

**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 29, 2012

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 filers

Accelerated filers

Non-accelerated filers

Smaller reporting companies

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

At March 23, 2012, Carnival Corporation had outstanding 596,261,864 shares of Common Stock, \$0.01 par value.

At March 23, 2012, Carnival plc had outstanding 215,143,358 Ordinary Shares \$1.66 par value, one Special Voting Share, GBP 1.00 par value and 596,261,864 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

[Table of Contents](#)

CARNIVAL CORPORATION & PLC

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| <u>PART I - FINANCIAL INFORMATION</u> | |
| Item 1. Financial Statements. | 3 |
| Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. | 15 |
| Item 3. Quantitative and Qualitative Disclosures About Market Risk. | 23 |
| Item 4. Controls and Procedures. | 23 |
| <u>PART II - OTHER INFORMATION</u> | |
| Item 1. Legal Proceedings. | 23 |
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds. | 23 |
| Item 6. Exhibits. | 25 |
| <u>SIGNATURES</u> | 28 |

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

| | Three Months Ended | |
|---|---------------------------|----------------|
| | February 29/28, | |
| | 2012 | 2011 |
| Revenues | | |
| Cruise | | |
| Passenger tickets | \$ 2,764 | \$ 2,652 |
| Onboard and other | 809 | 757 |
| Tour and other | 9 | 10 |
| | <u>3,582</u> | <u>3,419</u> |
| Operating Costs and Expenses | | |
| Cruise | | |
| Commissions, transportation and other | 661 | 664 |
| Onboard and other | 126 | 120 |
| Fuel | 592 | 450 |
| Payroll and related | 442 | 411 |
| Food | 240 | 231 |
| Other ship operating | 619 | 510 |
| Tour and other | 14 | 9 |
| | <u>2,694</u> | <u>2,395</u> |
| Selling and administrative | 421 | 422 |
| Depreciation and amortization | 376 | 367 |
| Ibero goodwill and trademark impairment charges | 173 | - |
| | <u>3,664</u> | <u>3,184</u> |
| Operating (Loss) Income | <u>(82)</u> | <u>235</u> |
| Nonoperating (Expense) Income | | |
| Interest income | 3 | 2 |
| Interest expense, net of capitalized interest | (88) | (86) |
| Gains on fuel derivatives, net | 21 | - |
| Other income, net | 5 | 6 |
| | <u>(59)</u> | <u>(78)</u> |
| (Loss) Income Before Income Taxes | (141) | 157 |
| Income Tax Benefit (Expense), Net | <u>2</u> | <u>(5)</u> |
| Net (Loss) Income | <u>\$ (139)</u> | <u>\$ 152</u> |
| (Loss) Earnings Per Share | | |
| Basic | <u>\$ (0.18)</u> | <u>\$ 0.19</u> |
| Diluted | <u>\$ (0.18)</u> | <u>\$ 0.19</u> |
| Dividends Declared Per Share | <u>\$ 0.25</u> | <u>\$ 0.25</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)

| | <u>February 29,</u> <u>2012</u> | <u>November 30,</u> <u>2011</u> |
|---|------------------------------------|------------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 471 | \$ 450 |
| Trade and other receivables, net | 286 | 263 |
| Insurance recoverables | 851 | 30 |
| Inventories | 381 | 374 |
| Prepaid expenses and other | 184 | 195 |
| Total current assets | <u>2,173</u> | <u>1,312</u> |
| Property and Equipment, Net | 31,475 | 32,054 |
| Goodwill | 3,188 | 3,322 |
| Other Intangibles | 1,319 | 1,330 |
| Other Assets | 808 | 619 |
| | <u>\$ 38,963</u> | <u>\$ 38,637</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Short-term borrowings | \$ 538 | \$ 281 |
| Current portion of long-term debt | 1,025 | 1,019 |
| Accounts payable | 517 | 576 |
| Claims reserve | 398 | 97 |
| Accrued liabilities and other | 1,020 | 1,026 |
| Customer deposits | 3,046 | 3,106 |
| Total current liabilities | <u>6,544</u> | <u>6,105</u> |
| Long-Term Debt | 7,964 | 8,053 |
| Other Long-Term Liabilities and Deferred Income | 802 | 647 |
| Contingencies | | |
| Shareholders' Equity | | |
| Common stock of Carnival Corporation, \$0.01 par value; 1,960 shares authorized; 649 shares at 2012 and 647 shares at 2011 issued | 6 | 6 |
| Ordinary shares of Carnival plc, \$1.66 par value; 215 shares at 2012 and 2011 issued | 357 | 357 |
| Additional paid-in capital | 8,196 | 8,180 |
| Retained earnings | 18,015 | 18,349 |
| Accumulated other comprehensive loss | (67) | (209) |
| Treasury stock, 52 shares at 2012 and 2011 of Carnival Corporation and 33 shares at 2012 and 2011 of Carnival plc, at cost | <u>(2,854)</u> | <u>(2,851)</u> |
| Total shareholders' equity | <u>23,653</u> | <u>23,832</u> |
| | <u>\$ 38,963</u> | <u>\$ 38,637</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 29/28, | |
| | 2012 | 2011 |
| OPERATING ACTIVITIES | | |
| Net (loss) income | \$ (139) | \$ 152 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities | | |
| Depreciation and amortization | 376 | 367 |
| Ibero goodwill and trademark impairment charges | 173 | - |
| Gains on fuel derivatives, net | (21) | - |
| Share-based compensation | 14 | 17 |
| Other, net | 41 | 2 |
| Changes in operating assets and liabilities | | |
| Receivables | (22) | (71) |
| Inventories | (4) | (19) |
| Prepaid expenses and other | 6 | (4) |
| Accounts payable | (62) | 1 |
| Accrued and other liabilities | 10 | (89) |
| Customer deposits | (50) | 56 |
| Net cash provided by operating activities | <u>322</u> | <u>412</u> |
| INVESTING ACTIVITIES | | |
| Additions to property and equipment | (267) | (172) |
| Other, net | 19 | 14 |
| Net cash used in investing activities | <u>(248)</u> | <u>(158)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from (repayments of) short-term borrowings, net | 257 | (63) |
| Principal repayments of long-term debt | (112) | (135) |
| Dividends paid | (194) | (79) |
| Other, net | (1) | 47 |
| Net cash used in financing activities | <u>(50)</u> | <u>(230)</u> |
| Effect of exchange rate changes on cash and cash equivalents | (3) | 12 |
| Net increase in cash and cash equivalents | 21 | 36 |
| Cash and cash equivalents at beginning of period | 450 | 429 |
| Cash and cash equivalents at end of period | <u>\$ 471</u> | <u>\$ 465</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 29, 2012 and the Consolidated Statements of Operations and Consolidated Statements of Cash Flows for the three months ended February 29/28, 2012 and 2011 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 2011 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. Certain balance sheet reclassifications of prior period information have been made to conform to the current period presentation.

Cruise passenger ticket revenues include fees and taxes levied by governmental authorities and collected by us from our guests. The portion of these fees and taxes included in passenger ticket revenues and commissions, transportation and other costs were \$127 million and \$108 million for the three months ended February 29/28, 2012 and 2011, respectively.

NOTE 2 – *Costa Concordia* and *Costa Allegra*

During the three months ended February 29, 2012, we wrote-off the net carrying value of *Costa Concordia* in the amount of \$515 million and recorded a short-term insurance recoverable for the same amount since the ship was deemed to be a constructive total loss. We are not subject to any hull and machinery insurance deductible since the ship was deemed a constructive total loss. In addition, during the three months ended February 29, 2012, we recognized \$29 million for *Costa Concordia* incident related expenses that are not covered by insurance, including a \$10 million insurance deductible related to third party personal injury liabilities, which are principally included in other ship operating expenses.

As a result of the *Costa Concordia* accident, litigation claims, enforcement actions, regulatory actions and investigations, including but not limited to, those arising from personal injury, loss of life, loss of or damage to personal property, business interruption losses or environmental damage to any affected coastal waters and the surrounding areas, have been and may be asserted or brought against various parties including us. The existing assertions are in their initial stages and there are significant jurisdictional uncertainties. We are currently evaluating the possible merits of these matters and their ultimate outcome cannot be determined at this time. However, we have insurance coverage for third-party claims such as those mentioned above.

At February 29, 2012, substantially all of our short-term and long-term insurance recoverables relate to the *Costa Concordia* accident. At February 29, 2012, approximately 65% of our aggregated short-term and long-term claims reserves also relate to the *Costa Concordia* accident. At February 29, 2012 and November 30, 2011, our long-term insurance recoverables and long-term claims reserves are included in other assets and other long-term liabilities and deferred income, respectively, and are not significant. We expect to continue to incur *Costa Concordia* related costs in the future. Although at this time these costs are not yet determinable, we do not expect them to have a significant impact on our results of operations because we believe these additional costs will be recoverable under our insurance coverage.

In February 2012, *Costa Allegra* suffered fire damage and, accordingly, we decided to withdraw the ship from operations, which resulted in a \$34 million impairment charge included in other ship operating expenses. At February 29, 2012, the remaining carrying value of the ship is not significant.

NOTE 3 – Short-term Borrowings

At February 29, 2012, unsecured short-term borrowings consisted of \$494 million of commercial paper and \$44 million of euro-denominated bank loans with an aggregate weighted-average interest rate of 0.5%.

[Table of Contents](#)

NOTE 4 – 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. Management believes the ultimate outcome of these claims and lawsuits will not have a material adverse impact on our consolidated financial statements. See Note 2 above for a discussion of loss contingencies related to the *Costa Concordia* accident.

