

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended February 28, 2011

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)

Republic of Panama

(State or other jurisdiction of incorporation or organization)

59-1562976

(I.R.S. Employer Identification No.)

3655 N.W. 87th Avenue  
Miami, Florida 33178-2428

(Address of principal executive offices)  
(Zip Code)

(305) 599-2600

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)



Carnival plc

(Exact name of registrant as specified in its charter)

England and Wales

(State or other jurisdiction of incorporation or organization)

98-0357772

(I.R.S. Employer Identification No.)

Carnival House, 5 Gainsford Street,  
London SE1 2NE, United Kingdom

(Address of principal executive offices)  
(Zip Code)

011 44 20 7940 5381

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the 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  No

Indicate by check mark whether the registrants have submitted electronically and posted on its corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, or smaller reporting companies. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

At March 25, 2011, Carnival Corporation had outstanding 608,277,176 shares of Common Stock, \$.01 par value.

At March 25, 2011, Carnival plc had outstanding 214,681,404 Ordinary Shares \$1.66 par value, one Special Voting Share, GBP 1.00 par value and 608,277,176 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	<b>Three Months Ended</b>	
	<b>February 28,</b>	
	<b>2011</b>	<b>2010</b>
<b>Revenues</b>		
Cruise		
Passenger tickets	\$ 2,652	\$ 2,441
Onboard and other	757	729
Tour and other	10	8
	<u>3,419</u>	<u>3,178</u>
<b>Costs and Expenses</b>		
Operating		
Cruise		
Commissions, transportation and other	664	581
Onboard and other	120	113
Payroll and related	411	391
Fuel	450	397
Food	231	212
Other ship operating	510	474
Tour and other	9	14
Total	<u>2,395</u>	<u>2,182</u>
Selling and administrative	422	396
Depreciation and amortization	367	345
	<u>3,184</u>	<u>2,923</u>
<b>Operating Income</b>	<u>235</u>	<u>255</u>
<b>Nonoperating (Expense) Income</b>		
Interest income	2	4
Interest expense, net of capitalized interest	(86)	(96)
Other income (expense), net	6	(3)
	<u>(78)</u>	<u>(95)</u>
<b>Income Before Income Taxes</b>	<u>157</u>	<u>160</u>
<b>Income Tax (Expense) Benefit, Net</b>	(5)	15
<b>Net Income</b>	<u>\$ 152</u>	<u>\$ 175</u>
<b>Earnings Per Share</b>		
Basic	<u>\$ 0.19</u>	<u>\$ 0.22</u>
Diluted	<u>\$ 0.19</u>	<u>\$ 0.22</u>
<b>Dividends Declared Per Share</b>	<u>\$ 0.25</u>	<u>\$ 0.10</u>

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

**CARNIVAL CORPORATION & PLC**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**  
(in millions, except par values)

	February 28, 2011	November 30, 2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 465	\$ 429
Trade and other receivables, net	308	248
Inventories	343	320
Prepaid expenses and other	249	247
Total current assets	<u>1,365</u>	<u>1,244</u>
<b>Property and Equipment, Net</b>	31,225	30,967
<b>Goodwill</b>	3,373	3,320
<b>Other Intangibles</b>	1,335	1,320
<b>Other Assets</b>	667	639
	<u>\$ 37,965</u>	<u>\$ 37,490</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term borrowings	\$ 679	\$ 740
Current portion of long-term debt	811	613
Accounts payable	516	503
Accrued liabilities and other	1,121	1,094
Customer deposits	2,882	2,805
Total current liabilities	<u>6,009</u>	<u>5,755</u>
<b>Long-Term Debt</b>	7,815	8,011
<b>Other Long-Term Liabilities and Deferred Income</b>	706	693
<b>Contingencies (Note 3)</b>		
<b>Shareholders' Equity</b>		
Common stock of Carnival Corporation, \$0.01 par value; 1,960 shares authorized; 647 shares at 2011 and 646 shares at 2010 issued	6	6
Ordinary shares of Carnival plc, \$1.66 par value; 215 shares at 2011 and 214 shares at 2010 issued	357	355
Additional paid-in capital	8,148	8,094
Retained earnings	17,178	17,224
Accumulated other comprehensive income (loss)	141	(254)
Treasury stock, 39 shares at 2011 and 2010 of Carnival Corporation and 31 shares at 2011 and 2010 of Carnival plc, at cost	(2,395)	(2,394)
Total shareholders' equity	<u>23,435</u>	<u>23,031</u>
	<u>\$ 37,965</u>	<u>\$ 37,490</u>

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

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

	Three Months Ended February 28,	
	2011	2010
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 152	\$ 175
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	367	345
Share-based compensation	17	15
Other	2	(31)
Changes in operating assets and liabilities		
Receivables	(71)	(56)
Inventories	(19)	(12)
Prepaid expenses and other	(4)	(5)
Accounts payable	1	(16)
Accrued and other liabilities	(89)	(24)
Customer deposits	56	5
Net cash provided by operating activities	<u>412</u>	<u>396</u>
<b>INVESTING ACTIVITIES</b>		
Additions to property and equipment	(172)	(1,169)
Other, net	14	53
Net cash used in investing activities	<u>(158)</u>	<u>(1,116)</u>
<b>FINANCING ACTIVITIES</b>		
(Repayments of) proceeds from short-term borrowings, net	(63)	809
Principal repayments of revolvers	(2)	(258)
Proceeds from revolvers	8	84
Principal repayments of other long-term debt	(135)	(218)
Proceeds from issuance of other long-term debt	-	553
Dividends paid	(79)	-
Purchases of treasury stock	-	(59)
Sales of treasury stock	-	62
Other, net	41	3
Net cash (used in) provided by financing activities	<u>(230)</u>	<u>976</u>
Effect of exchange rate changes on cash and cash equivalents	12	(41)
Net increase in cash and cash equivalents	36	215
Cash and cash equivalents at beginning of period	429	538
Cash and cash equivalents at end of period	<u>\$ 465</u>	<u>\$ 753</u>

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

**CARNIVAL CORPORATION & PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**NOTE 1 – Basis of Presentation**

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 Articles of Association. The two companies operate as if they are a single economic enterprise, but each has retained its separate legal identity.

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 joint Quarterly Report on Form 10-Q as “Carnival Corporation & plc,” “our,” “us,” and “we.”

The accompanying Consolidated Balance Sheet at February 28, 2011 and the Consolidated Statements of Income and Consolidated Statements of Cash Flows for the three months ended February 28, 2011 and 2010 are unaudited and, in the opinion of our management, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation. Our interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in the Carnival Corporation & plc 2010 joint Annual Report on Form 10-K. Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

During the fourth quarter of 2010, we changed the classification of our port costs that vary with guest head counts to a gross presentation from a net presentation, which resulted in an increase in passenger ticket revenues and commissions, transportation and other costs. This change had no impact on our operating or net income. We adjusted the three month period ended February 28, 2010 to conform to this new classification. The amount reclassified and now included on a gross basis in passenger ticket revenues and commissions, transportation and other costs was \$83 million for the three months ended February 28, 2010.

**NOTE 2 – Debt**

At February 28, 2011, unsecured short-term borrowings consisted of \$637 million of commercial paper and \$42 million of euro-denominated bank loans with an aggregate weighted-average interest rate of 0.4%.

In January 2011, the collateral for \$313 million of fixed rate export credit facilities was released and, accordingly, this debt is no longer secured.

**NOTE 3 – Contingencies**

**Litigation**

In the normal course of our business, various 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, management believes the ultimate outcome of these claims and lawsuits that are not covered by insurance will not have a material adverse impact on our consolidated financial statements.

**Contingent Obligations – Lease Out and Lease Back Type (“LILO”) Transactions**

At February 28, 2011, Carnival Corporation had estimated contingent obligations totaling \$514 million, excluding termination payments as discussed below, to participants in LILO transactions for two of its ships. At the inception of these leases, the aggregate of the net present value of these obligations was paid by Carnival Corporation to a group of major financial institutions, who agreed to act as payment undertakers and directly pay these obligations. Accordingly, these contingent obligations are considered extinguished, and neither the funds nor the contingent obligations have been included in our accompanying Consolidated Balance Sheets.

In the event that Carnival Corporation were to default on its contingent obligations and assuming performance by all other participants, we estimate that we would, as of February 28, 2011, be responsible for a termination payment of approximately \$106 million. In 2017, we have the right to exercise options that would terminate these two LILO transactions at no cost to us.

In certain cases, if the credit ratings of the financial institutions who are directly paying the contingent obligations fall below AA-, then Carnival Corporation will be required to replace these financial institutions with other financial institutions whose credit ratings are at least AA or meet other specified credit requirements. In such circumstances we would incur additional costs, although we estimate that they would be immaterial to our consolidated financial statements. All of the financial institution payment undertakers subject to this

AA- credit rating threshold have credit ratings of AAA. If Carnival Corporation's credit rating, which is BBB+, falls below BBB, it will be required to provide a standby letter of credit for \$55 million, or, alternatively, provide mortgages for this aggregate amount on these two ships.

#### Contingent Obligations – Indemnifications

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 and 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.

#### NOTE 4 – Comprehensive Income (Loss)

Comprehensive income (loss) was as follows (in millions):

	Three Months Ended February 28,	
	2011	2010
Net income	\$ 152	\$ 175
Items included in other comprehensive income (loss)		
Foreign currency translation adjustment	355	(702)
Other	40	(33)
Other comprehensive income (loss)	395	(735)
Total comprehensive income (loss)	<u>\$ 547</u>	<u>\$ (560)</u>

#### NOTE 5 – Segment Information

During the fourth quarter of 2010, we began to separate our cruise brand operating segments into three reportable cruise segments in order to provide a better understanding of our business' performance. These three reportable cruise segments are comprised of our (1) North America cruise brands, (2) Europe, Australia & Asia ("EAA") cruise brands and (3) Cruise Support. All information for the three month period ended February 28, 2010 has been restated to conform to this new cruise segment presentation. There were no changes made to our Tour and Other segment.

Our North America cruise segment includes Carnival Cruise Lines, Holland America Line, Princess Cruises ("Princess") and Seabourn. Our EAA cruise segment includes AIDA Cruises ("AIDA"), Costa Cruises, Cunard, Ibero Cruises ("Ibero"), P&O Cruises (UK) and P&O Cruises (Australia). These individual cruise brand operating segments have been aggregated as two reportable segments based on the similarity of their economic and other characteristics, including the products and services they provide. Our Cruise Support segment represents certain of our port and related facilities and other corporate-wide services that are provided for the benefit of our cruise brands. Our Tour and Other segment represents the hotel, tour and transportation operations of Holland America Princess Alaska Tours and our two owned ships that we charter to an unaffiliated entity.

