Accounts payable	438	477
Accrued liabilities and other	1,149	1,032
Customer deposits	2,336	2,051
Total current liabilities	5,415	5,185
Long-Term Debt	6,355	5,727
Other Long-Term Liabilities and Deferred Income	572	554
Commitments and Contingencies (Notes 6 and 7)		
Shareholders' Equity		
Common stock of Carnival Corporation; $.01 par value; 1,960 shares authorized; 641 shares at 2006 and 639 shares at 2005 issued	6	6
Ordinary shares of Carnival plc; $1.66 par value; 226 shares authorized; 213 shares at 2006 and 212 shares at 2005 issued	354	353
Additional paid-in capital	7,479	7,381
Retained earnings	11,600	10,141
Unearned stock compensation		(13)
Accumulated other comprehensive income	661	159
Treasury stock; 18 at 2006 and 2 shares at 2005 of Carnival Corporation and 42 shares at 2006 and 2005 of Carnival plc, at cost	(1,890)	(1,144)
Total shareholders' equity	18,210	16,883
	$30,552	$28,349

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Years Ended November 30, 2006	2005 (Note 2)	2004
OPERATING ACTIVITIES			
Net income	$2,279	$2,253	$1,809
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	988	902	812
Share-based compensation	68	12	11
Non-cruise investment write-down	10	22	
Accretion of original issue discount	9	20	21
Other		3	5
Changes in operating assets and liabilities			
Receivables	118	(71)	11
Inventories	(5)	(15)	(73)
Prepaid expenses and other	6	(136)	(9)
Accounts payable	(53)	53	(28)
Accrued and other liabilities	(11)	155	178
Customer deposits	224	212	479
Net cash provided by operating activities	3,633	3,410	3,216
INVESTING ACTIVITIES			
Additions to property and equipment	(2,480)	(1,977)	(3,586)
Sales of short-term investments	6	943	1,216
Purchases of short-term investments	(18)	(935)	(772)
Proceeds from sales of property and equipment	46		77
Other, net	3	(1)	(24)
Net cash used in investing activities	(2,443)	(1,970)	(3,089)
FINANCING ACTIVITIES			
Principal repayments of long-term debt	(2,537)	(1,096)	(932)
Proceeds from issuance of long-term debt	2,241	1,152	843
Purchase of treasury stock	(841)	(386)	
Dividends paid	(803)	(566)	(400)
Proceeds from (repayments of) short-term borrowings, net	661	(58)	272
Proceeds from exercise of stock options	66	63	142
Other	1	(1)	(4)
Net cash used in financing activities	(1,212)	(892)	(79)
Effect of exchange rate changes on cash and cash equivalents	7	(13)	(15)
Net (decrease) increase in cash and cash equivalents	(15)	535	33
Cash and cash equivalents at beginning of year	1,178	643	610
Cash and cash equivalents at end of year	$1,163	$1,178	$ 643

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in millions)
(Note 2)

	Comprehensive income	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings	Unearned stock compensation	Accumulated other comprehensive income	Treasury stock	Total shareholders' equity
Balances at November 30, 2003		$ 6	$349	$7,163	$ 7,148	$(18)	$ 162	$(1,058)	$13,752
Comprehensive income									
Net income	$1,809				1,809				1,809
Foreign currency translation adjustment	396						396		396
Unrealized loss on marketable securities	(1)						(1)		(1)
Minimum pension liability adjustments	(3)						(3)		(3)
Changes related to cash flow derivative hedges, net	(13)						(13)		(13)
Total comprehensive income	$2,188								
Cash dividends declared					(422)				(422)
Issuance of stock under stock plans			4	148		(7)			145
Amortization of unearned stock compensation						9			9
Balances at November 30, 2004		6	353	7,311	8,535	(16)	541	(1,058)	15,672
Comprehensive income									
Net income	$2,253				2,253				2,253
Foreign currency translation adjustment	(395)						(395)		(395)
Minimum pension liability adjustments	(2)						(2)		(2)
Changes related to cash flow derivative hedges, net	15						15		15
Total comprehensive income	$1,871								
Cash dividends declared					(647)				(647)
Issuance of stock under stock plans				73		(9)			64
Amortization of unearned stock compensation						12			12
Purchase of treasury stock								(386)	(386)
Issuance of common stock upon conversion of convertible debt				(3)				300	297
Balances at November 30, 2005		6	353	7,381	10,141	(13)	159	(1,144)	16,883
Adoption of SFAS No. 123(R)				(13)		13			
Comprehensive income									
Net income	$2,279				2,279				2,279
Foreign currency translation adjustment	496						496		496
Minimum pension liability adjustments	2						2		2
Changes related to cash flow derivative hedges, net	4						4		4
Total comprehensive income	$2,781								
Cash dividends declared					(820)				(820)
Issuance of stock under stock plans			1	133					134
Purchase of treasury stock								(841)	(841)
Issuance of common stock upon conversion of convertible debt				(22)				95	73
Balances at November 30, 2006		$ 6	$354	$7,479	$11,600	$	$ 661	$(1,890)	$18,210

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

NOTE 1 - General

Description of Business

Carnival Corporation is incorporated in Panama, and Carnival plc is incorporated in England and Wales. Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's articles of incorporation and by-laws and Carnival plc's memorandum of association and articles of association. Although the two companies have retained their separate legal identities they operate as if they were a single economic enterprise. Each company's shares continue to be publicly traded; on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc American Depository Shares ("ADSs") are traded on the NYSE. See Note 3.

The accompanying consolidated financial statements include the accounts of Carnival Corporation and Carnival plc and their respective subsidiaries. Together with their consolidated subsidiaries they are referred to collectively in these consolidated financial statements and elsewhere in this 2006 Annual Report as "Carnival Corporation & plc," "our," "us," and "we."

We are the largest cruise company and one of the largest vacation companies in the world. As of November 30, 2006, a summary of the number of cruise ships we operate, by brand, their passenger capacity and the primary areas in which they are marketed is as follows:

Cruise Brands	Number of Cruise Ships	Passenger Capacity (a)	Primary Market
Carnival Cruise Lines	21	47,818	North America
Princess Cruises ("Princess")	15	32,232	North America
Costa Cruises ("Costa")	11	20,218	Europe
Holland America Line	13	18,848	North America
P&O Cruises	5	8,840	United Kingdom
AIDA Cruises ("AIDA")	4	5,378	Germany
Cunard Line ("Cunard")	2	4,380	North America and United Kingdom
P&O Cruises Australia	2	2,474	Australia and New Zealand
Ocean Village	1	1,578	United Kingdom
Swan Hellenic	1	678	United Kingdom
Seabourn Cruise Line ("Seabourn")	3	624	North America
Windstar Cruises	3	608	North America
	81	143,676	

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

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 significant intercompany balances and transactions are eliminated in consolidation.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Presentation

We consolidate entities over which we have control (see Note 3), 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 and Short-Term Investments

Cash and cash equivalents include investments with maturities of three months or less at acquisition, which are stated at cost. At November 30, 2006 and 2005, cash and cash equivalents included $936 million and $980 million of investments, respectively, primarily comprised of money market funds, time deposits and commercial paper.

As of November 30, 2006 and 2005, our short-term investments were not significant. Purchases and sales of short-term investments included in our Consolidated Statements of Cash Flows consisted of investments with original maturities greater than three months with variable interest rates, which typically reset every 28 days. Despite the long-term nature of their stated contractual maturities, we have the ability to quickly liquidate these securities. All income generated from these investments was recorded as interest income.

Inventories

Inventories consist of provisions, gift shop and art merchandise held for resale, fuel and supplies carried at the lower of cost or market. Cost is determined using the weighted-average or first-in, first-out methods.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization were computed using the straight-line method over our estimates of average useful lives and residual values, as a percentage of original cost, as follows:

	Residual Values	Years
Ships	15%	30
Ship improvements	0% or 15%	3 to remaining life of ship
Buildings and improvements	0-10%	5-35
Transportation equipment and other	0-15%	2-20
Leasehold improvements, including port facilities		Shorter of lease term or related asset life

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 and minor replacement costs are charged to expense as incurred. Upon replacement or refurbishment of previously capitalized ship components, these assets' estimated cost and accumulated depreciation are written off. We capitalize interest on ships and other capital projects during their construction period.

We review our long-lived assets 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 undiscounted future cash flows are less than the carrying value of the asset, an impairment charge is recognized for the excess, if any, of the asset's carrying value over its estimated fair value.

Dry-dock Costs

Dry-dock costs primarily represent planned major maintenance activities that are incurred when a ship is taken out of service for scheduled maintenance. During 2006 we elected to change our method of accounting for dry-dock costs from the deferral method, under which we amortized our deferred dry-dock costs over the estimated period of benefit between dry-docks, to the direct expense method, under which we expense all dry-dock costs as incurred. We believe the direct method is preferable as it eliminates the significant amount of time and subjectivity that is needed to determine which costs and activities related to dry-docking should be deferred. In connection with adopting this change in accounting policy, we elected to early adopt Statement of Financial Accounting Standards ("SFAS") No. 154, "Accounting Changes and Error Corrections", which requires that we report changes in accounting policy by retrospectively applying the new policies to all prior periods presented, unless it is impractical to determine the prior period impacts. Accordingly, we have previously adjusted our financial statements for all periods presented for this change in dry-dock policy. The effects of this change in accounting policy for the years ended and at November 30 were as follows (in millions, except earnings per share):

Consolidated Statements of Operations

	2006			2005			2004		
	Deferral Method(a)	Direct Method	Effect of Change	Deferral Method	Direct Method	Effect of Change	Deferral Method	Direct Method	Effect of Change
Other ship operating expenses	$1,484	$1,538	$ 54	$1,461	$1,465	$ 4	$1,270	$1,315	$ 45
Net income	$2,333	$2,279	$ (54)	$2,257	$2,253	$ (4)	$1,854	$1,809	$ (45)
Earnings per share									
Basic	$ 2.92	$ 2.85	$ (0.07)	$ 2.80	$ 2.80	$ 0.00	$ 2.31	$ 2.25	$(0.06)
Diluted	$ 2.83	$ 2.77	$ (0.06)	$ 2.70	$ 2.70	$ 0.00	$ 2.24	$ 2.18	$(0.06)

Consolidated Balance Sheets

	2006			2005		
	Deferral Method(a)	Direct Method	Effect of Change	Deferral Method	Direct Method	Effect of Change
Prepaid expenses and other	$ 434	$ 289	$ (145)	$ 352	$ 263	$ (89)
Retained earnings	$11,746	$11,600	$ (146)	$10,233	$10,141	$ (92)
Accumulated other comprehensive income	$ 660	$ 661	$ 1	$ 156	$ 159	$ 3

(a) The amounts disclosed under the deferral method for the year ended and at November 30, 2006 are based on the estimated effect of not changing our dry-dock accounting method to the direct expense method for this current period. Accordingly, these estimated current period amounts have not been previously reported, but are being disclosed in accordance with the requirements of SFAS No. 154.

In addition, as a result of this change in accounting method retained earnings at November 30, 2003 decreased by $43 million to $7.15 billion from $7.19 billion.

Goodwill

We review our goodwill for impairment annually, or, when events or circumstances dictate, more frequently. All of our goodwill has been allocated to our cruise reporting units. There were no significant changes to our goodwill carrying amounts since November 30, 2004, other than the changes resulting from using different foreign currency translation rates at each balance sheet date and a $20 million reduction to goodwill in fiscal 2006 resulting from the resolution of certain P&O Princess Cruises plc’s ("P&O Princess") tax contingency liabilities that existed at the time of the DLC transaction.

Our goodwill impairment reviews consist 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. Fair values of our reporting units were determined based on our estimates of comparable market prices or discounted future cash flows. If this fair value exceeds the carrying value, which was the case for our reporting units, no further analysis or goodwill write-down 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 the 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.

Trademarks

The costs of developing and maintaining our trademarks are expensed as incurred. However, for acquisitions made after June 2001 we have allocated a portion of the purchase price to the acquiree's identified trademarks. The trademarks that Carnival Corporation recorded as part of its acquisition of P&O Princess, which are estimated to have an indefinite useful life and, therefore, are not amortizable, are reviewed for impairment annually, or, when events or circumstances dictate, more frequently. Our trademarks would be considered impaired if their carrying value exceeds their estimated fair value.

Derivative Instruments and Hedging Activities

We utilize derivative and nonderivative financial instruments, such as foreign currency swaps and foreign currency debt obligations to limit our exposure to fluctuations in foreign currency exchange rates, and interest rate swaps to manage our interest rate exposure and to achieve a desired proportion of variable and fixed rate debt (see Notes 5 and 10).

All derivatives are recorded at fair value, and the changes in fair value are immediately included in earnings if the derivatives do not qualify as being effective hedges. 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 item. If a derivative is a cash flow hedge, then changes in the fair value of the derivative are recognized as a component of accumulated other comprehensive income ("AOCI") until the underlying hedged item is recognized in earnings. If a derivative or a nonderivative financial instrument is designated as a hedge of our net investment in a foreign subsidiary, then changes in the fair value of the financial instrument are recognized as a component of AOCI to offset a portion of the change in the translated value of the net investment being hedged, until the investment is liquidated. We formally document all hedging relationships for all derivative and nonderivative hedges and the underlying hedged items, as well as our risk management objectives and strategies for undertaking the hedge transactions.

We classify the fair value of our derivative contracts and the fair value of our offsetting hedged firm commitments as either current or long-term, which are included in prepaid and other assets and accrued and other liabilities, depending on whether the maturity date of the derivative contract is within or beyond one year from our balance sheet dates. The cash flows from derivatives treated as hedges are classified in our Consolidated Statements of Cash Flows in the same category as the item being hedged.

During fiscal 2006, 2005 and 2004, 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 2006, 2005 or 2004. In addition, the amount of realized net losses or gains from cash flow hedges that were reclassified into earnings during fiscal 2006, 2005 and 2004 were not significant. The amount of estimated cash flow hedges unrealized net losses which are expected to be reclassified to earnings in the next twelve months is not significant.

Finally, if any shipyard with which we have contracts to build our ships is unable to perform, we would be required to perform under our foreign currency swaps related to these shipbuilding contracts. Accordingly, based upon the circumstances, we may have to discontinue the accounting for those currency swaps as hedges, if the shipyard cannot perform. However, we believe that the risk of shipyard nonperformance is remote.

Revenue and Expense Recognition

Guest cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard and other activities, which include transportation and shore excursion revenues and all associated direct costs of a voyage, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. Future travel discount vouchers issued to guests are typically recorded as a reduction of revenues when such vouchers are utilized. Cancellation fees are recognized in revenues at the time of the cancellation. Revenues and expenses from our tour and travel services are recognized at the time the services are performed or expenses are incurred.