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

At February 29, 2012, Carnival Corporation had estimated contingent obligations totaling \$415 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. As a result, 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 29, 2012, be responsible for a termination payment of \$39 million. In 2017, we have the right to exercise options that would terminate these 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. The two financial institution payment undertakers subject to this AA- credit rating threshold each have a credit rating of AA. If Carnival Corporation’s credit rating, which is BBB+, falls below BBB, it will be required to provide a standby letter of credit for \$41 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 5 – Comprehensive Income

Comprehensive income was as follows (in millions):

| | Three Months Ended February 29/28, | |
|---|---------------------------------------|--------|
| | 2012 | 2011 |
| Net (loss) income | \$ (139) | \$ 152 |
| Items included in other comprehensive income | | |
| Change in foreign currency translation adjustment | 147 | 355 |
| Other | (5) | 40 |
| Other comprehensive income | 142 | 395 |
| Total comprehensive income | \$ 3 | \$ 547 |

NOTE 6 – 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 unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.
- 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 independent and knowledgeable 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 29, 2012 and November 30, 2011. Both the counterparties and we are expected to continue to perform under the contractual terms of the instruments. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, certain estimates of fair values presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

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 29, 2012 | | November 30, 2011 | |
|-------------------------------|-------------------|------------|-------------------|------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Cash and cash equivalents (a) | \$ 305 | \$ 305 | \$ 358 | \$ 358 |
| Long-term other assets (b) | \$ 97 | \$ 93 | \$ 96 | \$ 90 |
| Fixed rate debt (c) | \$(5,999) | \$(6,470) | \$(6,251) | \$(6,715) |
| Floating rate debt (c) | \$(3,528) | \$(3,471) | \$(3,102) | \$(3,057) |

- (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 29, 2012 and November 30, 2011, 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 29, 2012 and November 30, 2011 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 29, 2012 and November 30, 2011 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 unadjusted 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.

[Table of Contents](#)

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 29, 2012 | | November 30, 2011 | |
|--|-------------------|---------|-------------------|---------|
| | Level 1 | Level 2 | Level 1 | Level 2 |
| Cash equivalents (a) | \$ 166 | \$ - | \$ 92 | \$ - |
| Marketable securities held in rabbi trusts (b) | \$ 105 | \$ 17 | \$ 98 | \$ 18 |
| Derivatives | | | | |
| Fuel (c) | \$ - | \$ 22 | \$ - | \$ 1 |
| Net investment hedges (d) | \$ - | \$ 2 | \$ - | \$ 2 |
| Interest rate swaps (e) | \$ - | \$ (16) | \$ - | \$ (9) |

- (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 29, 2012 and November 30, 2011, we had fuel derivatives consisting of zero cost collars on Brent crude oil (“Brent”) for approximately 20% and 10%, respectively, of our estimated fuel consumption for the second half of fiscal 2012 through fiscal 2015.
- (d) At February 29, 2012 and November 30, 2011, we had foreign currency forwards totaling \$433 million and \$183 million, respectively, that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency. 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 29, 2012 and November 30, 2011, these interest rate swap agreements effectively changed \$316 million and \$510 million, respectively, of fixed rate debt to U.S. dollar LIBOR or GBP LIBOR-based floating rate debt. These interest rate swaps mature through June 2012. 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 29, 2012 and November 30, 2011, these interest rate swap agreements effectively changed \$322 million and \$320 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 models such as interest rate, yield and commodity price curves, forward currency exchange rates, credit spreads, maturity dates, volatilities and netting arrangements. We use the income approach to value derivatives for foreign currency options and forwards, interest rate swaps and fuel 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. We also corroborate our fair value estimates using valuations provided by our counterparties.

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

The reconciliation of the changes in the carrying amounts of our goodwill, which goodwill has been allocated to our North America and EAA cruise brands, was as follows (in millions):

| | North America Cruise Brands | EAA Cruise Brands | Total |
|---|--------------------------------|----------------------|-----------------|
| Balance at November 30, 2011 | \$ 1,898 | \$ 1,424 | \$ 3,322 |
| Ibero goodwill impairment charge | - | (153) | (153) |
| Foreign currency translation adjustment | - | 19 | 19 |
| Balance at February 29, 2012 | <u>\$ 1,898</u> | <u>\$ 1,290</u> | <u>\$ 3,188</u> |

As of July 31, 2011, 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. At July 31, 2011, all of our cruise brands carried goodwill, except for Seabourn. No goodwill was considered to be impaired at that time because the estimated fair value of each cruise brand significantly exceeded its respective carrying value, except for Ibero Cruises (“Ibero”), as discussed below. Accordingly, we did not proceed to step two of the impairment analysis.

[Table of Contents](#)

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, include 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 13%, and terminal values, which are all considered level 3 inputs.

At July 31, 2011, Ibero's estimated fair value only exceeded its carrying value by 2%, or \$12 million of headroom, therefore, minor changes to these assumptions would have led to an Ibero impairment. At February 29, 2012, given the current state of the Spanish economy and considering the low level of Ibero's headroom, we performed an interim impairment review of Ibero's goodwill. The interim discounted future cash flow analysis that was used to estimate Ibero's fair value was primarily impacted by slower than anticipated Ibero capacity growth. As a result, Ibero's estimated fair value no longer exceeded its carrying value. Accordingly, we proceeded to step two of the impairment analysis and recognized a goodwill impairment charge of \$153 million during the three months ended February 29, 2012, which represented Ibero's entire goodwill balance. At February 29, 2012, accumulated goodwill impairment charges were \$153 million.

The reconciliation of the changes in the carrying amounts of our intangible assets not subject to amortization, which represent trademarks that have been allocated to our North America and EAA cruise brands, was as follows (in millions):

| | <u>North America Cruise Brands</u> | <u>EAA Cruise Brands</u> | <u>Total</u> |
|---|--|------------------------------|-----------------|
| Balance at November 30, 2011 | \$ 927 | \$ 386 | \$ 1,313 |
| Ibero trademarks impairment charge | - | (20) | (20) |
| Foreign currency translation adjustment | - | 9 | 9 |
| Balance at February 29, 2012 | <u>\$ 927</u> | <u>\$ 375</u> | <u>\$ 1,302</u> |

As of July 31, 2011, 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 trademarks recorded are AIDA Cruises ("AIDA"), Ibero, P&O Cruises (Australia), P&O Cruises (UK) and Princess Cruises ("Princess"). We believed the estimated fair value for each of our recorded trademarks significantly exceeded its respective carrying value at that time 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 use. The royalty rates are estimated primarily using comparable royalty agreements for similar industries.

At February 29, 2012, we also performed an interim impairment review of Ibero's trademarks, which resulted in a \$20 million impairment charge, based on the reduction of revenues primarily as a result of slower than anticipated Ibero capacity growth and a lower estimated royalty rate. At February 29, 2012, Ibero's remaining trademark carrying values are not significant.

The determination of our cruise brand and trademark fair values includes numerous assumptions that 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.

Other than for Ibero, there have not been any events or circumstances subsequent to July 31, 2011, which we believe would require us to perform additional interim goodwill or trademark impairment reviews. Specifically, we believe the *Costa Concordia* accident will not have a significant long-term impact on our business and, accordingly, we do not believe a Costa Cruises ("Costa") interim impairment review is required.

At February 29, 2012 and November 30, 2011, our intangible assets subject to amortization are not significant to our consolidated financial statements.

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. In November 2011, we implemented a fuel derivatives program to mitigate a portion of the risk to our future cash flows attributable to potentially significant fuel price increases, which we define as our "economic risk." Our policy is to not use any financial instruments for trading or other speculative purposes.

[Table of Contents](#)

All derivatives are recorded at fair value. The changes in fair value are immediately included in earnings if the derivatives do not qualify as effective hedges, or if we do not seek to qualify for hedge accounting treatment, such as for our fuel derivatives. 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, if any, as either current or long-term, depending on whether the maturity date of the derivative contract is within or beyond one year from the balance sheet date. Our derivative fair value amounts are included in prepaid expenses and other assets and accrued and other liabilities as the amounts are not significant. 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. Our cash flows related to fuel derivatives, if any, will be classified within investing activities.

The effective portions of our net foreign currency derivative (losses) and gains on cash flow hedges recognized in other comprehensive income in the three months ended February 29/28, 2012 and 2011 totaled \$(7) million and \$37 million, respectively.

The effective portions of our net foreign currency derivative gains and (losses) on net investment hedges recognized in other comprehensive income in the three months ended February 29/28, 2012 and 2011 totaled \$1 million and \$(18) million, respectively.

We recognized net unrealized gains of \$21 million in the three months ended February 29, 2012 on our fuel derivatives. There were no realized gains or losses recognized in the three months ended February 29, 2012 on our fuel derivatives.

There are no credit risk related contingent features in our derivative agreements, except for bilateral credit provisions within our fuel derivative counterparty agreements. These provisions require interest-bearing, non-restricted cash to be posted or received as collateral to the extent the fuel derivative fair value payable to or receivable from an individual counterparty, respectively, exceeds \$100 million. At February 29, 2012, no collateral was required to be posted to or received from our fuel derivative counterparties.

The amount of estimated cash flow hedges' unrealized gains and losses that 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 29, 2012 and November 30, 2011 and for the three months ended February 29/28, 2012 and 2011 where such impacts were 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 foreign currency exchange 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 accounting risks. Accordingly, we do not currently hedge foreign currency exchange 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

Our European and Australian cruise brands subject us to 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 expenses. 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

[Table of Contents](#)

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, these brands' revenues and expenses in non-functional currencies create some degree of natural offset for recognized transactional currency gains and losses due to currency exchange movements.