Selected information for our Cruise and Tour and Other segments was as follows (in millions):

	Three Months Ended February 28,				
	Revenues	Operating expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)
<b>2011</b>					
North America Cruise Brands	\$ 1,928	\$ 1,331	\$ 233	\$ 213	\$ 151
EAA Cruise Brands	1,460	1,059	156	135	110
Cruise Support	21	(4)	27	8	(10)
Tour and Other	10	9	6	11	(16)
	<u>\$ 3,419</u>	<u>\$ 2,395</u>	<u>\$ 422</u>	<u>\$ 367</u>	<u>\$ 235</u>
<b>2010</b>					
North America Cruise Brands	\$ 1,894	\$ 1,274	\$ 225	\$ 206	\$ 189
EAA Cruise Brands	1,256	892	141	124	99
Cruise Support	20	2	23	7	(12)
Tour and Other	10	16	7	8	(21)
Intersegment elimination	(2)	(2)	-	-	-
	<u>\$ 3,178</u>	<u>\$ 2,182</u>	<u>\$ 396</u>	<u>\$ 345</u>	<u>\$ 255</u>

#### NOTE 6 – Earnings Per Share

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

	Three Months Ended February 28,	
	2011	2010
Net income	\$ 152	\$ 175
Interest on dilutive convertible notes	-	3
Net income for diluted earnings per share	<u>\$ 152</u>	<u>\$ 178</u>
Weighted-average common and ordinary shares outstanding	790	787
Dilutive effect of convertible notes	-	15
Dilutive effect of equity plans	4	3
Diluted weighted-average shares outstanding	<u>794</u>	<u>805</u>
Basic earnings per share	<u>\$ 0.19</u>	<u>\$ 0.22</u>
Diluted earnings per share	<u>\$ 0.19</u>	<u>\$ 0.22</u>
Anti-dilutive stock options excluded from diluted earnings per share computations	<u>8</u>	<u>11</u>

#### NOTE 7 – Fair Value Measurements, Derivative Instruments and Hedging Activities

##### Fair Value Measurements

U.S. accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 measurements are based on quoted prices in active markets for identical assets or liabilities that we have the ability to access.

- Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.
- Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, even when market assumptions are not readily available, our own assumptions are set to reflect those that we believe market participants would use in pricing the asset or liability at the measurement date.

The fair value measurement of a financial asset or financial liability must reflect the nonperformance risk of the counterparty and us. Therefore, the impact of our counterparty's creditworthiness was considered when in an asset position, and our creditworthiness was considered when in a liability position in the fair value measurement of our financial instruments. Creditworthiness did not have a material impact on the fair values of our financial instruments at February 28, 2011 and November 30, 2010. Both the counterparties and we are expected to continue to perform under the contractual terms of the instruments.

#### ***Financial Instruments that are not Measured at Fair Value on a Recurring Basis***

The estimated carrying and fair values of our financial instrument assets and (liabilities) that are not measured at fair value on a recurring basis were as follows (in millions):

	February 28, 2011		November 30, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents (a)	\$ 442	\$ 442	\$ 404	\$ 404
Long-term other assets (b)	\$ 106	\$ 97	\$ 191	\$ 178
Fixed rate debt (c)	\$(6,690)	\$(6,980)	\$(6,689)	\$(7,076)
Floating rate debt (c)	\$(2,615)	\$(2,603)	\$(2,669)	\$(2,630)
Other	\$ -	\$ -	\$ (6)	\$ (7)

- (a) Cash and cash equivalents are comprised of cash on hand and time deposits and, due to their short maturities, the carrying values approximate their fair values.
- (b) At February 28, 2011 and November 30, 2010, substantially all of our long-term other assets were comprised of notes and other receivables. The fair values of notes and other receivables were based on estimated future cash flows discounted at appropriate market interest rates.
- (c) The net difference between the fair value of our fixed rate debt and its carrying value was due to the market interest rates in existence at February 28, 2011 and November 30, 2010 being lower than the fixed interest rates on these debt obligations, including the impact of changes in our credit ratings, if any. The net difference between the fair value of our floating rate debt and its carrying value was due to the market interest rates in existence at February 28, 2011 and November 30, 2010 being higher than the floating interest rates on these debt obligations, including the impact of changes in our credit ratings, if any. The fair values of our publicly-traded notes were based on their quoted market prices in active markets. The fair values of our other debt were estimated based on appropriate market interest rates being applied to this debt.

### Financial Instruments that are Measured at Fair Value on a Recurring Basis

The estimated fair value and basis of valuation of our financial instrument assets and (liabilities) that are measured at fair value on a recurring basis were as follows (in millions):

	February 28, 2011		November 30, 2010	
	Level 1	Level 2	Level 1	Level 2
Cash equivalents (a)	\$ 23	\$ -	\$ 25	\$ -
Marketable securities held in rabbi trusts (b)	\$ 113	\$ 19	\$ 105	\$ 21
<b>Derivatives</b>				
Ship foreign currency options (c)	\$ -	\$ 39	\$ -	\$ 8
Net investment hedges (d)	\$ -	\$ (1)	\$ -	\$ 12
Interest rate swaps (e)	\$ -	\$ 5	\$ -	\$ 1

- (a) Cash equivalents are comprised of money market funds.
- (b) Level 1 and 2 marketable securities are held in rabbi trusts and are primarily comprised of frequently-priced mutual funds invested in common stocks and other investments, respectively. Their use is restricted to funding certain deferred compensation and non-qualified U.S. pension plans.
- (c) At February 28, 2011 and November 30, 2010, we have foreign currency options totaling \$815 million and \$785 million, respectively, that are designated as foreign currency cash flow hedges for certain of our euro-denominated shipbuilding contracts. These foreign currency options mature through May 2011.
- (d) At February 28, 2011 and November 30, 2010, we have foreign currency forwards totaling \$208 million and \$352 million, respectively, that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency and were principally entered into to convert U.S. dollar-denominated debt into euro debt. These foreign currency forwards mature through July 2017.
- (e) We have both U.S. dollar and sterling interest rate swaps designated as fair value hedges whereby we receive fixed interest rate payments in exchange for making floating interest rate payments. At February 28, 2011 and November 30, 2010, these interest rate swap agreements effectively changed \$522 million and \$512 million, respectively, of fixed rate debt to U.S. dollar LIBOR or GBP LIBOR-based floating rate debt. In addition, we have euro interest rate swaps designated as cash flow hedges whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. At February 28, 2011 and November 30, 2010, these interest rate swap agreements effectively changed \$346 million and \$333 million, respectively, of EURIBOR-based floating rate euro debt to fixed rate debt. These interest rate swaps mature through February 2022.

We measure our derivatives using valuations that are calibrated to the initial trade prices. Subsequent valuations are based on observable inputs and other variables included in the valuation model such as interest rate yield curves, forward currency exchange rates, credit spreads, maturity dates, volatilities and netting arrangements. We use the income approach to value the derivatives, using observable market data for all significant inputs and standard valuation techniques to convert future amounts to a single present value amount, assuming that participants are motivated, but not compelled to transact.

### Nonfinancial Instruments that are Measured at Fair Value on a Nonrecurring Basis

The carrying amount of our goodwill has been allocated to our North America and EAA cruise brands as follows (in millions):

	North America Cruise Brands	EAA Cruise Brands	Total
Balance at November 30, 2010	\$ 1,898	\$ 1,422	\$ 3,320
Foreign currency translation adjustment	-	53	53
Balance at February 28, 2011	\$ 1,898	\$ 1,475	\$ 3,373

As of July 31, 2010, we performed our annual goodwill impairment reviews by comparing the estimated fair value of the cruise brand to the carrying value of the net assets allocated to that cruise brand. All of our cruise brands carry goodwill, except for Ocean Village, which was dissolved in November 2010, and Seabourn. No goodwill was considered to be impaired because the estimated fair value of each cruise brand exceeded its respective carrying value and, accordingly, we did not proceed to step two of the impairment analysis.

In determining the estimated cruise brand fair values, we considered both their (a) discounted future cash flow analysis and (b) market multiples of comparable publicly-traded companies. The principal assumptions used in our cash flow analysis related to forecasting future operating results, including net revenue yields, net cruise costs including fuel prices, capacity changes, including the expected

deployment of vessels into, or out of, the cruise brand, weighted-average cost of capital for comparable publicly-traded companies, adjusted for the risk attributable to the cruise brand including the geographic region in which it operates, that ranged from 10% to 12%, and terminal values, which are all considered level 3 inputs.

We believe the estimated fair value for each of our cruise brands that carry goodwill significantly exceeds the carrying value of their allocated net assets, except for Ibero. At July 31, 2010, Ibero's estimated fair value only exceeded its carrying value by 24%, or \$141 million. We performed a sensitivity analysis to identify the magnitude of the changes to Ibero's principal discounted cash flow assumptions that would eliminate this excess. Based on this analysis, relatively minor changes to these assumptions would lead to an Ibero impairment.

Given the weakness of the Spanish economy and its impact on the vacation industry, it is possible that Ibero's goodwill, which was \$152 million at July 31, 2010, could become impaired in the future if the Spanish vacation industry does not recover enough to enable Ibero to increase its cruise pricing. The recoverability of Ibero's goodwill is not without doubt because it is difficult to predict the timing of the resurgence of the Spanish economy and its vacation industry.

As of July 31, 2010, we also performed our annual trademark impairment reviews by comparing the estimated fair values of our trademarks to their carrying values. The cruise brands that have trademark amounts recorded are AIDA, Ibero, P&O Cruises (UK), P&O Cruises (Australia) and Princess. The estimated fair value for each of our trademarks significantly exceeded its respective carrying value and, therefore, none of our trademarks were impaired. We estimated fair values based upon a discounted future cash flow analysis, which estimated the amount of royalties that we are relieved from having to pay for use of the associated trademarks, based upon forecasted cruise revenues and royalty rates that a market participant would forecast. The royalty rates are estimated primarily using comparable royalty agreements for similar industries.

There have not been any events or circumstances subsequent to July 31, 2010, which we believe would require us to perform interim goodwill or trademark impairment reviews.

The determination of our cruise brand fair values include numerous assumptions, which are subject to various risks and uncertainties. We believe that we have made reasonable estimates and judgments in determining whether our goodwill and trademarks have been impaired. However, if there is a material change in assumptions used in our determination of fair values or if there is a material change in the conditions or circumstances influencing fair values, then we may need to recognize a material impairment charge.

#### **Derivative Instruments and Hedging Activities**

We utilize derivative and nonderivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances, to manage our exposure to fluctuations in certain foreign currency exchange rates, and interest rate swaps to manage our interest rate exposure in order to achieve a desired proportion of fixed and floating rate debt. Our policy is to not use any financial instruments for trading or other speculative purposes.

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 effective hedges. If a derivative is designated as 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 designated as a cash flow hedge, then the effective portion of the changes in the fair value of the derivative is recognized as a component of accumulated other comprehensive income ("AOCI") until the underlying hedged item is recognized in earnings or the forecasted transaction is no longer probable. If a derivative or a nonderivative financial instrument is designated as a hedge of our net investment in a foreign operation, 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 sold or liquidated. We formally document 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 values of all our derivative contracts and the fair values of our hedged firm commitments as either current or long-term, which are included in prepaid expenses 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 the balance sheet date. The cash flows from derivatives treated as hedges are classified in our accompanying Consolidated Statements of Cash Flows in the same category as the item being hedged.