Our sale to passengers of air and other transportation to and from our ships and the related cost of purchasing this service is recorded as cruise passenger ticket revenues and cruise transportation costs, respectively, in the accompanying Consolidated Statements of Operations. The proceeds that we collect from the sale of third party shore excursions and on behalf of onboard concessionaires, net of the amounts remitted to them, are recorded as concession revenues, on a net basis, in onboard and other cruise revenues.

Insurance/Self-Insurance

We use a combination of insurance and self-insurance for a number of risks including claims related to crew and passengers, hull and machinery, war risk, workers' compensation, property damage and general liability. Liabilities associated with certain of these risks, including crew and passenger claims, are estimated based on, among other things, historical claims experience, severity factors and other actuarial assumptions. Our expected loss accruals are based on estimates, and while we believe the amounts accrued are adequate the ultimate loss may differ from the amounts provided.

Selling and Administrative Expenses

Selling expenses include items such as advertising, marketing, promotional and related costs. Advertising costs are charged to expense as incurred except for brochures and media production costs. The brochures and media production costs are recorded as prepaid expenses and charged to expense as consumed or upon the first airing of the advertisement, respectively. Advertising expenses totaled $464 million, $455 million and $464 million in fiscal 2006, 2005 and 2004, respectively. At November 30, 2006 and 2005, the amount of advertising costs included in prepaid expenses was not significant. Administrative expenses represent the costs of our shoreside ship support, reservation and other administrative functions and include items such as salaries and related benefits, professional fees and occupancy costs, which are typically expensed as incurred.

Foreign Currency Translations and Transactions

Our foreign subsidiaries and affiliates that have functional currencies other than the U.S. dollar translate their assets and liabilities at exchange rates in effect at the balance sheet dates. Revenues and expenses of these foreign subsidiaries and affiliates are translated at weighted-average exchange rates for the period. Equity is translated at historical rates, and the resulting cumulative foreign currency translation adjustments are included as a component of AOCI. Therefore, the U.S. dollar value of these non-equity translated items in our financial statements will fluctuate from period to period, depending on the changing value of the dollar against these local functional currencies.

Exchange gains and losses arising from the remeasurement of monetary assets and liabilities, and foreign currency transactions denominated in a currency other than the functional currency of the entity involved are immediately included in nonoperating earnings, unless such net liabilities have been designated to act as hedges of a net investment in our foreign subsidiaries. In addition, the unrealized exchange gains or losses on our long-term intercompany receivables denominated in a non-functional currency, which are not expected to be repaid in the foreseeable future and are therefore considered to form part of our net investment, are recorded as a foreign currency translation adjustment, which is included as a component of AOCI. Finally, net foreign currency transaction gains or losses recorded in our earnings were not significant in fiscal 2006, 2005 and 2004.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of shares of common stock and ordinary shares outstanding during each period. Diluted earnings per share is computed by dividing adjusted net income by the weighted-average number of shares of common stock and ordinary shares, common stock equivalents and other potentially dilutive securities outstanding during each period. All shares that are issuable under our outstanding convertible notes that have contingent share conversion features have been considered outstanding for our diluted earnings per share computations, if dilutive, using the "if converted" method of accounting from the date of issuance.

Share-Based Compensation

Effective December 1, 2005, we adopted the provisions of SFAS No. 123(revised 2004), "Share-Based Payment" ("SFAS No. 123(R)"), which requires us to measure and recognize compensation expense for all share-based compensation awards. We adopted SFAS No. 123(R) using the modified prospective application transition method. Under this method, the share-based compensation cost recognized beginning December 1, 2005 includes compensation cost for (i) all share-based payments granted prior to, but not vested as of, December 1, 2005, based on the grant date fair value originally estimated in accordance with the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), and (ii) all share-based payments granted subsequent to November 30, 2005, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R). Prior to December 1, 2005, as allowed under the then outstanding accounting principles, we did not recognize compensation expense for the issuance of stock options with an exercise price equal to or greater than the market price of the underlying shares at the date of grant.

Compensation cost under SFAS No. 123(R) is recognized ratably using the straight-line attribution method over the expected vesting period or to the retirement eligibility date, if less than the vesting period, when vesting is not contingent upon any future performance. In addition, pursuant to SFAS No. 123(R) we are required to estimate the amount of expected forfeitures, which we estimate based on historical forfeiture experience, when calculating compensation cost. If the actual forfeitures that occur are different than the estimate, then we will revise our estimates. The effect of adopting SFAS No. 123(R) has been to reduce our net income by $57 million and our basic and diluted earnings per share by $0.07 for the year ended November 30, 2006. Prior periods are not restated under this transition method.

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 and we seek to diversify our counterparties. In addition, we have established guidelines regarding credit ratings and investment maturities that we follow to maintain safety and liquidity. We do not anticipate nonperformance by any of our significant counterparties.

We also monitor the creditworthiness of foreign travel agencies and tour operators 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 and the large number of accounts within our customer base. 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

We have reclassified certain prior period amounts to conform them to the current period presentation primarily as a result of our adopting a new chart of accounts in conjunction with our initial implementation of a new worldwide accounting system in the second quarter of

2006. During this implementation, we identified certain differences among our operating subsidiaries and, accordingly, we have recorded the appropriate reclassifications in the prior periods to improve comparability.

NOTE 3 – DLC Structure

On April 17, 2003, Carnival Corporation and Carnival plc (formerly known as P&O Princess) completed a DLC transaction, which implemented Carnival Corporation & plc’s DLC structure. The contracts governing the DLC structure provide that Carnival Corporation and Carnival plc each continue to have separate boards of directors, but the boards and senior executive management of both companies are identical. The amendments to the constituent documents of each of the companies also provide that, on most matters, the holders of the common equity of both companies effectively vote as a single body. On specified matters where the interests of Carnival Corporation's shareholders may differ from the interests of Carnival plc's shareholders (a "class rights action"), each shareholder body will vote separately as a class, such as transactions primarily designed to amend or unwind the DLC structure. Generally, no class rights action will be implemented unless approved by both shareholder bodies.

Upon the closing of the DLC transaction, Carnival Corporation and Carnival plc also executed the Equalization and Governance Agreement, which provides for the equalization of dividends and liquidation distributions based on an equalization ratio and contains provisions relating to the governance of the DLC structure. Because the current equalization ratio is 1 to 1, one Carnival plc ordinary share is entitled to the same distributions, subject to the terms of the Equalization and Governance Agreement, as one share of Carnival Corporation common stock. In a liquidation of either company or both companies, if the hypothetical potential per share liquidation distributions to each company's shareholders are not equivalent, taking into account the relative value of the two companies' assets and the indebtedness of each company, to the extent that one company has greater net assets so that any liquidation distribution to its shareholders would not be equivalent on a per share basis, the company with the ability to make a higher net distribution is required to make a payment to the other company to equalize the possible net distribution to shareholders, subject to certain exceptions.

At the closing of the DLC transaction, Carnival Corporation and Carnival plc also executed deeds of guarantee. Under the terms of Carnival Corporation's deed of guarantee, Carnival Corporation has agreed to guarantee all indebtedness and certain other monetary obligations of Carnival plc that are incurred under agreements entered into on or after the closing date of the DLC transaction. The terms of Carnival plc's deed of guarantee are identical to those of Carnival Corporation's. In addition, Carnival Corporation and Carnival plc have each extended their respective deeds of guarantee to the other’s pre-DLC indebtedness and certain other monetary obligations, or alternatively have provided standalone guarantees in lieu of utilization of these deeds of guarantee, thus effectively cross guaranteeing all Carnival Corporation and Carnival plc indebtedness and certain other monetary obligations. Each deed of guarantee provides that the creditors to whom the obligations are owed are intended third party beneficiaries of such deed of guarantee.

The deeds of guarantee are governed and construed in accordance with the laws of the Isle of Man. Subject to the terms of the guarantees, the holders of indebtedness and other obligations that are subject to the guarantees will have recourse to both Carnival plc and Carnival Corporation though a Carnival plc creditor must first make written demand on Carnival plc and a Carnival Corporation creditor on Carnival Corporation. Once the written demand is made by letter or other form of notice, the holders of indebtedness or other obligations may immediately commence an action against the relevant guarantor. Accordingly, there is no requirement under the deeds of guarantee to obtain a judgment, take other enforcement actions or wait any period of time prior to taking steps against the relevant guarantor. All actions or proceedings arising out of or in connection with the deeds of guarantee must be exclusively brought in courts in England.

Under the terms of the DLC transaction documents, Carnival Corporation and Carnival plc are permitted to transfer assets between the companies, make loans or investments in each other and otherwise enter into intercompany transactions. The companies have entered into some of these types of transactions and expect to enter into additional transactions in the future to take advantage of the flexibility provided by the DLC structure and to operate both companies as a single unified economic enterprise in the most effective manner. In addition, under the terms of the Equalization and Governance Agreement and the deeds of guarantee, the cash flow and assets of one company are required to be used to pay the obligations of the other company, if necessary.

Given the DLC structure as described above, we believe that providing separate financial statements for each of Carnival Corporation and Carnival plc would not present a true and fair view of the economic realities of their operations. Accordingly, separate financial statements for both Carnival Corporation and Carnival plc have not been presented.

Simultaneously with the completion of the DLC transaction, a partial share offer ("PSO") for 20% of Carnival plc's shares was made and accepted, which enabled 20% of Carnival plc shares to be exchanged for 41.7 million Carnival Corporation shares. The 41.7 million shares of Carnival plc held by Carnival Corporation as a result of the PSO, which cost $1.05 billion, are being accounted for as treasury stock in the accompanying balance sheets.

NOTE 4 - Property and Equipment

Property and equipment consisted of the following (in millions):

	November 30, 2006	November 30, 2005
Ships	$26,054	$23,506
Ships under construction	922	540
	26,976	24,046
Land, buildings and improvements, and port facilities	675	593
Transportation equipment and other	762	692
Total property and equipment	28,413	25,331
Less accumulated depreciation and amortization	(4,955)	(4,019)
	$23,458	$21,312

Capitalized interest, primarily on our ships under construction, amounted to $37 million, $21 million and $26 million in fiscal 2006, 2005 and 2004, respectively. Amounts related to 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, 2006, seven ships with an aggregate net book value of $2.62 billion were pledged as collateral pursuant to mortgages related to $1.23 billion of debt and a $485 million contingent obligation (see Notes 5 and 6).

Repairs and maintenance and minor replacement expenses, including dry-dock expenses were $518 million, $554 million and $419 million in fiscal 2006, 2005 and 2004, respectively.

NOTE 5 – Debt

Short-Term Borrowings

At November 30, 2006 and 2005, unsecured short-term borrowings consisted of U.S. bank loans and U.S. commercial paper of $381 million and $113 million, respectively, and Euro bank loans and Euro commercial paper of $57 million and $187 million, respectively. These short-term borrowings had weighted-average interest rates of 5.2% and 3.1% at November 30, 2006 and 2005, respectively.

Long-Term Debt

Long-term debt consisted of the following (in millions):

	November 30, 2006(a)	November 30, 2005(a)
Secured		
Floating rate notes, collateralized by four ships, bearing interest from libor plus 1.13% to libor plus 1.29% (6.5% to 6.8% at 2006 and 4.9% to 5.7% at 2005), due through 2015(b)	$ 672	$ 788
Fixed rate notes, collateralized by two ships, bearing interest at 5.4% and 5.5%, due through 2016(b)	379	380
Euro floating rate note, collateralized by one ship, bearing interest at euribor plus 0.5% (4.0% at 2006 and 2.75% at 2005), due through 2008	43	64
Euro fixed rate note, collateralized by one ship, bearing interest at 4.74%, due through 2012	134	142
Other	1	2
Total Secured	1,229	1,376
Unsecured		
Fixed rate notes, bearing interest at 3.75% to 7.2%, due through 2028(c)	2,542	2,239
Euro fixed rate notes, bearing interest at 4.4% in 2006 and 5.57% in 2005, due in 2013(d)(e)	985	355
Euro floating rate notes, bearing interest at euribor plus 0.25% to euribor plus 0.47% (3.83% at 2006 and 2.4% to 2.6% at 2005), due through 2010(e)	486	933
Sterling fixed rate notes, bearing interest at 5.63%, due in 2012	415	372
Sterling floating rate note, bearing interest at GBP libor plus 0.33% (5.52% at 2006 and 4.91% at 2005), due in 2010	322	285
Other	34	34
Convertible notes, bearing interest at 2%, due in 2021, with next put option in 2008	599	600
Convertible notes, bearing interest at 1.75%, net of discount, with a face value of $889 million, due in 2033, with first put option in 2008	575	575
Zero-coupon convertible notes, net of discount, with a face value of $386 million at 2006 and $510 million at 2005, due in 2021, with next put option in 2008	222	283
Total Unsecured	6,180	5,676
	7,409	7,052
Less portion due within one year	(1,054)	(1,325)
	$6,355	$5,727

(a) All interest rates are as of year ends. At November 30, 2006 and 2005, 56%, 30% and 14% of our long-term debt was U.S. dollar, euro and sterling denominated, respectively, including the effect of foreign currency swaps.
(b) A portion of two Princess ships has been financed with borrowings having both fixed and variable interest rate components.
(c) In May 2006, we borrowed $352 million under an unsecured term loan facility to pay a portion of the Crown Princess purchase price. This facility bears interest at 4.51% and is repayable in semi-annual installments through May 2018.
(d) In November 2006, we issued €750 million of bonds ($985 million U.S. dollars at the November 30, 2006 exchange rate), which have an effective interest rate of 4.4% and are due in 2013. The net proceeds of the bonds were primarily used to repay outstanding euro commercial paper and the balance will be used to repay other current obligations subsequent to November 30, 2006.
(e) During 2006, we repaid $361 million of Costa’s fixed rate euro notes and $527 million of their floating rate euro notes.

At November 30, 2006, the scheduled annual maturities of our long-term debt was as follows (in millions): $1,054, $1,930, $202, $1,108, $202 and $2,913 in fiscal 2007 through 2011 and thereafter, respectively. The fiscal 2008 maturities include $1.40 billion of Carnival Corporation's Zero-Coupon Notes, 2% Notes and 1.75% Notes based on the date of the noteholders' next put option.

Debt issuance costs are generally amortized to interest expense using the straight-line method, which amount approximates the effective interest method, over the term of the notes or the noteholders first put option date, whichever is earlier. In addition, all loan issue discounts are amortized to interest expense using the effective interest rate method over the term of the notes.

Convertible Notes

Carnival Corporation's 2% convertible notes ("2% Notes"), 1.75% convertible notes ("1.75% Notes") and zero-coupon convertible notes ("Zero-Coupon Notes") are convertible into 15.3 million shares, a maximum of 20.9 million shares (10.8 million shares during fiscal 2006) and 6.4 million shares, respectively, of Carnival Corporation common stock.