We consider our investments in foreign operations to be denominated in relatively stable currencies and of a long-term nature. We partially mitigate 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 29, 2012 and November 30, 2011, we have designated \$3.3 billion and \$3.6 billion of our euro and sterling debt and other obligations, respectively, which debt matures through 2021, as nonderivative hedges of our net investments in foreign operations. Accordingly, we have included \$144 million and \$204 million of cumulative foreign currency transaction non-derivative gains in the cumulative translation adjustment component of AOCI at February 29, 2012 and November 30, 2011, 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 29/28, 2012 and 2011, we recognized foreign currency non-derivative transaction losses of \$60 million and \$91 million, respectively, in the cumulative translation adjustment component of AOCI.

Newbuild Currency Risks

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, currency exchange rate correlation, economic trends, our overall expected net cash flows by currency and other offsetting risks. Our shipbuilding contracts are typically denominated in euros. In the past, we have used foreign currency derivative contracts and nonderivative financial instruments to manage foreign currency exchange rate risk for some of these ship construction contracts.

At February 29, 2012, none of our newbuild passenger capacity under contract that is exposed to currency exchange risk is hedged. The only newbuild contracts that have currency exchange risk for our cruise brands are two Princess and one P&O Cruises (UK) euro-denominated newbuild contracts with remaining commitments totaling \$2.0 billion.

The cost of shipbuilding orders that we may place in the future for our cruise brands that is denominated in a currency that is different than their functional currency 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 29, 2012, 63% and 37% (65% and 35% at November 30, 2011) of our debt bore fixed and floating interest rates, respectively, including the effect of interest rate swaps.

Fuel Price Risks

Our exposure to market risk for changes in fuel prices substantially all relate to the consumption of fuel on our ships. We use our fuel derivatives program to mitigate a portion of our economic risk attributable to potentially significant fuel price increases. We designed our fuel derivatives program to maximize operational flexibility by utilizing derivative markets with significant trading liquidity. As part of our fuel derivatives program, we will continue to evaluate various derivative products and strategies.

During the three months ended February 29, 2012, we entered into additional zero cost collar fuel derivatives on Brent that established ceiling and floor prices. These derivatives are based on Brent prices whereas the actual fuel used on our ships is marine fuel. Changes in the Brent prices may not show a high degree of correlation with changes in our underlying marine fuel prices. We will not realize any economic gain or loss upon the maturity of our zero cost collars unless the price of Brent is above the ceiling price or below the floor price. We believe that these derivatives will act as economic hedges, however hedge accounting is not applied.

[Table of Contents](#)

At February 29, 2012, our outstanding fuel derivatives consisted of zero cost collars on Brent for a portion of our estimated fuel consumption as follows:

| <u>Maturities (a)</u> | <u>Barrels (in thousands)</u> | <u>Weighted-Average Floor Price</u> | <u>Weighted-Average Ceiling Price</u> | <u>Percent of Estimated Fuel Consumption</u> |
|-----------------------|-----------------------------------|---|---|--|
| <u>2012</u> | | | | |
| Q3 | 1,044 | \$ 92 | \$ 132 | 21% |
| Q4 | 1,044 | 92 | 132 | 20% |
| | <u>2,088</u> | <u>\$ 92</u> | <u>\$ 132</u> | |
| Fiscal 2013 | <u>4,224</u> | <u>\$ 86</u> | <u>\$ 130</u> | 20% |
| Fiscal 2014 | <u>4,224</u> | <u>\$ 79</u> | <u>\$ 127</u> | 20% |
| Fiscal 2015 | <u>4,320</u> | <u>\$ 75</u> | <u>\$ 125</u> | 20% |

(a) Fuel derivatives mature evenly over each quarter within the above fiscal years.

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 and fuel derivative contracts and interest rate swap agreements that are in-the-money, which were not significant at February 29, 2012, is the replacement cost, net of any collateral received, 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. Our credit exposure includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in most of the European Union for which we are obligated to provide credit in a like amount to these guests even if we do not receive payment from the travel agents or tour operators. Concentrations of credit risk associated with these receivables and contingent obligations are not considered to be material, primarily due to the large number of unrelated accounts within our customer base, the amount of these contingent obligations and their short maturities. We have experienced only minimal credit losses on our trade receivables and related contingent obligations. We do not normally require collateral or other security to support normal credit sales.

NOTE 7 – Segment Information

We have three reportable cruise segments that are comprised of our (1) North America cruise brands, (2) Europe, Australia & Asia (“EAA”) cruise brands and (3) Cruise Support. In addition, we have a Tour and Other segment.

Our North America cruise segment includes Carnival Cruise Lines, Holland America Line, Princess and Seabourn. Our EAA cruise segment includes AIDA, Costa, Cunard, Ibero, P&O Cruises (Australia) and P&O Cruises (UK). These individual cruise brand operating segments have been aggregated into two reportable segments based on the similarity of their economic and other characteristics, including types of customers, regulatory environment, maintenance requirements, supporting systems and processes and 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 and transportation operations, and also the tour operations in 2011, of Holland America Princess Alaska Tours and our two owned ships that we charter to an unaffiliated entity.

[Table of Contents](#)

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

| | Three Months Ended February 29/28, | | | | | |
|-----------------------------|------------------------------------|--------------------|----------------------------|-------------------------------|--------------------------|-------------------------|
| | Revenues | Operating expenses | Selling and administrative | Depreciation and amortization | Ibero impairment charges | Operating (loss) income |
| 2012 | | | | | | |
| North America Cruise Brands | \$ 2,082 | \$ 1,510 | \$ 237 | \$ 221 | \$ - | \$ 114 |
| EAA Cruise Brands | 1,466 | 1,153 | 154 | 138 | 173 | (152) |
| Cruise Support | 25 | 17 | 28 | 7 | - | (27) |
| Tour and Other | 9 | 14 | 2 | 10 | - | (17) |
| | <u>\$ 3,582</u> | <u>\$ 2,694</u> | <u>\$ 421</u> | <u>\$ 376</u> | <u>\$ 173</u> | <u>\$ (82)</u> |
| 2011 | | | | | | |
| 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>\$ -</u> | <u>\$ 235</u> |

NOTE 8 – (Loss) Earnings Per Share

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

| | Three Months Ended February 29/28, | |
|--|---------------------------------------|----------------|
| | 2012 | 2011 |
| Net (loss) income for basic and diluted (loss) earnings per share | <u>\$ (139)</u> | <u>\$ 152</u> |
| Weighted-average common and ordinary shares outstanding | 778 | 790 |
| Dilutive effect of equity plans | - | 4 |
| Diluted weighted-average shares outstanding | <u>778</u> | <u>794</u> |
| Basic and diluted (loss) earnings per share | <u>\$ (0.18)</u> | <u>\$ 0.19</u> |
| Anti-dilutive equity awards excluded from diluted (loss) earnings per share computations | <u>13</u> | <u>8</u> |

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 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,” “depends,” “expect,” “anticipate,” “forecast,” “future,” “intend,” “plan,” “estimate,” “target” 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 that may impact, among other things, the forecasting of our non-GAAP earnings per share (“EPS”); net revenue yields; booking levels; pricing; occupancy; operating, financing and tax costs, including 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;
- increases in fuel prices;
- 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;
- 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;
- negative publicity concerning the cruise business in general or us in particular, including any adverse environmental impacts of cruising;
- litigation, enforcement actions, fines or penalties, including those relating to the *Costa Concordia* accident;
- economic, market and political factors that are beyond our control, which could increase our operating, financing and other costs;
- 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;
- 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;
- lack of continuing availability of attractive, convenient and safe port destinations;
- 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;
- disruptions and other damages to our information technology and other networks and operations, and breaches in data security;
- competition from and overcapacity in the cruise ship or land-based vacation industry;
- loss of key personnel or our ability to recruit or retain qualified personnel;
- union disputes and other employee relation issues;
- disruptions in the global financial markets or other events may negatively affect the ability of our counterparties and others to perform their obligations to us;
- 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;
- our decisions to self-insure against various risks or our inability to obtain insurance for certain risks at reasonable rates;
- fluctuations in foreign currency exchange rates;
- 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;
- risks associated with the DLC arrangement and
- uncertainties of a foreign legal system as we are not incorporated in the U.S.

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.

[Table of Contents](#)

Outlook for the 2012 Second Quarter and Full Year

On March 9, 2012, we said that we expected our non-GAAP fully diluted EPS for the 2012 second quarter and full year would be in the ranges of \$0.05 to \$0.09 and \$1.40 to \$1.70, respectively. Our 2012 second quarter and full year guidance was based on fuel prices of \$772 per metric ton and \$766 per metric ton for the 2012 second quarter and full year, respectively. In addition, this 2012 second quarter and full year guidance was based on currency rates of \$1.59 and \$1.58 to the sterling, \$1.07 and \$1.06 to the Australian dollar, respectively, and \$1.32 to the euro. The fuel and currency assumptions used in our guidance change daily and, accordingly, our forecasts change daily based on the changes in these assumptions.

Our expectations for 2012 are affected by the direct and indirect financial consequences of the *Costa Concordia* accident. There has been less impact on our North American brands than European brands. As we discussed during our March 9, 2012 first quarter conference call, since the date of the accident in mid-January our fleetwide booking volumes, excluding Costa, had declined in the mid to high single digits at slightly lower prices compared to the prior year. In addition, booking volumes for Costa were running significantly behind the prior year at lower prices, however, Costa had curtailed virtually all of its marketing activities during this period. We believe the accident will not have a significant long-term impact on our business.

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, general economic and business conditions, increases in fuel prices, ship incidents, spread of contagious diseases, adverse weather conditions, geo-political events, negative publicity 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 2011 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 ticket prices and occupancy levels 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 EAA brands, which tend to be more seasonal than our North America brands although our North America brands have also been trending towards an increasing level of seasonality.