The effective portions of our net foreign currency derivative gains and (losses) on cash flow hedges recognized in other comprehensive income (loss) in the three months ended February 28, 2011 and 2010 totaled \$37 million and \$(37) million, respectively.

The effective portions of our net foreign currency derivative (losses) and gains on net investment hedges recognized in other comprehensive income (loss) in the three months ended February 28, 2011 and 2010 totaled \$(18) million and \$47 million, respectively.

There are no amounts excluded from the assessment of hedge effectiveness, and there are no credit risk related contingent features in our derivative agreements. The amount of estimated cash flow hedges' unrealized gains and losses which are expected to be reclassified to earnings in the next twelve months is not significant. We have not provided additional disclosures of the impact that derivative instruments and hedging activities have on our consolidated financial statements as of February 28, 2011 and November 30, 2010 and for the three months ended February 28, 2011 and 2010 where such impacts are not significant.

## **Foreign Currency Exchange Rate Risks**

### **Overall Strategy**

We manage our exposure to 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 and nonderivative financial instruments. Our primary focus is to manage the economic risks faced by our operations, which are the ultimate foreign currency exchange risks that would be realized by us if we exchanged one currency for another, and not the accounting risks. Accordingly, we do not currently hedge these accounting risks with derivative financial instruments. The financial impacts of the hedging instruments we do employ generally offset the changes in the underlying exposures being hedged.

### **Operational and Investment Currency Risks**

The growth of our European and Australian cruise brands subjects us to an increasing level of foreign currency translation risk related to the euro, sterling and Australian dollar because these brands generate significant revenues and incur significant expenses in euro, sterling or the Australian dollar. Accordingly, exchange rate fluctuations of the euro, sterling and 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. Any strengthening of the U.S. dollar against these foreign currencies has the financial statement effect of decreasing the U.S. dollar values reported for cruise revenues and cruise expenses in our accompanying Consolidated Statements of Income. Weakening of the U.S. dollar has the opposite effect.

Most of our brands have non-functional currency risk related to their international sales operations, which has become an increasingly larger part of most of their businesses over time, and primarily includes the euro, sterling and Australian, Canadian and U.S. dollars. In addition, all of our brands have non-functional currency expenses for a portion of their operating expenses. Accordingly, a strengthening of the U.S. dollar against these non-U.S. dollar currencies results in both decreased revenues and expenses, and the weakening of the U.S. dollar against these non-U.S. dollar currencies has the opposite effect, resulting in some degree of natural offset due to currency exchange movements in our accompanying Consolidated Statements of Income for these transactional currency gains and losses.

We consider our investments in foreign operations to be denominated in relatively stable currencies and of a long-term nature. We partially address our net investment currency exposures by denominating a portion of our debt and other obligations, including the effect of foreign currency forwards, in our foreign operations' functional currencies, generally the euro or sterling. As of February 28, 2011 and November 30, 2010, we have designated \$3.0 billion of our euro and sterling debt and other obligations, which debt matures through 2019, as nonderivative hedges of our net investments in foreign operations. Accordingly, we have included \$92 million and \$183 million of cumulative foreign currency transaction gains in the cumulative translation adjustment component of AOCI at February 28, 2011 and November 30, 2010, respectively, which offsets a portion of the losses recorded in AOCI upon translating our foreign operations' net assets into U.S. dollars. During the three months ended February 28, 2011 and 2010, we recognized foreign currency transaction (losses) and gains of \$(91) million and \$304 million, respectively, in the cumulative translation adjustment component of AOCI.

### **Newbuild Currency Risks**

At February 28, 2011, 25% of our newbuild passenger capacity under euro-denominated contracts are exposed to currency risk, which is comprised of two Princess newbuilds expected to be delivered in May 2013 and May 2014. At February 28, 2011, 62% of our newbuild passenger capacity under contract is for our European and North American cruise brands that do not have significant currency risk because all of these ships are contracted for in euros or U.S. dollars, which are the functional currencies of these brands, or the non-functional currency new ship progress payments have already been made. We also have U.S. dollar and sterling functional currency brands that could have newbuild contracts with foreign currency exchange rate risks related to our outstanding or possible future commitments under ship construction contracts denominated in euros. We use foreign currency derivative contracts and have used nonderivative financial instruments to manage foreign currency exchange rate risk for these types of ship construction contracts. At February 28, 2011, 13% of our newbuild passenger capacity under contract that would otherwise be exposed to currency risk is hedged and, accordingly, changes in the fair value of these foreign currency derivative contracts offset changes in the fair value of the foreign currency denominated ship construction commitments, thus resulting in the elimination of such risk.

Our decisions regarding whether or not to hedge a non-functional currency ship commitment for our cruise brands are made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility, exchange rate correlation, economic trends, our overall expected net cash flows by currency and other offsetting risks.

The cost of shipbuilding orders that we may place in the future for our cruise brands that generate their cash flows in a currency that is different than the shipyard's operating currency, which is generally the euro, is expected to be affected by foreign currency exchange rate fluctuations. Given the movement in the U.S. dollar and sterling relative to the euro over the past several years, the U.S. dollar and sterling cost to order new cruise ships has been volatile. If the U.S. dollar or sterling declines against the euro, this may affect our desire to order future new cruise ships for U.S. dollar or sterling functional currency brands.

#### **Interest Rate Risks**

We manage our exposure to fluctuations in interest rates through our investment and debt portfolio management strategies. These strategies include purchasing high quality short-term investments with floating interest rates, and evaluating our debt portfolio to make periodic adjustments to the mix of fixed and floating rate debt through the use of interest rate swaps and the issuance of new debt or the early retirement of existing debt. At February 28, 2011, 70% and 30% (69% and 31% at November 30, 2010) of our debt bore fixed and floating interest rates, respectively, including the effect of interest rate swaps.

#### **Fuel Price Risks**

We do not use financial instruments to hedge our exposure to fuel price risks.

#### **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. Our maximum exposure under foreign currency derivative contracts and interest rate swap agreements that are in-the-money is the replacement cost, which includes the value of the contracts, in the event of nonperformance by the counterparties to the contracts, all of which are currently our lending banks. We seek to minimize credit risk exposure, including counterparty nonperformance primarily associated with our cash equivalents, investments, committed financing facilities, contingent obligations, derivative instruments, insurance contracts and new ship progress payment guarantees, by normally conducting business with large, well-established financial institutions and insurance companies, and by diversifying our counterparties. In addition, we have guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimize risk. We normally do require collateral and/or guarantees to support notes receivable on significant asset sales, long-term ship charters and new ship progress payments to shipyards. We currently believe the risk of nonperformance by any of our significant counterparties is remote.

We also monitor the creditworthiness of travel agencies and tour operators in Europe and credit card providers to which we extend credit 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 unrelated 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.

Finally, if the shipyard with which we have contracts to build our ships is unable to perform, we would be required to perform under our foreign currency options related to these shipbuilding contracts. Accordingly, if the shipyard is unable to perform we may have to discontinue accounting for these currency options as hedges. However, we believe that the risk of shipyard nonperformance is remote.

## **Item 2. 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, estimates or projections contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this joint Quarterly Report on Form 10-Q are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlooks, 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, whenever possible, to identify these statements by using words like "will," "may," "could," "should," "would," "believe," "expect," "anticipate," "forecast," "future," "intend," "plan," "estimate" and similar expressions of future intent or the negative of such terms.

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 Quarterly Report on Form 10-Q. Forward-looking statements include those statements which may impact, among other things, the forecasting of our earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and tax costs, fuel expenses, costs per available lower berth day ("ALBDs"), estimates of ship depreciable lives and residual values, liquidity, goodwill and trademark fair values and outlook. These factors include, but are not limited to, the following:

- general economic and business conditions;
- fluctuations in foreign currency exchange rates;
- the international political climate, armed conflicts, terrorist and pirate attacks, vessel seizures, and threats thereof, and other world events affecting the safety and security of travel;
- competition from and overcapacity in the cruise ship or land-based vacation industries;
- accidents, the spread of contagious diseases and threats thereof, adverse weather conditions or natural disasters and other incidents affecting the health, safety, security and satisfaction of guests and crew;
- adverse publicity concerning the cruise industry in general, or us in particular, including any adverse impact that cruising may have on the marine environment;
- changes in and compliance with laws and regulations relating to the protection of persons with disabilities, employment, environment, health, safety, security, tax and other regulations under which we operate;
- economic, market and political factors that are beyond our control, which could increase our operating, financing and other costs;
- our ability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments on terms that are favorable or consistent with our expectations;
- increases to our repairs and maintenance expenses and refurbishment costs as our fleet ages;
- the continued strength of our cruise brands and our ability to implement our brand strategies;
- our international operations are subject to additional risks not generally applicable to our U.S. operations;
- geographic regions in which we try to expand our business may be slow to develop and ultimately not develop how we expect;
- whether our future operating cash flow will be sufficient to fund future obligations and whether we will be able to obtain financing, if necessary, in sufficient amounts and on terms that are favorable or consistent with our expectations;
- our counterparties' abilities to perform;
- continuing financial viability of our travel agent distribution system, air service providers and other key vendors in our supply chain and reductions in the availability of, and increases in the pricing for, the services and products provided by these vendors;
- our decisions to self-insure against various risks or our inability to obtain insurance for certain risks at reasonable rates;
- disruptions and other damages to our information technology and other networks and operations and breaches in data security;
- loss of key personnel or our ability to recruit or retain qualified personnel;
- union disputes and other employee relation issues;
- lack of continuing availability of attractive, convenient and safe port destinations; and
- risks associated with the DLC arrangement.

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 stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this joint Quarterly Report on Form 10-Q, 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.

### **Outlook for the Remainder of Fiscal 2011**

On March 22, 2011, we said that we expected our fully diluted earnings per share for the 2011 full year and second quarter would be in the ranges of \$2.55 to \$2.65 and \$0.20 to \$0.24, respectively. Our guidance was based on fuel prices of \$631 per metric ton and \$659 per metric ton for the 2011 full year and second quarter, respectively. In addition, this guidance was based on 2011 full year and second quarter currency rates of \$1.39 and \$1.40 to the euro and \$0.99 and \$0.98 to the Australian dollar, respectively, and \$1.61 to the sterling. The currency and fuel assumptions used in our guidance change daily and, accordingly, our forecasts change daily based on the changes in these assumptions.

The above forward-looking statements involve risks, uncertainties and assumptions with respect to us. There are many factors that could cause our actual results to differ materially from those expressed above including, but not limited to, economic and business conditions, foreign currency exchange rates, fuel prices, ship incidents, adverse weather conditions, spread of contagious diseases, regulatory changes, geopolitical and other factors that could adversely impact our revenues, costs and expenses. You should read the above forward-looking statement together with the discussion of these and other risks under “Cautionary Note Concerning Factors That May Affect Future Results.”