The 2% Notes are convertible at a conversion price of $39.14 per share, subject to adjustment, during any fiscal quarter for which the closing price of the Carnival Corporation common stock is greater than $43.05 per share for a defined duration of time in the preceding fiscal quarter. The conditions for conversion of the 2% Notes were satisfied throughout 2005 and during the first and last quarters of fiscal 2006. A nominal amount of 2% Notes were converted in fiscal 2006, 2005 and 2004.

The 1.75% Notes are convertible at a conversion price of $53.11 per share, subject to adjustment, during any fiscal quarter for which the closing price of the Carnival Corporation common stock is greater than a specified trigger price for a defined duration of time in the preceding fiscal quarter. During the fiscal quarters ending from August 31, 2003 through April 29, 2008, the trigger price is $63.73 per share. Thereafter, this conversion trigger price increases each quarter based on an annual rate of 1.75%, until maturity. In addition, holders may also surrender the 1.75% Notes for conversion if they have been called for redemption or for other specified occurrences, including the credit rating assigned to the 1.75% Notes being Baa3 or lower by Moody's Investors Service and BBB- or lower by Standard & Poor's Rating Services, as well as certain corporate transactions. The 1.75% Notes interest is payable in cash semi-annually in arrears through April 29, 2008. Effective April 30, 2008, the 1.75% Notes no longer require a cash interest payment, but interest will accrete at a 1.75% yield to maturity.

The Zero-Coupon Notes have a 3.75% yield to maturity and are convertible during any fiscal quarter for which the closing price of the Carnival Corporation common stock is greater than a specified trigger price for a defined duration of time in the preceding fiscal quarter. The trigger price increases at an annual rate of 3.75% until maturity. The trigger price was $38.11 for the 2006 fourth quarter, and the conversion price was $34.64. During fiscal 2006 and 2005, $69 million and $297 million of our Zero-Coupon Notes were converted at their accreted value into 2.1 million and 9.0 million shares of Carnival Corporation common stock, of which 1.9 million and 6.2 million shares were issued from treasury stock, respectively. No Zero-Coupon Notes were converted prior to fiscal 2005.

At November 30, 2005, the Zero-Coupon Notes were classified as a current liability, since the noteholders had the right to require us to repurchase them on October 24, 2006. At November 30, 2006, we have again classified our Zero-Coupon Notes as long-term debt, since the next date that the noteholders can require us to repurchase them is on October 24, 2008.

Subsequent to April 28, 2008 and October 23, 2008, we may redeem all or a portion of the 1.75% Notes and Zero-Coupon Notes, respectively, at their accreted values and subsequent to April 14, 2008, we may redeem all or a portion of our 2% Notes at their face value plus any unpaid accrued interest, subject to the noteholders' right to convert.

In addition, on April 29 of 2008, 2013, 2018, 2023 and 2028 the 1.75% noteholders, on April 15 of 2008 and 2011 the 2% noteholders and on October 24 of 2008, 2011 and 2016 the Zero-Coupon noteholders may require us to repurchase all or a portion of the outstanding

1.75% Notes and Zero-Coupon Notes at their accreted values and the 2% Notes at their face value plus any unpaid accrued interest.

Upon conversion, redemption or repurchase of the 1.75% Notes, the 2% Notes and the Zero-Coupon Notes, we may choose to deliver Carnival Corporation common stock, cash or a combination of cash and common stock with a total value equal to the value of the consideration otherwise deliverable.

Revolving Credit and Committed Financing Facilities

Carnival Corporation, Carnival plc and certain of Carnival plc's subsidiaries are parties to an unsecured multi-currency revolving credit facility for $1.2 billion, €400 million and £200 million (aggregating $2.12 billion U.S. dollars at the November 30, 2006 exchange rates) (the "Facility"). The Facility currently bears interest at libor/euribor plus a margin of 17.5 basis points ("BPS"). In addition, we are required to pay a commitment fee of 30% of the margin per annum. Both the margin and the commitment fee will vary based on changes to Carnival Corporation's senior unsecured credit ratings. In September 2006, this Facility's expiration date was extended from October 2010 to October 2011.

Our multi-currency commercial paper programs are supported by this Facility and, accordingly, any amounts outstanding under our commercial paper programs effectively reduce the aggregate amount available under this Facility. At November 30, 2006, we had borrowed $160 million under our commercial paper program, which is classified as a short-term borrowing since we do not expect to refinance it using proceeds from our long-term Facility. This Facility also supports £46 million ($91 million U.S. dollars at the November 30, 2006 exchange rate) of bonds issued by the Facility lenders on behalf of Carnival Corporation & plc. At November 30, 2006, $1.87 billion was available under the Facility, based on the November 30, 2006 exchange rates.

At November 30, 2006, we had a total of seven separate unsecured long-term ship loan financing facilities under which we have the option to borrow up to an aggregate of $2.55 billion to finance a portion of the purchase price of seven new ships currently under contract. These ships are expected to be delivered through 2009. These facilities are repayable semi-annually over a 12 year period. However, we have the option to terminate each facility up until 60 days prior to the underlying ship's delivery date.

The Facility and our other loan and derivative agreements contain covenants that require us, among other things, to maintain minimum debt service coverage and minimum shareholders' equity, and to limit our debt to capital and debt to equity ratios, and the amounts of our secured assets and secured indebtedness. Generally, if an event of default under any loan agreement is triggered, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due and the underlying facilities could be terminated. At November 30, 2006, we were in compliance with all of our debt covenants.

NOTE 6 – Commitments

Ship Commitments

A description of our ships under contract for construction at November 30, 2006, as adjusted for our new ship orders through January 2007, was as follows:

Brand and Ship	Expected Service Date(a)	Passenger Capacity	Estimated Total Cost(b) Euros	Sterling	USD
			(in millions)		
Carnival Cruise Lines					
Carnival Freedom	3/07	2,974			$ 505
Carnival Splendor	7/08	3,000	€ 485		
Carnival Dream	10/09	3,652	565		
Carnival Magic(c)	6/11	3,652	565		
Total Carnival Cruise Lines		13,278	1,615		505
Princess					
Emerald Princess	4/07	3,100			540
Newbuild	11/08	3,100			580
Total Princess		6,200			1,120
Holland America Line					
Eurodam	7/08	2,044			465
Costa(d)					
Costa Serena	6/07	3,000	475		
Newbuild	5/09	2,260	420		
Newbuild	6/09	3,000	485		
Newbuild(c)	4/10	2,260	420		
Total Costa		10,520	1,800		
AIDA(d)					
AIDAdiva	4/07	2,050	315		
Newbuild	4/08	2,050	315		
Newbuild	4/09	2,050	315		
Newbuild	4/10	2,050	335		
Total AIDA		8,200	1,280		
Seabourn					
Newbuild	6/09	450	200		
Newbuild	6/10	450	200		
Total Seabourn		900	400		
P&O Cruises					
Ventura(e)	4/08	3,076		£ 360	
Newbuild(c)	6/10	3,076	535		
Total P&O Cruises		6,152			
Cunard					
Queen Victoria(e)	12/07	2,014		305	
Total Euro Commitments			€5,630		
Total Euro Commitments converted to USD(f)					7,430
Total Sterling Commitments				£ 665	
Total Sterling Commitments converted to USD(f)					1,300
Grand Total		49,308			
Grand Total in USD					$10,820

(a) The expected service date is the month in which the ship is currently expected to begin its first revenue generating cruise.

(b) Estimated total cost of the completed ship includes the contract price with the shipyard, design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. All of our ship construction contracts are with the Fincantieri shipyards in Italy, except for AIDA's and Seabourn's which are with the Meyer Werft shipyard in Germany and T. Mariotti shipyard in Italy, respectively. In addition, the estimated total cost reflects the currency denomination that we are committed to expend, including the effect of foreign currency swaps.
(c) These construction contracts aggregating €1.52 billion were entered into after November 30, 2006.
(d) These construction contracts are denominated in euros, which is the functional currency of the cruise brand which will operate the ship.
(e) These construction contracts are denominated in euros, except for $45 million of the Queen Victoria costs, which are denominated in USD. The euro and USD denominated contract amounts have been fixed into sterling, which is the cruise ship's functional currency, by utilizing foreign currency swaps.
(f) The estimated total costs of these contracts denominated in euros and sterling have been translated into U.S. dollars using the November 30, 2006 exchange rates.

In connection with our cruise ships under contract for construction listed above, we have paid $922 million through November 30, 2006 and anticipate paying the remaining estimated total costs as follows: $2.65 billion, $2.51 billion, $2.43 billion, $1.69 billion and $617 million in fiscal 2007, 2008, 2009, 2010 and 2011, respectively.

Operating Leases

Rent expense under our operating leases, primarily for office and warehouse space, was $47 million in fiscal 2006 and $50 million in each of fiscal 2005 and 2004. At November 30, 2006, minimum annual rentals for our operating leases, with initial or remaining terms in excess of one year, were as follows (in millions): $40, $36, $34, $31 and $29 and $180 in fiscal 2007 through 2011 and thereafter, respectively.

Port Facilities and Other

At November 30, 2006, we had commitments through 2052, with initial or remaining terms in excess of one year, to pay minimum amounts for our annual usage of port facilities and other contractual commitments as follows (in millions): $107, $97, $83, $74, $61, and $217 in fiscal 2007 through 2011 and thereafter, respectively.

NOTE 7 – Contingencies

Litigation

On September 21, 2006, a class action complaint was filed on behalf of a purported class of past passengers against Holland America Line ("HAL") in the U.S. The complaint alleges that HAL (a) failed to disclose that shore excursion vendors paid HAL to promote their services as required by an Alaska statute, and (b) collected and retained payment from passengers for Passenger Vessel Service Act ("PSVA") violations in certain instances when HAL did not actually incur the fines. The complaint seeks (i) certification as a class action, (ii) statutory damages under Alaska's consumer protection statutes, (iii) damages for each PSVA fine collected and additional damages for each PSVA fine collected where no fine was imposed, (iv) injunctive relief and (v) attorneys' fees, costs and interest. The ultimate outcome of this action cannot be determined at this time. However, we believe that we have meritorious defenses to these claims and intend to vigorously defend this matter.

In January 2006, a lawsuit was filed against Carnival Corporation and its subsidiaries and affiliates, and other non-affiliated cruise lines in New York on behalf of a purported class of owners of intellectual property rights to musical plays and other works performed in the U.S. The plaintiffs claim infringement of copyrights to Broadway, off Broadway and other plays. The suit seeks payment of (i) damages, (ii) disgorgement of alleged profits and (iii) an injunction against future infringement. In the event that an award is given in favor of the plaintiffs, the amount of damages, if any, which Carnival Corporation and its subsidiaries and affiliates would have to pay is not currently determinable. The ultimate outcome of this matter cannot be determined at this time. However, we intend to vigorously defend this matter.

In the normal course of our business, various other claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of our liability, net of any insurance recoverables, is typically limited to our self-insurance retention levels. However, the ultimate outcome of these claims and lawsuits which are not covered by insurance cannot be determined at this time.

Contingent Obligations

At November 30, 2006, Carnival Corporation had contingent obligations totaling approximately $1.07 billion to participants in lease out and lease back type transactions for three of its ships. At the inception of the leases, the entire amount of the contingent obligations was paid by Carnival Corporation to major financial institutions to enable them to directly pay these obligations. Accordingly, these obligations were considered extinguished, and neither the funds nor the contingent obligations have been included on our balance sheets. Carnival Corporation would only be required to make any payments under these contingent obligations in the remote event of nonperformance by these financial institutions, all of which have long-term credit ratings of AA or higher. In addition, Carnival Corporation obtained a direct guarantee from AA or higher rated financial institutions for $284 million of the above noted contingent obligations, thereby further reducing the already remote exposure to this portion of the contingent obligations. In certain cases, if the credit ratings of the major financial institutions who are directly paying the contingent obligations fall below AA-, then Carnival Corporation will be required to move those funds being held by those institutions to other financial institutions whose credit ratings are AA- or above. If Carnival Corporation's credit rating, which is A-, falls below BBB, it would be required to provide a standby letter of credit for $80 million, or alternatively provide mortgages in the aggregate amount of $80 million on two of its ships.

In the unlikely event that Carnival Corporation was to terminate the three lease agreements early or default on its obligations, it would, as of November 30, 2006, have to pay a total of $176 million in stipulated damages. As of November 30, 2006, $180 million of standby letters of credit have been issued by a major financial institution in order to provide further security for the payment of these contingent stipulated damages. In addition, in 2004 a $170 million back-up letter of credit was issued in support of these standby letters of credit. Between 2017 and 2022, we have the right to exercise options that would terminate these three lease transactions at no cost to us. As a result of these three transactions, we have $37 million and $40 million of deferred income recorded on our balance sheets as of November 30, 2006 and 2005, respectively, which is being amortized to nonoperating other income through 2022.

Some of the debt agreements that we enter into include indemnification provisions that obligate us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes, changes in laws that increase lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and were entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. We have not been required to make any material payments under such indemnification clauses in the past and, under current circumstances, we do not believe a request for material future indemnification payments is probable.

War Risk Insurance

We maintain war risk insurance, subject to coverage limits, deductibles and exclusions for claims such as those arising from chemical, nuclear and biological attacks, on all of our ships covering our legal liability to crew, passengers and other third parties as well as loss or damage to our vessels arising from war or war-like actions, including terrorist risks. Under the terms of our war risk insurance coverage, which is typical for war risk policies in the marine industry, underwriters can give seven days notice to the insured that the policies will be cancelled.

NOTE 8 - Income and Other Taxes

We are foreign corporations primarily engaged in the international operation of vessels. Generally, income from the international operation of vessels is subject to preferential tax regimes in the countries where the vessel owning companies are incorporated and exempt from income tax in other countries where the vessels call due to the application of income tax treaties or, in the case of the U.S., Section 883 of the Internal Revenue Code. Income we earn that is not associated with the international operation of ships, primarily the transportation, hotel and tour businesses of Holland America Tours and Princess Tours, is subject to income tax in the countries where such income is earned.

For fiscal 2004, we believe that substantially all of our income, with the exception of our U.S. source income principally from the transportation, hotel and tour businesses of Holland America Tours and Princess Tours, was derived from, or incidental to, the international operation of ships, and is therefore exempt from U.S. federal income taxes. For fiscal 2005, regulations under Section 883 of the Internal Revenue Code limiting the types of income considered to be derived from the international operation of a ship first became effective. Section 883 is the primary provision upon which we rely to exempt most of our international ship operation earnings from U.S. income taxes. Accordingly, the 2006 and 2005 provisions for U.S. federal income taxes include taxes on a portion of our ship operating income that is in addition to the U.S. source transportation, hotel and tour income on which U.S. taxes have historically been provided. In addition, during the fourth quarter of 2005 and first quarter of 2006 we chartered three ships to the Military Sealift Command in connection with the Hurricane Katrina relief effort. Income from these charters is not considered to be income from the international operation of our ships and, accordingly, approximately $11 million and $18 million of income taxes were provided on the net earnings of these charters in fiscal 2006 and 2005, respectively, at an effective tax rate of approximately 57%.