The year-over-year percentage increase in our capacity for the second, third and fourth quarters of fiscal 2012 is currently expected to be 2.7%, 2.9% and 2.9%, respectively. The year-over-year percentage increase in our annual capacity for fiscal 2012, 2013, 2014 and 2015 is currently expected to be 3.0%, 2.8%, 2.2% and 4.7%, respectively. These percentage increases result primarily from contracted new ships entering service and include the impact of the withdrawals from service of *Costa Allegra* and *Costa Concordia* and the expected withdrawal of P&O Cruises (Australia's) *Pacific Sun* in July 2012, but exclude any unannounced future ship orders, acquisitions, retirements, charters or sales.

Statistical Information

| | Three Months Ended February 29/28, | |
|---|------------------------------------|---------|
| | 2012 | 2011 |
| Passengers carried (in thousands) | 2,262 | 2,185 |
| Occupancy percentage (a) | 105.3% | 105.0% |
| Fuel consumption (metric tons in thousands) | 837 | 828 |
| Fuel cost per metric ton consumed | \$ 707 | \$ 543 |
| Currencies | | |
| U.S. dollar to €1 | \$ 1.31 | \$ 1.34 |
| U.S. dollar to £1 | \$ 1.56 | \$ 1.58 |
| U.S. dollar to Australian dollar | \$ 1.04 | \$ 1.00 |

- (a) In accordance with cruise business 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.

Three Months Ended February 29, 2012 (“2012”) Compared to the Three Months Ended February 28, 2011 (“2011”)

Revenues

Consolidated

Approximately 77% of 2012 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues increased by \$112 million, or 4.2%, to \$2.8 billion in 2012 from \$2.7 billion in 2011. This increase was caused by our 3.7% capacity increase in ALBDs, which accounted for \$99 million, an increase in cruise ticket pricing, which accounted for \$47 million, partially offset by a stronger U.S. dollar against the euro and sterling, net of a weaker U.S. dollar against the Australian dollar (referred to as “the currency impact”), which accounted for \$21 million (see “Key Performance Non-GAAP Financial Indicators”).

The remaining 23% of 2012 total revenues is substantially all comprised of onboard and other cruise revenues, which increased by \$52 million, or 6.9%, to \$809 million in 2012 from \$757 million in 2011. This increase was caused by our 3.7% capacity increase in ALBDs, which accounted for \$28 million, and higher onboard spending by our guests. Onboard and other revenues included concession revenues of \$238 million in 2012 and \$222 million in 2011.

North America Brands

Approximately 74% of 2012 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues increased by \$109 million, or 7.6%, to \$1.5 billion in 2012 from \$1.4 billion in 2011. This increase was caused by our 4.3% capacity increase in ALBDs, which accounted for \$61 million, and a continuing recovery in cruise ticket pricing, which accounted for \$60 million. Cruise passenger ticket pricing rebounded in the Caribbean, which represented two-thirds of the North America brands first quarter capacity, due to the continuing recovery in the U.S. economy.

The remaining 26% of 2012 total revenues is comprised of onboard and other cruise revenues, which increased by \$45 million, or 9.2%, to \$536 million in 2012 from \$491 million in 2011. The increase was substantially due to our 4.3% capacity increase in ALBDs, which accounted for \$21 million, and higher onboard spending by our guests. Onboard and other revenues included concession revenues of \$156 million in 2012 and \$136 million in 2011.

EAA Brands

Approximately 83% of 2012 total revenues are comprised of cruise passenger ticket revenues. Cruise passenger ticket revenues of \$1.2 billion in 2012 were flat compared to 2011. The impact from our 2.9% capacity increase in ALBDs, which accounted for \$35 million, was offset by the currency impact, which accounted for \$21 million, and a slight decrease in occupancy.

The remaining 17% of 2012 total revenues is comprised of onboard and other cruise revenues of \$247 million in 2012 and were flat compared to 2011. Onboard and other revenues included concession revenues of \$82 million in 2012 and \$86 million in 2011.

Costs and Expenses

Consolidated

Operating costs and expenses increased \$299 million, or 12.5%, to \$2.7 billion in 2012 from \$2.4 billion in 2011. This increase was caused by higher fuel prices, which accounted for \$137 million, our 3.7% capacity increase in ALBDs, which accounted for \$89 million, higher dry-dock costs of \$35 million, the *Costa Allegra* impairment charge, which accounted for \$34 million, and *Costa Concordia* incident related expenses not covered by insurance, which accounted for \$29 million, partially offset by the currency impact, which accounted for \$16 million.

Selling and administrative expenses of \$421 million in 2012 were flat compared to 2011. Our 3.7% capacity increase in ALBDs was offset by a decrease in advertising expenses, as advertising was curtailed after the *Costa Concordia* accident.

Depreciation and amortization expense increased \$9 million, or 2.5%, to \$376 million in 2012 from \$367 million in 2011.

[Table of Contents](#)

Ibero goodwill and trademark impairment charges of \$173 million were recorded in 2012. See “Note 6 - Fair Value Measurements, Derivative Instruments and Hedging Activities” in the accompanying consolidated financial statements for additional discussion of these impairment charges.

Our total costs and expenses as a percentage of revenues increased to 102.3% in 2012 from 93.1% in 2011.

North America Brands

Operating costs and expenses increased \$179 million, or 13.4%, to \$1.5 billion in 2012 from \$1.3 billion in 2011. This increase was substantially due to higher fuel prices, which accounted for \$88 million, our 4.3% capacity increase in ALBDs, which accounted for \$57 million and higher dry-dock costs of \$29 million.

Our total costs and expenses as a percentage of total revenues increased to 94.5% in 2012 from 92.2% in 2011.

EAA Brands

Operating costs and expenses increased \$94 million, or 8.9%, to \$1.2 billion in 2012 from \$1.1 billion in 2011. This increase was caused by higher fuel prices, which accounted for \$50 million, our 2.9% capacity increase in ALBDs, which accounted for \$30 million, *Costa Allegra* impairment charges and *Costa Concordia* incident related expenses that are not covered by insurance, partially offset by the currency impact, which accounted for \$16 million.

Ibero goodwill and trademark impairment charges of \$173 million were recorded in 2012.

Our total costs and expenses as a percentage of total revenues increased to 110.3% in 2012 from 92.5% in 2011.

Operating (Loss) Income

For the reasons discussed above, including the 2012 nonrecurring Ibero goodwill and trademark impairment charges, our consolidated operating loss in 2012 was \$82 million, compared to consolidated operating income of \$235 million in 2011. Our North America brands' operating income in 2012 was \$114 million, compared to operating income of \$151 million in 2011. Driven by the nonrecurring Ibero goodwill and trademark impairment charges, our EAA brands' operating loss in 2012 was \$152 million, compared to operating income of \$110 million in 2011.

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 useful information to investors and expanded insight to measure our revenue and cost performance as a supplement to our U.S. generally accepted accounting principles (“U.S. GAAP”) consolidated financial statements.

Net revenue yields are commonly used in the cruise business 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.

[Table of Contents](#)

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 these non-GAAP financial measures assuming the 2012 period currency exchange rates have remained constant with the 2011 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.

We believe that the impairment charges related to Ibero’s goodwill and trademarks are nonrecurring and, therefore, are not an indication of our future earnings performance. As such, we believe it is more meaningful for the impairment charges to be excluded from our net (loss) income and (loss) earnings per share and, accordingly, we present non-GAAP net income and non-GAAP EPS excluding these impairment charges.

Under U.S. GAAP, the realized and unrealized gains and losses on fuel derivatives not qualifying as fuel hedges are immediately recognized in earnings. We believe that unrealized gains and losses on fuel derivatives are not an indication of our future earnings performance since they may not ultimately be realized in our future earnings. Therefore, we believe it is more meaningful for the unrealized gains and losses on fuel derivatives to be excluded from our net (loss) income and (loss) earnings per share and, accordingly, we present non-GAAP net income and non-GAAP EPS excluding these unrealized gains and losses.

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The presentation of our non-GAAP financial information is not intended to be considered in isolation or as substitute for, or superior to, the financial information prepared in accordance with U.S. GAAP. There are no specific rules for determining our non-GAAP current and constant dollar financial measures and, accordingly, they are susceptible to varying calculations, and it is possible that they may not be exactly comparable to the like-kind information presented by other companies, which is a potential risk associated with using these measures to compare us to other companies.

[Table of Contents](#)

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

| | Three Months Ended February 29/28, | | |
|---|------------------------------------|----------------------------|-------------------|
| | 2012 | 2012 Constant Dollar | 2011 |
| Passenger ticket revenues | \$ 2,764 | \$ 2,785 | \$ 2,652 |
| Onboard and other revenues | 809 | 811 | 757 |
| Gross cruise revenues | 3,573 | 3,596 | 3,409 |
| Less cruise costs | | | |
| Commissions, transportation and other | (661) | (669) | (664) |
| Onboard and other | (126) | (126) | (120) |
| | <u>(787)</u> | <u>(795)</u> | <u>(784)</u> |
| Net passenger ticket revenues | 2,103 | 2,116 | 1,988 |
| Net onboard and other revenues | 683 | 685 | 637 |
| Net cruise revenues | \$ 2,786 | \$ 2,801 | \$ 2,625 |
| ALBDs | 17,308,535 | 17,308,535 | 16,686,710 |
| Gross revenue yields | \$ 206.40 | \$ 207.75 | \$ 204.30 |
| % increase vs. 2011 | 1.0% | 1.7% | |
| Net revenue yields | \$ 160.93 | \$ 161.81 | \$ 157.28 |
| % increase vs. 2011 | 2.3% | 2.9% | |
| Net passenger ticket revenue yields | \$ 121.47 | \$ 122.22 | \$ 119.11 |
| % increase vs. 2011 | 2.0% | 2.6% | |
| Net onboard and other revenue yields | \$ 39.46 | \$ 39.59 | \$ 38.17 |
| % increase vs. 2011 | 3.4% | 3.7% | |

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 29/28, | | |
|---|------------------------------------|----------------------------|-------------------|
| | 2012 | 2012 Constant Dollar | 2011 |
| Cruise operating expenses | \$ 2,680 | \$ 2,696 | \$ 2,386 |
| Cruise selling and administrative expenses | 419 | 422 | 416 |
| Gross cruise costs | 3,099 | 3,118 | 2,802 |
| Less cruise costs included in net cruise revenues | | | |
| Commissions, transportation and other | (661) | (669) | (664) |
| Onboard and other | (126) | (126) | (120) |
| Net cruise costs | 2,312 | 2,323 | 2,018 |
| Less fuel | (592) | (592) | (450) |
| Net cruise costs excluding fuel | \$ 1,720 | \$ 1,731 | \$ 1,568 |
| ALBDs | 17,308,535 | 17,308,535 | 16,686,710 |
| Gross cruise costs per ALBD | \$ 179.04 | \$ 180.10 | \$ 167.92 |
| % increase vs. 2011 | 6.6% | 7.3% | |
| Net cruise costs per ALBD | \$ 133.57 | \$ 134.16 | \$ 120.90 |
| % increase vs. 2011 | 10.5% | 11.0% | |
| Net cruise costs excluding fuel per ALBD | \$ 99.38 | \$ 99.97 | \$ 93.95 |
| % increase vs. 2011 | 5.8% | 6.4% | |

[Table of Contents](#)

Non-GAAP fully diluted earnings per share was computed as follows (in millions, except per share data):

| | Three Months Ended February 29/28, | |
|--|---------------------------------------|---------------|
| | 2012 | 2011 |
| Net (loss) income - diluted | | |
| U.S. GAAP net (loss) income | \$ (139) | \$ 152 |
| Ibero goodwill and trademark impairment charges | 173 | — |
| Unrealized gains on fuel derivatives, net | (21) | — |
| Non-GAAP net income | <u>\$ 13</u> | <u>\$ 152</u> |
| Weighted-average shares outstanding – diluted | <u>778 (a)</u> | <u>794</u> |
| (Loss) earnings per share - diluted | | |
| U.S. GAAP (loss) earnings per share | \$(0.18) | \$0.19 |
| Ibero goodwill and trademark impairment charges | 0.22 | — |
| Unrealized gains on fuel derivatives, net | (0.02) | — |
| Non-GAAP earnings per share | <u>\$ 0.02</u> | <u>\$0.19</u> |

- (a) For the three months ended February 29, 2012, non-GAAP diluted weighted-average shares outstanding were 779 million, which includes the dilutive effect of equity plans.

Net cruise revenues increased \$161 million, or 6.1%, to \$2.8 billion in 2012 from \$2.6 billion in 2011. This was substantially due to a 3.7% capacity increase in ALBDs, which accounted for \$98 million, a 2.9% increase in constant dollar net revenue yields, which accounted for \$78 million, partially offset by the currency impact, which accounted for \$15 million. The 2.9% increase in net revenue yields on a constant dollar basis was comprised of a 2.6% increase in net passenger ticket revenue yields and a 3.7% increase in net onboard and other revenue yields. The 2.6% increase in net passenger ticket revenue yields was driven by our North America brands as they achieved a 4.8% net revenue yield increase from the rebound in the Caribbean, which represented two-thirds of the North America brands first quarter capacity, due to the continuing recovery in the U.S. economy. Our EAA brands net passenger ticket revenue yields were in line with the prior year. The 3.7% increase in net onboard and other revenue yields was also driven by our North America brands, while consistent with our expectations, our EAA Brands were down principally due to the challenging economic environment in Europe. Gross cruise revenues increased \$164 million, or 4.8%, to \$3.6 billion in 2012 from \$3.4 billion in 2011 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased \$152 million, or 9.7%, to \$1.7 billion in 2012 from \$1.6 billion in 2011. This was caused by a 6.4% increase in constant dollar net cruise costs excluding fuel per ALBD, which accounted for \$104 million, a 3.7% capacity increase in ALBDs, which accounted for \$58 million, partially offset by the currency impact, which accounted for \$10 million. The 6.4% increase in constant dollar net cruise costs excluding fuel per ALBD was substantially due to higher dry-dock costs, which accounted for \$35 million, the *Costa Allegra* impairment charge, which accounted for \$34 million and *Costa Concordia* incident related expenses not covered by insurance, which accounted for \$29 million.

Fuel costs increased \$142 million, or 31.6%, to \$592 million in 2012 from \$450 million in 2011. This was substantially all due to higher fuel prices, which accounted for \$137 million.

Gross cruise costs increased \$297 million, or 10.6%, to \$3.1 billion in 2012 from \$2.8 billion in 2011 for principally the same reasons as discussed above.

Liquidity, Financial Condition and Capital Resources

Our primary financial goal is to profitably grow our cruise business, while maintaining a strong balance sheet, which allows us to return free cash flow to shareholders. Our ability to generate significant operating cash flows has allowed us to internally fund all of our capital investment program. Our current intention is to have an average of two to three new cruise ships enter service annually, some of which will replace the existing capacity from possible sales of older ships. Since we have slowed down the pace of our newbuilding program, we currently believe this will lead to an increase in free cash flows. 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.

Based on our historical results, projections and financial condition, we believe that our existing liquidity 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, other firm commitments and dividends over the next several years. Our projected cash flow from operations and access to the capital markets can be adversely impacted by numerous factors outside our control including, but not

[Table of Contents](#)

limited to, those noted under “Cautionary Note Concerning Factors That May Affect Future Results.” If additional debt funding is required, our ability to generate significant cash from operations and our investment grade credit ratings provide us with the ability in most financial credit market environments to obtain such debt funding. If our long-term senior unsecured credit ratings were to be downgraded or assigned a negative outlook, our access to, and cost of, financing may be negatively impacted.

At February 29, 2012, we had a working capital deficit of \$4.4 billion. This deficit included \$3.0 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. Our February 29, 2012 working capital deficit also included \$1.6 billion of current debt obligations, which included \$494 million outstanding under our commercial paper programs and \$1.1 billion 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 refinance our current debt obligations as they become due in most financial credit market environments. We also have our revolving credit facility available to provide long-term rollover financing should the need arise, or if we choose to do so. After excluding customer deposits and current debt obligations from our February 29, 2012 working capital deficit balance, our non-GAAP adjusted working capital was \$238 million. Our business model allows us to operate with an adjusted working capital deficit and, accordingly, we believe we will continue to have a working capital deficit for the foreseeable future.

At November 30, 2011, the U.S. dollar was \$1.55 to sterling, \$1.33 to the euro and \$0.99 to the Australian dollar. Had these November 30, 2011 currency exchange rates been used to translate our February 29, 2012 non-U.S. dollar functional currency operations’ assets and liabilities instead of the February 29, 2012 U.S. dollar exchange rates of \$1.58 to sterling, \$1.34 to the euro and \$1.08 to the Australian dollar, our total assets and liabilities would have been lower by approximately \$295 million and \$190 million, respectively.

Sources and Uses of Cash

Our business provided \$322 million of net cash from operations during the three months ended February 29, 2012, a decrease of \$90 million, or 21.8%, compared to \$412 million for the same period in fiscal 2011. This decrease was primarily caused by less cash provided from our operating results.

During the three months ended February 29, 2012, our expenditures for capital projects were \$267 million, of which \$81 million was spent on our ongoing new shipbuilding program. In addition to our new shipbuilding program, we had capital expenditures of \$147 million for ship improvements and replacements and \$39 million for information technology, buildings and other assets.

During the three months ended February 29, 2012, we borrowed a net \$257 million of short-term borrowings in connection with our availability of, and needs for, cash at various times throughout the period. In addition, we repaid \$112 million of long-term debt substantially all for scheduled payments on export credit facilities. Finally, we paid cash dividends of \$194 million during the three months ended February 29, 2012.

Future Commitments and Funding Sources

Our contractual cash obligations as of February 29, 2012 have changed compared to November 30, 2011, primarily as a result of our debt repayments and ship progress payments as noted above under “Sources and Uses of Cash.”

At February 29, 2012, we had liquidity of \$6.6 billion. Our liquidity consisted of \$471 million of cash and cash equivalents, excluding \$288 million of cash used for current operations, \$2.1 billion available for borrowing under our revolving credit facilities, net of commercial paper borrowings, and \$4.3 billion under committed ship financings. Of this \$4.3 billion of committed ship financings, \$0.9 billion, \$0.9 billion, \$1.1 billion, \$1.0 billion and \$0.5 billion are scheduled to be funded in fiscal 2012, 2013, 2014, 2015 and 2016, respectively. Substantially all of our revolving credit facilities are scheduled to mature in 2016. These commitments are from numerous large, well-established banks, which we believe will honor their contractual agreements with us. In addition, in fiscal 2012 we expect to receive approximately \$515 million of hull and machinery insurance proceeds for the loss of *Costa Concordia*.

Substantially all of our debt agreements contain financial covenants as described in “Note 5 – Debt” in the annual consolidated financial statements, which is included within Exhibit 13 to our 2011 joint Annual Report on Form 10-K. At February 29, 2012, 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.

[Table of Contents](#)

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 29, 2012, 58%, 39% and 3% (56%, 41% and 3% at November 30, 2011) of our debt was U.S. dollar, euro and sterling-denominated, respectively, including the effect of foreign currency forwards.

During February 2012, we entered into additional zero cost collar fuel derivatives on Brent that established ceiling and floor prices for approximately 10% of our estimated fuel consumption for the second half of fiscal 2012 through fiscal 2015.

For a further discussion of our hedging strategies and market risks see “Note 6 – Fair Value Measurements, Derivative Instruments and Hedging Activities” 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 2011 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 29, 2012, 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 29, 2012 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On January 26, 2012, a purported class action was filed by Gary Lobaton in the United States District Court for the Northern District of Illinois (Eastern Division) naming as defendants Carnival Corporation, Carnival plc and Costa Crociere S.p.A. (Gary Lobaton v Carnival Corporation, Carnival plc and Costa Crociere S.p.A. et. al., No. 12-cv-00598). The plaintiff purports to represent an alleged class of the passengers and crew of *Costa Concordia* who were onboard the ship on January 13, 2012. The complaint alleges that the defendants violated the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, breached contracts with employees and passengers and acted negligently. The plaintiff also alleges unjust enrichment. The complaint seeks unspecified monetary and punitive damages, interests and costs, among other things.

On January 27, 2012, an action was filed in Miami-Dade County Circuit Court by a group of plaintiffs who were passengers onboard the *Costa Concordia* on January 13, 2012. On February 14, 2012, an amended complaint was filed, naming as defendants, Carnival Corporation, Carnival plc, Costa Cruise Lines, Inc. and Costa Crociere S.p.A (Geoffrey Scimone v. Carnival Corporation, Carnival plc, Costa Cruise Lines, Inc., and Costa Crociere S.p.A. et. al., No 12-3496 CA 40). The amended complaint alleges various claims for negligence, fraudulent misrepresentation and fraudulent inducement and seeks economic, compensatory and punitive damages.

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

A. Repurchase Authorizations

In September 2007, our 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, (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 29, 2012, there were no repurchases of Carnival Corporation common stock or Carnival plc ordinary shares under the Repurchase Program.

[Table of Contents](#)

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 March 23, 2012, the remaining availability under the Repurchase Program was \$334 million and the remaining availability under the Stock Swap programs 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 21.4 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2012 annual general meeting, or October 12, 2012.

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 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 still issue and sell up to 18.1 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, through 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 still 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 29, 2012, no Carnival Corporation common stock or Carnival plc ordinary shares were sold or repurchased under the Stock Swap programs.

[Table of Contents](#)

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> | |
| <u>Articles of incorporation and by-laws</u> | | | | | |
| 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 | 3.2 | 4/20/09 | |
| <u>Material contracts</u> | | | | | |
| 10.1* | Form of Executive Restricted Stock Agreement for Executives with Executive Long-term Compensation Agreements for the Carnival Corporation 2011 Stock Plan. | | | | X |
| 10.2* | Form of Executive Restricted Stock Agreement for the Carnival Corporation 2011 Stock Plan. | | | | X |
| 10.3* | 2011-1 Amendment to Princess Cruises Chief Executive Officer Supplemental Retirement Plan. | | | | X |
| 10.4* | 2011-2 Amendment to Princess Cruises Chief Executive Officer Supplemental Retirement Plan. | | | | X |
| <u>Statement regarding computations of ratios</u> | | | | | |
| 12 | Ratio of Earnings to Fixed Charges. | | | | X |
| <u>Rule 13a-14(a)/15d-14(a) Certifications</u> | | | | | |
| 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 |

[Table of Contents](#)

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> | |
| 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 |
| <u>Section 1350 Certifications</u> | | | | | |
| 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 |

[Table of Contents](#)

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> | |
| 101 | The financial statements from Carnival Corporation & plc's joint Quarterly Report on Form 10-Q for the quarter ended February 29, 2012, as filed with the SEC on March 30, 2012 formatted in XBRL, are as follows: (i) the Consolidated Statements of Operations for the three months ended February 29/28, 2012 and 2011; (ii) the Consolidated Balance Sheets at February 29, 2012 and November 30, 2011; (iii) the Consolidated Statements of Cash Flows for the three months ended February 29/28, 2012 and 2011; and (iv) the notes to the consolidated financial statements, tagged in summary and detail. | | | | X |

* Indicates a compensation plan or agreement.

** 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: March 30, 2012

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: March 30, 2012

**CARNIVAL CORPORATION
2011 STOCK PLAN**

FORM OF EXECUTIVE RESTRICTED STOCK AGREEMENT FOR EXECUTIVES WITH EXECUTIVE LONG-TERM COMPENSATION AGREEMENTS

THIS AGREEMENT (the “**Agreement**”), is made effective as of [GRANT DATE] (hereinafter the “**Grant Date**”) between Carnival Corporation, a corporation organized under the laws of the Republic of Panama (the “**Company**”), and [NAME] (the “**Executive**”), pursuant to the amended and restated Carnival Corporation 2011 Stock Plan (the “**Plan**”) and that certain Executive Long-Term Compensation Agreement effective as of January 15, 2008[, and amended December 19, 2008] between the Company and Executive (the “**LTCA**”).

RECITALS:

WHEREAS, the Company has adopted the amended and restated Carnival Corporation 2011 Stock Plan pursuant to which awards of restricted Shares may be granted; and

WHEREAS, the Company desires to grant Executive an award of restricted Shares pursuant to the terms of this Agreement, the LTCA and the Plan.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant of Restricted Stock.

Subject to the terms and conditions set forth in the Plan, the LTCA and in this Agreement, the Company hereby grants to Executive a Restricted Stock Award consisting of [NUMBER] Shares (the “**Restricted Stock**”). The Restricted Stock is subject to the restrictions described herein, including forfeiture under the circumstances described in Section 5 hereof (the “**Restrictions**”). The Restrictions shall lapse and the Restricted Stock shall become nonforfeitable in accordance with Section 3 and Section 5 hereof.

2. 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 LTCA and the Plan. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The terms of the LTCA shall control in the event of a conflict with the provisions of this Agreement or 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 Executive and his legal representative in respect of any questions arising under the Plan or this Agreement.

3. Lapse of Restriction.

Except as otherwise provided in Section 5 hereof, and contingent upon Executive's continued employment with the Company, the Restrictions with respect to the Restricted Stock shall lapse on the third anniversary of the Grant Date. Notwithstanding the foregoing, the Committee shall have the authority to remove the Restrictions on the Restricted Stock whenever it may determine that, by reason of changes in applicable laws or other changes in circumstances arising after the Grant Date, such action is appropriate.

Any shares of Restricted Stock for which the Restrictions have lapsed or been removed shall be referred to hereunder as "**released Restricted Stock.**"

4. Share Issuance.

Certificates evidencing the Restricted Stock shall be issued by the Company and shall be registered in Executive's name on the stock transfer books of the Company promptly after the date hereof. Subject to Section 6 hereof, the certificates evidencing the Restricted Stock shall remain in the physical custody of Executive or Executive's legal representative at all times prior to the date such Restricted Stock becomes released Restricted Stock.

5. Effect of Termination of Employment.

Notwithstanding anything herein to the contrary, all unreleased Restricted Stock issued hereunder shall be forfeited upon the occurrence of any event set forth in Section 3 of Executive's LTCA. In addition, in the event the Executive terminates by reason of death or Disability, the Restrictions on the Restricted Stock shall lapse on the date of Executive's death or Disability and the Restricted Stock shall become Released Restricted Stock.

6. Rights as a Shareholder.

Executive shall be the record owner of the Restricted Stock unless and until such shares are forfeited pursuant to Section 3 or 5 hereof, and as record owner shall be entitled to all rights of a common shareholder of the Company; provided that the Restricted Stock shall be subject to the limitations on transfer and encumbrance set forth in this Agreement. As soon as practicable following the lapse or removal of Restrictions on any Restricted Stock, Executive shall return the certificate representing such released Restricted Stock to the company and the Company shall deliver to Executive or Executive's legal representative a replacement certificate for such released Restricted Stock with the restrictive legend removed. In the event the Restricted Stock is forfeited pursuant to Section 5 hereof, Executive shall immediately return the certificate evidencing such forfeited unreleased Restricted Stock to the Company and Executive's name shall be removed from the stock transfer books of the Company.

7. Restrictive Legend.

All certificates representing Restricted Stock shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE CARNIVAL

CORPORATION 2011 STOCK PLAN, AS AMENDED FROM TIME TO TIME, AND A RESTRICTED STOCK AGREEMENT, DATED AS OF [GRANT DATE] BETWEEN CARNIVAL CORPORATION AND [NAME] COPIES OF SUCH PLAN AND AGREEMENT ARE ON FILE AT THE OFFICES OF CARNIVAL CORPORATION.

The granting and delivery of the Restricted Stock, 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 delivery of the Restricted Stock would be prohibited by law or the Company's dealing rules, the delivery shall be delayed until the earliest date on which the delivery would not be so prohibited. Upon the expiration of the Restricted Period of any Restricted Stock, Executive agrees to enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with the Plan or this Agreement.

8. Transferability.

The Restricted Stock may not, at any time prior to becoming released Restricted Stock, be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Executive, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided, that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. Notwithstanding the foregoing, unreleased Restricted Stock may be transferred by the Executive, without consideration, to a Permitted Transferee in accordance with Section 9(h) of the Plan.

9. Withholding; Section 83(b) Election.

Executive agrees to make appropriate arrangements with the Company for satisfaction of any applicable federal, state or local income tax withholding requirements or like requirements, including the payment to the Company upon the lapse or removal of Restrictions on any Restricted Stock (or such later or earlier date as may be applicable under Section 83 of the Code), or other settlement in respect of, the Restricted Stock of all such taxes and requirements and the Company shall be authorized to take such action as it deems necessary (including, without limitation, requiring the Executive to return the released Restricted Stock to the Company and/or withholding amounts from any compensation or other amount owing from the Company or its Affiliates to Executive) to satisfy all obligations for the payment of such taxes. Executive may make an election pursuant to Section 83(b) of the Code in respect of the Restricted Stock and, if he does so, he shall timely notify the Company of such election and send the Company a copy thereof. Executive shall be solely responsible for properly and timely completing and filing any such election.

10. Clawback/Forfeiture.

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 Executive 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 vesting of the Restricted Stock or the subsequent sale of shares of released Restricted Stock 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

Executive, then Executive 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 Grant Date and the Company shall promptly notify Executive of such additional provision.

11. Miscellaneous.

(a) Notices. Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed as follows:

If to Executive: To the address specified in the Company's records.

If to the Company to: Carnival Corporation
3655 N.W. 87th Avenue
Miami, Florida 33178-2428
Attn: General Counsel

(b) No Right to Continued Employment. Nothing in the Plan or in this Agreement shall confer upon Executive any right to continue in the employ of the Company or shall interfere with or restrict in any way the right of the Company, which are hereby expressly reserved, to remove, terminate or discharge Executive at any time for any reason whatsoever, with or without, Cause.

(c) Bound by Plan. By signing this Agreement, Executive acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

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

(e) Invalid Provision. The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

(f) Modifications. 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.

(g) 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 therein and supersede all prior communications, representations and negotiations in respect thereto.

(h) Governing Law. This Agreement and the rights of Executive hereunder shall be construed and determined in accordance with the laws of the State of Florida.

(i) 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.

(j) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(k) Data Protection. By accepting the grant of the Restricted Stock Executive agrees and consents:

(i) to the collection, use, processing and transfer by the Company of certain personal information about Executive, including Executive's name, home address and telephone number, date of birth, other employee information, details of the Restricted Stock granted to Executive ("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.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

CARNIVAL CORPORATION

By: _____

By selecting "I AGREE" and clicking the "Save" button you acknowledge and agree to be bound by the terms and conditions of the Plan and this Agreement.

I AGREE

No Thanks

**CARNIVAL CORPORATION
2011 STOCK PLAN**

FORM OF EXECUTIVE RESTRICTED STOCK AGREEMENT

THIS EXECUTIVE RESTRICTED STOCK AGREEMENT (this "Agreement"), dated as of [GRANT 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] ("Executive").

WHEREAS, the Company has adopted the Carnival Corporation 2011 Stock Plan (the "Plan"), pursuant to which awards of restricted Shares may be granted; 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 Shares provided for herein to Executive 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.

Subject to the terms and conditions set forth in the Plan and in this Agreement, the Company hereby grants to Executive a Restricted Stock Award consisting of [NUMBER] Shares (the "**Restricted Stock**"). The Restricted Stock is subject to the restrictions described herein, including forfeiture under the circumstances described in Section 5 hereof (the "**Restrictions**"). The Restrictions shall lapse and the Restricted Stock shall become nonforfeitable in accordance with Section 3 and Section 5 hereof.

2. 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 Executive and his legal representative in respect of any questions arising under the Plan or this Agreement.

3. Lapse of Restriction.

Except as otherwise provided in Section 5 hereof, the Restrictions with respect to the Restricted Stock shall lapse on the third anniversary of the Grant Date. Notwithstanding the foregoing, the Committee shall have the authority to remove the Restrictions on the Restricted Stock whenever it may determine that, by reason of changes in applicable laws or other changes in circumstances arising after the Grant Date, such action is appropriate.

Any shares of Restricted Stock for which the Restrictions have lapsed or been removed shall be referred to hereunder as "**released Restricted Stock.**"

4. Certificates.

Certificates evidencing the Restricted Stock shall be issued by the Company and shall be registered in Executive's name on the stock transfer books of the Company promptly after the date hereof. Subject to Section 6 hereof, the certificates or book-entry evidencing the Restricted Stock shall remain in the

custody and/or subject to the control of the Company at all times prior to the date such Restricted Stock becomes released Restricted Stock. Pending the release of the Restrictions, the Committee may require Executive to additionally execute and deliver to the Company (i) an escrow agreement satisfactory to the Committee and (ii) the appropriate stock power (endorsed in blank) with respect to the Restricted Stock.

5. Effect of Termination of Employment.

(a) Upon the termination of Executive's employment with the Combined Group or an Affiliate, the Restrictions on the unreleased Restricted Stock shall be released according to the following:

(i) In the event Executive's employment terminates by reason of death or Disability, the Restrictions on the Restricted Stock shall lapse on the date of Executive's death or Disability and the Restricted Stock shall become released Restricted Stock.

(ii) In the event Executive's employment is terminated by the Combined Group and its Affiliates other than for Cause (as defined below) (and other than by reason of Disability), the Restrictions on the Restricted Stock shall lapse (and the Restricted Stock shall vest and become released Restricted Stock) in accordance with the schedule set forth in Section 3 (without regard to the requirement that Executive remain employed by a member of the Combined Group or an Affiliate); provided, that all unreleased Restricted Stock issued hereunder and all rights under this Agreement shall be forfeited upon Executive's violation of the provisions of Section 10 (Non-competition) or Section 11 (Non-disclosure) of this Agreement.

(iii) In the event Executive voluntarily terminates employment as a direct result of Executive being diagnosed with a terminal medical condition, the Restrictions on the Restricted Stock shall lapse (and the Restricted Stock shall vest and become released Restricted Stock) on the earlier of Executive's death or the schedule set forth in Section 3; provided, that all unreleased Restricted Stock issued hereunder and all rights under this Agreement shall be forfeited upon Executive's violation of the provisions of Section 10 (Non-competition) or Section 11 (Non-disclosure) of this Agreement.

(b) In the event Executive attains Retirement Age while in the employ of the Combined Group or an Affiliate, the Restrictions on 50% of the Restricted Stock shall lapse (and such portion of the Restricted Stock shall vest and become released Restricted Stock) on the date Executive attains Retirement Age. The Restrictions on the remaining 50% of Restricted Stock shall lapse in accordance with the schedule set forth in Section 3.

(c) Notwithstanding anything herein to the contrary, but subject to Section 5(a) above, no release of Restricted Stock shall be made, and all unreleased Restricted Stock issued hereunder and all rights under this Agreement shall be forfeited, if any of the following events shall occur:

(i) Executive's employment with the Combined Group or an Affiliate is terminated for Cause;

(ii) Executive voluntarily terminates employment with the Combined Group and its Affiliates prior to attaining Retirement Age unless such voluntary termination is directly related to death, Disability or Executive being diagnosed with a terminal medical condition;

(iii) Executive shall engage in competition, as more particularly described in Section 10 hereof, in violation of the provisions of Section 10, either (A) during the term of his employment with the Combined Group and its Affiliates; (B) following Executive's voluntary termination of his employment with the Combined Group and its Affiliates; or (C) following the termination by the Combined Group and its Affiliates of Executive's employment for any reason; or

(iv) Executive violates the nondisclosure provisions set forth in Section 11 hereof.

6. Rights as a Shareholder.

Executive shall not be deemed for any purpose to be the owner of any Restricted Stock unless and until (i) the Company shall have issued the Restricted Stock in accordance with Section 4 hereof and (ii) Executive's name shall have been entered as a stockholder of record with respect to the Restricted Stock on the books of the Company. Upon the fulfillment of the conditions in (i) and (ii) of this Section 6, Executive shall be the record owner of the Restricted Stock unless and until such shares are forfeited pursuant to Section 5 hereof or sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common stockholder of the Company, including, without limitation, voting rights and rights to receive currently the dividends, if any, with respect to the Restricted Stock; provided, that the Restricted Stock shall be subject to the limitations on transfer and encumbrance set forth in this Agreement. As soon as practicable following the lapse or removal of Restrictions on any Restricted Stock, the Company shall deliver the released Restricted Stock to Executive with the restrictive legend removed. In the event the Restricted Stock is forfeited pursuant to Section 5 hereof, Executive's name shall be removed from the stock transfer books of the Company and all rights of Executive to such shares and as a stockholder with respect thereto, including, but not limited to, the right to any cash dividends and stock dividends, shall terminate without further obligation on the part of the Company.

7. Restrictive Legend; Compliance with Legal Requirements.

All certificates representing Restricted Stock shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE CARNIVAL CORPORATION 2011 STOCK PLAN, AS AMENDED FROM TIME TO TIME, AND AN EXECUTIVE RESTRICTED STOCK AGREEMENT, DATED AS OF [GRANT DATE], BETWEEN CARNIVAL CORPORATION AND [NAME], COPIES OF SUCH PLAN AND AGREEMENT ARE ON FILE AT THE OFFICES OF CARNIVAL CORPORATION.

The granting and delivery of the Restricted Stock, 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 delivery of the Restricted Stock would be prohibited by law or the Company's dealing rules, the delivery shall be delayed until the earliest date on which the delivery would not be so prohibited. Upon the expiration of the Restricted Period of any Restricted Stock, Executive agrees to enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with the Plan or this Agreement.

8. Transferability.

The Restricted Stock may not, at any time prior to becoming released Restricted Stock, be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Executive, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided, that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. Notwithstanding the foregoing, unreleased Restricted Stock may be transferred by Executive, without consideration, to a Permitted Transferee in accordance with Section 15(b) of the Plan.

9. Withholding; Section 83(b) Election.

All distributions under the Plan are subject to withholding of all applicable federal, state, local and foreign taxes, and the Committee may condition the grant and/or delivery of Restricted Stock on satisfaction of the applicable withholding obligations. The Company, Carnival plc or any Affiliate of the Company or Carnival plc has the right, but not the obligation, to withhold or retain any Restricted Stock or other property deliverable to Executive in connection with the Award of Restricted Stock or from any compensation or other amounts owing to Executive the amount (in cash, Shares or other property) of any required tax withholding in respect of the Restricted Stock and to take such other action as may be

necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. Executive may make an election pursuant to Section 83(b) of the Code in respect of the Restricted Stock and, if he does so, he shall timely notify the Company of such election and send the Company a copy thereof. Executive shall be solely responsible for properly and timely completing and filing any such election.

10. Non-Competition.

The services of Executive are unique, extraordinary and essential to the business of the Combined Group or its Affiliate, particularly in view of Executive's access to the Combined Group's or its Affiliates' confidential information and trade secrets. Accordingly, in consideration of the Restricted Stock awarded hereunder, Executive agrees that he will not, without the prior written approval of the Board, at any time during the term of his employment with the Combined Group or its Affiliates and (except as provided below) for the then remaining duration of the Restricted Period on the Restricted Stock, if any, following the date on which Executive's employment with the Combined Group and its Affiliates terminates, directly or indirectly, within the cruise industry wherever located, engage in any business activity directly or indirectly competitive with the business of the Combined Group or its Affiliates, or serve as an officer, director, owner, consultant, or employee of any organization then in competition with the Combined Group or its Affiliates. In addition, Executive agrees that during such Restricted Period following his employment with the Combined Group or its Affiliates, he will not solicit, either directly or indirectly, any employee of the Combined Group or its Affiliates, or their respective subsidiaries or divisions, who was such at the time of Executive's separation from employment. In the event that the provisions of this Section 10 should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitations permitted by applicable law.

11. Non-Disclosure.

Executive expressly agrees and understands that the Combined Group or its Affiliates own and/or control information and material which is not generally available to third parties and which the Combined Group or its Affiliates consider confidential, including, without limitation, methods, products, processes, customer lists, trade secrets and other information applicable to its business and that it may from time to time acquire, improve or produce additional methods, products, processes, customers lists, trade secrets and other information (collectively, the "Confidential Information"). Executive hereby acknowledges that each element of the Confidential Information constitutes a unique and valuable asset of the Combined Group or its Affiliates, and that certain items of the Confidential Information have been acquired from third parties upon the express condition that such items would not be disclosed to the Combined Group or its Affiliates and its officers and agents other than in the ordinary course of business. Executive hereby acknowledges that disclosure of the Combined Group or its Affiliates' Confidential Information to and/or use by anyone other than in the Combined Group's or its Affiliates' ordinary course of business would result in irreparable and continuing damage to the Combined Group or its Affiliates. Accordingly, Executive agrees to hold the Confidential Information in the strictest secrecy, and covenants that, during the term of his employment with Combined Group and its Affiliates (or any member of the Combined Group or its Affiliates) or at any time thereafter, he will not, without the prior written consent of the Board, directly or indirectly, allow any element of the Confidential Information to be disclosed, published or used, nor permit the Confidential Information to be discussed, published or used, either by himself or by any third parties, except in effecting Executive's duties for the Combined Group or its Affiliates in the ordinary course of business. Executive agrees to keep all such records in connection with Executive's employment as the Combined Group or its Affiliates may direct, and all such records shall be the sole and absolute property of the Combined Group or its Affiliates. Executive further agrees that, within five (5) days of the Combined Group or its Affiliates' request, he shall surrender to the Combined Group or its Affiliates any and all documents, memoranda, books, papers, letters, price lists, notebooks, reports, logbooks, code books, salesmen records, customer lists, activity reports, video or

audio recordings, computer programs and any and all other data and information and any and all copies thereof relating to the Combined Group or its Affiliates' business or any Confidential Information.

12. Clawback/Forfeiture.

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 Executive 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 vesting of the Restricted Stock or the subsequent sale of shares of released Restricted Stock 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 Executive, then Executive 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 Grant Date and the Company shall promptly notify Executive of such additional provision.

13. Miscellaneous.

(a) 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.

(b) 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 Executive, at Executive's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

(c) 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.

(d) No Right to Continued Employment. Nothing in the Plan or in this Agreement shall confer upon Executive any right to continue to serve in the employ of the Company or shall interfere with or restrict in any way the right of the Company, which are hereby expressly reserved, to remove, terminate or discharge Executive at any time for any reason whatsoever, with or without Cause. The rights and obligations of Executive under the terms and conditions of Executive's office or employment shall not be affected by this Agreement. Executive waives all and any rights to compensation and damages in consequence of the termination of Executive'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 Executive's ceasing to have rights under or Executive's entitlement to the Restricted Stock 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 13(d) and the Participant's terms of employment, this Section will take precedence.

(e) Beneficiary. The Executive 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 Executive, Executive's estate shall be deemed to be Executive's beneficiary.

(f) Bound by Plan. By accepting the Restricted Stock award, Executive acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

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

(h) 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 in accordance with the Plan.

(i) Governing Law; JURY TRIAL WAIVER. 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. **THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT IS LITIGATED OR HEARD IN ANY COURT.**

(j) Data Protection. By accepting the grant of the Restricted Stock Executive agrees and consents:

(i) to the collection, use, processing and transfer by the Company of certain personal information about Executive, including Executive's name, home address and telephone number, date of birth, other employee information, details of the Restricted Stock granted to Executive ("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.

(k) 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: _____

By selecting "I AGREE" and clicking the "Save" button you acknowledge and agree to be bound by the terms and conditions of the Plan and this Agreement.

I AGREE

No Thanks

**2011-1 AMENDMENT TO
PRINCESS CRUISES CHIEF EXECUTIVE OFFICER
SUPPLEMENTAL RETIREMENT PLAN**

The following Amendment to the 2008 restatement of the Princess Cruises Chief Executive Officer Supplemental Retirement Plan (the "Plan") is intended to change the definition of Committee in Section 2.11

1. Section 2.11 of the Plan is amended to read as follows:

2.11 Committee. "Committee" means the committee established to administer this Plan as set forth in Section 3.1 thereof, which shall be comprised of the members of the Compensation Committees of both Carnival Corporation and Carnival plc.

IN WITNESS WHEREOF, these Amendments have been executed by the Participant and a duly authorized officer of Sponsor and are effective as of the date of execution by the Participant.

PRINCESS CRUISES LINES, LTD.

Date: 11.2.11

By: /s/ Alan B. Buckelew

Alan B. Buckelew

Its: Chief Executive Officer

Date: 12.8.11

/s/ Peter G. Ratcliffe

Peter G. Ratcliffe

**2011-2 AMENDMENT TO
PRINCESS CRUISES CHIEF EXECUTIVE OFFICER
SUPPLEMENTAL RETIREMENT PLAN**

The following Amendment to the 2008 restatement of the Princess Cruises Chief Executive Officer Supplemental Retirement Plan (the "Plan") is intended to provide for an acceleration of payment of the portion of the remaining Pension (or the Spouse's Pension payable under Article V) that is included in gross income under P.L. 110-343, Division C, Section 801(d)(2) and that is permitted to be accelerated under Q&A-25 of Notice 2009-8, 2009-4 I.R.B. 347 ("Notice 2009-8") or under other applicable guidance permitting a change in the time and form of payment of the Pension or Spouse's Pension without adverse tax consequences under Code Section 409A.

1. A new Section 3.12(d) is added to the Plan which shall read as follows:

(d) Payment Upon Income Inclusion Under P.L. 110-343, Division C, Section 801(d)(1) that Is Permitted Under Q&A-25 of Notice 2009-8. To the extent that all or a portion of the remaining Pension payable to the Participant (or to the Spouse or Beneficiary if the Participant is not alive) is included in income in 2017 under P.L. 110-343, Division C, Section 8.01(d)(2), and a payment of the portion so included is permitted under Q&A-25 of Notice 2009-8 or additional guidance issued by the IRS without adverse tax consequences under Code Section 409A, the portion so included shall be paid to the Participant, Spouse, or Beneficiary, as applicable, in a cash lump sum on December 31, 2017. The amount of such lump sum payment shall be determined using such actuarial and

other assumptions and methodologies that are both (i) agreed to by the Sponsor and the Participant, Spouse, or Beneficiary, as applicable, on or before December 31, 2017, and (ii) not inconsistent with guidance, if any, issued by the Internal Revenue Service concerning the calculation of the payment that is permitted to be made without adverse tax consequences under Code Section 409A. If an amount is paid pursuant to this paragraph (d), then any subsequent payment(s) due under the Plan shall be reduced to take into account the amount previously paid hereunder. The amount of such reduction shall be calculated utilizing the same assumptions as are used in determining the lump sum payment under this paragraph (d).

IN WITNESS WHEREOF, these Amendments have been executed by the Participant and a duly authorized officer of the Compensation Committees of Carnival Corporation and Carnival plc as of the date of execution by the Participant.

**COMPENSATION COMMITTEES OF CARNIVAL
CORPORATION AND CARNIVAL plc**

Date: 12.5.11

By: /s/ Arnold Donald
Arnold Donald

Its: Committee Chair

Date: 12.8.11

/s/ Peter G. Ratcliffe
Peter G. Ratcliffe

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

| | Three Months Ended February 29/28, | |
|---|---------------------------------------|--------|
| | 2012 | 2011 |
| Net (loss) income | \$ (139) | \$ 152 |
| Income tax (benefit) expense, net | (2) | 5 |
| (Loss) income before income taxes | (141) | 157 |
| Fixed charges | | |
| Interest expense, net | 88 | 86 |
| Interest portion of rent expense (a) | 5 | 5 |
| Capitalized interest | 5 | 6 |
| Total fixed charges | 98 | 97 |
| Fixed charges not affecting (loss) earnings | | |
| Capitalized interest | (5) | (6) |
| (Loss) earnings before fixed charges | \$ (48) | \$ 248 |
| Ratio of earnings to fixed charges | — | 2.6 |
| Coverage deficiency | \$ 146 | \$ — |

(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: March 30, 2012

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: March 30, 2012

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: March 30, 2012

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: March 30, 2012

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: March 30, 2012

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: March 30, 2012

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 29, 2012 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: March 30, 2012

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 29, 2012 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: March 30, 2012

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 29, 2012 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: March 30, 2012

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 29, 2012 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: March 30, 2012

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 29, 2012 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: March 30, 2012

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 29, 2012 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: March 30, 2012

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