### **Critical Accounting Estimates**

For a discussion of our critical accounting estimates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which is included in Carnival Corporation & plc’s 2010 joint Annual Report on Form 10-K.

### **Seasonality and Expected Capacity Growth**

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 (see “Key Performance Non-GAAP Financial Indicators”) and, accordingly, the largest share of our operating income is earned during this period. The seasonality of our results also increases due to ships being taken out of service for maintenance, which we schedule during non-peak demand periods. In addition, substantially all of Holland America Princess Alaska Tours’ revenue and net income is generated from May through September in conjunction with the Alaska cruise season. The seasonality of our results will continue to increase as we expand our Europe, Australia & Asia (“EAA”) brands, which tend to be more seasonal than our North America brands. Finally, our North America brands have recently been trending towards an increasing level of seasonality.

The year-over-year percentage increase in our ALBD capacity for the second, third and fourth quarters of fiscal 2011 is currently expected to be 5.0%, 4.8% and 5.9%, respectively. The year-over-year percentage increase in our annual ALBD capacity for fiscal 2011, 2012 and 2013 is currently expected to be 5.2%, 4.9% and 3.9%, respectively. The above percentage increases result primarily from contracted new ships entering service and exclude any unannounced future ship orders, acquisitions, retirements, charters and sales. However, the announced withdrawal from service of P&O Cruises (UK)’s *Artemis* in April 2011 has been reflected in these percentages.

## Selected Cruise and Other Information

Selected cruise and other information was as follows:

	Three Months Ended February 28,	
	2011	2010
Passengers carried (in thousands)	2,185	2,049
Occupancy percentage (a)	105.0%	103.5%
Fuel consumption (metric tons in thousands)	828	800
Fuel cost per metric ton (b)	\$ 543	\$ 497
Currencies		
U.S. dollar to €1	\$ 1.34	\$ 1.42
U.S. dollar to £1	\$ 1.58	\$ 1.60
U.S. dollar to Australian dollar	\$ 1.00	\$ 0.90

- (a) 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. Percentages in excess of 100% indicate that on average more than two passengers occupied some cabins.
- (b) Fuel cost per metric ton is calculated by dividing the cost of fuel by the number of metric tons consumed.

## Three Months Ended February 28, 2011 (“2011”) Compared to the Three Months Ended February 28, 2010 (“2010”)

### Revenues

#### Consolidated

Approximately 78% of 2011 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues increased by \$211 million, or 8.6%, to \$2.7 billion in 2011 from \$2.4 billion in 2010. Substantially all of this increase was due to our 5.0% capacity increase in ALBDs, which accounted for \$122 million, and a continuing recovery in overall cruise ticket pricing, which accounted for \$80 million (see “Key Performance Non-GAAP Financial Indicators”).

The remaining 22% of 2011 total revenues is substantially all comprised of onboard and other cruise revenues, which increased by \$28 million, or 3.8%, to \$757 million in 2011 from \$729 million in 2010. This increase was caused by our 5.0% capacity increase in ALBDs, which accounted for \$37 million. Onboard and other revenues included concession revenues of \$222 million in 2011 and \$211 million in 2010.

#### North America Brands

Approximately 75% of 2011 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues increased by \$35 million, or 2.5%, to \$1.4 billion in 2011. This increase was driven by our 1.7% capacity increase in ALBDs, which accounted for \$24 million.

The remaining 25% of 2011 total revenues is comprised of onboard and other cruise revenues, which were \$491 million in both 2011 and 2010. In 2010, onboard and other revenues included \$18 million from the favorable impact of minimum concessionaire guarantee payments and a litigation settlement. Onboard and other revenues included concession revenues of \$136 million in 2011 and \$139 million in 2010.

#### EAA Brands

Approximately 83% of 2011 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues increased \$175 million, or 16.9%, to \$1.2 billion in 2011 from \$1.0 billion in 2010. This increase was caused by our 10.7% capacity increase in ALBDs, which accounted for \$111 million, and a strong improvement in cruise ticket pricing, which accounted for \$72 million. The cruise ticket pricing increase resulted from our South America cruise pricing, which rebounded from last year’s challenging season that was impacted by significant increases in industry capacity.

The remaining 17% of 2011 total revenues is comprised of onboard and other cruise revenues, which increased \$30 million, or 13.9%, to \$245 million in 2011 from \$215 million in 2010. This increase was driven by our 10.7% capacity increase in ALBDs, which accounted for \$23 million. Onboard and other revenues included concession revenues of \$86 million in 2011 and \$72 million in 2010.

## **Costs and Expenses**

### **Consolidated**

Operating costs and expenses increased \$213 million, or 9.8%, to \$2.4 billion in 2011 from \$2.2 billion in 2010. Substantially all of this increase was due to our 5.0% capacity increase in ALBDs, which accounted for \$109 million, the nonrecurrence of the gain recognized in other ship operating costs in 2010 from the sale of P&O Cruises (UK)'s *Artemis*, which accounted for \$44 million, and higher fuel prices, which accounted for \$38 million.

Selling and administrative expenses increased \$26 million, or 6.6%, to \$422 million in 2011 from \$396 million in 2010. This increase was primarily driven by our 5.0% capacity increase in ALBDs, which accounted for \$19 million.

Depreciation and amortization expense increased \$22 million, or 6.4%, to \$367 million in 2011 from \$345 million in 2010 caused by \$17 million from our 5.0% capacity increase in ALBDs through the addition of new ships, and additional ship and other improvement expenditures.

Our total costs and expenses as a percentage of revenues increased to 93.1% in 2011 from 92.0% in 2010.

### **North America Brands**

Operating costs and expenses increased \$57 million, or 4.5%, to \$1.3 billion in 2011. This increase was driven by higher fuel prices, which accounted for \$23 million, and our 1.7% capacity increase in ALBDs, which accounted for \$22 million.

Selling and administrative expenses increased \$8 million, or 3.6%, to \$233 million in 2011 from \$225 million in 2010. This increase was driven by our 1.7% capacity increase in ALBDs, which accounted for \$4 million.

Depreciation and amortization expense increased \$7 million, or 3.4%, to \$213 million in 2011 from \$206 million in 2010 caused by \$4 million from our 1.7% capacity increase in ALBDs through the addition of new ships, and additional ship and other improvement expenditures.

Our total costs and expenses as a percentage of total revenues increased to 92.2% in 2011 from 90.0% in 2010.

### **EAA Brands**

Operating costs and expenses increased \$167 million, or 18.7%, to \$1.1 billion in 2011 from \$892 million in 2010. Substantially all of this increase was due to our 10.7% capacity increase in ALBDs, which accounted for \$95 million, the nonrecurrence of the gain recognized in 2010 from the sale of *Artemis*, which accounted for \$44 million, and higher fuel prices, which accounted for \$16 million.

Selling and administrative expenses increased \$15 million, or 10.6%, to \$156 million in 2011 from \$141 million in 2010. The increase was caused by our 10.7% capacity increase in ALBDs, which accounted for \$15 million.

Depreciation and amortization expense increased \$11 million, or 8.9%, to \$135 million in 2011 from \$124 million in 2010 caused by \$13 million from our 10.7% capacity increase in ALBDs through the addition of new ships.

Our total costs and expenses as a percentage of total revenues increased to 92.5% in 2011 from 92.1% in 2010.

## **Operating Income**

Our consolidated operating income decreased \$20 million, or 7.8%, to \$235 million in 2011 from \$255 million in 2010. Our North America brands' operating income decreased \$38 million, or 20.1%, to \$151 million in 2011 from \$189 million in 2010, and our EAA brands' operating income increased \$11 million, or 11.1%, to \$110 million in 2011 from \$99 million in 2010. These decreases and increases were primarily due to the reasons discussed above.

## Income Taxes

Income taxes changed \$20 million to an income tax expense of \$5 million in 2011 from an income tax benefit of \$15 million in 2010. This change was driven by the benefits received from an Italian investment incentive law, which allowed AIDA Cruises and Costa Cruises to receive an \$18 million income tax benefit in 2010 substantially all related to two of their newbuilds delivered in 2010.

## Key Performance Non-GAAP Financial Indicators

ALBDs is a standard measure of passenger capacity for the period, which we use to perform rate and capacity variance analyses to determine the main non-capacity driven factors that cause our cruise revenues and expenses to vary. ALBDs assume that each cabin we offer for sale accommodates two passengers and is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.

We use net cruise revenues per ALBD (“net revenue yields”), net cruise costs per ALBD and net cruise costs excluding fuel per ALBD as significant non-GAAP financial measures of our cruise segment financial performance. These measures enable us to separate the impact of predictable capacity changes from the more unpredictable rate changes that affect our business. We believe these non-GAAP measures provide an expanded insight to measure our revenue and cost performance in addition to the standard U.S. GAAP-based financial measures.

Net revenue yields are commonly used in the cruise industry to measure a company’s cruise segment revenue performance and for revenue management purposes. We use “net cruise revenues” rather than “gross cruise revenues” to calculate net revenue yields. 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 net of our most significant variable costs, which are travel agent commissions, cost of air and other transportation, certain other costs that are directly associated with onboard and other revenues and credit card fees. Substantially all of our remaining cruise costs are largely fixed, except for the impact of changing prices, once our ship capacity levels have been determined.

Net passenger ticket revenues reflect gross cruise revenues, net of (1) onboard and other revenues, (2) commissions, transportation and other costs and (3) onboard and other cruise costs. Net onboard and other revenues reflect gross cruise revenues, net of (1) passenger ticket revenues, (2) commissions, transportation and other costs and (3) onboard and other cruise costs. Net passenger ticket revenue yields and net onboard and other revenue yields are computed by dividing net passenger ticket revenues and net onboard and other revenues by ALBDs.

Net cruise costs per ALBD and net cruise costs excluding fuel per ALBD are the most significant measures we use to monitor our ability to control our cruise segment costs rather than gross cruise costs per ALBD. We exclude the same variable costs that are included in the calculation of net cruise revenues to calculate net cruise costs with and without fuel to avoid duplicating these variable costs in our non-GAAP financial measures.

In addition, because our EAA cruise brands utilize the euro, sterling and Australian dollar to measure their results and financial condition, the translation of those operations to our U.S. dollar reporting currency results in decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies, and increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies. Accordingly, we also monitor and report our non-GAAP financial measures assuming the 2011 period currency exchange rates have remained constant with the 2010 period rates, or on a “constant dollar basis,” in order to remove the impact of changes in exchange rates on our non-U.S. dollar cruise operations. We believe that this is a useful measure since it facilitates a comparative view of the growth of our business in a fluctuating currency exchange rate environment.

There are no specific rules for determining our non-GAAP current and constant dollar financial measures and, accordingly, it is possible that they may not be exactly comparable to the like-kind information presented by other cruise companies, which is a potential risk associated with using these measures to compare us to other cruise companies.