If we were found not to qualify for exemption pursuant to applicable income tax treaties or under the Internal Revenue Code or if the income tax treaties or Internal Revenue 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.

P&O Cruises, Cunard, Ocean Village, P&O Cruises Australia, Swan Hellenic, AIDA and Costa, since the beginning of fiscal 2005, are subject to income tax under the tonnage tax regimes of either the United Kingdom or Italy. Under both tonnage tax regimes, shipping profits, as defined under the applicable law, are subject to corporation tax by reference to the net tonnage of qualifying vessels. Income not considered to be shipping profits under tonnage tax rules is taxable under either the normal UK income tax rules or the Italian tax regime applicable to Italian-registered ships. We believe that substantially all of the ordinary income attributable to these brands constitutes shipping profits and, accordingly, Italian and UK income tax expenses for these operations have been and are expected to be minimal under the current tax regimes.

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, other than those directly charged to and/or collected from passengers by us on a per passenger headcount basis, are recorded as operating expenses in the accompanying Consolidated Statements of Operations.

NOTE 9 - Shareholders' Equity

Carnival Corporation’s articles of incorporation authorize its Board of Directors, at its discretion, to issue up to 40 million shares of preferred stock, and Carnival plc has 100,000 authorized preference shares. At November 30, 2006 and 2005, no Carnival Corporation preferred stock had been issued and only a nominal amount of Carnival plc preference shares had been issued.

During 2004 the Boards of Directors authorized the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares. We completed this $1 billion repurchase program on June 29, 2006. An additional $1 billion repurchase authorization was approved by the Boards of Directors in June 2006 subject to certain restrictions. During fiscal 2006 and 2005, we purchased 18.7 million and 8.0 million shares of Carnival Corporation common stock, respectively, and 0.6 million shares of Carnival plc ordinary shares in fiscal 2006. At February 9, 2007, the remaining availability pursuant to our 2006 share repurchase program was $773 million. No expiration date has been specified for this authorization.

At November 30, 2006, there were 71.7 million shares of Carnival Corporation common stock reserved for issuance pursuant to its convertible notes and its employee benefit and dividend reinvestment plans. In addition, Carnival plc shareholders have authorized 12.9 million ordinary shares for future issuance under its employee benefit plans.

At November 30, 2006 and 2005 accumulated other comprehensive income was as follows (in millions):

	2006	2005
Cumulative foreign currency translation adjustments, net	$689	$193
Minimum pension liability adjustments	(17)	(19)
Unrealized losses on cash flow derivative hedges, net	(11)	(15)
	$661	$159

NOTE 10 - Financial Instruments

Whenever possible, quoted prices in active markets are used to determine the fair value of financial instruments. However, considerable judgment is required in interpreting data to develop estimates for fair values for which there is no active market and, accordingly, amounts are not necessarily indicative of the amounts that we could realize in an active market exchange. Our financial instruments are not held for trading or other speculative purposes.

Cash and Cash Equivalents and Short-Term Investments

The carrying amounts of our cash and cash equivalents and short-term investments approximate their fair values due to their short maturities or variable interest rates.

Other Assets

At November 30, 2006 and 2005, long-term other assets included notes and other receivables and marketable securities held in rabbi trusts for certain of our nonqualified benefit plans. These assets had carrying and fair values of $440 million and $445 million at November 30, 2006, respectively, and carrying and fair values of $406 million and $405 million at November 30, 2005. Fair values were based on public market prices, estimated discounted future cash flows or estimated fair value of collateral.

Debt

The fair values of our non-convertible debt and convertible notes were $6.06 billion and $1.73 billion, respectively, at November 30, 2006 and $5.98 billion and $2.03 billion at November 30, 2005. These fair values were greater than the related carrying values by $50 million and $338 million, respectively, at November 30, 2006 and by $86 million and $572 million at November 30, 2005. The net difference between the fair value of our non-convertible debt and its carrying value was due primarily to our issuance of debt obligations at fixed interest rates that are above market interest rates in existence at the measurement dates. The net difference between the fair value of our convertible notes and their carrying value is largely due to the impact of changes in the Carnival Corporation common stock price on the value of our convertible notes on those measurement dates. The fair values of our unsecured fixed rate public notes, convertible notes, sterling bonds and unsecured 5.57% euro notes were based on their public market prices. The fair values of our other debt were estimated based on appropriate market interest rates being applied to this debt.

Foreign Currency Swaps and Other Hedging Instruments

At November 30, 2006, we have foreign currency swaps that are designated as foreign currency fair value hedges for two of our euro denominated shipbuilding contracts (see Note 6). At November 30, 2006 and 2005, the fair value of the foreign currency swaps related to our shipbuilding commitments was an unrealized loss of $26 million and a net unrealized gain of $29 million, respectively. These foreign currency swaps mature through 2008.

At November 30, 2006, we have foreign currency swaps totaling $1.25 billion that are designated as hedges of our net investments in foreign subsidiaries, which have euro and sterling denominated functional currencies. These foreign currency swaps were entered into to effectively convert $267 million and $842 million of U.S. dollar denominated debt into sterling debt and euro debt ($237 million and $736 million at November 30, 2005), respectively. In addition, $143 million and $138 million of euro denominated debt was effectively converted into sterling debt at November 30, 2006 and 2005, respectively. At November 30, 2006 and 2005, the fair value of these foreign currency swaps was an unrealized loss of $169 million and $58 million, respectively, which is included in the cumulative translation adjustment component of AOCI. These currency swaps mature through 2017.

The fair values of these foreign currency swaps were estimated based on prices quoted by financial institutions for these instruments based on active market prices for these instruments.

Finally, as of November 30, 2006 we have designated $1.02 billion and $431 million of our outstanding euro and sterling debt and other obligations, which mature through 2013, as nonderivative hedges of our net investments in foreign subsidiaries and, accordingly, we have included $209 million and $68 million of foreign currency transaction losses in the cumulative translation adjustment component of AOCI at November 30, 2006 and 2005, respectively.

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, 2006 and 2005, these interest rate swap agreements effectively changed $932 million and $926 million, respectively, of fixed rate debt to libor-based floating rate debt. These interest rate swap agreements mature through 2010. At November 30, 2006 and 2005, the fair value of our interest rate swaps designated as fair value hedges was a net unrealized loss of $4 million and $7 million, respectively.

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, 2006 and 2005, these interest rate swap agreements effectively changed $365 million and $1.25 billion, respectively, of libor-based floating rate debt to fixed rate debt. These interest rate swap agreements mature through 2010. At November 30, 2006 and 2005, the fair value of our interest rate swaps designated as cash flow hedges was an unrealized gain of $2 million and an unrealized loss of $6 million, respectively.

The estimated fair values of our interest rate swap agreements were obtained from valuations performed by financial institutions based on active market prices for these instruments.

NOTE 11 - Segment Information

Our cruise segment includes all of our cruise brands, which have been aggregated as a single reportable segment based on the similarity of their economic and other characteristics, including products and services they provide. Substantially all of our other segment represents the hotel, tour and transportation operations of Holland America Tours and Princess Tours. The significant accounting policies of our segments are the same as those described in Note 2 – "Summary of Significant Accounting Policies." Information for our cruise and other segments as of and for the years ended November 30 was as follows (in millions):

	Revenues(a)	Operating expenses	Selling and adminis-trative	Depreciation and amortization	Operating income	Capital expend-itures	Total assets
2006							
Cruise	$11,417	$6,477	$1,405	$954	$2,581	$2,395	$29,968
Other	533	425	42	34	32	85	584(b)
Intersegment elimination	(111)	(111)					
	$11,839	$6,791	$1,447	$988	$2,613	$2,480	$30,552
2005							
Cruise	$10,737	$5,964	$1,289	$873	$2,611	$1,892	$27,782
Other	461	358	46	29	28	85	567(b)
Intersegment elimination	(104)	(104)					
	$11,094	$6,218	$1,335	$902	$2,639	$1,977	$28,349
2004							
Cruise	$ 9,427	$5,292	$1,231	$791	$2,113	$3,512	$27,048
Other	398	308	54	21	15	74	500(b)
Intersegment elimination	(98)	(98)					
	$ 9,727	$5,502	$1,285	$812	$2,128	$3,586	$27,548

(a) A portion of other segment revenues include revenues for the cruise portion of a tour, when a cruise is sold along with a land tour package by Holland America Tours or Princess Tours, and shore excursion and port hospitality services provided to cruise passengers by these tour companies. These intersegment revenues, which are included in full in the cruise segment, are eliminated from the other segment revenues in the line "Intersegment elimination."

(b) Other segment assets primarily included hotels and lodges in Alaska and the Canadian Yukon, motorcoaches used for sightseeing and charters and private, domed rail cars, which run on the Alaska Railroad.

Foreign revenues for our cruise brands represent sales generated from outside the U.S. primarily by foreign tour operators and foreign travel agencies. Substantially all of our long-lived assets are located outside of the U.S. and consist principally of our ships and ships under construction and exclude goodwill and trademarks.

Revenue information by geographic area for fiscal 2006, 2005 and 2004 was as follows (in millions):

	2006	2005	2004
North America	$ 7,679	$ 7,283	$6,421
Europe	3,473	3,231	2,902
Others	687	580	404
	$11,839	$11,094	$9,727

NOTE 12 - Benefit Plans

Stock Incentive Plans

We issue our share-based compensation awards under the Carnival Corporation and Carnival plc stock plans, which have an aggregate of 39.1 million shares available for future grant at November 30, 2006. These plans allow us to issue stock options, restricted stock awards and restricted stock units (collectively "incentive awards"). Incentive awards are primarily granted to management level employees and members of our Board of Directors. The plans are administered by a committee of our independent directors (the "Committee"), that determines who is eligible to participate, the number of shares for which incentive awards are to be granted and the amounts that may be exercised within a specified term. These plans allow us to fulfill our incentive award obligations using shares purchased in the open market, or with unissued or treasury shares. Certain incentive awards provide for accelerated vesting if we have a change in control, as defined.

Effective December 1, 2005 we adopted the provisions of SFAS No. 123(R), which required us to measure and recognize compensation expense for all share-based compensation awards. The total share-based compensation expense was $68 million for fiscal 2006, of which $60 million has been included in the Consolidated Statements of Operations as selling, general and administrative expenses and $8 million as cruise payroll expenses.

Prior to December 1, 2005, we did not recognize compensation expense for the issuance of stock options with an exercise price equal to or greater than the market price of the underlying shares at the date of grant. Had we elected to charge earnings for the estimated fair value of stock options in prior years, our pro forma net income and pro forma earnings per share would have been as follows (in millions, except per share amounts):

	Years ended November 30,	
	2005	**2004**
Net income, as reported	$2,253	$1,809
Share-based compensation expense included in net income, as reported	12	11
Total share-based compensation expense determined under the fair value-based method for all awards(a)	(86)	(66)
Pro forma net income for basic earnings per share	2,179	1,754
Interest on dilutive convertible notes	47	49
Pro forma net income for diluted earnings per share	$2,226	$1,803
Earnings per share		
Basic		
As reported	$ 2.80	$ 2.25
Pro forma	$ 2.70	$ 2.19
Diluted		
As reported	$ 2.70	$ 2.18
Pro forma	$ 2.62	$ 2.13

(a) These amounts include the expensing of stock options made to retirement-eligible employees over the expected vesting period of the option and accounting for the impact of forfeitures as they occur.

As permitted by SFAS No. 123 and SFAS No. 123(R), the fair values of options were estimated using the Black-Scholes option-pricing model. The Black-Scholes weighted-average values and assumptions were as follows:

	Years ended November 30,		
	2006	**2005**	**2004**
Fair value of options at the dates of grant	$12.25	$12.99	$15.87
Risk free interest rate(a)	4.5%	4.1%	3.4%
Expected dividend yield	2.6%	1.90%	1.36%
Expected volatility(b)	29.2%	27.0%	35.0%
Expected option life (in years)(c)	4.75	4.74	5.75

(a) The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected option life assumed at the date of grant.
(b) The expected volatility is based on a weighting of the implied volatilities derived from our exchange traded options and convertible notes and the historical volatility of our common stock.
(c) The average expected life was based on the contractual term of the option and expected employee exercise behavior. Based on our assessment of employee groupings and observable behaviors, we determined that a single grouping is appropriate.

Stock Option Plans

The Committee generally sets stock option exercise prices at 100% or more of the fair market value of the underlying common stock/ordinary shares on the date the option is granted. All stock options granted during the years ended November 30, 2006 and 2005 were granted at an exercise price per share equal to or greater than the fair market value of the Carnival Corporation common stock and Carnival plc ordinary shares on the date of grant. Generally employee options either vest evenly over five years or at the end of three years. Our employee options granted prior to October 2005 have a ten-year term and those options granted thereafter have a seven-year term. Since fiscal 2001, Carnival Corporation director options vest evenly over five years and have a ten-year term.

A combined summary of Carnival Corporation and Carnival plc stock option activity during the year ended November 30, 2006 was as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value(a) (in millions)
Outstanding at November 30, 2005	20,058,252	$39.15		
Granted	2,401,712	$50.51		
Exercised	(2,309,850)	$28.78		
Forfeited or expired	(628,115)	$41.29		
Outstanding at November 30, 2006	19,521,999	$42.55	6.0	$156
Exercisable at November 30, 2006	9,999,345	$38.18	5.1	$117

(a) The aggregate intrinsic value represents the amount by which the fair value of underlying stock exceeds the option exercise price at November 30, 2006.

As of the dates of exercise, the total intrinsic value of options exercised in fiscal 2006, 2005 and 2004 was $48 million, $37 million and $77 million, respectively. As of November 30, 2006, there was $86 million of total unrecognized compensation cost related to unvested stock options. This cost is expected to be recognized over a weighted-average period of 1.9 years.

Restricted Stock Awards and Restricted Stock Units

Restricted stock awards ("RSAs") generally have the same rights as Carnival Corporation common stock, except for transfer restrictions and forfeiture provisions. In prior periods, unearned stock compensation was recorded within shareholders' equity at the date of award based on the quoted market price of the Carnival Corporation common stock on the date of grant. In fiscal 2006 upon adoption of SFAS No. 123(R), the $13 million of unearned stock compensation as of November 30, 2005 was required to be charged against additional paid-in capital. RSAs have been granted to certain officers and non-executive board members and either have three or five-year cliff vesting or vest evenly over five years after the grant date. In addition, Carnival Corporation and Carnival plc grant restricted stock units ("RSUs"), which do not have an exercise price, and either vest evenly over five years or at the end of three or five years after the grant date and accrue dividend equivalents on each outstanding RSU, in the form of additional RSUs, based on dividends declared. The share-based compensation expense associated with RSAs and RSUs is based on the quoted market price of the Carnival Corporation or Carnival plc shares on the date of grant, and is amortized to expense using the straight-line method from the grant date through the earlier of the vesting date or the estimated retirement eligibility date.

