



## **Carnival Corporation & plc Signs Five-Ship Cooperation Agreement With Fincantieri Cantieri Navali Italiani S.p.A.**

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Deliveries Planned for 2007 and 2008 for Several Carnival Brands

MIAMI, Sept. 23, 2004 /PRNewswire-FirstCall/ -- Carnival Corporation & plc (NYSE: CCL; LSE) (NYSE: CUK) today announced that it has signed a historic multi-billion-dollar cooperation agreement with Italian shipyard Fincantieri to construct four new cruise ships as well as significantly redesign the previously announced Queen Victoria for its Cunard Line brand.

Two of the newbuilding orders have been placed in U.S. dollars; two others are in euros. The Queen Victoria redesign is in a combination of euros and dollars.

Carnival Chairman and CEO Micky Arison said that this unique alliance with Fincantieri lays the foundation for its newbuilding program in 2007 and 2008 and allows the company to simultaneously execute its two-pronged growth strategy. "For our U.S. brands, it is important for us to build vessels at reasonable U.S. dollar costs, especially under the unfavorable U.S. dollar/euro currency environment that exists today. At the same time, we must continue to reinvest in our European brands to develop the cruise business there and maintain the leadership position of those brands in their respective markets," he said.

The U.S. dollar agreement calls for the construction of a 110,000-ton "Conquest-class" ship for Carnival Cruise Lines at Fincantieri's Sestri yard and a 116,000-ton "Caribbean Princess-class" ship for Princess Cruises at Fincantieri's Monfalcone yard. Both ships are expected to be delivered in spring 2007. The all-in cost for the Carnival ship is approximately \$500 million and the Princess ship approximately \$525 million.

Arison noted that the all-in cost for these two vessels compares favorably to the \$165,000-\$175,000 per berth price that Carnival has historically paid for new ships for these brands and should allow the company to achieve the financial targets it sets for its newbuilding projects. "These two classes of ships presently have some of the highest returns in the cruise industry," Arison pointed out.

The euro-based agreement includes two similar-sized vessels -- one that is 110,000 tons carrying approximately 3,000 lower berth passengers and another 116,000 tons carrying approximately 3,100 lower berth passengers. While the agreements for these ships have been signed, Carnival has a one-year option to designate which of the company's brands will take delivery of the vessels. Both are scheduled for delivery in spring 2008. The all-in cost for each vessel will be approximately 475 million and 490 million euros, respectively. They will also be built at Fincantieri's Sestri and Monfalcone yards.

"Given our strategic focus on developing the European markets and that these are euro-based agreements, it is probable that both vessels will go to our European brands. However, this one-year option allows us some latitude in determining where the tonnage will be best utilized," Arison said. "These ships are also priced within the 150,000-170,000 euros per berth range that Carnival has previously paid for its European brands and will enable them to meet our newbuilding financial targets," he added.

The agreement with Fincantieri also includes a significant redesign of the Queen Victoria, for which the order was previously announced in April 2004. The vessel will be lengthened by 11 meters and its tonnage increased to 90,000 with its lower berth passenger capacity increased to 2,000. The redesign brings the all-in price to 340 million euros plus \$95 million (U.S.). The vessel will be constructed at Fincantieri's Marghera shipyard and is now expected to be delivered in summer 2007.

"With these extensive modifications, Queen Victoria will incorporate the 'grand ocean liner' style of the Queen Mary 2 and Queen Elizabeth 2, as well as the signature design elements and culinary experiences that have earned Cunard its position as the preeminent luxury cruise operator," Arison said. "At the same time, the reengineered Queen Victoria will serve as Cunard's SuperLiner of the future," he added.

In addition, the cooperation agreement calls for Carnival to continue working with Fincantieri on new cruise ship development projects, including the "Pinnacle Project" which is a large prototype vessel for the Carnival Cruise Lines brand. Fincantieri has also granted Carnival preferential building slots in its various shipyards throughout Italy.

Commented Fincantieri Chairman Corrado Antonini, "This agreement reaffirms and further strengthens the special relationship between Fincantieri and Carnival. This partnership, developed over the years, is the foundation of the growth and significant performance of Fincantieri in designing and building passenger ships and has contributed to the success of the world market leader. Thanks to our flexibility at both the designing and building stage, we are currently building vessels for six different Carnival brands, with nearly half of their corporate fleet built by our company."

Added Fincantieri Chief Executive Officer Giuseppe Bono, "This is an unprecedented agreement. There is no equivalent relationship between customer and supplier in the cruise industry. Fincantieri has thus far delivered 29 ships to different brands of the Carnival group for an aggregate value of approximately \$10 billion. This agreement brings our Carnival orderbook to 12 newbuildings with a value of approximately \$6 billion and provides Fincantieri with a continuous workload at our shipyards through 2008. The preferential relationship creates the ideal conditions for the development of new classes of ships for years to come. Furthermore, the agreement signifies Carnival's acknowledgement of Fincantieri's ability to deliver projects of this magnitude. With Fincantieri's sound financial results and status, as well as increased efficiencies, we are able to balance the effect of the end of subsidies."

Fincantieri Executive Senior Vice President - Cruise Ship Business Unit Enrico Buschi said, "The agreement is based on the desire, shared by both

parties, to understand their mutual needs and is sustained by the remarkable experience gained in the relationship between the two companies. For each vessel, even a sister ship, we develop innovative configurations to meet the operational needs and marketing objectives of the Carnival group. State-of-the-art cruise ships are developed to match the specific needs as well as the style and character of the different brands."

Based on these new orders, Carnival's capacity growth will be 5.9 percent in 2007 and 5.1 percent in 2008 compared to an average growth rate of 15 percent in the three-year period from 2002 to 2005.

Carnival Corporation & plc is the largest cruise vacation group in the world, with a portfolio of 12 cruise brands in North America, Europe and Australia, comprised of Carnival Cruise Lines, Holland America Line, Princess Cruises, Seabourn Cruise Line, Windstar Cruises, AIDA, Costa Cruises, Cunard Line, Ocean Village, P&O Cruises, Swan Hellenic, and P&O Cruises Australia.

Together, these brands operate 77 ships totaling more than 128,000 lower berths, with 12 new ships scheduled for delivery between November 2004 and spring 2008. Carnival Corporation & plc also operates the leading tour companies in Alaska and the Canadian Yukon, Holland America Tours and Princess Tours. Traded on both the New York and London Stock Exchanges, Carnival Corporation & plc is the only group in the world to be included in both the S&P 500 and the FTSE 100 indices.

SOURCE Carnival Corporation & plc

CONTACT:

Media

Tim Gallagher of Carnival Corporation & plc  
+1-305-599-2600, ext. 16000

or

Sophie Fitton

or

Sarah Tovey

both of Brunswick in the U.K.

+011-44-20-7404-5959

for Carnival Corporation & plc

or

investors

Beth Roberts of Carnival Corporation & plc

+1-305-406-4832

Web site: <http://www.carnivalcorp.com>

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