Consolidated gross and net revenue yields were computed by dividing the gross and net revenues, without rounding, by ALBDs as follows (dollars in millions, except yields):

	Three Months Ended February 28,		
	2011	2011 Constant Dollar	2010
Passenger ticket revenues	\$ 2,652	\$ 2,688	\$ 2,441
Onboard and other revenues	757	763	729
<b>Gross cruise revenues</b>	<u>3,409</u>	<u>3,451</u>	<u>3,170</u>
Less cruise costs			
Commissions, transportation and other	(664)	(679)	(581)
Onboard and other	(120)	(121)	(113)
	<u>(784)</u>	<u>(800)</u>	<u>(694)</u>
Net passenger ticket revenues	1,988	2,009	1,860
Net onboard and other revenues	637	642	616
<b>Net cruise revenues</b>	<u>\$ 2,625</u>	<u>\$ 2,651</u>	<u>\$ 2,476</u>
<b>ALBDs</b>	<u>16,686,710</u>	<u>16,686,710</u>	<u>15,890,082</u>
<b>Gross revenue yields</b>	<u>\$ 204.30</u>	<u>\$ 206.79</u>	<u>\$ 199.48</u>
% increase vs. 2010	2.4%	3.7%	
<b>Net revenue yields</b>	<u>\$ 157.28</u>	<u>\$ 158.87</u>	<u>\$ 155.81</u>
% increase vs. 2010	0.9%	2.0%	
<b>Net passenger ticket revenue yields</b>	<u>\$ 119.11</u>	<u>\$ 120.41</u>	<u>\$ 117.07</u>
% increase vs. 2010	1.7%	2.9%	
<b>Net onboard and other revenue yields</b>	<u>\$ 38.17</u>	<u>\$ 38.46</u>	<u>\$ 38.74</u>
% decrease vs. 2010	(1.5)%	(0.7)%	

Consolidated gross and net cruise costs and net cruise costs excluding fuel per ALBD were computed by dividing the gross and net cruise costs and net cruise costs excluding fuel, without rounding, by ALBDs as follows (dollars in millions, except costs per ALBD):

	Three Months Ended February 28,		
	2011	2011 Constant Dollar	2010
Cruise operating expenses	\$ 2,386	\$ 2,414	\$ 2,168
Cruise selling and administrative expenses	416	420	389
<b>Gross cruise costs</b>	<u>2,802</u>	<u>2,834</u>	<u>2,557</u>
Less cruise costs included in net cruise revenues			
Commissions, transportation and other	(664)	(679)	(581)
Onboard and other	(120)	(121)	(113)
<b>Net cruise costs</b>	<u>2,018</u>	<u>2,034</u>	<u>1,863</u>
Less fuel	(450)	(450)	(397)
<b>Net cruise costs excluding fuel</b>	<u>\$ 1,568</u>	<u>\$ 1,584</u>	<u>\$ 1,466</u>
<b>ALBDs</b>	<u>16,686,710</u>	<u>16,686,710</u>	<u>15,890,082</u>
<b>Gross cruise costs per ALBD</b>	<u>\$ 167.92</u>	<u>\$ 169.81</u>	<u>\$ 160.92</u>
% increase vs. 2010	4.4%	5.5%	
<b>Net cruise costs per ALBD</b>	<u>\$ 120.90</u>	<u>\$ 121.89</u>	<u>\$ 117.25</u>
% increase vs. 2010	3.1%	4.0%	
<b>Net cruise costs excluding fuel per ALBD</b>	<u>\$ 93.95</u>	<u>\$ 94.94</u>	<u>\$ 92.25</u>
% increase vs. 2010	1.9%	2.9%	

Net cruise revenues increased \$149 million, or 6.0%, to \$2.6 billion in 2011 from \$2.5 billion in 2010. This was caused by a 5.0% capacity increase in ALBDs, which accounted for \$124 million, and a 2.0% increase in constant dollar net revenue yields, which accounted for \$51 million. The 2.0% increase in net revenue yields on a constant dollar basis was comprised of a 2.9% increase in net passenger ticket revenue yields and a 0.7% decrease in net onboard and other revenue yields. The 2.9% increase in net passenger ticket revenue yields was driven by stronger EAA brand yields as a result of yield improvements in South America, which rebounded from last year's challenging season. This increase was partially offset by slightly weaker North America brand yields in Caribbean itineraries as a result of higher industry capacity being deployed in the Caribbean during the winter season. Net onboard and other revenue yields decreased 0.7% on a constant dollar basis because of the nonrecurrence of minimum concessionaire guarantee payments and a litigation settlement that were recognized in 2010. If we removed these two items from last year's net onboard and other revenues, our adjusted net onboard and other revenue yields would have increased by 2.7%. Gross cruise revenues increased \$239 million, or 7.5%, to \$3.4 billion in 2011 from \$3.2 billion in 2010 for principally the same reasons as discussed above.

Net cruise costs excluding fuel increased \$102 million, or 7.0%, to \$1.6 billion in 2011 from \$1.5 billion in 2010. This was caused by a 5.0% capacity increase in ALBDs, which accounted for \$73 million, and a 2.9% increase in constant dollar net cruise costs excluding fuel per ALBD, which accounted for \$45 million. The 2.9% increase in constant dollar net cruise costs excluding fuel per ALBD was substantially all due to the \$44 million gain recognized in 2010 from the sale of *Artemis*. On a constant dollar basis, net cruise costs excluding fuel and the *Artemis* gain per ALBD were flat in 2011 compared to 2010.

Fuel costs increased \$53 million, or 13.3%, to \$450 million in 2011 from \$397 million in 2010. This was caused by higher fuel prices, which accounted for \$38 million, a 5.0% capacity increase in ALBDs, which accounted for \$20 million, and was partially offset by lower fuel consumption per ALBD. Gross cruise costs increased \$245 million, or 9.6%, to \$2.8 billion in 2011 from \$2.6 billion in 2010 for principally the same reasons as discussed above.

### **Liquidity, Financial Condition and Capital Resources**

As discussed under Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2010 joint Annual Report on Form 10-K, we believe maintenance of a strong balance sheet, which enhances our financial flexibility and allows us to return free cash flow to shareholders, is the primary objective of our capital structure policy. Our current intention is to have an average of two to three new cruise ships enter service annually in 2012 and beyond. Since we have slowed down the pace of our newbuilding program, we currently believe this will lead to increasing free cash flows in 2011 and beyond. Other objectives of our capital structure policy are to maintain an acceptable level of liquidity with our available cash and cash equivalents and committed financings for immediate and future liquidity needs, and a reasonable debt maturity profile that is spread out over a number of years.

We continue to generate substantial cash from operations and have investment grade credit ratings, which provide us with the ability in most financial credit market environments to obtain debt funding, as required. If our long-term credit rating were to be downgraded or assigned a negative outlook, our access to, and cost of, financing may be negatively impacted. Based on our historical results, current forecast and financial condition, we believe that our existing liquidity (assuming we can refinance our principal revolver before its October 2012 maturity) and cash flow from future operations will be sufficient to fund all of our expected capital projects (including shipbuilding commitments), debt service requirements, working capital needs and other firm commitments over the next several years. Our forecasted cash flow from operations and access to the capital markets can be adversely impacted by numerous factors outside our control including, but not limited to, those noted under "Cautionary Note Concerning Factors That May Affect Future Results." Although we do not believe we will be required to obtain additional new financings during 2011, we may choose to do so if favorable opportunities arise.

At November 30, 2010, the U.S. dollar was \$1.56 to sterling, \$1.32 to the euro and \$0.96 to the Australian dollar. Had these November 30, 2010 currency exchange rates been used to translate our February 28, 2011 non-U.S. dollar functional currency operations' assets and liabilities instead of the February 28, 2011 U.S. dollar exchange rates of \$1.61 to sterling, \$1.38 to the euro and \$1.02 to the Australian dollar, our total assets and liabilities would have been lower by \$564 million and \$199 million, respectively.

### **Sources and Uses of Cash**

Our business provided \$412 million of net cash from operations during the three months ended February 28, 2011, an increase of \$16 million, or 4.0%, compared to \$396 million for the same period in fiscal 2010. This increase was caused by an increase in customer deposits and more cash provided by our results of operations, partially offset by more cash being used for our other working capital needs.

At February 28, 2011, we had a working capital deficit of \$4.6 billion. This deficit included \$2.9 billion of customer deposits, which represent the passenger revenues we collect in advance of sailing dates and, accordingly, are substantially more like deferred revenue transactions rather than actual current cash liabilities. We use our long-term ship assets to realize a portion of this deferred revenue in addition to consuming current assets. In addition, our February 28, 2011 working capital deficit included \$1.5 billion of current debt obligations, which included \$637 million outstanding under our commercial paper programs and \$853 million outstanding under our export credit facilities, bank loans and other debt. We continue to generate substantial cash from operations and have a strong balance

sheet. This strong balance sheet provides us with the ability to meet our current debt obligations as they become due in most financial credit market environments. We also have our principal revolver available to provide long-term rollover financing should the need arise, or we choose to do so. After excluding customer deposits and current debt obligations from our February 28, 2011 working capital deficit balance, our non-GAAP adjusted working capital deficit is only \$272 million. Our business model allows us to operate with an adjusted working capital deficit and, accordingly, we believe we will continue to have an adjusted working capital deficit for the foreseeable future.

During the three months ended February 28, 2011, our expenditures for capital projects were \$172 million, of which \$53 million was spent on our ongoing new shipbuilding program. In addition to our new shipbuilding program, we had capital expenditures of \$63 million for ship improvements and replacements and \$56 million for buildings, information technology and other assets.

During the three months ended February 28, 2011, we repaid a net \$63 million of short-term borrowings in connection with our availability of, and needs for, cash at various times throughout the period. In addition, during the three months ended February 28, 2011, we repaid \$135 million of other long-term debt principally for scheduled payments on export credit facilities. Finally, we paid cash dividends of \$79 million during the three months ended February 28, 2011.

#### **Future Commitments and Funding Sources**

Our contractual cash obligations as of February 28, 2011 have changed compared to November 30, 2010, primarily as a result of our debt repayments and ship progress payments as noted above under "Sources and Uses of Cash."

At February 28, 2011, we had liquidity of \$5.7 billion. Our liquidity consisted of \$144 million of cash and cash equivalents, excluding cash on hand of \$321 million used for current operations, \$1.8 billion available for borrowing under our revolving credit facilities and \$3.8 billion under committed ship financings. Of this \$3.8 billion of committed ship financings, \$1.4 billion, \$962 million, \$885 million and \$556 million are scheduled to be funded in the second and third quarters of fiscal 2011 and in fiscal 2012, 2013 and 2014, respectively. Approximately 87% and 3% of our revolving credit facilities are scheduled to mature in 2012 and 2015, respectively, with 10% maturing in the last nine months of 2011. We rely on, and have banking relationships with, numerous large, well-established banks, which we believe will assist us in accessing multiple sources of funding in the event that some lenders are unwilling or unable to lend to us. However, we believe that our revolving credit facilities and committed financings will be honored as required pursuant to their contractual terms.