During the year ended November 30, 2006 RSA and RSU activity was as follows:

	Restricted Stock Awards		Restricted Stock Units	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Outstanding at November 30, 2005	966,417	$36.28	159,117	$44.56
Granted	169,711	$49.69	275,272	$52.37
Vested	(245,417)	$31.32	(47,319)	$30.07
Forfeited			(8,222)	$51.87
Outstanding at November 30, 2006	890,711	$40.20	378,848	$51.88

The total grant date fair value of RSAs and RSUs vested during fiscal 2006, 2005 and 2004 was $9 million, $8 million and $10 million, respectively. As of November 30, 2006, there was $19 million of total unrecognized compensation cost related to RSAs and RSUs. This cost is expected to be recognized over a weighted-average period of 1.7 years.

Defined Benefit Pension Plans

We have several defined benefit pension plans, which cover some of our shipboard and shoreside employees. The U.S. and UK shoreside employee plans are closed to new membership and are funded at or above the level required by U.S. or UK regulations. The remaining defined benefit plans are primarily unfunded. In determining our plans' benefit obligations at November 30, 2006, we assumed weighted-average discount rates of 5.5% and 4.9% for our U.S. and foreign plans, respectively. The net liabilities related to the obligations under these single employer defined benefit pension plans are not material.

In addition, P&O Cruises, Princess and Cunard participate in an industry-wide British Merchant Navy Officers Pension Fund ("MNOPF"), which is a defined benefit multiemployer pension plan that is available to certain of their British shipboard officers. The MNOPF is divided into two sections, the "New Section" and the "Old Section," each of which covers a different group of participants, with the Old Section closed to further benefit accrual and the New Section only closed to new membership. At November 30, 2006, the New Section was estimated to have a funding deficit and the Old Section was estimated to have a funding surplus.

Substantially all of any MNOPF New Section deficit liability which we may have relates to P&O Cruises and Princess obligations, which existed prior to the DLC transaction. However, since the MNOPF is a multiemployer plan and it was not probable that we would withdraw from the plan nor was our share of the liability certain, we could not record our estimated share of the ultimate deficit as a Carnival plc acquisition liability that existed at the DLC transaction date. The amount of our share of the fund's ultimate deficit could vary considerably if different pension assumptions and/or estimates were used. Therefore, we expense our portion of any deficit as amounts are invoiced by, and became due and payable to, the fund's trustee. In August 2005, we received an invoice from the fund for what the trustee calculated to be our share of the entire MNOPF liability based on their March 31, 2003 actuarial study. Accordingly, we recorded the full invoiced liability of $23 million in payroll and related expense in 2005. However, based on the MNOPF's March 31, 2006 preliminary valuation of the deficit liability as at that date, we expect to receive a second MNOPF invoice in mid-2007 of between approximately $15 million and $35 million, which represents our estimate of our additional share of the entire MNOPF liability. It is still possible that the fund's trustee may invoice us for additional amounts after this second invoice for various reasons, including if they believe the fund requires further funding.

Total expense for all defined benefit pension plans, including multiemployer plans, was $28 million, $45 million and $18 million in fiscal 2006, 2005 and 2004, respectively.

Defined Contribution Plans

We have several defined contribution plans available to most of our employees. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense relating to these plans was $17 million, $14 million and $13 million in fiscal 2006, 2005 and 2004, respectively.

NOTE 13 - Earnings Per Share

Our basic and diluted earnings per share were computed as follows (in millions, except per share data):

	Years Ended November 30,		
	2006	**2005**	**2004**
Net income	$2,279	$2,253	$1,809
Interest on dilutive convertible notes	36	47	49
Net income for diluted earnings per share	$2,315	$2,300	$1,858
Weighted-average common and ordinary shares outstanding	801	806	802
Dilutive effect of convertible notes	33	42	44
Dilutive effect of stock plans	2	5	5
Diluted weighted-average shares outstanding	836	853	851
Basic earnings per share	$2.85	$2.80	$2.25
Diluted earnings per share	$2.77	$2.70	$2.18

Options to purchase 8.5 million, 2.1 million and 6.0 million shares for fiscal 2006, 2005 and 2004, respectively, were excluded from our diluted earnings per share computation since the effect of including them was anti-dilutive.

NOTE 14 - Supplemental Cash Flow Information

Total cash paid for interest was $363 million, $314 million and $250 million in fiscal 2006, 2005 and 2004, respectively. In addition, cash paid for income taxes was $47 million, $15 million and $8 million in fiscal 2006, 2005 and 2004, respectively. Finally, in 2006 and 2005, $69 million and $297 million of our Zero-Coupon Notes were converted through a combination of the issuance of Carnival Corporation treasury stock and newly issued Carnival Corporation common stock, which represented a noncash financing activity.

NOTE 15 – Recent Accounting Pronouncements

In June, 2006 the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies, among other things, the accounting for uncertain income tax positions by prescribing a minimum probability threshold that a tax position must meet before a financial statement income tax benefit is recognized. The minimum threshold is defined as a tax position, that based solely on its technical merits is more likely than not to be sustained upon examination by the relevant taxing authority. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. FIN 48 must be applied to all existing tax positions upon adoption. The cumulative effect of applying FIN 48 at adoption is required to be reported separately as an adjustment to the opening balance of retained earnings in the year of adoption. FIN 48 is required to be implemented at the beginning of a fiscal year and is effective for Carnival Corporation & plc for fiscal 2008. We have not yet determined the impact of adopting FIN 48 on our financial statements.

In September, 2006 the FASB issued SFAS No.158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)," ("SFAS No. 158"), which requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability on its balance sheet and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. SFAS No. 158 requires an employer to measure the funded status of a plan as of its year-end date and is first effective for Carnival Corporation & plc on November 30, 2007 with certain requirements allowing for later implementation. We have not yet determined the impact of adopting SFAS No. 158 on our financial statements, although based on the underfunded status of our plans at November 30, 2006, we do not believe the November 30, 2007 adoption will have a material impact on our financial position.

Report of Independent Registered Certified Public Accounting Firm
To the Boards of Directors and Shareholders of Carnival Corporation and Carnival plc:

We have completed integrated audits of Carnival Corporation & plc's consolidated financial statements and of its internal control over financial reporting as of November 30, 2006 in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements

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 & plc (comprising Carnival Corporation and Carnival plc and their respective subsidiaries, the "Company") at November 30, 2006 and November 30, 2005, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2006 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements 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 discussed in Note 2 to the consolidated financial statements, effective December 1, 2005 the Company adopted Statement of Financial Accounting Standards No. 123(revised 2004), "Share-Based Payment".

In addition, as discussed in Note 2 to the consolidated financial statements, effective March 1, 2006 the Company elected to change its method of accounting for costs incurred in connection with its dry-dock activities.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A of the 2006 Annual Report on Form 10-K, that the Company maintained effective internal control over financial reporting as of November 30, 2006 based on criteria established in ***Internal Control - Integrated Framework*** issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2006, based on criteria established in ***Internal Control - Integrated Framework*** issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Miami, Florida
February 12, 2007

Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements contained in this 2006 Annual Report are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlook, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We have tried, wherever possible, to identify these statements by using words like "will," "may," "believes," "expects," "anticipates," "forecast," "future," "intends," "plans," and "estimates" and similar expressions.

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in this 2006 Annual Report. Forward-looking statements include those statements which may impact the forecasting of our earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and/or tax costs, fuel costs, costs per available lower berth day ("ALBD"), estimates of ship depreciable lives and residual values, outlook or business prospects. These factors include, but are not limited to, the following:

- general economic and business conditions, which may adversely impact the levels of our potential vacationers' discretionary income and this group's confidence in the U.S. economy, and thereby reduce the net revenue yields for our cruise brands;
- the international political and economic climate, armed conflicts, terrorist attacks and threats thereof, availability of air service and other world events, and their impact on the demand for cruises;
- accidents, unusual weather conditions or natural disasters, such as hurricanes and earthquakes and other incidents (including machinery and equipment failures or improper operation thereof) which could cause the alteration of itineraries or cancellation of a cruise or series of cruises, and the impact of the spread of contagious diseases, affecting the health, safety, security and vacation satisfaction of passengers;
- adverse publicity concerning the cruise industry in general, or us in particular, could impact the demand for our cruises;
- conditions in the cruise and land-based vacation industries, including competition from other cruise ship operators and providers of other vacation alternatives and increases in capacity offered by cruise ship and land-based vacation alternatives;
- changing consumer preferences, which may, among other things, adversely impact the demand for cruises;
- changes in and compliance with the environmental, health, safety, security, tax and other regulatory regimes under which we operate, including the implementation of U.S. regulations requiring U.S. citizens to obtain passports for sea travel to or from additional foreign destinations;
- the impact of changes in operating and financing costs, including changes in foreign currency exchange rates and interest rates and fuel, food, insurance, payroll and security costs;
- our ability to implement our shipbuilding programs and brand strategies and to continue to expand our business worldwide;
- our future operating cash flow may not be sufficient to fund future obligations and we may not be able to obtain financing, if necessary, on terms that are favorable or consistent with our expectations;
- lack of acceptance of new itineraries, products and services by our guests;
- our ability to attract and retain qualified shipboard crew and maintain good relations with employee unions;
- continuing financial viability of our travel agent distribution system and air service providers;
- our decisions to self-insure against various risks or inability to obtain insurance for certain risks;
- disruptions to our software and other information technology systems;
- continued availability of attractive port destinations;
- risks associated with the DLC structure, including the uncertainty of its tax status;
- risks associated with operating internationally;

- the impact of pending or threatened litigation; and
- our ability to successfully implement cost reduction plans.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant listing rules, we expressly disclaim any obligation to disseminate, after the date of this 2006 Annual Report, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

Executive Overview

Since the beginning of 2004 and continuing through 2005, we experienced a substantial improvement in our net cruise revenue yields per ALBD ("net revenue yields"). The improvement in net revenue yields was primarily the result of higher passenger ticket prices, onboard revenues and occupancy and, to a lesser extent, a weaker U.S. dollar relative to the euro and sterling. Towards the spring of 2006, the impact of the severe 2005 hurricane season and higher fuel costs and interest rates on vacationers' discretionary income, we believe caused a softening in demand, principally for cruises in the Caribbean. The weaker Caribbean demand was offset by strong demand and pricing for our European brands and for our North American brands when sailing outside of the Caribbean. Consequently, in 2006, we continued to increase our net revenue yields, however, by a much smaller percentage than 2005 and 2004.

From 2003 through 2006, the cruise industry was adversely impacted by substantial increases in fuel prices, which reduced earnings per share for the 2006 fiscal year by $0.25 compared to fiscal 2005. Towards the end of 2006, fuel prices decreased slightly and were below the prior year comparable amount. It is possible that fuel prices may once again begin to increase in 2007 and thereafter.

Throughout this period we generated significant cash flows and remained in a strong financial position, which is a high priority for us and we believe provides us with a competitive advantage in the capital intensive cruise industry. We continue to distribute excess cash to shareholders in an opportunistic manner either through dividends or through our share buy-back programs. However, our operations are subject to many risks, as briefly noted under the caption "Cautionary Note Concerning Factors That May Affect Future Results," which could adversely impact our future results.

Since June 2006, we ordered seven additional ships, which are expected to be delivered between 2009 and 2011. As of February 12, 2007, we had signed agreements with three shipyards providing for the construction of 20 additional cruise ships, the majority of which have been designated for our European brands (see Note 6 in the accompanying financial statements). These new ships are expected to continue to help us maintain our leadership position within the cruise industry. Excluding any future ship orders, acquisitions or retirements, the year-over-year percentage increase in our ALBD capacity for fiscal 2007, 2008, 2009, 2010 and 2011, resulting substantially all from new ships entering service, is currently expected to be 8.4%, 7.9%, 7.5%, 6.7% and 3.9%, respectively.

Outlook For Fiscal 2007 ("2007")

As of December 21, 2006 we said that we expected our 2007 full year earnings per share will be in the range of $2.90 to $3.10. We also said that we expected our first quarter 2007 earnings per share to be in the range of $0.33 to $0.35. Our guidance was based on the then current forward fuel price for all of 2007 of $339 per metric ton for the full year. In addition, this guidance was also based on currency exchange rates of $1.33 to the euro and $1.98 to sterling.

Since the date of our December earnings release, the cruise industry has begun a period of heavy bookings generally referred to as "wave season", which begins in early January. Bookings since the beginning of January are up compared to the same period in 2006, however, the increase is less than our 2007 capacity increase. Pricing on bookings taken in 2007 was less than in the comparable period last year, primarily because of the continuing price pressure on Caribbean sailings. As of February 4, 2007, occupancy on cumulative advance bookings taken for the full year 2007 is approximately the same as the comparable date last year. Pricing on those advance bookings is also approximately equal to last year (down 1% in constant dollars).

Based on bookings taken to date, we now expect our net revenue yields to be flat to up slightly for the full year 2007 (down 1% to 2% in constant dollars), which is a little less than our previous guidance. Largely offsetting this, our estimate of forward prices for fuel for the year 2007 has decreased to $315 per metric ton compared to the $339 per metric ton we used in our December guidance. Our earnings per share for the first quarter of 2007 is now expected to come in at the high end of the range of our December guidance of $0.33 to $0.35 per share because of lower fuel costs. Our earnings guidance for the full year 2007 remains $2.90 to $3.10 per share.

Key Performance Indicators

We use net cruise revenues per ALBD and net cruise costs per ALBD as significant non-GAAP financial measures of our cruise segment financial performance. We believe that net revenue yields are commonly used in the cruise industry to measure a company's cruise segment revenue performance. This measure is also used for revenue management purposes. In calculating net revenue yields, we use "net cruise revenues" rather than "gross cruise revenues." We believe that net cruise revenues is a more meaningful measure in determining revenue yield than gross cruise revenues because it reflects the cruise revenues earned by us net of our most significant variable costs, which are travel agent commissions, cost of air transportation and certain other variable direct costs associated with onboard and other revenues. Substantially all of our remaining cruise costs are largely fixed once our ship capacity levels have been determined, except for the impact of changing prices.

Net cruise costs per ALBD is the most significant measure we use to monitor our cruise segment costs rather than gross cruise costs per ALBD. In calculating net cruise costs, we exclude the same variable costs that are included in the calculation of net cruise revenues. This is done to avoid duplicating these variable costs in these two non-GAAP financial measures.

We have not provided estimates of future gross revenue yields because the reconciliations of forecasted net cruise revenues to forecasted gross cruise revenues would require us to forecast, with reasonable accuracy, the amount of air and other transportation costs that our forecasted cruise passengers would elect to purchase from us (the "air/sea mix"). Since the forecasting of future air/sea mix involves several significant variables that are relatively difficult to forecast and the revenues from the sale of air and other transportation approximate the costs of providing that transportation, management focuses primarily on forecasts of net cruise revenues rather than gross cruise revenues. This does not impact, in any material respect, our ability to forecast our future results, as any variation in the air/sea mix has no material impact on our forecasted net cruise revenues. As such, management does not believe that this reconciling information would be meaningful.

In addition, because a significant portion of our operations utilize the euro or sterling to measure their results and financial condition, the translation of those operations to our U.S. dollar reporting currency results in increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies, and decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies. Accordingly, we also monitor our two non-GAAP financial measures assuming the current period currency exchange rates have remained constant with the prior year's rates, or on a "constant dollar basis," in order to remove the impact of changes in exchange rates on our non-U.S. cruise operations. We believe that this is a useful measure indicating the actual growth of our operations in a fluctuating currency exchange rate environment.

On a constant dollar basis, net cruise revenues and net cruise costs would be $9.21 billion and $5.69 billion for fiscal 2006, respectively. On a constant dollar basis, gross cruise revenues and gross cruise costs would be $11.42 billion and $7.91 billion for fiscal 2006, respectively. In addition, our non-U.S. cruise operations' depreciation and net interest expense were impacted by the changes in exchange rates for fiscal 2006 compared to 2005.

All the prior periods financial information presented herein have been adjusted to reflect the retrospective application of the change in our method of accounting for dry-dock costs, as more fully discussed in Note 2 in the accompanying financial statements.

Critical Accounting Estimates

Our critical accounting estimates are those which we believe require our most significant judgments about the effect of matters that are inherently uncertain. A discussion of our critical accounting estimates, the underlying judgments and uncertainties used to make them and the likelihood that materially different estimates would be reported under different conditions or using different assumptions is as follows:

Ship Accounting

Our most significant assets are our ships and ships under construction, which represent 88% of our total assets. We make several critical accounting estimates dealing with our ship accounting. First, we compute our ships' depreciation expense, which represented approximately 10% of our cruise costs and expenses in fiscal 2006, which requires us to estimate the average useful life of each of our ships, as well as their residual 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, while expensing repairs and maintenance and minor replacement costs as they are incurred. Finally, when we record the retirement of a ship component that is included within the ship's cost basis, we estimate its net book value to determine the amount of ship component retired.

We determine the average useful life of our ships and their residual values based primarily on our estimates of the weighted-average useful lives and residual values of the ships' major component systems, such as cabins, main diesels, main electric, superstructure and hull. In addition, we consider, among other things, 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 average residual values at 15% of our original ship cost.

Given the very large and complex nature of our ships, ship accounting estimates require considerable judgment and are inherently uncertain. We do not have cost segregation studies performed to specifically componentize our ship systems. In addition, since we do not separately componentize our ships, we do not identify and track depreciation of specific component systems. Therefore, we have to estimate the net book value of components that are replaced or refurbished, based primarily upon their replacement or refurbishment cost and their age.

If materially different conditions existed, or if we materially changed our assumptions of ship lives and residual values, our depreciation expense 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. Our fiscal 2006 ship depreciation expense would have increased by approximately $25 million for every year we reduced our estimated average 30 year ship useful life. In addition, if our ships were estimated to have no residual value, our fiscal 2006 depreciation expense would have increased by approximately $125 million.

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 average useful life and average residual values of our ships; (2) in determining which ship improvement costs add value to our ships; and (3) in determining the net book value of ship component assets being replaced or refurbished. Finally, we believe our critical ship accounting estimates are generally comparable with those of other major cruise companies.

Asset Impairment

The impairment reviews of our ships, trademarks and goodwill, which has been allocated to our cruise line reporting units, require us to make significant estimates to determine the fair values of these assets or reporting units.

The determination of fair value includes numerous uncertainties, unless a viable actively traded market exists for the asset or for a comparable reporting unit, which is usually not the case for cruise ships, cruise lines and trademarks. For example, in determining fair values of ships and cruise lines utilizing discounted forecasted cash flows, significant judgments are made concerning, among other things, future net revenue yields, net cruise costs per ALBD, 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. Also, the determination of fair values of reporting units using a price earnings multiple approach also requires significant judgments, such as determining reasonably comparable multiples. Finally, determining trademark fair values also requires significant judgments in determining both the estimated trademark cash flows, and the appropriate royalty rates to be applied to those cash flows to determine their fair value. We believe that we have made reasonable estimates and judgments in determining whether our ships, goodwill and trademarks have been impaired. However, if there is a material change in the assumptions used in our determination of fair value 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

We periodically assess the potential liabilities related to any lawsuits or claims brought against us, as well as for other known unasserted claims, including environmental, legal, passenger and crew, and tax matters. While it is typically very difficult to determine the timing and ultimate outcome of these matters, 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. In assessing probable losses, we make estimates of the amount of probable insurance recoveries, if any, which are recorded as assets. We accrue a liability when we believe a loss is probable and the amount of the loss can be reasonably estimated, in accordance with the provisions of SFAS No. 5, "Accounting for Contingencies," as amended. Such accruals are typically based on developments to date, management's estimates of the outcomes of these matters, our experience in contesting, litigating and settling other similar matters, historical claims experience and actuarially determined assumptions of liabilities, and any related insurance coverage. See Note 7 in the accompanying financial statements for additional information concerning our contingencies.

Given the inherent uncertainty related to the eventual outcome of these matters and potential insurance recoveries, it is possible that all or some of these matters may be resolved for amounts materially different from any provisions or disclosures that we may have made with respect to their resolution. In addition, as new information becomes available, we may need to reassess the amount of probable liability that needs to be accrued related to our contingencies. All such revisions in our estimates could materially impact our results of operations and financial position.

Results of Operations

We earn our cruise revenues primarily from the following:

- sales of passenger cruise tickets and, in some cases, the sale of air and other transportation to and from our ships. The cruise ticket price includes accommodations, most meals, some non-alcoholic beverages, entertainment and many onboard activities, and

- the sale of goods and/or services primarily on board our ships, which include bar and some beverage sales, casino gaming, shore excursions, gift shop and spa sales, photo and art sales, and pre- and post cruise land packages. These goods and services are either provided directly by us or by independent concessionaires, from which we receive a percentage of their revenues or a fee.

We incur cruise operating costs and expenses for the following:

- the costs of passenger cruise tickets, which represent costs that vary directly with passenger cruise ticket revenues, and include travel agent commissions, air and other travel related costs,

- onboard and other cruise costs, which represent costs that vary directly with onboard and other revenues, and include the costs of liquor and some beverages, costs of tangible goods sold by us from our gift, photo and art auction activities, pre- and post cruise land packages and credit card fees. Concession revenues do not have any significant amount of costs associated with them, as the costs and services incurred for these activities are provided by our concessionaires,

- payroll and related costs, which represent costs for all our shipboard personnel, including deck and engine officers and crew and hotel and administrative employees,

- food costs, which include both our passenger and crew food costs,

- fuel costs, which include fuel delivery costs, and

- other ship operating costs, which include repairs and maintenance, including minor replacements and dry-dock expenses, port charges, insurance, entertainment and all other shipboard operating costs and expenses.

For segment information related to our revenues, expenses, operating income and other financial information see Note 11 in the accompanying financial statements.

Selected Information and Non-GAAP Financial Measures

Selected information was as follows:

	Years Ended November 30,		
	2006	**2005**	**2004**
Passengers carried (in thousands)	7,008	6,848	6,306
Occupancy percentage	106.0%(a)	105.6%(a)	104.5%
Fuel cost per metric ton (b)	$ 334	$ 259	$ 194

(a) Occupancy percentage includes the three ships chartered to the Military Sealift Command ("MSC") in connection with our Hurricane Katrina relief efforts in the first quarter of 2006 and the fourth quarter of 2005 at 100%.
(b) Fuel cost per metric ton is calculated by dividing the cost of our fuel by the number of metric tons consumed.

Gross and net revenue yields were computed by dividing the gross or net revenues, without rounding, by ALBDs as follows:

	Years Ended November 30,		
	2006	**2005**	**2004**
	(in millions, except ALBDs and yields)		
Cruise revenues			
Passenger tickets	$ 8,903	$ 8,399	$ 7,357
Onboard and other	2,514	2,338	2,070
Gross cruise revenues	11,417	10,737	9,427
Less cruise costs			
Commissions, transportation and other	(1,749)	(1,645)	(1,572)
Onboard and other	(453)	(412)	(359)
Net cruise revenues	$ 9,215	$ 8,680	$ 7,496
ALBDs(a)	49,945,184	47,754,627	44,009,061
Gross revenue yields	$228.58	$224.84	$214.21
Net revenue yields	$184.50	$181.77	$170.32

Gross and net cruise costs per ALBD were computed by dividing the gross or net cruise costs, without rounding, by ALBDs as follows:

	Years Ended November 30,		
	2006	**2005**	**2004**
	(in millions, except ALBDs and costs per ALBD)		
Cruise operating expenses	$ 6,477	$ 5,964	$ 5,292
Cruise selling and administrative expenses	1,405	1,289	1,231
Gross cruise costs	7,882	7,253	6,523
Less cruise costs included in net cruise revenues			
Commissions, transportation and other	(1,749)	(1,645)	(1,572)
Onboard and other	(453)	(412)	(359)
Net cruise costs	$ 5,680	$ 5,196	$ 4,592
ALBDs(a)	49,945,184	47,754,627	44,009,061
Gross cruise costs per ALBD	$157.81	$151.89	$148.24
Net cruise costs per ALBD	$113.73	$108.81	$104.34

(a) Available lower berth days is a standard measure of passenger capacity for the period. It assumes that each cabin we offer for sale accommodates two passengers. ALBDs are computed by multiplying passenger capacity by revenue producing ship operating days in the period.

Fiscal 2006 ("2006") Compared to Fiscal 2005 ("2005")

Revenues

Net cruise revenues increased $535 million, or 6.2%, to $9.22 billion in 2006 from $8.68 billion in 2005. The 4.6% increase in ALBDs between 2006 and 2005 accounted for $398 million of the increase, and the remaining $137 million was from increased net revenue yields, which increased 1.5% on both a current and constant dollar basis in 2006 compared to 2005 (gross revenue yields increased by 1.7% in current dollars). Net revenue yields increased in 2006 primarily from higher cruise ticket prices, higher onboard revenues and, to a lesser extent, a 0.4% increase in occupancy. Gross cruise revenues increased $680 million, or 6.3%, in 2006 to $11.42 billion from $10.74 billion in 2005 for largely the same reasons as net cruise revenues.

Our 2006 cruise ticket prices for Caribbean itineraries were less than 2005, which was offset by price increases we achieved primarily from our Alaska and European cruises. We believe that this reduction in Caribbean pricing was the result of weaker consumer demand caused primarily from the lingering effects of the unusually strong 2005 hurricane season and higher fuel and other costs’ adverse impacts on our customers’ discretionary income.

Onboard and other revenues included concession revenues of $694 million in 2006 and $638 million in 2005. Onboard and other revenues increased in 2006 compared to 2005, primarily because of the 4.6% increased ALBDs and increased passenger spending on our ships.

Other non-cruise revenues increased $72 million, or 15.6%, to $533 million in 2006 from $461 million in 2005 primarily due to the increase in the number of cruise/tours sold in Alaska.

Costs and Expenses

Net cruise costs increased $484 million, or 9.3%, to $5.68 billion in 2006 from $5.20 billion in 2005. The 4.6% increase in ALBDs between 2005 and 2006 accounted for $238 million of the increase whereas $246 million was from increased net cruise costs per ALBD, which increased 4.5% in 2006 compared to 2005 (gross cruise costs per ALBD increased 3.9%). Net cruise costs per ALBD increased primarily due to a $75 increase in fuel cost per metric ton, or 29.0%, to $334 per metric ton in 2006, which resulted in an additional $209 million of expense, and a $57 million increase in share-based compensation expense, which was as the result of our adoption of SFAS No. 123(R) (see Notes 2 and 12 in the accompanying financial statements). This increase was partially offset by the non-recurrence in 2006 of a $23 million MNOPF contribution. Net cruise costs per ALBD as measured on a constant dollar basis increased 4.8% in 2006 compared to 2005. On a constant dollar basis, net cruise costs per ALBD, excluding increased fuel prices and incremental share-based compensation expenses were flat, compared to 2005. Gross cruise costs increased $629 million, or 8.7%, in 2006 to $7.88 billion from $7.25 billion in 2005 for largely the same reasons as net cruise costs.

Other non-cruise operating expenses increased $67 million, or 18.7%, to $425 million in 2006 from $358 million in 2005 primarily due to the increase in the number of cruise/tours sold in Alaska.

Depreciation and amortization expense increased by $86 million, or 9.5%, to $988 million in 2006 from $902 million in 2005 largely due to the 4.6% increase in ALBDs through the addition of new ships, and additional ship improvement expenditures.

Nonoperating (Expense) Income

Net interest expense, excluding capitalized interest, was $323 million in both 2006 and 2005. This flat interest expense was primarily due to lower average borrowings offsetting the impact of higher average interest rates on borrowings. Capitalized interest increased $16 million during 2006 compared to 2005 primarily due to higher average levels of investment in ship construction projects and higher average interest rates on borrowings.

Other expense in 2006 included a $10 million expense for the write-down of a non-cruise investment.

Income Taxes

Income tax expense decreased by $33 million to $39 million in 2006 from $72 million in 2005 primarily as a result of lower U.S. income taxes related to the MSC charter in 2006 compared to 2005, and the reversal in 2006 of previously recorded tax liabilities and deferred tax valuation allowances, which were no longer required based upon the results of tax authority audits and other factors.

Fiscal 2005 ("2005") Compared to Fiscal 2004 ("2004")

Revenues

Net cruise revenues increased $1.18 billion, or 15.8%, to $8.68 billion in 2005 from $7.50 billion in 2004. The 8.5% increase in ALBDs between 2005 and 2004 accounted for $638 million of the increase, and the remaining $546 million was from increased net revenue yields, which increased 6.7% in 2005 compared to 2004 (gross revenue yields increased by 5.0%). Net revenue yields increased in 2005 primarily from higher cruise ticket prices, a 1.1% increase in occupancy and higher onboard revenues. Net revenue yields as measured on a constant dollar basis increased 6.4% in 2005. Gross cruise revenues increased $1.31 billion, or 13.9%, in 2005 to $10.74 billion from $9.43 billion in 2004 for largely the same reasons as net cruise revenues.