Substantially all of our debt agreements contain financial covenants as described in Note 5 to the consolidated financial statements, which is included within Exhibit 13 to our 2010 joint Annual Report on Form 10-K. At February 28, 2011, we believe we were in compliance with all of our debt covenants. In addition, based on our forecasted operating results, financial condition and cash flows, we expect to be in compliance with our debt covenants over the next several years. Generally, if an event of default under any debt agreement occurs, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due, and all debt and derivative contracts could be terminated.

#### **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 consolidated financial statements.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

At February 28, 2011, 58%, 38% and 4% (60%, 37% and 3% at November 30, 2010) of our debt was U.S. dollar, euro and sterling-denominated, respectively, including the effect of foreign currency forwards and swaps.

For a further discussion of our market risks, see Note 7 in the accompanying consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations within Exhibit 13 to our joint 2010 Annual Report on Form 10-K.

#### **Item 4. Controls and Procedures.**

##### **A. 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 Securities Exchange Act of 1934 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 Officer have evaluated our disclosure controls and procedures and have concluded, as of February 28, 2011, that they are effective as described above.

## **B. Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting during the quarter ended February 28, 2011 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

#### **A. Repurchase Authorizations**

In June 2006, the Boards of Directors authorized the repurchase of up to an aggregate of \$1 billion of Carnival Corporation common stock and Carnival plc ordinary shares subject to certain restrictions. On September 19, 2007, the Boards of Directors increased the remaining \$578 million general repurchase authorization back to \$1 billion (the "Repurchase Program"). The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time. During the three months ended February 28, 2011, there were no repurchases of Carnival Corporation common stock or Carnival plc ordinary shares under the Repurchase Program.

In addition to the Repurchase Program, the Boards of Directors have authorized the repurchase of up to 19.2 million Carnival plc ordinary shares and up to 31.5 million shares of Carnival Corporation common stock under the "Stock Swap" programs described below.

At April 1, 2011, the remaining availability under the Repurchase Program was \$787 million and the remaining availability under the "Stock Swap" program repurchase authorizations were 18.1 million Carnival plc ordinary shares and 31.5 million Carnival Corporation shares. Carnival plc ordinary share repurchases under both the Repurchase Program and the "Stock Swap" authorizations require annual shareholder approval. The existing shareholder approval is limited to a maximum of 21.3 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2011 annual general meeting, or October 12, 2011.

#### **B. "Stock Swap" Programs**

We use the "Stock Swap" programs in situations where we can obtain an economic benefit because either Carnival Corporation common stock or Carnival plc ordinary shares are trading at a price that is at a premium or discount to the price of Carnival plc ordinary shares or Carnival Corporation common stock, as the case may be. This economic benefit is used for general corporate purposes, which could include repurchasing additional treasury stock under the Repurchase Program.

In the event Carnival Corporation common stock trades at a premium to Carnival plc ordinary shares, we may elect to issue and sell Carnival Corporation common stock through a sales agent, and use the sale proceeds to repurchase Carnival plc ordinary shares in the UK market on at least an equivalent basis. Carnival Corporation may issue and sell up to 19.2 million of its common stock in the U.S. market, which shares are to be sold from time to time at prevailing market prices in ordinary brokers' transactions. Any sales of Carnival Corporation shares have been or will be registered under the Securities Act.

In the event Carnival Corporation common stock trades at a discount to Carnival plc ordinary shares, we may elect to sell existing ordinary shares of Carnival plc, with such sales made by Carnival Corporation or Carnival Investments Limited, a subsidiary of Carnival Corporation, and with a sales agent, from time to time in "at the market" transactions, and use the sale proceeds to repurchase Carnival Corporation common stock in the U.S. market on at least an equivalent basis. Carnival Corporation or Carnival Investments Limited may sell up to 31.5 million Carnival plc ordinary shares in the UK market, which shares are to be sold from time to time at prevailing market prices in ordinary brokers' transactions. Any sales of Carnival plc shares have been or will be registered under the Securities Act.

During the three months ended February 28, 2011, no Carnival Corporation common stock or Carnival plc ordinary shares were sold and none were repurchased under the "Stock Swap" programs.

**Item 6. Exhibits.****INDEX TO EXHIBITS**

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed/ Furnished Herewith</u>
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
<b><u>Articles of incorporation and by-laws</u></b>					
3.1	Third Amended and Restated Articles of Incorporation of Carnival Corporation.	8-K	3.1	4/17/03	
3.2	Third Amended and Restated By-Laws of Carnival Corporation.	8-K	3.1	4/20/09	
3.3	Articles of Association of Carnival plc.	8-K	3.3	4/20/09	
3.4	Memorandum of Association of Carnival plc.	8-K	3.4	4/20/09	
<b><u>Material contracts</u></b>					
10.1*	Form of Carnival Corporation Performance-Based Restricted Stock Unit Agreement.				X
10.2*	Form of Carnival plc Performance-Based Restricted Stock Unit Agreement.				X
<b><u>Statement regarding computations of ratios</u></b>					
12	Ratio of Earnings to Fixed Charges.				X
<b><u>Rule 13a-14(a)/15d-14(a) Certifications</u></b>					
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.				X
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.				X
31.3	Certification of Senior Vice President and Chief Financial Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
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.				X
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.				X
31.6	Certification of Senior Vice President and Chief Financial Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X

**Item 6. Exhibits.****INDEX TO EXHIBITS**

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed/ Furnished Herewith</u>
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
<b><u>Section 1350 Certifications</u></b>					
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.				X
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.				X
32.3**	Certification of Senior Vice President and Chief Financial 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.				X
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.				X
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.				X
32.6**	Certification of Senior Vice President and Chief Financial 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.				X

**Interactive Data File**

101**	The financial statements from Carnival Corporation & plc's joint Quarterly Report on Form 10-Q for the quarter ended February 28, 2011, as filed with the SEC on April 1, 2011 formatted in XBRL, as follows:  (i) the Consolidated Statements of Income for the three months ended February 28, 2011 and 2010;  (ii) the Consolidated Balance Sheets at February 28, 2011 and November 30, 2010;  (iii) the Consolidated Statements of Cash Flows for the three months ended February 28, 2011 and 2010; and  (iv) the notes to the consolidated financial statements, tagged in summary and detail.				X
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\* Indicates a management contract or compensation plan or arrangement.

\*\* These items are furnished and not filed.

**SIGNATURES**

Pursuant to the requirements 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**

By: /s/ Micky Arison

Micky Arison  
Chairman of the Board of Directors  
and Chief Executive Officer

By: /s/ Howard S. Frank

Howard S. Frank  
Vice Chairman of the Board of  
Directors and Chief Operating Officer

By: /s/ David Bernstein

David Bernstein  
Senior Vice President and  
Chief Financial Officer

Date: April 1, 2011

**CARNIVAL PLC**

By: /s/ Micky Arison

Micky Arison  
Chairman of the Board of Directors  
and Chief Executive Officer

By: /s/ Howard S. Frank

Howard S. Frank  
Vice Chairman of the Board of  
Directors and Chief Operating Officer

By: /s/ David Bernstein

David Bernstein  
Senior Vice President and  
Chief Financial Officer

Date: April 1, 2011

FORM OF CARNIVAL CORPORATION  
PERFORMANCE-BASED  
RESTRICTED STOCK UNIT AGREEMENT

THIS PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”), dated as of [DATE] (the “Date of Grant”) is made by and between Carnival Corporation, a corporation organized under the laws of Republic of Panama (the “Company”), and [NAME OF PARTICIPANT] (the “Participant”).

WHEREAS, the Company has adopted the [PLAN NAME] (the “Plan”), pursuant to which restricted stock units may be granted in respect of shares of the Company’s common stock, par value \$0.01 per share (“Stock”); and

WHEREAS, the Compensation Committee of the Company (the “Committee”) has determined that it is in the best interests of the Company and its stockholders to grant the restricted stock unit award provided for herein to the Participant subject to the terms set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Restricted Stock Units.

(a) Grant. The Company hereby grants to the Participant [NUMBER] restricted stock units (the “RSUs”) (the “Target Amount”), on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. Each RSU represents the right to receive payment in respect of one share of Stock as of the Settlement Date (as defined below), to the extent the Participant is vested in such RSUs as of the Settlement Date, subject to the terms of this Agreement and the Plan.

(b) Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and his legal representative in respect of any questions arising under the Plan or this Agreement.

(c) Acceptance of Agreement. Unless the Participant notifies [CONTACT] in writing within 10 days after receipt of this Agreement that the Participant does not wish to accept this Agreement, the Participant will be deemed to have accepted this Agreement and will be bound by the terms of the Agreement and the Plan.

2. Terms and Conditions.

(a) Performance Target.

(i) Subject to the Participant's continued employment or service with the Company, a specified percentage of the RSUs shall vest if both (A) the Participant remains in continuous employment or continuous service with the Company on [END YEAR], and (B) the Company achieves EPS growth (as measured by the extent to which the Company's EPS for fiscal [END YEAR] exceeds the Company's EPS for fiscal [BEGINNING YEAR]) equal to or in excess of the amounts set forth on Exhibit A (the "Performance Target"). Unless provided otherwise by the Committee, the Participant shall be deemed to not be in continuous employment or continuous service if the Participant's status changes from employee to non-employee, or vice-versa. The actual number of RSUs that may vest may range from zero to 200% of the Target Amount based on the extent to which the Performance Target is achieved, in accordance with the methodology set out on Exhibit A. Except as provided in Section 2(a)(ii), (I) if the Company does not achieve the minimum Performance Target as set out on Exhibit A, then no RSUs shall vest and all RSUs shall be cancelled in their entirety, and (II) no vesting shall occur unless and until the Committee certifies that the Performance Target has been met (the "Certification").

(ii) Notwithstanding Section 2(a)(i), (A) if the Participant is eligible for Retirement on the Date of Grant, 40% of the Target Amount of RSUs shall be vested on the Date of Grant, (B) if the Participant first becomes eligible for Retirement after the Date of Grant but prior to the first anniversary of the Date of Grant, 50% of the Target Amount of RSUs shall vest on the date on which the Participant first becomes eligible for Retirement and (C) if the Participant first becomes eligible for Retirement on or after the first anniversary of the Date of Grant but prior to [END YEAR], 60% of the Target Amount of RSUs shall vest on the date on which the Participant first becomes eligible for Retirement. To the extent that any portion of the RSUs are vested (or become vested) by reason of the application of the immediately preceding sentence, the remaining RSUs shall vest if and only if they would otherwise vest pursuant to Section 2(a)(i) or Section 3, and the additional amount of RSUs that shall vest in such event shall be equal to the excess, if any, of (I) the total number of RSUs that vest under Section 2(a)(i) or Section 3 (without regard to the first sentence of this Section 2(a)(ii)), over (II) the number of RSUs that previously vested by reason of the first sentence of this Section 2(a)(ii).

(iii) At any time following the Date of Grant, the Committee may make adjustments or modifications to the Performance Target and the calculation of the Performance Target as it determines in its sole discretion, in order to avoid dilution or enlargement of the intended benefits to be provided to the Participant under this Agreement, to reflect the following events: (A) asset write-downs; (B) litigation or claim judgments or settlements; (C) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (D) any reorganization and restructuring programs; (E) extraordinary nonrecurring items as described in Accounting Standards Codification Topic 225-20 (or any successor pronouncement thereto) and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year; (F) acquisitions or divestitures; (G) foreign exchange gains and losses; (H) discontinued operations and nonrecurring charges; (I) a change in the Company's fiscal year; and/or (J) any other specific, unusual or nonrecurring events.

(b) Settlement. The obligation to make payments and distributions with respect to RSUs shall be satisfied through the issuance of one share of Stock for each vested RSU, less applicable withholding taxes (the "settlement"), and the settlement of the RSUs may be subject to

such conditions, restrictions and contingencies as the Committee shall determine. The RSUs shall be settled as soon as practicable after the RSUs vest (as applicable, the “Settlement Date”), but in no event later than March 15 of the year following the calendar year in which the RSUs vested. Notwithstanding the foregoing, the payment dates set forth in this Section 2(b) have been specified for the purpose of complying with the provisions of Section 409A of the Code (“Section 409A”). To the extent payments are made during the periods permitted under Section 409A (including any applicable periods before or after the specified payment dates set forth in this Section 2(b)), the Company shall be deemed to have satisfied its obligations under the Plan and shall be deemed not to be in breach of its payments obligations hereunder.

(c) Dividends and Voting Rights. Each outstanding RSU shall be credited with dividend equivalents equal to the dividends (including extraordinary dividends if so determined by the Committee) declared and paid to other shareholders of the Company in respect of one share of Stock. On the Settlement Date, such dividend equivalents in respect of each vested RSU shall be settled by delivery to the Participant of a number of shares of Stock equal to the quotient obtained by dividing (i) the aggregate accumulated value of such dividend equivalents by (ii) the Fair Market Value of a share of Stock on the applicable vesting date, rounded down to the nearest whole share, less any applicable withholding taxes. No dividend equivalents shall be accrued for the benefit of the Participant with respect to record dates occurring prior to the Date of Grant, or with respect to record dates occurring on or after the date, if any, on which the Participant has forfeited the RSUs. The Participant shall have no voting rights with respect to the RSUs or any dividend equivalents.

3. Termination of Employment or Service with the Company.

(a) Termination by the Company for Cause. If the Participant’s employment or service with the Company terminates for Cause, then all outstanding RSUs shall immediately terminate on the date of termination of employment or service.

(b) Death or Disability. If the Participant’s employment or service with the Company terminates due to the Participant’s death or is terminated by the Company due to the Participant’s Disability, then the Participant shall be deemed to have vested on the date of termination in a number of RSUs equal to the product of (i) the Target Amount of RSUs multiplied by (ii) a fraction, the numerator of which is the number of days elapsed during the period commencing on December 1, [BEGINNING YEAR] through and including the date of termination, rounded down to the nearest whole RSU, and the remaining unvested portion of the RSUs shall terminate on the date of termination of employment or service. The vested RSUs (and any associated dividend equivalents) shall be settled in accordance with Section 2(b) and 2(c), respectively.

(c) Other Termination. If the Participant’s employment or service with the Company terminates for any reason other than as otherwise described in the foregoing provisions of this Section 3 (whether due to voluntary termination, Retirement, termination by the Company without Cause, or otherwise), then all outstanding RSUs shall immediately terminate on the date of termination of employment or service.

Except as otherwise provided in Section 2(a)(ii) or 3(b), in no event shall any RSUs be settled unless and until both (i) at least the threshold Performance Target is achieved, and (ii) the Certification occurs.

4. Miscellaneous.

(a) Compliance with Legal Requirements. The granting and settlement of the RSUs, and any other obligations of the Company under this Agreement, shall be subject to all applicable federal, state, local and foreign laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. If the settlement of the RSUs would be prohibited by law or the Company's dealing rules, the settlement shall be delayed until the earliest date on which the settlement would not be so prohibited.

(b) Transferability. Unless otherwise provided by the Committee in writing, the RSUs shall not be transferable by the Participant other than by will or the laws of descent and distribution.

(c) Clawback/Forfeiture.

(i) Notwithstanding anything to the contrary contained herein, in the event of a material restatement of the Company's issued financial statements, the Committee shall review the facts and circumstances underlying the restatement (including, without limitation any potential wrongdoing by the Participant and whether the restatement was the result of negligence or intentional or gross misconduct) and may in its sole discretion direct the Company to recover all or a portion of any income or gain realized on the settlement of the RSUs or the subsequent sale of shares of Stock acquired upon settlement of the RSUs with respect to any fiscal year in which the Company's financial results are negatively impacted by such restatement. If the Committee directs the Company to recover any such amount from the Participant, then the Participant agrees to and shall be required to repay any such amount to the Company within 30 days after the Company demands repayment. In addition, if the Company is required by law to include an additional "clawback" or "forfeiture" provision to outstanding awards, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or forfeiture provision shall also apply to this Agreement as if it had been included on the Date of Grant and the Company shall promptly notify the Participant of such additional provision. In addition, if a Participant has engaged or is engaged in Detrimental Activity after the Participant's employment or service with the Company or its subsidiaries has ceased, then the Participant, within 30 days after written demand by the Company, shall return any income or gain realized on the settlement of the RSUs or the subsequent sale of shares of Stock acquired upon settlement of the RSUs.

(ii) For purposes of this Agreement, "Detrimental Activity" means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of the Combined Group, (ii) any activity that would be grounds to terminate the Participant's employment or service with the Combined Group for Cause, (iii) whether in writing or orally, maligning, denigrating or disparaging the Combined Group or their respective predecessors and successors, or any of the current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, with respect to any of their respective past or present activities, or otherwise publishing (whether in writing or orally) statements that tend to portray any of the aforementioned persons or entities in an unfavorable light, or (iv) the breach of any noncompetition, nonsolicitation or other agreement containing restrictive covenants, with the Combined Group. For purposes of the preceding sentence the phrase "the Combined Group" shall mean "any member of the Combined Group or any Affiliate".

(d) No Rights as Stockholder. The Participant shall not be deemed for any purpose to be the owner of any shares of Stock subject to the RSUs.

(e) Tax Withholding. All distributions under the Plan are subject to withholding of all applicable federal, state, local and foreign taxes, and the Committee may condition the settlement of the RSUs on satisfaction of the applicable withholding obligations.

(f) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(g) Notices. Any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

(h) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(i) No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever. The rights and obligations of the Participant under the terms and conditions of the Participants office or employment shall not be affected by this Agreement. The Participant waives all and any rights to compensation and damages in consequence of the termination of the Participant's office or employment with any member of the Combined Group or any of its Affiliates for any reason whatsoever (whether lawfully or unlawfully) insofar as those rights arise, or may arise, from the Participant's ceasing to have rights under or the Participant's entitlement to the RSUs under this Agreement as a result of such termination or from the loss or diminution in value of such rights or entitlements. In the event of conflict between the terms of this Section 4(i) and the Participant's terms of employment, this Section will take precedence.

(j) Beneficiary. The Participant may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Participant, the Participant's estate shall be deemed to be the Participant's beneficiary.

(k) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(l) Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent under Section 9 of the Plan.

(m) Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Florida.

(n) Data Protection. By accepting the grant of the RSUs the Participant agrees and consents:

(i) to the collection, use, processing and transfer by the Company of certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, other employee information, details of the RSUs granted to the Participant, and of Stock issued or transferred to the Participant pursuant to this Agreement ("Data"); and

(ii) to the Company transferring Data to any subsidiary or Affiliate of the Company for the purposes of implementing, administering and managing this Agreement; and

(iii) to the use of such Data by any person for such purposes; and

(iv) to the transfer to and retention of such Data by third parties in connection with such purposes.

(o) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day first written above.

CARNIVAL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

Exhibit A  
**Performance Target Vesting Matrix**

The percentage of the Target Amount of RSUs that shall vest will be based upon the extent to which the Company's EPS for fiscal [END YEAR] ("[END YEAR] EPS") exceeds the Company's EPS for fiscal [BEGINNING YEAR] ("[BEGINNING YEAR] EPS"), in accordance with the following:

[INSERT PERFORMANCE-BASED CRITERIA FOR AWARD]

FORM OF CARNIVAL PLC  
PERFORMANCE-BASED  
RESTRICTED STOCK UNIT AGREEMENT

THIS PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”), dated as of [DATE] (the “Date of Grant”) is made by and between Carnival plc, a corporation organized under the laws of England and Wales (the “Company”), and [NAME OF PARTICIPANT] (the “Participant”).

WHEREAS, the Company has adopted the [PLAN NAME] (the “Plan”), pursuant to which restricted stock units may be granted in respect of the Company’s ordinary shares, par value \$1.66 per share (“Stock”); and

WHEREAS, the Compensation Committee of the Company (the “Committee”) has determined that it is in the best interests of the Company and its stockholders to grant the restricted stock unit award provided for herein to the Participant subject to the terms set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Restricted Stock Units.

(a) Grant. The Company hereby grants to the Participant [NUMBER] restricted stock units (the “RSUs”) (the “Target Amount”), on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. Each RSU represents the right to receive payment in respect of one share of Stock as of the Settlement Date (as defined below), to the extent the Participant is vested in such RSUs as of the Settlement Date, subject to the terms of this Agreement and the Plan.

(b) Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and his legal representative in respect of any questions arising under the Plan or this Agreement.

(c) Acceptance of Agreement. Unless the Participant notifies [CONTACT] in writing within 10 days after receipt of this Agreement that the Participant does not wish to accept this Agreement, the Participant will be deemed to have accepted this Agreement and will be bound by the terms of the Agreement and the Plan.

2. Terms and Conditions.

(a) Performance Target.

(i) Subject to the Participant's continued employment or service with the Company, a specified percentage of the RSUs shall vest if both (A) the Participant remains in continuous employment or continuous service with the Company on [END YEAR], and (B) the Company achieves EPS growth (as measured by the extent to which the Company's EPS for fiscal [END YEAR] exceeds the Company's EPS for fiscal [BEGINNING YEAR]) equal to or in excess of the amounts set forth on Exhibit A (the "Performance Target"). Unless provided otherwise by the Committee, the Participant shall be deemed to not be in continuous employment or continuous service if the Participant's status changes from employee to non-employee, or vice-versa. The actual number of RSUs that may vest may range from zero to 200% of the Target Amount based on the extent to which the Performance Target is achieved, in accordance with the methodology set out on Exhibit A. If the Company does not achieve the minimum Performance Target as set out on Exhibit A, then no RSUs shall vest and all RSUs shall be cancelled in their entirety and no vesting shall occur unless and until the Committee certifies that the Performance Target has been met (the "Certification").