Onboard and other revenues included concession revenues of $638 million in 2005 and $561 million in 2004. Onboard and other revenues increased in 2005 compared to 2004, primarily because of the 8.5% increase in ALBDs and increased passenger spending on our ships.

Other non-cruise revenues increased $63 million, or 15.8%, to $461 million in 2005 from $398 million in 2004 primarily due to the increase in the number of cruise/tours sold in Alaska.

Costs and Expenses

Net cruise costs increased $604 million, or 13.2%, to $5.20 billion in 2005 from $4.59 billion in 2004. The 8.5% increase in ALBDs between 2004 and 2005 accounted for $391 million of the increase, and the remaining $213 million was from increased net cruise costs per ALBD, which increased 4.3% in 2005 compared to 2004 (gross cruise costs per ALBD increased 2.5%). Net cruise costs per ALBD increased primarily due to a $65 increase in fuel cost per metric ton, or 33.5%, to $259 per metric ton in 2005 and a $23 million MNOPF contribution (see Note 12 in the accompanying financial statements). Net cruise costs per ALBD as measured on a constant dollar basis compared to 2004 increased 3.9% in 2005 and were flat excluding increased fuel prices and the MNOPF contribution, compared to 2004. Gross cruise costs increased $730 million, or 11.2%, in 2005 to $7.25 billion from $6.52 billion in 2004, which was a lower percentage increase than net cruise costs primarily because of the lower proportion of passengers who purchased air transportation from us in 2005.

Other non-cruise operating expense increased $50 million, or 16.2%, to $358 million in 2005 from $308 million in 2004 primarily due to the increase in the number of cruise/tours sold in Alaska.

Depreciation and amortization expense increased by $90 million, or 11.1%, to $902 million in 2005 from $812 million in 2004 largely due to the 8.5% increase in ALBDs through the addition of new ships, and additional ship improvement expenditures.

Nonoperating (Expense) Income

Net interest expense, excluding capitalized interest, increased $31 million in 2005 to $323 million in 2005 from $292 million in 2004. This increase was primarily due to a $36 million increase in interest expense from higher average interest rates on borrowings and a weaker U.S. dollar, partially offset by a $5 million increase in interest income due to higher average invested fund balances.

Other expense in 2005 included a $22 million expense for the write-down of a non-cruise investment, partially offset by $7 million income from the settlement of litigation associated with the DLC transaction.

Income Taxes

Income tax expense increased by $25 million from 2004 to $72 million in 2005 from $47 million in 2004 primarily because we recorded approximately $18 million for U.S. income taxes related to the MSC charter. Commencing in September 2005, these three ships were chartered for six months, and pursuant to our agreement with the MSC, the net earnings from the charter will be equal to the amount of net earnings we would have earned on these ships if we had not entered into this charter.

Liquidity and Capital Resources

Sources and Uses of Cash

Our business provided $3.63 billion of net cash from operations during fiscal 2006, an increase of $223 million, or 6.5%, compared to fiscal 2005. We continue to generate substantial cash from operations and remain in a strong financial position, thus providing us with substantial financial flexibility in meeting operating, investing and financing needs.

During fiscal 2006, our net expenditures for capital projects were $2.48 billion, of which $1.97 billion was spent for our ongoing new shipbuilding program, including $1.23 billion for the final delivery payments for Holland America Line’s Noordam, Princess Cruises’ Crown Princess and the Costa Concordia. In addition to our new shipbuilding program, we had capital expenditures of $335 million for ship improvements and refurbishments, and $176 million for Alaska tour assets, cruise port facility developments and information technology assets.

Our fiscal 2006 long-term debt borrowings were $2.24 billion, consisting of $904 million of euro denominated long-term commercial paper, the issuance of a €750 million bond ($985 million U.S. dollars at the November 30, 2006 exchange rate) and $352 million under the Crown Princess debt financing facility. Our fiscal 2006 long-term debt repayments were $2.54 billion, consisting of $1.46 billion of long-term euro commercial paper, $888 million of Costa’s indebtedness and $190 million of other long-term debt amounts. We also received proceeds from short-term borrowings of $661 million under our short-term commercial paper programs and short-term bank loans during fiscal 2006. Finally, during 2006, we purchased $841 million of Carnival Corporation common stock and Carnival plc ordinary shares in open market transactions and paid cash dividends of $803 million.

Future Commitments and Funding Sources

At November 30, 2006, our contractual cash obligations, including ship construction contracts entered into through January 2007, and the effects such obligations are expected to have on our liquidity and cash flow in future periods were as follows (in millions):

Contractual Cash Obligations	Total	Payments Due by Fiscal Year 2007	2008	2009	2010	2011	Thereafter
Recorded Contractual Obligations							
Long-term debt(a)	$ 7,409	$1,054	$1,930	$ 202	$1,108	$ 202	$2,913
Short-term borrowings(a)	438	438					
Other long-term liabilities reflected on the balance sheet(b)	495	29	79	62	47	40	238
Unrecorded Contractual Obligations							
Shipbuilding(a)	9,898	2,653	2,514	2,426	1,688	617	
Port facilities and other(a)	639	107	97	83	74	61	217
Purchase obligations(c)	643	571	43	24	3	1	1
Operating leases(a)	350	40	36	34	31	29	180
Fixed-rate interest payments(d)	1,700	217	192	169	165	158	799
Variable rate interest payments(d)	330	123	73	65	33	13	23
Total contractual cash obligations(e)	$21,902	$5,232	$4,964	$3,065	$3,149	$1,121	$4,371

(a) See Notes 5 and 6 in the accompanying financial statements for additional information regarding these contractual cash obligations.
(b) Represents cash outflows for certain of our long-term liabilities that could be reasonably estimated. The primary outflows are for estimates of our employee benefit plan obligations, crew and passenger claims, certain deferred income taxes, derivative contracts payable, and other long-term liabilities. Other long-term liabilities, such as deferred income, fair value of hedged commitments and certain deferred income taxes, have been excluded from the table as they do not require cash settlement in the future or the timing of the cash outflow cannot be reasonably estimated.
(c) Represents legally-binding commitments to purchase inventory and other goods and services made in the normal course of business to meet operational requirements. Many of our contracts contain clauses that allow us to terminate the contract with notice, and with or without a termination penalty. Termination penalties are generally an amount less than the original obligation. Historically, we have not had any significant defaults of our contractual obligations or incurred significant penalties for termination of our contractual obligations.
(d) Fixed-rate interest payments represent cash outflows for fixed interest payments, including interest swapped from a variable-rate to a fixed-rate. Variable-rate interest payments represent forecasted cash outflows for interest payments on variable-rate debt, including interest swapped from a fixed-rate to a variable-rate, using the November 30, 2006 forward interest rate curve for the terms of the loans.
(e) Foreign currency payments are based on the November 30, 2006 exchange rates.

In June 2006, a $1 billion stock repurchase authorization was approved by the Boards of Directors in June 2006 subject to certain restrictions ("2006 Purchase Program"). This 2006 Purchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time. At February 9, 2007 the remaining availability pursuant to our 2006 Purchase Program was $773 million.

At November 30, 2006, we had liquidity of $5.60 billion, which consisted of $1.18 billion of cash, cash equivalents and short-term investments, $1.87 billion available for borrowing under our revolving credit facility and $2.55 billion under committed ship financing facilities. Our revolving credit facility matures in 2011. A key to our access to liquidity is the maintenance of our strong credit ratings.

Based primarily on our historical results, current financial condition and future forecasts, we believe that our existing liquidity and cash flow from future operations will be sufficient to fund most of our expected capital projects, debt service requirements, dividend payments, working capital and other firm commitments. In addition, based on our future forecasted operating results and cash flows for fiscal 2007, we expect to be in compliance with our debt covenants during 2007. However, our forecasted cash flow from future operations, as well as our credit ratings, may be adversely affected by various factors including, but not limited to, those factors noted under "Cautionary Note Concerning Factors That May Affect Future Results." 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 believe that we 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, we cannot be certain that our future operating cash flow will be sufficient to fund future obligations or that we will be able to obtain additional financing, if necessary.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements, including guarantee contracts, retained or contingent interests, certain derivative instruments and variable interest entities, that either have, or are reasonably likely to have, a current or future material effect on our financial statements.

Foreign Currency Exchange Rate Risks

Our growing international business operations are conducted primarily through AIDA in Germany, Costa in Southern Europe and China, P&O Cruises and Ocean Village in the UK and P&O Cruises Australia in Australia, which subject us to an increasing level of foreign currency exchange risk related to the euro, sterling and Australian dollar because these operations have either the euro, sterling or Australian dollar as their functional currency. Accordingly, exchange rate fluctuations of the euro, sterling or Australian dollar against the U.S. dollar will affect our reported financial results since the reporting currency for our consolidated financial statements is the U.S. dollar and the functional currency for our international operations is generally the local currency. Any weakening of the U.S. dollar against these local functional currencies has the financial statement effect of increasing the U.S. dollar values reported for cruise revenues and cruise expenses in our Consolidated Statements of Operations. Strengthening of the U.S. dollar has the opposite effect.

We seek to minimize the impact of fluctuations in foreign currency exchange rates through our normal operating and financing activities, including netting certain exposures to take advantage of any natural offsets and, when considered appropriate, through the use of derivative financial instruments. The financial impacts of these hedging instruments are generally offset by corresponding changes in the underlying exposures being hedged. Our policy is to not use any financial instruments for trading or other speculative purposes.

One of our primary foreign currency exchange rate risks is 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 currency commitments are affected by fluctuations in the value of the functional currency as compared to the currency in which the shipbuilding contract is denominated. We use foreign currency swaps to manage foreign currency exchange rate risk from some of our ship construction contracts (see Notes 2, 6 and 10 in the accompanying financial statements). Accordingly, increases and decreases in the fair value of these foreign currency swaps offset changes in the fair value of the foreign currency denominated ship construction commitments, thus resulting in the elimination of such risk.

Specifically, we have foreign currency swaps for two of our euro denominated shipbuilding contracts. At November 30, 2006, the fair value of these foreign currency swaps was an unrealized loss of $26 million which is recorded, along with an offsetting $26 million fair value asset related to our shipbuilding firm commitments, on our accompanying 2006 balance sheet. Based upon a 10% strengthening or weakening of the sterling compared to the euro as of November 30, 2006, assuming no changes in comparative interest rates, the estimated fair value of these foreign currency swaps would decrease or increase by $96 million, which would be offset by a decrease or increase of $96 million in the U.S. dollar value of the related foreign currency ship construction commitments resulting in no net dollar impact to us.

However, at November 30, 2006, as adjusted for our ship orders through January 2007, we have six euro denominated shipbuilding commitments aggregating €2.55 billion assigned to certain of our U.S. dollar or sterling functional currency operations, for which we have not entered into any foreign currency swaps. Therefore, the U.S. dollar cost of these ships will increase or decrease based upon changes in the exchange rates until the payments are made under the shipbuilding contracts or we enter into foreign currency swaps. These euro commitments effectively act as an economic hedge against a portion of our net investment in euro and sterling-denominated cruise operations. Accordingly, any increase or decrease in our ship costs resulting from changes in the exchange rates will be offset by a corresponding change in the net assets of our euro and sterling-denominated cruise operations. Based upon a 10% hypothetical increase or decrease in the November 30, 2006 U.S. dollar and sterling to the euro foreign currency exchange rates, the cost of these ships would increase or decrease by $336 million. Decisions regarding whether or not to hedge a given ship commitment are made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility, and economic trends.

The cost of shipbuilding orders that we may place in the future for our cruise lines who generate their cash flows in a currency that is different than the shipyard's operating currency, generally the euro, is expected to be affected by foreign currency exchange rate fluctuations. Given the decline in the U.S. dollar relative to the euro over the past several years, the U.S. dollar cost to order new cruise ships at current exchange rates has increased significantly. If the U.S. dollar remains at current levels or declines further, this may affect our ability to order future new cruise ships for U.S. dollar functional currency brands.

Finally, we consider our investments in foreign subsidiaries to be denominated in relatively stable currencies and of a long-term nature. In addition to the strategy discussed above, we also partially address these exposures by denominating a portion of our debt, or entering into foreign currency swaps, in our subsidiaries' functional currencies (generally euros or sterling). Specifically, we have debt of $1.02 billion in euros and $419 million in sterling and have $1.25 billion of foreign currency swaps, whereby we have converted $267 million of U.S. dollar debt into sterling debt, $842 million of U.S. dollar debt into euro debt and $143 million of euro debt into sterling debt, thus partially offsetting this foreign currency exchange rate risk. At November 30, 2006, the fair value of these foreign currency swaps was an unrealized loss of $169 million, which is recorded in AOCI and offsets a portion of the gains recorded in AOCI upon translating these foreign subsidiaries net assets into U.S. dollars. Based upon a 10% hypothetical increase or decrease in the November 30, 2006 foreign currency exchange rates, we estimate that these derivative contracts' fair values would increase or decrease by $125 million, which would be offset by a decrease or increase of $125 million in the U.S. dollar value of our net investments.

Interest Rate Risks

We seek to minimize the impact of fluctuations in interest rates through our long-term investment and debt portfolio strategies, which include entering into a substantial amount of fixed rate debt instruments. We continuously evaluate our debt portfolio, and make periodic adjustments to the mix of floating rate and fixed rate debt based on our view of interest rate movements through the use of interest rate swaps. At both November 30, 2006 and 2005, 72% of the interest cost on our long-term debt was effectively fixed and 28% was variable, including the effect of our interest rate swaps.

Specifically, we have interest rate swaps at November 30, 2006, which effectively changed $932 million of fixed rate debt to libor-based floating rate debt. In addition, we have interest rate swaps at November 30, 2006 which effectively changed $365 million of libor-based floating rate debt to fixed rate debt. The fair value of our long-term debt and interest rate swaps at November 30, 2006 was $7.79 billion. Based upon a hypothetical 10% decrease or increase in the November 30, 2006 market interest rates, the fair value of our long-term debt and interest rate swaps would increase or decrease by approximately $120 million and annual interest expense on our variable rate debt, including the effect of our interest rate swaps, would increase or decrease by approximately $12 million.

In addition, based upon a hypothetical 10% decrease or increase in Carnival Corporation's November 30, 2006 common stock price, the fair value of our convertible notes would increase or decrease by approximately $145 million.

These hypothetical amounts are determined by considering the impact of the hypothetical interest rates and common stock price on our existing long-term 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 long-term debt cannot currently be called or prepaid and $365 million of our variable rate long-term debt is subject to interest rate swaps which effectively fix the interest rate, it is unlikely we would be able to take any significant steps in the short-term to mitigate our exposure in the event of a significant decrease in market interest rates.