(ii) At any time following the Date of Grant, the Committee may make adjustments or modifications to the Performance Target and the calculation of the Performance Target as it determines in its sole discretion, in order to avoid dilution or enlargement of the intended benefits to be provided to the Participant under this Agreement, to reflect the following events: (A) asset write-downs; (B) litigation or claim judgments or settlements; (C) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (D) any reorganization and restructuring programs; (E) extraordinary nonrecurring items as described in Accounting Standards Codification Topic 225-20 (or any successor pronouncement thereto) and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year; (F) acquisitions or divestitures; (G) foreign exchange gains and losses; (H) discontinued operations and nonrecurring charges; (I) a change in the Company's fiscal year; and/or (J) any other specific, unusual or nonrecurring events.

(b) Settlement. The obligation to make payments and distributions with respect to RSUs shall be satisfied through the issuance of one share of Stock for each vested RSU, less applicable withholding taxes (the "settlement"), and the settlement of the RSUs may be subject to such conditions, restrictions and contingencies as the Committee shall determine. The RSUs shall be settled as soon as practicable after the RSUs vest (as applicable, the "Settlement Date"), but in no event later than March 15 of the year following the calendar year in which the RSUs vested. Notwithstanding the foregoing, the payment dates set forth in this Section 2(b) have been specified for the purpose of complying with the provisions of Section 409A of the Code ("Section 409A"). To the extent payments are made during the periods permitted under Section 409A (including any applicable periods before or after the specified payment dates set forth in this Section 2(b)), the Company shall be deemed to have satisfied its obligations under the Plan and shall be deemed not to be in breach of its payments obligations hereunder.

(c) Dividends and Voting Rights. Each outstanding RSU shall be credited with dividend equivalents equal to the dividends (including extraordinary dividends if so determined by the Committee) declared and paid to other shareholders of the Company in respect of one share of Stock. On the Settlement Date, such dividend equivalents in respect of each vested RSU shall be settled by delivery to the Participant of a number of shares of Stock equal to the quotient

obtained by dividing (i) the aggregate accumulated value of such dividend equivalents by (ii) the Fair Market Value of a share of Stock on the applicable vesting date, rounded down to the nearest whole share, less any applicable withholding taxes. No dividend equivalents shall be accrued for the benefit of the Participant with respect to record dates occurring prior to the Date of Grant, or with respect to record dates occurring on or after the date, if any, on which the Participant has forfeited the RSUs. The Participant shall have no voting rights with respect to the RSUs or any dividend equivalents.

3. Termination of Employment or Service with the Company.

(a) Termination by the Company for Cause. If the Participant's employment or service with the Company terminates for Cause, then all outstanding RSUs shall immediately terminate on the date of termination of employment or service.

(b) Death or Disability. If the Participant's employment or service with the Company terminates due to the Participant's death or is terminated by the Company due to the Participant's Disability, then the Participant shall be deemed to have vested on the date of termination in a number of RSUs equal to the product of (i) the Target Amount of RSUs multiplied by (ii) a fraction, the numerator of which is the number of days elapsed during the period commencing on December 1, [BEGINNING YEAR] through and including the date of termination, rounded down to the nearest whole RSU, and the remaining unvested portion of the RSUs shall terminate on the date of termination of employment or service. The vested RSUs (and any associated dividend equivalents) shall be settled in accordance with Section 2(b) and 2(c), respectively.

(c) Other Termination. If the Participant's employment or service with the Company terminates for any reason other than as otherwise described in the foregoing provisions of this Section 3 (whether due to voluntary termination, Retirement, termination by the Company without Cause, or otherwise), then all outstanding RSUs shall immediately terminate on the date of termination of employment or service.

Except as otherwise provided in Section 3(b), in no event shall any RSUs be settled unless and until both (i) at least the threshold Performance Target is achieved, and (ii) the Certification occurs.

4. Miscellaneous.

(a) Compliance with Legal Requirements. The granting and settlement of the RSUs, and any other obligations of the Company under this Agreement, shall be subject to all applicable federal, state, local and foreign laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. If the settlement of the RSUs would be prohibited by law or the Company's dealing rules, the settlement shall be delayed until the earliest date on which the settlement would not be so prohibited.

(b) Transferability. Unless otherwise provided by the Committee in writing, the RSUs shall not be transferable by the Participant other than by will or the laws of descent and distribution.

(c) Clawback/Forfeiture

(i) Notwithstanding anything to the contrary contained herein, in the event of a material restatement of the Company's issued financial statements, the Committee shall

review the facts and circumstances underlying the restatement (including, without limitation any potential wrongdoing by the Participant and whether the restatement was the result of negligence or intentional or gross misconduct) and may in its sole discretion direct the Company to recover all or a portion of any income or gain realized on the settlement of the RSUs or the subsequent sale of shares of Stock acquired upon settlement of the RSUs with respect to any fiscal year in which the Company's financial results are negatively impacted by such restatement. If the Committee directs the Company to recover any such amount from the Participant, then the Participant agrees to and shall be required to repay any such amount to the Company within 30 days after the Company demands repayment. In addition, if the Company is required by law to include an additional "clawback" or "forfeiture" provision to outstanding awards, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or forfeiture provision shall also apply to this Agreement as if it had been included on the Date of Grant and the Company shall promptly notify the Participant of such additional provision. In addition, if a Participant has engaged or is engaged in Detrimental Activity after the Participant's employment or service with the Company or its subsidiaries has ceased, then the Participant, within 30 days after written demand by the Company, shall return any income or gain realized on the settlement of the RSUs or the subsequent sale of shares of Stock acquired upon settlement of the RSUs.

(ii) For purposes of this Agreement, "**Detrimental Activity**" means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of the Combined Group, (ii) any activity that would be grounds to terminate the Participant's employment or service with the Combined Group for Cause, (iii) whether in writing or orally, maligning, denigrating or disparaging the Combined Group or their respective predecessors and successors, or any of the current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, with respect to any of their respective past or present activities, or otherwise publishing (whether in writing or orally) statements that tend to portray any of the aforementioned persons or entities in an unfavorable light, or (iv) the breach of any noncompetition, nonsolicitation or other agreement containing restrictive covenants, with the Combined Group. For purposes of the preceding sentence the phrase "the Combined Group" shall mean "any member of the Combined Group or any Affiliate".

(d) **No Rights as Stockholder.** The Participant shall not be deemed for any purpose to be the owner of any shares of Stock subject to the RSUs.

(e) **Tax Withholding.** All distributions under the Plan are subject to withholding of all applicable federal, state, local and foreign taxes, and the Committee may condition the settlement of the RSUs on satisfaction of the applicable withholding obligations.

(f) **Waiver.** Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(g) **Notices.** Any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

(h) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(i) No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever. The rights and obligations of the Participant under the terms and conditions of the Participant's office or employment shall not be affected by this Agreement. The Participant waives all and any rights to compensation and damages in consequence of the termination of the Participant's office or employment with any member of the Combined Group or any of its Affiliates for any reason whatsoever (whether lawfully or unlawfully) insofar as those rights arise, or may arise, from the Participant's ceasing to have rights under or the Participant's entitlement to the RSUs under this Agreement as a result of such termination or from the loss or diminution in value of such rights or entitlements. In the event of conflict between the terms of this Section 4(i) and the Participant's terms of employment, this Section will take precedence.

(j) Beneficiary. The Participant may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Participant, the Participant's estate shall be deemed to be the Participant's beneficiary.

(k) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(l) Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent under Section 9 of the Plan.

(m) Governing Law. This Agreement and any non-contractual obligations arising under or in connections with this Agreement shall be governed by, and construed in accordance with, the laws of England. All disputes arising out of or in connection with this Agreement shall be subject to the exclusive jurisdiction of the courts of England and Wales.

(n) Data Protection. By accepting the grant of the RSUs the Participant agrees and consents:

(i) to the collection, use, processing and transfer by the Company of certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, other employee information, details of the RSUs granted to the Participant, and of Stock issued or transferred to the Participant pursuant to this Agreement ("Data"); and

(ii) to the Company transferring Data to any subsidiary or Affiliate of the Company for the purposes of implementing, administering and managing this Agreement; and

(iii) to the use of such Data by any person for such purposes; and

(iv) to the transfer to and retention of such Data by third parties in connection with such purposes.

(o) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day first written above.

CARNIVAL PLC

By: \_\_\_\_\_  
Name:  
Title:

Exhibit A

**Performance Target Vesting Matrix**

The percentage of the Target Amount of RSUs that shall vest will be based upon the extent to which the Company's EPS for fiscal [END YEAR] ("[END YEAR] EPS") exceeds the Company's EPS for fiscal [BEGINNING YEAR] ("[BEGINNING YEAR] EPS"), in accordance with the following:

[INSERT PERFORMANCE-BASED CRITERIA FOR AWARD]

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

	Three Months Ended February 28,	
	2011	2010
Net income	\$ 152	\$ 175
Income tax expense (benefit), net	5	(15)
Income before income taxes	<u>157</u>	<u>160</u>
Fixed charges		
Interest expense, net	86	96
Interest portion of rent expense (a)	5	6
Capitalized interest	<u>6</u>	<u>7</u>
Total fixed charges	<u>97</u>	<u>109</u>
Fixed charges not affecting earnings		
Capitalized interest	(6)	(7)
Earnings before fixed charges	<u>\$ 248</u>	<u>\$ 262</u>
Ratio of earnings to fixed charges	<u>2.6x</u>	<u>2.4x</u>

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

I, Micky Arison, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 1, 2011

By: /s/ Micky Arison

Micky Arison

Chairman of the Board of Directors

and Chief Executive Officer

I, Howard S. Frank, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 1, 2011

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

I, David Bernstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 1, 2011

By: /s/ David Bernstein  
David Bernstein  
Senior Vice President and  
Chief Financial Officer

I, Micky Arison, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 1, 2011

By: /s/ Micky Arison

Micky Arison

Chairman of the Board of Directors

and Chief Executive Officer

I, Howard S. Frank, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 1, 2011

By: /s/ Howard S. Frank

Howard S. Frank

Vice Chairman of the Board of

Directors and Chief Operating Officer

I, David Bernstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 1, 2011

By: /s/ David Bernstein  
David Bernstein  
Senior Vice President and  
Chief Financial Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended February 28, 2011 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: April 1, 2011

By: /s/ Micky Arison

Micky Arison

Chairman of the Board of Directors

and Chief Executive Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended February 28, 2011 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: April 1, 2011

By: /s/ Howard S. Frank

Howard S. Frank

Vice Chairman of the Board of

Directors and Chief Operating Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended February 28, 2011 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: April 1, 2011

By: /s/ David Bernstein  
David Bernstein  
Senior Vice President and  
Chief Financial Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended February 28, 2011 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: April 1, 2011

By: /s/ Micky Arison

Micky Arison

Chairman of the Board of Directors  
and Chief Executive Officer

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- (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: April 1, 2011

By: /s/ Howard S. Frank

Howard S. Frank

Vice Chairman of the Board of

Directors and Chief Operating Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended February 28, 2011 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: April 1, 2011

By: /s/ David Bernstein  
David Bernstein  
Senior Vice President and  
Chief Financial Officer