Bunker Fuel Price Risks

We have typically not used financial instruments to hedge our exposure to the bunker fuel price market risk. We estimate that our fiscal 2007 fuel cost would increase or decrease by approximately $3 million for each $1 per metric ton increase or decrease in our average bunker fuel price.

Selected Financial Data

The selected consolidated financial data presented below for fiscal 2002 through 2006 and as of the end of each such year, are derived from our audited financial statements and should be read in conjunction with those financial statements and the related notes.

	Years Ended November 30,				
	2006	**2005**	**2004**	**2003**	**2002**
	(in millions, except per share and other operating data)				
Statement of Operations and Cash Flow Data(a)					
Revenues	$11,839	$11,094	$ 9,727	$ 6,718	$ 4,383
Operating income	$ 2,613	$ 2,639	$ 2,128	$ 1,376	$ 1,037
Net income	$ 2,279	$ 2,253	$ 1,809	$ 1,187	$ 1,011
Earnings per share					
Basic	$ 2.85	$ 2.80	$ 2.25	$ 1.65	$ 1.72
Diluted	$ 2.77	$ 2.70	$ 2.18	$ 1.62	$ 1.68
Dividends declared per share	$ 1.025	$ 0.800	$ 0.525	$ 0.440	$ 0.420
Cash from operations	$ 3,633	$ 3,410	$ 3,216	$ 1,933	$ 1,469
Capital expenditures	$ 2,480	$ 1,977	$ 3,586	$ 2,516	$ 1,986
Other Operating Data(a)					
Available lower berth days	49,945,184	47,754,627	44,009,061	33,309,785	21,435,828
Passengers carried (in thousands)	7,008	6,848	6,306	5,038	3,549
Occupancy percentages(b)	106.0%	105.6%	104.5%	103.4%	105.2%

	As of November 30,				
	2006	**2005**	**2004**	**2003**	**2002**
	(in millions, except percentages)				
Balance Sheet and Other Data(a)					
Total assets	$30,552	$28,349	$27,548	$24,450	$12,302
Long-term debt, excluding current portion	$ 6,355	$ 5,727	$ 6,291	$ 6,918	$ 3,014
Total shareholders' equity	$18,210	$16,883	$15,672	$13,752	$ 7,385
Debt to capital(c)	30.1%	30.3%	33.7%	35.0%	30.0%

(a) Includes the results of Carnival plc since April 17, 2003. Accordingly, the information from 2003 and thereafter is not comparable to the prior period. Certain of these amounts have been retroactively adjusted to reflect the impact of changing our method of accounting for dry-dock costs from the deferral method to the direct expense method. In addition, the 2006 net income was reduced by $57 million of share-based compensation expense related to our adoption of SFAS No. 123(R) in 2006. (See Note 2).

(b) In accordance with cruise industry practice, occupancy percentage is calculated using a denominator of two passengers per cabin even though some cabins can accommodate three or more passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.
(c) Percentage of total debt to the sum of total debt and shareholders' equity.

Market Price for Common Stock and Ordinary Shares

Carnival Corporation's common stock, together with paired trust shares of beneficial interest in the P&O Princess Special Voting Trust (which holds a Special Voting Share of Carnival plc) is traded on the NYSE under the symbol "CCL." Carnival plc's ordinary shares trade on the London Stock Exchange under the symbol "CCL." Carnival plc's ADSs, each one of which represents one Carnival plc ordinary share, are traded on the NYSE under the symbol "CUK." The depository for the ADSs is JPMorgan Chase Bank. The high and low stock sales price for the periods indicated was as follows:

	Carnival Corporation		Carnival plc			
			Price per Ordinary Share (GBP)		Price per ADS (USD)	
	High	Low	High	Low	High	Low
Fiscal 2006						
Fourth Quarter	$50.99	$41.63	£26.68	£22.21	$50.78	$42.65
Third Quarter	$42.14	$36.40	£23.34	£19.62	$43.49	$37.00
Second Quarter	$52.16	$39.36	£31.57	£21.02	$55.64	$40.01
First Quarter	$56.14	$50.81	£34.16	£30.85	$59.47	$54.40
Fiscal 2005						
Fourth Quarter	$54.98	$45.78	£33.19	£26.60	$56.48	$47.32
Third Quarter	$55.75	$48.76	£33.40	£28.31	$58.10	$51.46
Second Quarter	$55.96	$46.76	£31.45	£25.90	$59.21	$50.02
First Quarter	$58.98	$48.90	£32.69	£29.13	$62.17	$56.50

As of February 5, 2007, there were 3,769 holders of record of Carnival Corporation common stock and 43,702 holders of record of Carnival plc ordinary shares and 90 holders of record of Carnival plc ADSs. The past performance of our stock prices cannot be relied on as a guide to their future performance.

All dividends for both Carnival Corporation and Carnival plc are declared in U.S. dollars. Holders of Carnival Corporation common stock or Carnival plc ADS's receive a dividend payable in U.S. dollars. The dividends payable for Carnival plc ordinary shares are payable in sterling, unless the shareholders elect to receive the dividends in U.S. dollars. Dividends payable in sterling will be converted from U.S. dollars into sterling based upon a current U.S. dollar to sterling exchange rate announced prior to the dividend payment date.

Selected Quarterly Financial Data (Unaudited)

Our revenues from the sale of passenger tickets are seasonal. Historically, demand for cruises has been the greatest during our third quarter, which includes the Northern Hemisphere summer months. This higher demand during the third quarter results in higher net revenue yields and, accordingly, the largest share of our net income is earned during this period. The seasonality of our results is increased due to ships being taken out of service for maintenance, which we typically schedule during non-peak demand periods. Substantially all of Holland America Tours' and Princess Tours' revenues and net income are generated from May through September in conjunction with the Alaska cruise season.

Quarterly financial results for fiscal 2006 were as follows:

	Quarters Ended			
	February 28	**May 31**	**August 31**	**November 30**
	(in millions, except per share data)			
Revenues	$2,463	$2,662	$3,905	$ 2,809
Operating income	$ 349	$ 448	$1,340	$ 476
Net income(a)	$ 251	$ 380	$1,232	$ 416
Earnings per share				
Basic	$ 0.31	$ 0.47	$ 1.55	$ 0.53
Diluted	$ 0.31	$ 0.46	$ 1.49	$ 0.51
Dividends declared per share	$ 0.25	$ 0.25	$ 0.25	$ 0.275

(a) Net income includes incremental share-based compensation expense as a result of our adoption of SFAS No. 123(R) of $17 million, $11 million, $13 million and $16 million for the quarters ended February 28, May 31, August 31 and November 30, 2006, respectively.

Quarterly financial results for fiscal 2005 were as follows:

	Quarters Ended			
	February 28	**May 31**	**August 31**	**November 30**
	(in millions, except per share data)			
Revenues	$2,398	$2,516	$3,607	$ 2,573
Operating income	$ 422	$ 462	$1,321	$ 434
Net income(a)	$ 348	$ 388	$1,181(b)	$ 336
Earnings per share				
Basic	$ 0.43	$ 0.48	$ 1.46	$ 0.42
Diluted	$ 0.42	$ 0.47	$ 1.40	$ 0.41
Dividends declared per share	$ 0.15	$ 0.20	$ 0.20	$ 0.25

(a) Net income was increased (decreased) by $3 million, $(20) million, $30 million and $(17) million for the quarters ended February 28, May 31, August 31 and November 30, 2006, respectively, as a result of our change in our method of accounting for dry-dock costs from the deferral method to the direct expense method.

(b) Includes a $23 million expense related to the MNOPF contribution and a $22 million expense for a non-cruise investment write-down.

Exhibit 21

Significant Subsidiaries of Carnival Corporation and Carnival plc(1)

Name of Subsidiary	**Jurisdiction of Incorporation or Organization**
Costa Crociere, S.p.A.(2)	Italy
HAL Antillen N.V.	Netherlands Antilles
Holland America Line N.V.(3)	Netherlands Antilles
Princess Bermuda Holdings Ltd.(4)	Bermuda
Princess Cruise Lines Ltd.(4)	Bermuda
Sunshine Shipping Corporation Ltd. ("Sunshine")(5)	Bermuda

(1) Carnival Corporation, incorporated in the Republic of Panama, and Carnival plc, incorporated in England and Wales, are separate legal entities, which have entered into a DLC structure as discussed in Notes 1 and 3 to the Consolidated Financial Statements in Exhibit 13 to the joint Annual Report on Form 10-K. We have accounted for the DLC transaction under U.S. GAAP as an acquisition by Carnival Corporation of Carnival plc. Accordingly, we have determined the significant subsidiaries based upon the consolidated results of operations and financial position of Carnival Corporation & plc.
(2) Majority owned subsidiary of Carnival plc.
(3) Subsidiary of HAL Antillen N.V.
(4) Subsidiary of Sunshine.
(5) Subsidiary of Princess Bermuda Holdings Ltd.

Exhibit 23

Consent of Independent Registered Certified Public Accounting Firm

We hereby consent to the incorporation by reference in the joint Registration Statements on Form S-3 of Carnival Corporation and Carnival plc (File Nos. 333-113310, 333-106850, 333-106553, 333-72729, 333-68999, 333-43269 and 333-13230601), the Registration Statements on Form S-8 of Carnival Corporation (File Nos. 333-125418, 333-105672, 333-87036, 333-67394, 333-60558, 333-43885, 33-53099, 33-51195, 33-45287 and 33-26898) and the Registration Statements on Form S-8 of Carnival plc (File Nos. 333-125418, 333-124640, 333-104609, 333-84968, 333-13794 and 333-12742), of our report, dated February 12, 2007, relating to the financial statements, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this joint Annual Report on Form 10-K.

/s/PricewaterhouseCoopers LLP

Miami, Florida
February 12, 2007

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned directors of Carnival Corporation, a company incorporated under the laws of the Republic of Panama, and Carnival plc, a company organized and existing under the laws of England and Wales, do and each of them does, hereby constitute and appoint Micky Arison, Howard S. Frank, Gerald R. Cahill and Arnaldo Perez, his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the others, for him or her and in his or her name, place and stead, to sign the Carnival Corporation and Carnival plc joint Annual Report on Form 10-K ("Form 10-K") for the year ended November 30, 2006 and any and all future amendments thereto; and to file said Form 10-K and any such amendments with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals as of the 22nd day of December 2006.

CARNIVAL CORPORATION

/s/ Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director

/s/ Robert H. Dickinson
Robert H. Dickinson
Director

/s/ Arnold W. Donald
Arnold W. Donald
Director

/s/ Pier Luigi Foschi
Pier Luigi Foschi
Director

/s/ Richard J. Glasier
Richard J. Glasier
Director

/s/ Baroness Sarah Hogg
Baroness Sarah Hogg
Director

/s/ A. Kirk Lanterman
A. Kirk Lanterman
Director

/s/ Dr. Modesto A. Maidique
Dr. Modesto A. Maidique
Director

/s/ Sir John Parker
Sir John Parker
Director

/s/ Peter G. Ratcliffe
Peter G. Ratcliffe
Director

CARNIVAL PLC

/s/ Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director

/s/ Robert H. Dickinson
Robert H. Dickinson
Director

/s/ Arnold W. Donald
Arnold W. Donald
Director

/s/ Pier Luigi Foschi
Pier Luigi Foschi
Director

/s/ Richard J. Glasier
Richard J. Glasier
Director

/s/ Baroness Sarah Hogg
Baroness Sarah Hogg
Director

/s/ A. Kirk Lanterman
A. Kirk Lanterman
Director

/s/ Dr. Modesto A. Maidique
Dr. Modesto A. Maidique
Director

/s/ Sir John Parker
Sir John Parker
Director

/s/ Peter G. Ratcliffe
Peter G. Ratcliffe
Director

/s/ Stuart Subotnick
Stuart Subotnick
Director

/s/ Stuart Subotnick
Stuart Subotnick
Director

/s/ Uzi Zucker
Uzi Zucker
Director

/s/ Uzi Zucker
Uzi Zucker
Director

Exhibit 24.2

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of Carnival Corporation, a company incorporated under the laws of the Republic of Panama, and Carnival plc, a company organized and existing under the laws of England and Wales, do and each of them does, hereby constitute and appoint Micky Arison, Howard S. Frank, Gerald R. Cahill and Arnaldo Perez, his or her true and lawful attorneys-in-fact and agents, and each of them with full power to act without the others, for him or her and in his or her name, place and stead, to sign the Carnival Corporation and Carnival plc joint Annual Report on Form 10-K ("Form 10-K") for the year ended November 30, 2006 and any and all future amendments thereto; and to file said Form 10-K and any such amendments with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set to her hand and seal as of the 26th day of January 2007.

CARNIVAL CORPORATION	CARNIVAL PLC
/s/ Laura Weil	/s/ Laura Weil
Laura Weil	Laura Weil
Director	Director

Exhibit 31.1

I, Micky Arison, certify that:

1. I have reviewed this annual report on Form 10-K of Carnival Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2007

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

Exhibit 31.2

I, Howard S. Frank, certify that:

1. I have reviewed this annual report on Form 10-K of Carnival Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2007

By:/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of
Directors and Chief
Operating Officer

Exhibit 31.3

I, Gerald R. Cahill, certify that:

1. I have reviewed this annual report on Form 10-K of Carnival Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2007

By:/s/ Gerald R. Cahill
Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer

Exhibit 31.4

I, Micky Arison, certify that:

1. I have reviewed this annual report on Form 10-K of Carnival plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2007

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

Exhibit 31.5

I, Howard S. Frank, certify that:

1. I have reviewed this annual report on Form 10-K of Carnival plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2007

By:/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of
Directors and Chief
Operating Officer

Exhibit 31.6

I, Gerald R. Cahill, certify that:

1. I have reviewed this annual report on Form 10-K of Carnival plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2007

By:/s/ Gerald R. Cahill
Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer

Exhibit 32.1

In connection with the Annual Report on Form 10-K for the year ended November 30, 2006 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: February 12, 2007

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

Exhibit 32.2

In connection with the Annual Report on Form 10-K for the year ended November 30, 2006 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: February 12, 2007

By:/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of Directors
and Chief Operating Officer

Exhibit 32.3

In connection with the Annual Report on Form 10-K for the year ended November 30, 2006 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: February 12, 2007

By:/s/ Gerald R. Cahill
Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer

Exhibit 32.4

In connection with the Annual Report on Form 10-K for the year ended November 30, 2006 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: February 12, 2007

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

Exhibit 32.5

In connection with the Annual Report on Form 10-K for the year ended November 30, 2006 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: February 12, 2007

By:/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of Directors
and Chief Operating Officer

Exhibit 32.6

In connection with the Annual Report on Form 10-K for the year ended November 30, 2006 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: February 12, 2007

By:/s/ Gerald R. Cahill
Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer