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 May 31, 2017

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: 001-9610	Commission file number: 001-15136
Carnival Corporation	Carnival plc
(Exact name of registrant as specified in its charter)	(Exact name of registrant as specified in its charter)
Republic of Panama	England and Wales
(State or other jurisdiction of incorporation or organization)	(State or other jurisdiction of incorporation or organization)
59-1562976	98-0357772
(I.R.S. Employer Identification No.)	(I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue Miami, Florida 33178-2428	Carnival House, 100 Harbour Parade, Southampton SO15 1ST, United Kingdom
(Address of principal executive offices) (Zip Code)	(Address of principal executive offices) (Zip Code)
(305) 599-2600	011 44 23 8065 5000
(Registrant's telephone number, including area code)	(Registrant's telephone number, including area code)
None	None
(Former name, former address and former fiscal year, if changed since last report)	(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 their 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 registrants were 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, smaller reporting companies, or emerging growth companies. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filers	☑	Accelerated filers	☐	Non-accelerated filers	☐	Smaller reporting companies	☐	Emerging growth companies	☐

If emerging growth companies, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes ☐ No ☐

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

At June 23, 2017, Carnival Corporation had outstanding 536,656,235 shares of Common Stock, $0.01 par value.

At June 23, 2017, Carnival plc had outstanding 213,388,487 Ordinary Shares $1.66 par value, one Special Voting Share, GBP 1.00 par value and 213,388,487 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

CARNIVAL CORPORATION & PLC

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Three Months Ended May 31,		Six Months Ended May 31,	
	2017	2016	2017	2016
Revenues				
Cruise				
Passenger tickets	$ 2,872	$ 2,696	$ 5,676	$ 5,414
Onboard and other	1,036	978	2,014	1,901
Tour and other	37	31	46	42
	3,945	3,705	7,736	7,357
Operating Costs and Expenses				
Cruise				
Commissions, transportation and other	513	495	1,082	1,077
Onboard and other	129	123	253	240
Payroll and related	513	502	1,032	994
Fuel	310	196	607	383
Food	253	248	504	495
Other ship operating	685	667	1,346	1,271
Tour and other	33	27	46	41
	2,436	2,258	4,870	4,501
Selling and administrative	553	532	1,102	1,083
Depreciation and amortization	456	437	896	861
	3,445	3,227	6,868	6,445
Operating Income	500	478	868	912
Nonoperating Income (Expense)				
Interest income	2	2	4	3
Interest expense, net of capitalized interest	(50)	(57)	(101)	(108)
(Losses) gains on fuel derivatives, net	(53)	171	(27)	(65)
Other (expense) income, net	(15)	13	(7)	8
	(116)	129	(131)	(162)
Income Before Income Taxes	384	607	737	750
Income Tax Expense, Net	(5)	(2)	(7)	(3)
Net Income	$ 379	$ 605	$ 730	$ 747
Earnings Per Share				
Basic	$ 0.52	$ 0.81	$ 1.01	$ 0.99
Diluted	$ 0.52	$ 0.80	$ 1.00	$ 0.98
Dividends Declared Per Share	$ 0.40	$ 0.35	$ 0.75	$ 0.65

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(in millions)

	Three Months Ended May 31,		Six Months Ended May 31,	
	2017	**2016**	**2017**	**2016**
Net Income	$ 379	$ 605	$ 730	$ 747
Items Included in Other Comprehensive Income				
Change in foreign currency translation adjustment	257	280	257	72
Other	29	15	43	21
Other Comprehensive Income	286	295	300	93
Total Comprehensive Income	$ 665	$ 900	$ 1,030	$ 840

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

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

	May 31, 2017	November 30, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 597	$ 603
Trade and other receivables, net	319	298
Inventories	351	322
Prepaid expenses and other	507	466
Total current assets	1,774	1,689
Property and Equipment, Net	33,823	32,429
Goodwill	2,953	2,910
Other Intangibles	1,286	1,275
Other Assets	615	578
	$ 40,451	$ 38,881
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 675	$ 457
Current portion of long-term debt	1,108	640
Accounts payable	690	713
Accrued liabilities and other	1,807	1,740
Customer deposits	4,778	3,522
Total current liabilities	9,058	7,072
Long-Term Debt	7,635	8,302
Other Long-Term Liabilities	794	910
Contingencies		
Shareholders' Equity		
Common stock of Carnival Corporation, $0.01 par value; 1,960 shares authorized; 655 shares at 2017 and 654 shares at 2016 issued	7	7
Ordinary shares of Carnival plc, $1.66 par value; 217 shares at 2017 and 2016 issued	358	358
Additional paid-in capital	8,673	8,632
Retained earnings	22,026	21,843
Accumulated other comprehensive loss	(2,154)	(2,454)
Treasury stock, 118 shares at 2017 and 2016 of Carnival Corporation and 30 shares at 2017 and 27 shares at 2016 of Carnival plc, at cost	(5,946)	(5,789)
Total shareholders' equity	22,964	22,597
	$ 40,451	$ 38,881

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

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

	Six Months Ended May 31, 2017	Six Months Ended May 31, 2016
OPERATING ACTIVITIES		
Net income	$ 730	$ 747
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	896	861
Losses on fuel derivatives, net	27	65
Share-based compensation	34	28
Other, net	36	22
	1,723	1,723
Changes in operating assets and liabilities		
Receivables	(8)	(40)
Inventories	(19)	16
Prepaid expenses and other	(28)	4
Accounts payable	(38)	36
Accrued liabilities and other	(20)	(84)
Customer deposits	1,239	1,026
Net cash provided by operating activities	2,849	2,681
INVESTING ACTIVITIES		
Additions to property and equipment	(1,859)	(1,966)
Proceeds from sales of ships	—	19
Payments of fuel derivative settlements	(99)	(170)
Collateral payments for fuel derivatives	—	(25)
Other, net	24	(31)
Net cash used in investing activities	(1,934)	(2,173)
FINANCING ACTIVITIES		
Proceeds from short-term borrowings, net	182	379
Principal repayments of long-term debt	(907)	(869)
Proceeds from issuance of long-term debt	467	934
Dividends paid	(507)	(459)
Purchases of treasury stock	(152)	(1,401)
Sales of treasury stock	—	40
Other, net	(18)	(5)
Net cash used in financing activities	(935)	(1,381)
Effect of exchange rate changes on cash and cash equivalents	14	(3)
Net decrease in cash and cash equivalents	(6)	(876)
Cash and cash equivalents at beginning of period	603	1,395
Cash and cash equivalents at end of period	$ 597	$ 519

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

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

NOTE 1 – General

The 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.”

Basis of Presentation

The Consolidated Statements of Income and the Consolidated Statements of Comprehensive Income for the three and six months ended May 31, 2017 and 2016, the Consolidated Balance Sheet at May 31, 2017 and the Consolidated Statements of Cash Flows for the six months ended May 31, 2017 and 2016 are unaudited and, in the opinion of our management, contain all adjustments necessary for a fair statement. 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 2016 joint Annual Report on Form 10-K (“Form 10-K”) filed with the U.S. Securities and Exchange Commission on January 30, 2017. Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

Accounting Pronouncements

The Financial Accounting Standards Board (“FASB”) issued amended guidance regarding accounting for *Interest - Imputation of Interest*, which simplifies the presentation of debt issuance costs and which clarifies the presentation and subsequent measurement of debt issuance costs related to line-of-credit arrangements. The guidance requires that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability. On December 1, 2016, we adopted this guidance using the retrospective approach and reclassified $55 million from *Other Assets* to *Long-Term Debt* on our November 30, 2016 Consolidated Balance Sheet.

The FASB issued amended guidance regarding *Compensation - Stock Compensation - Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. On December 1, 2016, we early adopted this guidance using the modified retrospective transition method. The impact of adopting this guidance was primarily related to forfeitures and immaterial to our consolidated financial statements.

The FASB issued amended guidance regarding accounting for *Intangibles - Goodwill and Other - Internal-Use Software*, which clarifies the accounting for fees paid in a cloud computing arrangement. The amendments provide guidance to customers about whether a cloud computing arrangement includes a software license or if the arrangement should be accounted for as a service contract. The amendments impact the accounting for software licenses but will not change a customer’s accounting for service contracts. On December 1, 2016, we adopted this guidance on a prospective basis, and it did not have a material impact to our consolidated financial statements.

The FASB issued amended guidance regarding accounting for *Derivatives and Hedging - Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*, which clarifies that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. On March 1, 2017, we early adopted this guidance on a prospective basis, and it did not have a material impact to our consolidated financial statements.

The FASB issued amended guidance regarding accounting for *Derivatives and Hedging - Contingent Put and Call Options in Debt Instruments*, which clarifies the requirements for assessing whether contingent call and put options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts or whether the embedded call and put options should be bifurcated from the related debt instrument and accounted for separately as a derivative. This guidance is required to be adopted by us in the first quarter of 2018 and must be applied using a modified retrospective approach. Early adoption is permitted, including adoption in an interim period. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

The FASB issued guidance regarding *Presentation of Financial Statements - Going Concern*, which requires management to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued and to provide related disclosures. This guidance is required to be adopted by us at November 30, 2017. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact to our consolidated financial statements.

The FASB issued amended guidance regarding accounting for *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. When effective, this standard will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles ("U.S. GAAP"). The standard also requires more detailed disclosures and provides additional guidance for transactions that were not comprehensively addressed in U.S. GAAP. This guidance is required to be adopted by us in the first quarter of 2019 by either recasting all years presented in our financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the year of adoption. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

The FASB issued guidance regarding *Business Combinations - Clarifying the Definition of a Business*, which assists entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This guidance is required to be adopted by us in the first quarter of 2019 on a prospective basis. Early adoption is permitted, including adoption in an interim period. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

The FASB issued amended guidance regarding *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments*, which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are aimed at reducing the existing diversity in practice. The guidance is required to be adopted by us in the first quarter of 2019 and should be applied using a retrospective transition method for each period presented. Early adoption is permitted, including adoption in an interim period. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

The FASB issued guidance regarding *Statement of Cash Flows - Restricted Cash*, which requires restricted cash to be presented with cash and cash equivalents in the statement of cash flows. This guidance is required to be adopted by us in the first quarter of 2019 and must be applied using a retrospective transition method to each period presented. Early adoption is permitted, including adoption in an interim period. The adoption of this guidance is not expected to have a material impact to our consolidated financial statements.

The FASB issued guidance regarding *Compensation - Retirement Benefits - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires the bifurcation of net benefit cost. This guidance is required to be adopted by us in the first quarter of 2019. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact to our consolidated financial statements.

The FASB issued guidance regarding accounting for *Leases*, which requires an entity to recognize both assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. This guidance is required to be adopted by us in the first quarter of 2020. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

The FASB issued guidance regarding *Intangibles - Goodwill and Other - Simplifying the Accounting for Goodwill Impairment*, which simplifies the accounting for goodwill impairment by removing Step 2 of the goodwill impairment test requiring a hypothetical purchase price allocation. This guidance is required to be adopted by us in the first quarter of 2021 on a prospective basis. Early adoption is permitted for any impairment tests performed after January 1, 2017. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

Other

Cruise passenger ticket revenues include fees, taxes and charges collected by us from our guests. The portion of these fees, taxes and charges included in passenger ticket revenues and commissions, transportation and other costs were $136 million and $123 million and $279 million and $259 million for the three and six months ended May 31, 2017 and 2016, respectively.

NOTE 2 – Unsecured Debt

At May 31, 2017, our short-term borrowings included euro-denominated commercial paper of $670 million.

In January 2017, we borrowed $100 million under a floating rate bank loan, due in January 2022.

In January 2017, we entered into an approximately $800 million export credit facility, which may be drawn in euros or U.S. dollars in 2021 and will be due in semi-annual installments through 2033. The interest rate on this export credit facility can be fixed or floating, at our discretion.

In April 2017, we entered into two euro-denominated export credit facilities totaling $1.6 billion. The facilities are expected to be drawn in 2021 and 2022 and will be due in semi-annual installments through 2033 and 2034, respectively. The interest rate on these export credit facilities can be fixed or floating, at our discretion.

In May 2017, we repaid $620 million of export credit facilities prior to their 2025 and 2026 maturity dates.

In May 2017, we borrowed $367 million under an export credit facility. The facility is due in semi-annual installments through April 2028.

For the six months ended May 31, 2017, we had borrowings of $111 million and repayments of $364 million of commercial paper with original maturities greater than three months.

We use the net proceeds from our borrowings for general corporate purposes and purchases of new ships.

NOTE 3 – Contingencies

Litigation

In the normal course of our business, various claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and the maximum amount of our liability, net of any insurance recoverables, is typically limited to our self-insurance retention levels. We believe the ultimate outcome of these claims and lawsuits will not have a material impact on our consolidated financial statements.

Contingent Obligation – Lease Out and Lease Back Type Transaction

At May 31, 2017, we had an estimated contingent obligation of $122 million. At the inception of the lease, we paid the aggregate of the net present value of the obligation to a group of major financial institutions, who agreed to act as payment undertakers and directly pay this obligation. As a result, this contingent obligation is considered extinguished and neither the funds nor the contingent obligation have been included in our Consolidated Balance Sheets. In January 2016, we exercised our option to terminate, at no cost, this transaction as of January 2, 2018.

Contingent Obligations – Indemnifications

Some of the debt contracts we enter into include indemnification provisions obligating us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes or changes in laws which increase our lender's 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 we do not believe a request for material future indemnification payments is probable.

NOTE 4 – Fair Value Measurements, Derivative Instruments and Hedging Activities

Fair Value Measurements

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants and is measured using inputs in one of the following three categories:

- 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.

Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, certain estimates of fair value 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 carrying values, estimated fair values and basis of valuation of our financial instrument assets and liabilities not measured at fair value on a recurring basis were as follows (in millions):

	May 31, 2017				November 30, 2016			
		Fair Value				Fair Value		
	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Assets								
Long-term other assets (a)	$ 139	$ —	$ 54	$ 81	$ 99	$ 1	$ 68	$ 31
Total	$ 139	$ —	$ 54	$ 81	$ 99	$ 1	$ 68	$ 31
Liabilities								
Fixed rate debt (b)	$ 5,604	$ —	$ 5,943	$ —	$ 5,436	$ —	$ 5,727	$ —
Floating rate debt (b)	3,870	—	3,900	—	4,018	—	4,048	—
Total	$ 9,474	$ —	$ 9,843	$ —	$ 9,454	$ —	$ 9,775	$ —

(a) Long-term other assets are substantially all comprised of notes and other receivables. The fair values of our Level 2 notes and other receivables were based on estimated future cash flows discounted at appropriate market interest rates. The fair values of our Level 3 notes receivable were estimated using risk-adjusted discount rates.

(b) The debt amounts above do not include the impact of interest rate swaps or debt issuance costs. The fair values of our publicly-traded notes were based on their unadjusted quoted market prices in markets that are not sufficiently active to be Level 1 and, accordingly, are considered Level 2. The fair values of our other debt were estimated based on appropriate market interest rates being applied to this debt.

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

Valuation of Goodwill and Other Intangibles

The reconciliation of the changes in the carrying amounts of our goodwill was as follows (in millions):

	North America Segment	EAA (a) Segment	Total
Balance at November 30, 2016	$ 1,898	$ 1,012	$ 2,910
Foreign currency translation adjustment	—	43	43
Balance at May 31, 2017	$ 1,898	$ 1,055	$ 2,953

(a) Europe, Australia & Asia ("EAA")

The reconciliation of the changes in the carrying amounts of our other intangible assets not subject to amortization, which represent trademarks, was as follows (in millions):

	North America Segment	EAA Segment	Total
Balance at November 30, 2016	$ 927	$ 279	$ 1,206
Foreign currency translation adjustment	—	9	9
Balance at May 31, 2017	$ 927	$ 288	$ 1,215

At July 31, 2016, we performed our annual goodwill and trademark impairment reviews and there was no impairment.

The determination of our reporting unit goodwill 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. A change in the conditions, circumstances or strategy, including decisions about the allocation of new ships amongst brands and the transfer of ships between brands (influencing fair values in the future), may result in a need to recognize an impairment charge.

The reconciliation of the changes in the net carrying amounts of our other intangible assets subject to amortization, which represent port usage rights and other amortizable intangibles, was as follows (in millions):

	Cruise Support Segment	EAA Segment	Tour and Other Segment	Total
Balance at November 30, 2016	$ 57	$ 12	$ —	$ 69
Additions	—	—	4	4
Amortization	(2)	—	(1)	(3)
Foreign currency translation adjustment	—	1	—	1
Balance at May 31, 2017	$ 55	$ 13	$ 3	$ 71

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 measured at fair value on a recurring basis were as follows (in millions):

	May 31, 2017			November 30, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents (a)	$ 597	$ —	$ —	$ 603	$ —	$ —
Restricted cash	16	—	—	60	—	—
Short-term investments (b)	—	—	—	—	—	21
Marketable securities held in rabbi trusts (c)	92	4	—	93	4	—
Derivative financial instruments	—	10	—	—	15	—
Total	$ 705	$ 14	$ —	$ 756	$ 19	$ 21
Liabilities						
Derivative financial instruments	$ —	$ 313	$ —	$ —	$ 434	$ —
Total	$ —	$ 313	$ —	$ —	$ 434	$ —

(a) Cash and cash equivalents are comprised of cash and marketable securities with maturities of less than 90 days.

(b) The fair value of the auction rate security included in short-term investments, as of November 30, 2016, was based on a broker quote in an inactive market, which is considered a Level 3 input. This auction-rate security was sold in December 2016.

(c) At May 31, 2017, marketable securities held in rabbi trusts were comprised of Level 1 bonds, frequently-priced mutual funds invested in common stocks and money market funds and Level 2 other investments. Their use is restricted to funding certain deferred compensation and non-qualified U.S. pension plans.

Derivative Instruments and Hedging Activities

The estimated fair values of our derivative financial instruments and their location in the Consolidated Balance Sheets were as follows (in millions):

	Balance Sheet Location	May 31, 2017	November 30, 2016
Derivative assets			
Derivatives designated as hedging instruments			
Net investment hedges (a)	Prepaid expenses and other	$ 9	$ 12
	Other assets	—	3
Foreign currency zero cost collars (c)	Other assets	1	—
Total derivative assets		$ 10	$ 15
Derivative liabilities			
Derivatives designated as hedging instruments			
Net investment hedges (a)	Accrued liabilities and other	$ —	$ 26
	Other long-term liabilities	14	—
Interest rate swaps (b)	Accrued liabilities and other	10	10
	Other long-term liabilities	20	23
Foreign currency zero cost collars (c)	Accrued liabilities and other	—	12
	Other long-term liabilities	—	21
		44	92
Derivatives not designated as hedging instruments			
Fuel (d)	Accrued liabilities and other	184	198
	Other long-term liabilities	85	144
		269	342
Total derivative liabilities		$ 313	$ 434

(a) We had foreign currency forwards totaling $11 million at May 31, 2017 and $456 million at November 30, 2016 that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency. At May 31, 2017, these foreign currency forwards settle through July 2017. We also had foreign currency swaps totaling $306 million at May 31, 2017 and $291 million at November 30, 2016 that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency. At May 31, 2017, these foreign currency swaps settle through 2019.

(b) 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. These interest rate swap agreements effectively changed $489 million at May 31, 2017 and $500 million at November 30, 2016 of EURIBOR-based floating rate euro debt to fixed rate euro debt. At May 31, 2017, these interest rate swaps settle through 2025.

(c) At May 31, 2017 and November 30, 2016, we had foreign currency derivatives consisting of foreign currency zero cost collars that are designated as foreign currency cash flow hedges for a portion of our euro-denominated shipbuilding payments. See “Newbuild Currency Risks” below for additional information regarding these derivatives.

(d) At May 31, 2017 and November 30, 2016, we had fuel derivatives consisting of zero cost collars on Brent crude oil (“Brent”) to cover a portion of our estimated fuel consumption through 2018. See “Fuel Price Risks” below for additional information regarding these derivatives.

Our derivative contracts include rights of offset with our counterparties. We have elected to net certain of our derivative assets and liabilities within counterparties. The amounts recognized within assets and liabilities were as follows (in millions):

	May 31, 2017				
	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	$ 10	$ —	$ 10	$ (9)	$ 1
Liabilities	$ 313	$ —	$ 313	$ (9)	$ 304

	November 30, 2016				
	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	$ 15	$ —	$ 15	$ (15)	$ —
Liabilities	$ 434	$ —	$ 434	$ (15)	$ 419

The effective gain (loss) portions of our derivatives qualifying and designated as hedging instruments recognized in other comprehensive income were as follows (in millions):

	Three Months Ended May 31,		Six Months Ended May 31,	
	2017	2016	2017	2016
Net investment hedges	$ (17)	$ (4)	$ (16)	$ (17)
Foreign currency zero cost collars – cash flow hedges	$ 27	$ 9	$ 35	$ 19
Interest rate swaps – cash flow hedges	$ 3	$ 6	$ 4	$ 3

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 cash collateral to be posted or received to the extent the fuel derivative fair value payable to or receivable from an individual counterparty exceeds $100 million. At May 31, 2017 and November 30, 2016, 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 May 31, 2017 and November 30, 2016 and for the three and six months ended May 31, 2017 and 2016 where such impacts were not significant.

Fuel Price Risks

Substantially all of our exposure to market risk for changes in fuel prices relates to the consumption of fuel on our ships. We have Brent call options and Brent put options, collectively referred to as zero cost collars, that establish ceiling and floor prices and mitigate a portion of our economic risk attributable to potential fuel price increases. To maximize operational flexibility we utilized derivative markets with significant trading liquidity.

Our zero cost collars 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 monthly maturities of our zero cost collars unless the average monthly price of Brent is above the ceiling price or below the floor price. We believe that these zero cost collars will act as economic hedges; however, hedge accounting is not applied.

Our unrealized and realized (losses) gains, net on fuel derivatives were as follows (in millions):

	Three Months Ended May 31,		Six Months Ended May 31,	
	2017	2016	2017	2016
Unrealized (losses) gains on fuel derivatives, net	$ (2)	$ 242	$ 69	$ 96
Realized losses on fuel derivatives, net	(51)	(71)	(96)	(161)
(Losses) gains on fuel derivatives, net	$ (53)	$ 171	$ (27)	$ (65)

At May 31, 2017, our outstanding fuel derivatives consisted of zero cost collars on Brent as follows:

Maturities (a)	Transaction Dates	Barrels (in thousands)	Weighted-Average Floor Prices	Weighted-Average Ceiling Prices
Fiscal 2017 (3Q - 4Q)				
	February 2013	1,638	$ 80	$ 115
	April 2013	1,014	$ 75	$ 110
	January 2014	900	$ 75	$ 114
	October 2014	510	$ 80	$ 113
		4,062		
Fiscal 2018				
	January 2014	2,700	$ 75	$ 110
	October 2014	3,000	$ 80	$ 114
		5,700		

(a) Fuel derivatives mature evenly over each month within the above fiscal periods.

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 non-derivative financial instruments. Our primary focus is to monitor our exposure to, and manage, the economic foreign currency exchange risks faced by our operations and realized if we exchange one currency for another. We currently only hedge certain of our ship commitments and net investments in foreign operations. The financial impacts of the hedging instruments we do employ generally offset the changes in the underlying exposures being hedged.

Operational Currency Risks

Our EAA segment operations generate significant revenues and incur significant expenses in their functional currencies, which subjects us to “foreign currency translational” risk related to these currencies. Accordingly, exchange rate fluctuations in their functional currencies 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 this segment’s revenues and expenses. Any weakening of the U.S. dollar has the opposite effect.

Substantially all of our operations also have non-functional currency risk related to their international sales. In addition, we have a portion of our operating expenses denominated in non-functional currencies. Accordingly, we also have “foreign currency transactional” risks related to changes in the exchange rates for our revenues and expenses that are in a currency other than the functional currency. The revenues and expenses which occur in the same non-functional currencies create some degree of natural offset.

Investment Currency Risks

We consider our investments in foreign operations to be denominated in stable currencies. Our investments in foreign operations are of a long-term nature. We have $5.8 billion and $251 million of euro- and sterling-denominated debt, respectively, including the effect of foreign currency swaps, which provides an economic offset for our operations with euro and sterling functional currency. We also partially mitigate our net investment currency exposures by denominating a portion of our foreign currency intercompany payables in our foreign operations’ functional currencies.

Newbuild Currency Risks

Our shipbuilding contracts are typically denominated in euros. Our decision to hedge a non-functional currency ship commitment for our cruise brands is made on a case-by-case basis, considering the amount and duration of the exposure, market volatility, economic trends, our overall expected net cash flows by currency and other offsetting risks. We use foreign currency derivative contracts to manage foreign currency exchange rate risk for some of our ship construction payments.

At May 31, 2017, we had foreign currency zero cost collars that are designated as cash flow hedges for a portion of euro-denominated shipyard payments for the following newbuilds:

	Entered Into	Matures in	Weighted-Average Floor Rate	Weighted- Average Ceiling Rate
Carnival Horizon	2016	March 2018	$ 1.02	$ 1.25
Seabourn Ovation	2016	April 2018	$ 1.02	$ 1.25
Holland America *Nieuw Statendam*	2016	November 2018	$ 1.05	$ 1.25

If the spot rate is between the weighted-average ceiling and floor rates on the date of maturity, then we would not owe or receive any payments under these collars.

At May 31, 2017, our remaining newbuild currency exchange rate risk primarily relates to euro-denominated newbuild contract payments, which represent a total unhedged commitment of $5.9 billion and substantially relates to newbuilds to be delivered during 2019 through 2022 to non-euro functional currency brands.

The cost of shipbuilding orders that we may place in the future that is denominated in a different currency than our cruise brands' will be affected by foreign currency exchange rate fluctuations. These foreign currency exchange rate fluctuations may affect our desire to order new cruise ships.

Interest Rate Risks

We manage our exposure to fluctuations in interest rates through our debt portfolio management and investment strategies. We evaluate our debt portfolio to determine whether 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.

The composition of our debt, including the effect of foreign currency swaps and interest rate swaps, was as follows:

	May 31, 2017	November 30, 2016
Fixed rate	29%	28%
Euro fixed rate	35%	35%
Floating rate	7%	14%
Euro floating rate	26%	23%
GBP floating rate	3%	—%

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. We seek to minimize these credit risk exposures, 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:

- Conducting business with large, well-established financial institutions, insurance companies and export credit agencies
- Diversifying our counterparties
- Having guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimize risk
- Generally requiring 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. At May 31, 2017, our exposures under foreign currency and fuel derivative contracts and interest rate swap agreements were not material.

We also monitor the creditworthiness of travel agencies and tour operators in Asia, Australia and Europe, which includes charter-hire agreements in Asia, and credit and debit card providers to which we extend credit in the normal course of our business prior to sailing. Our credit exposure also includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in Australia and most of Europe where we are obligated to honor our guests' cruise payments made by them to their travel agents and tour operators regardless of whether we have received these payments. Concentrations of credit risk associated with these trade receivables, charter-hire agreements and contingent obligations are not considered to be material, principally due to the large number of unrelated accounts, the nature of these contingent obligations and their short maturities. We have not experienced significant credit losses on our trade receivables, charter-hire agreements and contingent obligations. We do not normally require collateral or other security to support normal credit sales.

NOTE 5 – Segment Information

We have four reportable segments that are comprised of (1) North America, (2) EAA, (3) Cruise Support and (4) Tour and Other. Our segments are reported on the same basis as the internally reported information that is provided to our chief operating decision maker ("CODM"), who is the President and Chief Executive Officer of Carnival Corporation and Carnival plc. The CODM assesses performance and makes decisions to allocate resources for Carnival Corporation & plc based upon review of the results across all of our segments.

Our North America segment includes Carnival Cruise Line, Holland America Line, Princess Cruises and Seabourn. Our EAA segment includes AIDA Cruises, Costa Cruises, Cunard, P&O Cruises (Australia) and P&O Cruises (UK). The operations of these reporting units 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 services that are provided for the benefit of our cruise brands. Our Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours and other operations.

Selected information for our segments and the reconciliation to the consolidated financial statement amounts was as follows (in millions):

	Three Months Ended May 31,				
	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)
2017					
North America	$ 2,581	$ 1,534	$ 319	$ 285	$ 443
EAA	1,309	874	172	150	113
Cruise Support	34	11	56	12	(45)
Tour and Other	37	33	6	9	(11)
Intersegment elimination	(16)	(16)	—	—	—
	$ 3,945	$ 2,436	$ 553	$ 456	$ 500
2016					
North America	$ 2,320	$ 1,386	$ 292	$ 263	$ 379
EAA	1,339	853	178	151	157
Cruise Support	29	6	60	13	(50)
Tour and Other	31	27	2	10	(8)
Intersegment elimination	(14)	(14)	—	—	—
	$ 3,705	$ 2,258	$ 532	$ 437	$ 478

	Six Months Ended May 31,				
	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)
2017					
North America	$ 4,986	$ 3,003	$ 639	$ 559	$ 785
EAA	2,648	1,820	344	296	188
Cruise Support	72	17	111	23	(79)
Tour and Other	46	46	8	18	(26)
Intersegment elimination	(16)	(16)	—	—	—
	$ 7,736	$ 4,870	$ 1,102	$ 896	$ 868
2016					
North America	$ 4,538	$ 2,700	$ 603	$ 519	$ 716
EAA	2,728	1,763	352	299	314
Cruise Support	63	11	123	23	(94)
Tour and Other	42	41	5	20	(24)
Intersegment elimination	(14)	(14)	—	—	—
	$ 7,357	$ 4,501	$ 1,083	$ 861	$ 912

A portion of the North America segment’s revenues includes revenues for the tour portion of a cruise when a cruise and land tour package are sold together by Holland America Line and Princess Cruises. These intersegment tour revenues, which are also included in our Tour and Other segment, are eliminated by the North America segment’s revenues and operating expenses in the line “Intersegment elimination.”

NOTE 6 – Earnings Per Share

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

	Three Months Ended May 31,		Six Months Ended May 31,	
	2017	2016	2017	2016
Net income for basic and diluted earnings per share	$ 379	$ 605	$ 730	$ 747
Weighted-average shares outstanding	724	751	724	758
Dilutive effect of equity plans	3	2	3	3
Diluted weighted-average shares outstanding	727	753	727	761
Basic earnings per share	$ 0.52	$ 0.81	$ 1.01	$ 0.99
Diluted earnings per share	$ 0.52	$ 0.80	$ 1.00	$ 0.98

NOTE 7 – Shareholders' Equity

On April 6, 2017, the Boards of Directors approved a modification of the general authorization to repurchase Carnival Corporation common stock and/or Carnival plc ordinary shares (the "Repurchase Program"), which replenished the remaining authorized repurchases at the time of the approval to $1.0 billion. During the six months ended May 31, 2017, we repurchased 2.8 million shares of Carnival plc ordinary shares for $156 million under the Repurchase Program. At May 31, 2017, the remaining availability under the Repurchase Program was $989 million.

During the three months ended May 31, 2017, our Boards of Directors declared a dividend to holders of Carnival Corporation common stock and Carnival plc ordinary shares of $0.40 per share, which was an increase from the prior dividend of $0.35.

NOTE 8 – Property and Equipment

In April 2017, we transferred an EAA segment 1,550-passenger capacity ship under a bareboat charter agreement to an unrelated entity which was accounted for as a sale.

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 document 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. All statements other than statements of historical facts are statements that could be deemed forward-looking. These statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like "will," "may," "could," "should," "would," "believe," "depends," "expect," "goal," "anticipate," "forecast," "project," "future," "intend," "plan," "estimate," "target," "indicate," "outlook" and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that relate to our outlook and financial position including, but not limited to, statements regarding:

- Net revenue yields
- Booking levels
- Pricing and occupancy
- Interest, tax and fuel expenses
- Currency exchange rates
- Net cruise costs, excluding fuel per available lower berth day
- Estimates of ship depreciable lives and residual values
- Goodwill, ship and trademark fair values
- Liquidity
- Adjusted earnings per share

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 by our forward-looking statements. This note contains important cautionary statements of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are unknown. These factors include, but are not limited to, the following:

- Incidents, such as ship incidents, security incidents, the spread of contagious diseases and threats thereof, adverse weather conditions or other natural disasters and the related adverse publicity affecting our reputation and the health, safety, security and satisfaction of guests and crew
- Economic conditions and adverse world events affecting the safety and security of travel, such as civil unrest, armed conflicts and terrorist attacks
- Changes in and compliance with laws and regulations relating to the environment, health, safety, security, tax and anti-corruption under which we operate
- Disruptions and other damages to our information technology and other networks and operations, and breaches in data security
- Ability to recruit, develop and retain qualified personnel
- Increases in fuel prices
- Fluctuations in foreign currency exchange rates
- Misallocation of capital among our ship, joint venture and other strategic investments
- Future operating cash flow may not be sufficient to fund future obligations and we may be unable to obtain financing
- Overcapacity in the cruise ship and land-based vacation industry
- Deterioration of our cruise brands' strengths and our inability to implement our strategies
- 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 prices for, the services and products provided by these vendors
- Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments on terms that are favorable or consistent with our expectations and increases to our repairs and maintenance expenses and refurbishment costs as our fleet ages
- Failure to keep pace with developments in technology
- Geographic regions in which we try to expand our business may be slow to develop and ultimately not develop how we expect and our international operations are subject to additional risks not generally applicable to our U.S. operations
- Competition from the cruise ship and land-based vacation industry
- Economic, market and political factors that are beyond our control

- Litigation, enforcement actions, fines or penalties
- Lack of continuing availability of attractive, convenient and safe port destinations on terms that are favorable or consistent with our expectations
- Union disputes and other employee relationship issues
- Decisions to self-insure against various risks or the inability to obtain insurance for certain risks at reasonable rates
- Reliance on third-party providers of various services integral to the operations of our business
- Business activities that involve our co-investment with third parties
- Disruptions in the global financial markets or other events that may negatively affect the ability of our counterparties and others to perform their obligations to us
- Our shareholders may be subject to the uncertainties of a foreign legal system since Carnival Corporation and Carnival plc are not U.S. corporations
- Small group of shareholders may be able to effectively control the outcome of shareholder voting
- Provisions in Carnival Corporation's and Carnival plc's constitutional documents may prevent or discourage takeovers and business combinations that our shareholders might consider to be in their best interests
- The dual listed company arrangement involves risks not associated with the more common ways of combining the operations of two companies

The ordering of the risk factors set forth above is not intended to reflect our indication of priority or likelihood.

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 document, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

Outlook

On June 22, 2017, we said in our earnings release that we expected our adjusted earnings per share for the 2017 third quarter to be in the range of $2.16 to $2.20 and 2017 full year to be in the range of $3.60 to $3.70 (see "Key Performance Non-GAAP Financial Indicators"). Our guidance was based on the following assumptions:

	2017 Third Quarter	2017 Full Year
Fuel price per metric ton	$372	$367
Currencies		
U.S. dollar to euro	$1.12 to €1	$1.10 to €1
U.S. dollar to sterling	$1.27 to £1	$1.26 to £1
U.S. dollar to Australian dollar	$0.75 to A$1	$0.75 to A$1

The fuel and currency assumptions used in our guidance change daily and, accordingly, our forecasts change daily based on the changes in these assumptions. We have not provided a reconciliation of forecasted U.S. GAAP earnings per share to forecasted adjusted earnings per share because preparation of meaningful U.S. GAAP forecasts of earnings per share would require unreasonable effort. We are unable to predict, without unreasonable effort, the future movement of foreign exchange rates and fuel prices. While we forecast realized gains and losses on fuel derivatives by applying current Brent prices to the derivatives that settle in the forecast period, we do not forecast the impact of unrealized gains and losses on fuel derivatives because we do not believe they are an indication of our future earnings performance. We are unable to determine the future impact of gains or losses on ships sales, restructuring expenses and other non-core gains and charges.

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. You should read the above forward-looking statements together with the discussion of the 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" that is included in the Form 10-K.

Seasonality

Our revenues from the sale of passenger tickets are seasonal. Historically, demand for cruises has been greatest during our third 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.

Statistical Information

	Three Months Ended May 31,		Six Months Ended May 31,	
	2017	2016	2017	2016
Available Lower Berth Days ("ALBDs") (in thousands) (a) (b)	20,397	19,693	40,421	38,983
Occupancy percentage (c)	104.1%	104.1%	104.3%	104.1%
Passengers carried (in thousands)	2,906	2,781	5,675	5,340
Fuel consumption in metric tons (in thousands)	830	808	1,649	1,623
Fuel consumption in metric tons per thousand ALBDs	40.7	41.0	40.8	41.6
Fuel cost per metric ton consumed	$ 374	$ 243	$ 368	$ 236
Currencies				
U.S. dollar to euro	$ 1.08	$ 1.13	$ 1.07	$ 1.11
U.S. dollar to sterling	$ 1.26	$ 1.44	$ 1.25	$ 1.44
U.S. dollar to Australian dollar	$ 0.75	$ 0.75	$ 0.75	$ 0.73

(a) ALBD is a standard measure of passenger capacity for the period that we use to approximate rate and capacity variances, based on consistently applied formulas that we use to perform 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.

(b) For the three months ended May 31, 2017 compared to the three months ended May 31, 2016, we had a 3.6% capacity increase in ALBDs comprised of a 5.6% capacity increase in our North America segment while capacity in our EAA segment increased slightly by 0.6%.

Our North America segment's capacity increase was driven by:

- Partial quarter impact from one Holland America Line 2,650-passenger capacity ship that entered into service in April 2016
- Partial quarter impact from one Carnival Cruise Line 3,930-passenger capacity ship that entered into service in May 2016
- Partial quarter impact from one Princess Cruises 3,560-passenger capacity ship that entered into service in April 2017

Our EAA segment's capacity increase was driven by the partial quarter impact from one AIDA Cruises 3,290-passenger capacity ship that entered into service in April 2016, which was offset by the partial quarter impact from one P&O Cruises (Australia) 1,550-passenger capacity ship removed from service in April 2017.

For the six months ended May 31, 2017 compared to the six months ended May 31, 2016, we had a 3.7% capacity increase in ALBDs comprised of a 5.4% capacity increase in our North America segment and a 1.2% capacity increase in our EAA segment.

Our North America segment's capacity increase was driven by:

- Partial period impact from one Holland America Line 2,650-passenger capacity ship that entered into service in April 2016
- Partial period impact from one Carnival Cruise Line 3,930-passenger capacity ship that entered into service in May 2016
- Partial period impact from one Princess Cruises 3,560-passenger capacity ship that entered into service in April 2017

Our EAA segment's capacity increase was caused by the partial period impact from one AIDA Cruises 3,290-passenger capacity ship that entered into service in April 2016, which was offset by the partial period impact from one P&O Cruises (Australia) 1,550-passenger capacity ship removed from service in April 2017.

(c) In accordance with cruise industry practice, occupancy is calculated using a denominator of ALBDs, which assumes 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 May 31, 2017 ("2017") Compared to Three Months Ended May 31, 2016 ("2016")

Revenues

Consolidated

Cruise passenger ticket revenues made up 73% of our 2017 total revenues. Cruise passenger ticket revenues increased by $176 million, or 6.5%, to $2.9 billion in 2017 from $2.7 billion in 2016.

This increase was caused by:

- $156 million - increase in cruise ticket revenue, driven primarily by price improvements in our Caribbean, European and Alaska programs for our North America segment and European and Caribbean programs for our EAA segment, partially offset by decreases in our China programs
- $96 million - 3.6% capacity increase in ALBDs

These increases were partially offset by the foreign currency translational impact from a stronger U.S. dollar against the functional currencies of our foreign operations ("foreign currency translational impact"), which accounted for $72 million.

The remaining 27% of 2017 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by $58 million, or 5.9%, to $1,036 million in 2017 from $978 million in 2016.

This increase was caused by:

- $39 million - higher onboard spending by our guests
- $35 million - 3.6% capacity increase in ALBDs

These increases were partially offset by the foreign currency translational impact, which accounted for $15 million.

Concession revenues, which are included in onboard and other revenues, increased by $5 million, or 2.3%, to $245 million in 2017 from $240 million in 2016.

North America Segment

Cruise passenger ticket revenues made up 71% of our North America segment's 2017 total revenues. Cruise passenger ticket revenues increased by $198 million, or 12.2%, to $1.8 billion in 2017 compared to $1.6 billion in 2016.

This increase was caused by:

- $92 million - 5.6% capacity increase in ALBDs
- $83 million - increase in cruise ticket revenue, driven primarily by price improvements in the Caribbean, European and Alaska programs
- $23 million - 1.5 percentage point increase in occupancy

The remaining 29% of our North America segment's 2017 total revenues were comprised of onboard and other cruise revenues, which increased by $61 million, or 9.0%, to $738 million in 2017 from $677 million in 2016.

The increase was caused by:
- $38 million - 5.6% capacity increase in ALBDs
- $19 million - higher onboard spending by our guests
- $10 million - 1.5 percentage point increase in occupancy

Concession revenues, which are included in onboard and other revenues, increased by $14 million, or 8.9%, to $176 million in 2017 from $162 million in 2016.

EAA Segment

Cruise passenger ticket revenues made up 80% of our EAA segment's 2017 total revenues. Cruise passenger ticket revenues decreased by $29 million, or 2.7%, and was $1.1 billion in both 2017 and 2016.

This decrease was caused by:
- $72 million - foreign currency translational impact
- $27 million - 2.5 percentage point decrease in occupancy driven primarily by the China programs

These decreases were partially offset by a $59 million increase in cruise ticket revenue driven primarily by price improvements in the Caribbean and European programs, partially offset by decreases in the China programs.

The remaining 20% of our EAA segment's 2017 total revenues were comprised of onboard and other cruise revenues, which slightly decreased by $1 million, and was $259 million in 2017 and $260 million in 2016.

Concession revenues, which are included in onboard and other revenues, decreased by $9 million, or 12%, to $69 million in 2017 from $78 million in 2016.

Costs and Expenses

Consolidated

Operating costs and expenses increased by $178 million, or 7.9%, to $2.4 billion in 2017 from $2.3 billion in 2016.

This increase was caused by:
- $109 million - higher fuel prices
- $80 million - 3.6% capacity increase in ALBDs
- $14 million - higher commissions, transportation and other

These increases were partially offset by the foreign currency translational impact, which accounted for $49 million.

Selling and administrative expenses increased by $21 million, or 3.9%, to $553 million in 2017 from $532 million in 2016.

Depreciation and amortization expenses increased by $19 million, or 4.3%, to $456 million in 2017 from $437 million in 2016.

North America Segment

Operating costs and expenses increased by $148 million, or 10.7%, to $1.5 billion in 2017 from $1.4 billion in 2016.

This increase was driven by:
- $77 million - 5.6% capacity increase in ALBDs
- $70 million - higher fuel prices

Selling and administrative expenses increased by $27 million, or 9.2%, to $319 million in 2017 from $292 million in 2016.

Depreciation and amortization expenses increased by $22 million, or 8.4%, to $285 million in 2017 from $263 million in 2016.

EAA Segment

Operating costs and expenses increased by $21 million, or 2.5%, to $874 million in 2017 from $853 million in 2016.

This increase was caused by:

- $38 million - higher fuel prices
- $35 million - increases in various other costs

These increases were partially offset by the foreign currency translational impact, which accounted for $49 million.

Selling and administrative expenses decreased by $6 million, or 3.4%, to $172 million in 2017 from $178 million in 2016.

Depreciation and amortization expenses decreased by $1 million to $150 million in 2017 from $151 million in 2016.

Operating Income

Our consolidated operating income increased by $22 million, or 4.6%, to $500 million in 2017 from $478 million in 2016. Our North America segment's operating income increased by $64 million, or 17%, to $443 million in 2017 from $379 million in 2016, and our EAA segment's operating income decreased by $44 million, or 28%, to $113 million in 2017 from $157 million in 2016. These changes were primarily due to the reasons discussed above.

Nonoperating Income (Expense)

(Losses) gains on fuel derivatives, net were comprised of the following (in millions):

	Three Months Ended May 31,	
	2017	2016
Unrealized (losses) gains on fuel derivatives, net	$ (2)	$ 242
Realized (losses) on fuel derivatives, net	(51)	(71)
(Losses) gains on fuel derivatives, net	$ (53)	$ 171

Key Performance Non-GAAP Financial Indicators

Non-GAAP Financial Measures

We use net cruise revenues per ALBD ("net revenue yields"), net cruise costs excluding fuel per ALBD, adjusted net income and adjusted earnings per share as non-GAAP financial measures of our cruise segments' and the company's financial performance. These non-GAAP financial measures are provided along with U.S. GAAP gross cruise revenues per ALBD ("gross revenue yields"), gross cruise costs per ALBD and U.S. GAAP net income and U.S. GAAP earnings per share.

We believe that gains and losses on ship sales and ship impairments and restructuring and certain other expenses are not part of our core operating business and, therefore, are not an indication of our future earnings performance. As such, we exclude these items from non-GAAP measures. Net revenue yields and net cruise costs excluding fuel per ALBD enable us to separate the impact of predictable capacity or ALBD changes from price and other 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. GAAP consolidated financial statements.

The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as a substitute for, or superior to the financial information prepared in accordance with U.S. GAAP. It is possible that our non-GAAP financial measures 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.

Net revenue yields are commonly used in the cruise industry to measure a company's cruise segment revenue performance and for revenue management purposes. We use "net cruise revenues" rather than "gross cruise revenues" to calculate net revenue yields. We believe that net cruise revenues is a more meaningful measure in determining revenue yield than gross cruise revenues because it reflects the cruise revenues earned net of our most significant variable costs, which are travel agent commissions, cost of air and other transportation, certain other costs that are directly associated with onboard and other revenues and credit and debit card fees.

Net passenger ticket revenues reflect gross passenger ticket revenues, net of commissions, transportation and other costs.

Net onboard and other revenues reflect gross onboard and other revenues, net of onboard and other cruise costs.

Net cruise costs excluding fuel per ALBD is the measure we use to monitor our ability to control our cruise segments' costs rather than gross cruise costs per ALBD. We exclude the same variable costs that are included in the calculation of net cruise revenues as well as fuel expense to calculate net cruise costs without fuel to avoid duplicating these variable costs in our non-GAAP financial measures. Substantially all of our net cruise costs excluding fuel are largely fixed, except for the impact of changing prices, once the number of ALBDs has been determined.

We have not provided a reconciliation of forecasted gross cruise revenues to forecasted net cruise revenues or forecasted gross cruise costs to forecasted net cruise costs without fuel or forecasted U.S. GAAP net income to forecasted adjusted net income or forecasted U.S. GAAP earnings per share to forecasted adjusted earnings per share because preparation of meaningful U.S. GAAP forecasts of gross cruise revenues, gross cruise costs, net income and earnings per share would require unreasonable effort. We are unable to predict, without unreasonable effort, the future movement of foreign exchange rates and fuel prices. While we forecast realized gains and losses on fuel derivatives by applying current Brent prices to the derivatives that settle in the forecast period, we do not forecast the impact of unrealized gains and losses on fuel derivatives because we do not believe they are an indication of our future earnings performance. We are unable to determine the future impact of gains or losses on ships sales, restructuring expenses and other non-core gains and charges.

Constant Dollar and Constant Currency

Our EAA segment and Cruise Support segment operations utilize the euro, sterling and Australian dollar as their functional currencies to measure their results and financial condition. This subjects us to foreign currency translational risk. Our North America, EAA and Cruise Support segment operations also have revenues and expenses that are in a currency other than their functional currency. This subjects us to foreign currency transactional risk.

We report net revenue yields, net passenger revenue yields, net onboard and other revenue yields and net cruise costs excluding fuel per ALBD on a "constant dollar" and "constant currency" basis assuming the 2017 periods' currency exchange rates have remained constant with the 2016 periods' rates. These metrics facilitate a comparative view for the changes in our business in an environment with fluctuating exchange rates.

Constant dollar reporting is a non-GAAP financial measure that removes only the impact of changes in exchange rates on the translation of our EAA segment and Cruise Support segment operations.

Constant currency reporting is a non-GAAP financial measure that removes the impact of changes in exchange rates on the translation of our EAA segment and Cruise Support segment operations (as in constant dollar) plus the transactional impact of changes in exchange rates from revenues and expenses that are denominated in a currency other than the functional currency for our North America, EAA and Cruise Support segments.

Examples:

- The translation of our EAA segment 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.

- Our North American segment operations have a U.S. dollar functional currency but also have revenue and expense transactions in currencies other than the U.S. dollar. If the U.S. dollar strengthens against these other currencies, it reduces the U.S. dollar revenues and expenses. If the U.S. dollar weakens against these other currencies, it increases the U.S. dollar revenues and expenses.

- Our EAA segment operations have euro, sterling and Australian dollar functional currencies but also have revenue and expense transactions in currencies other than their functional currency. If their functional currency strengthens against these other currencies, it reduces the functional currency revenues and expenses. If the functional currency weakens against these other currencies, it increases the functional currency revenues and expenses.

Under U.S. GAAP, the realized and unrealized gains and losses on fuel derivatives not qualifying as fuel hedges are recognized currently in earnings. We believe that unrealized gains and losses on fuel derivatives are not an indication of our earnings performance since they relate to future periods and 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 income and earnings per share and, accordingly, we present adjusted net income and adjusted earnings per share excluding these unrealized gains and losses.

We believe that gains and losses on ship sales and ship impairments and restructuring and other expenses are not part of our core operating business and are not an indication of our future earnings performance. Therefore, we believe it is more meaningful for gains and losses on ship sales and ship impairments and restructuring and other non-core gains and charges to be excluded from our net income and earnings per share and, accordingly, we present adjusted net income and adjusted earnings per share excluding these items.

Consolidated gross and net revenue yields were computed by dividing the gross and net cruise revenues by ALBDs as follows (dollars in millions, except yields):

	Three Months Ended May 31,		
	2017	2017 Constant Dollar	2016
Passenger ticket revenues	$ 2,872	$ 2,944	$ 2,696
Onboard and other revenues	1,036	1,051	978
Gross cruise revenues	3,908	3,995	3,674
Less cruise costs			
Commissions, transportation and other	(513)	(526)	(495)
Onboard and other	(129)	(131)	(123)
	(642)	(657)	(618)
Net passenger ticket revenues	2,359	2,418	2,201
Net onboard and other revenues	907	920	855
Net cruise revenues	$ 3,266	$ 3,338	$ 3,056
ALBDs	20,396,773	20,396,773	19,693,362
Gross revenue yields	$ 191.59	$ 195.89	$ 186.55
% increase vs. 2016	2.7%	5.0%	
Net revenue yields	$ 160.15	$ 163.67	$ 155.21
% increase vs. 2016	3.2%	5.5%	
Net passenger ticket revenue yields	$ 115.66	$ 118.55	$ 111.78
% increase vs. 2016	3.5%	6.1%	
Net onboard and other revenue yields	$ 44.49	$ 45.12	$ 43.43
% increase vs. 2016	2.4%	3.9%	

	Three Months Ended May 31,		
	2017	2017 Constant Currency	2016
Net passenger ticket revenues	$ 2,359	$ 2,409	$ 2,201
Net onboard and other revenues	907	917	855
Net cruise revenues	$ 3,266	$ 3,326	$ 3,056
ALBDs	20,396,773	20,396,773	19,693,362
Net revenue yields	$ 160.15	$ 163.05	$ 155.21
% increase vs. 2016	3.2%	5.1%	
Net passenger ticket revenue yields	$ 115.66	$ 118.10	$ 111.78
% increase vs. 2016	3.5%	5.7%	
Net onboard and other revenue yields	$ 44.49	$ 44.94	$ 43.43
% increase vs. 2016	2.4%	3.5%	

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 by ALBDs as follows (dollars in millions, except costs per ALBD):

	Three Months Ended May 31,		
	2017	**2017 Constant Dollar**	**2016**
Cruise operating expenses	$ 2,403	$ 2,451	$ 2,231
Cruise selling and administrative expenses	548	559	530
Gross cruise costs	2,951	3,010	2,761
Less cruise costs included above			
Commissions, transportation and other	(513)	(526)	(495)
Onboard and other	(129)	(131)	(123)
Gain on ship sale	4	4	—
Restructuring expenses	—	—	(2)
Other	(1)	(1)	(5)
Net cruise costs	2,312	2,356	2,136
Less fuel	(310)	(310)	(196)
Net cruise costs excluding fuel	$ 2,002	$ 2,046	$ 1,940
ALBDs	20,396,773	20,396,773	19,693,362
Gross cruise costs per ALBD	$ 144.63	$ 147.58	$ 140.18
% increase vs. 2016	3.2 %	5.3%	
Net cruise costs excluding fuel per ALBD	$ 98.11	$ 100.29	$ 98.49
% (decrease) increase vs. 2016	(0.4)%	1.8%	

	Three Months Ended May 31,		
	2017	**2017 Constant Currency**	**2016**
Net cruise costs excluding fuel	$ 2,002	$ 2,039	$ 1,940
ALBDs	20,396,773	20,396,773	19,693,362
Net cruise costs excluding fuel per ALBD	$ 98.11	$ 99.99	$ 98.49
% (decrease) increase vs. 2016	(0.4)%	1.5%	

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

	Three Months Ended May 31,	
	2017	2016
Net income		
U.S. GAAP net income	$ 379	$ 605
Unrealized losses (gains) on fuel derivatives, net	2	(242)
(Gain) on ship sale	(4)	—
Restructuring expenses	—	2
Other	1	5
Adjusted net income	$ 378	$ 370
Weighted-average shares outstanding	727	753
Earnings per share		
U.S. GAAP earnings per share	$ 0.52	$ 0.80
Unrealized losses (gains) on fuel derivatives, net	—	(0.32)
(Gain) on ship sale	—	—
Restructuring expenses	—	—
Other	—	0.01
Adjusted earnings per share	$ 0.52	$ 0.49

Net cruise revenues increased by $210 million, or 6.9%, to $3.3 billion in 2017 from $3.1 billion in 2016.

The increase in net cruise revenues was caused by:
- $160 million - 5.1% increase in constant currency net revenue yields
- $109 million - 3.6% capacity increase in ALBDs

These increases were partially offset by foreign currency impacts (including both the foreign currency translational and transactional impacts), which accounted for $59 million.

The 5.1% increase in net revenue yields on a constant currency basis was due to a 5.7% increase in net passenger ticket revenue yields and a 3.5% increase in net onboard and other revenue yields.

The 5.7% increase in net passenger ticket revenue yields was driven primarily by price improvements in our Caribbean, European and Alaska programs for our North America segment and European and Caribbean programs for our EAA segment, partially offset by decreases in our China programs. This 5.7% increase in net passenger ticket revenue yields was comprised of a 6.4% increase from our North America segment and a 3.2% increase from our EAA segment.

The 3.5% increase in net onboard and other revenue yields was caused by similar increases in our North America and EAA segments.

Gross cruise revenues increased by $234 million, or 6.4%, to $3.9 billion in 2017 from $3.7 billion in 2016 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased by $62 million, or 3.2%, to $2.0 billion in 2017 from $1.9 billion in 2016.

The increase in net cruise costs excluding fuel was caused by:
- $69 million - 3.6% capacity increase in ALBDs
- $31 million - 1.5% increase in constant currency net cruise costs excluding fuel

These increases were partially offset by foreign currency impacts (including both the foreign currency translational and transactional impacts), which accounted for $38 million.

Net cruise costs excluding fuel per ALBD increased by 1.5%.

Fuel costs increased by $114 million, or 58%, to $310 million in 2017 from $196 million in 2016. This increase was driven by higher fuel prices, which accounted for $109 million.

Gross cruise costs increased by $190 million, or 6.9%, to $3.0 billion in 2017 from $2.8 billion in 2016 for largely the same reasons as discussed above.

Six Months Ended May 31, 2017 ("2017") Compared to Six Months Ended May 31, 2016 ("2016")

Revenues

Consolidated

Cruise passenger ticket revenues made up 73% of our 2017 total revenues. Cruise passenger ticket revenues increased by $262 million, or 4.8%, to $5.7 billion in 2017 from $5.4 billion in 2016.

This increase was caused by:

- $227 million - increase in cruise ticket revenue, driven primarily by price improvements in our Caribbean, European and Alaska programs for our North America segment and European and Caribbean programs for our EAA segment, partially offset by decreases in our China programs
- $200 million - 3.7% capacity increase in ALBDs

These increases were partially offset by:

- $149 million - foreign currency translational impact
- $27 million - decrease in air transportation revenues from guests who purchased their tickets from us

The remaining 27% of 2017 total revenues were substantially all comprised of onboard and other cruise revenues, which increased by $113 million, or 5.9%, to $2.0 billion in 2017 from $1.9 billion in 2016.

This increase was caused by:

- $70 million - 3.7% capacity increase in ALBDs
- $70 million - higher onboard spending by our guests

These increases were partially offset by the foreign currency translational impact, which accounted for $30 million.

Concession revenues, which are included in onboard and other revenues, increased slightly by $5 million to $472 million in 2017 from $467 million in 2016.

North America Segment

Cruise passenger ticket revenues made up 71% of our North America segment's 2017 total revenues. Cruise passenger ticket revenues increased by $330 million, or 10%, to $3.5 billion in 2017 from $3.2 billion in 2016.

The increase was caused by:

- $174 million - 5.4% capacity increase in ALBDs
- $122 million - increase in cruise ticket revenue, driven primarily by price improvements in the Caribbean, European and Alaska programs
- $32 million - 1.1 percentage point increase in occupancy

The remaining 29% of our North America segment's 2017 total revenues were comprised of onboard and other cruise revenues, which increased by $115 million, or 8.8%, to $1.4 billion in 2017 from $1.3 billion in 2016.

The increase was caused by:

- $71 million - 5.4% capacity increase in ALBDs
- $40 million - higher onboard spending by our guests

Concession revenues, which are included in onboard and other revenues, increased by $18 million, or 5.8%, to $331 million in 2017 from $313 million in 2016.

EAA Segment

Cruise passenger ticket revenues made up 81% of our EAA segment's 2017 total revenues. Cruise passenger ticket revenues decreased by $79 million, or 3.6%, to $2.1 billion in 2017 from $2.2 billion in 2016.

This decrease was caused by:
- $149 million - foreign currency translational impact
- $23 million - 1.0 percentage point decrease in occupancy driven primarily by the China programs
- $21 million - decrease in air transportation revenues from guests who purchased their tickets from us

These decreases were partially offset by:
- $78 million - increase in cruise ticket revenue, driven primarily by price improvements in the Caribbean and European programs, partially offset by decreases in the China programs
- $26 million - 1.2% capacity increase in ALBDs

The remaining 19% of our EAA segment's 2017 total revenues were comprised of onboard and other cruise revenues, which slightly decreased by $1 million to $513 million in 2017 from $514 million in 2016. This decrease was caused by $30 million of foreign currency translational impact, partially offset by higher onboard spending by our guests, which accounted for $25 million.

Concession revenues, which are included in onboard and other revenues, decreased by $13 million, or 8.6%, to $141 million in 2017 from and $154 million in 2016.

Costs and Expenses

Consolidated

Operating costs and expenses increased by $369 million, or 8.2%, to $4.9 billion in 2017 from $4.5 billion in 2016.

This increase was caused by:
- $218 million - higher fuel prices
- $164 million - 3.7% capacity increase in ALBDs
- $41 million - higher ship port costs
- $28 million - higher cruise payroll and related expenses
- $22 million - higher dry-dock expenses

These increases were partially offset by:
- $105 million - foreign currency translational impact
- $30 million - decrease in air transportation costs related to the decreases in revenues from guests who purchased their tickets from us

Selling and administrative expenses increased by $19 million, or 1.8%, and remained at $1.1 billion in both 2017 and 2016.

Depreciation and amortization expenses increased by $35 million, or 4.1%, to $896 million in 2017 from $861 million in 2016.

North America Segment

Operating costs and expenses increased by $301 million, or 11%, to $3.0 billion in 2017 from $2.7 billion in 2016.

This increase was caused by:
- $145 million - 5.4% capacity increase in ALBDs
- $140 million - higher fuel prices

Selling and administrative expenses increased by $36 million, or 6.0%, to $639 million in 2017 from $603 million in 2016.

Depreciation and amortization expenses increased by $40 million, or 7.7%, to $559 million in 2017 from $519 million in 2016.

EAA Segment

Operating costs and expenses increased by $57 million, or 3.2%, and was $1.8 billion in both 2017 and 2016.

This increase was caused by:
- $78 million - higher fuel prices
- $41 million - higher dry-dock expenses and ship repair and maintenance expenses
- $23 million - higher ship port costs
- $21 million - 1.2% capacity increase in ALBDs
- $19 million - higher cruise payroll and related expenses

These increases were partially offset by:
- $105 million - foreign currency translational impact
- $27 million - decrease in air transportation costs related to the decrease in revenues from guests who purchased their tickets from us

Selling and administrative expenses decreased by $8 million, or 2.3%, to $344 million in 2017 from $352 million in 2016.

Depreciation and amortization expenses slightly decreased by $3 million to $296 million in 2017 from $299 million in 2016.

Operating Income

Our consolidated operating income decreased by $44 million, or 4.8%, to $868 million in 2017 from $912 million in 2016. Our North America segment's operating income increased by $69 million, or 9.6%, to $785 million in 2017 from $716 million in 2016, and our EAA segment's operating income decreased by $126 million, or 40%, to $188 million in 2017 from $314 million in 2016. These changes were primarily due to the reasons discussed above.

Nonoperating Income (Expense)

Losses on fuel derivatives, net were comprised of the following (in millions):

	Six Months Ended May 31,	
	2017	2016
Unrealized gains on fuel derivatives, net	$ 69	$ 96
Realized losses on fuel derivatives, net	(96)	(161)
Losses on fuel derivatives, net	$ (27)	$ (65)

Key Performance Non-GAAP Financial Indicators

Consolidated gross and net revenue yields were computed by dividing the gross and net cruise revenues by ALBDs as follows (dollars in millions, except yields):

	Six Months Ended May 31,		
	2017	2017 Constant Dollar	2016
Passenger ticket revenues	$ 5,676	$ 5,825	$ 5,414
Onboard and other revenues	2,014	2,044	1,901
Gross cruise revenues	7,690	7,869	7,315
Less cruise costs			
Commissions, transportation and other	(1,082)	(1,114)	(1,077)
Onboard and other	(253)	(258)	(240)
	(1,335)	(1,372)	(1,317)
Net passenger ticket revenues	4,594	4,711	4,337
Net onboard and other revenues	1,761	1,786	1,661
Net cruise revenues	$ 6,355	$ 6,497	$ 5,998
ALBDs	40,420,819	40,420,819	38,983,272
Gross revenue yields	$ 190.25	$ 194.68	$ 187.65
% increase vs. 2016	1.4%	3.7%	
Net revenue yields	$ 157.21	$ 160.74	$ 153.87
% increase vs. 2016	2.2%	4.5%	
Net passenger ticket revenue yields	$ 113.65	$ 116.56	$ 111.25
% increase vs. 2016	2.2%	4.8%	
Net onboard and other revenue yields	$ 43.56	$ 44.18	$ 42.61
% increase vs. 2016	2.2%	3.7%	

	Six Months Ended May 31,		
	2017	2017 Constant Currency	2016
Net passenger ticket revenues	$ 4,594	$ 4,716	$ 4,337
Net onboard and other revenues	1,761	1,778	1,661
Net cruise revenues	$ 6,355	$ 6,494	$ 5,998
ALBDs	40,420,819	40,420,819	38,983,272
Net revenue yields	$ 157.21	$ 160.65	$ 153.87
% increase vs. 2016	2.2%	4.4%	
Net passenger ticket revenue yields	$ 113.65	$ 116.68	$ 111.25
% increase vs. 2016	2.2%	4.9%	
Net onboard and other revenue yields	$ 43.56	$ 43.98	$ 42.61
% increase vs. 2016	2.2%	3.2%	

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 by ALBDs as follows (dollars in millions, except costs per ALBD):

	Six Months Ended May 31,		
	2017	2017 Constant Dollar	2016
Cruise operating expenses	$ 4,824	$ 4,929	$ 4,460
Cruise selling and administrative expenses	1,094	1,117	1,079
Gross cruise costs	5,918	6,046	5,539
Less cruise costs included above			
Commissions, transportation and other	(1,082)	(1,114)	(1,077)
Onboard and other	(253)	(258)	(240)
Gain on ship sale	4	4	2
Restructuring expenses	—	—	(2)
Other	—	—	(21)
Net cruise costs	4,587	4,678	4,201
Less fuel	(607)	(607)	(383)
Net cruise costs excluding fuel	$ 3,980	$ 4,071	$ 3,818
ALBDs	40,420,819	40,420,819	38,983,272
Gross cruise costs per ALBD	$ 146.42	$ 149.57	$ 142.08
% increase vs. 2016	3.1%	5.3%	
Net cruise costs excluding fuel per ALBD	$ 98.46	$ 100.71	$ 97.93
% increase vs. 2016	0.5%	2.8%	

	Six Months Ended May 31,		
	2017	2017 Constant Currency	2016
Net cruise costs excluding fuel	$ 3,980	$ 4,051	$ 3,818
ALBDs	40,420,819	40,420,819	38,983,272
Net cruise costs excluding fuel per ALBD	$ 98.46	$ 100.23	$ 97.93
% increase vs. 2016	0.5%	2.3%	

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

	Six Months Ended May 31,	
	2017	**2016**
Net income		
U.S. GAAP net income	$ 730	$ 747
Unrealized (gains) losses on fuel derivatives, net	(69)	(96)
(Gain) on ship sale	(4)	(2)
Restructuring expenses	—	2
Other	—	21
Adjusted net income	$ 657	$ 672
Weighted-average shares outstanding	727	761

Earnings per share		
U.S. GAAP earnings per share	$ 1.00	$ 0.98
Unrealized (gains) losses on fuel derivatives, net	(0.10)	(0.13)
(Gain) on ship sale	—	—
Restructuring expenses	—	—
Other	—	0.03
Adjusted earnings per share	$ 0.90	$ 0.88

Net cruise revenues increased by $357 million, or 6.0%, to $6.4 billion in 2017 from $6.0 billion in 2016.

The increase in net cruise revenues was caused by:

- $275 million - 4.4% increase in constant currency net revenue yields
- $221 million - 3.7% capacity increase in ALBDs

These increases were partially offset by foreign currency impacts (including both the foreign currency translational and transactional impacts), which accounted for $140 million.

The 4.4% increase in net revenue yields on a constant currency basis was due to a 4.9% increase in net passenger ticket revenue yields and a 3.2% increase in net onboard and other revenue yields.

The 4.9% increase in net passenger ticket revenue yields was driven primarily by price improvements in our Caribbean, European and Alaska programs for our North America segment and European and Caribbean programs for our EAA segment, partially offset by decreases in our China programs. This 4.9% increase in net passenger ticket revenue yields was comprised of a 4.9% increase from our North America segment and a 4.0% increase from our EAA segment.

The 3.2% increase in net onboard and other revenue yields was caused by similar increases in our North America and EAA segments.

Gross cruise revenues increased by $375 million, or 5.1%, to $7.7 billion in 2017 from $7.3 billion in 2016 for largely the same reasons as discussed above.

Net cruise costs excluding fuel increased by $162 million, or 4.2%, to $4.0 billion in 2017 from $3.8 billion in 2016.

The increase in net cruise costs excluding fuel was caused by:

- $141 million - 3.7% capacity increase in ALBDs
- $93 million - 2.3% increase in constant currency net cruise costs excluding fuel

These increases were partially offset by foreign currency impacts (including both the foreign currency translational and transactional impacts), which accounted for $72 million.

Net cruise costs excluding fuel per ALBD increased by 2.3%.

Fuel costs increased by $224 million, or 58%, to $607 million in 2017 from $383 million in 2016. This was driven by higher fuel prices, which accounted for $218 million.

Gross cruise costs decreased by $379 million, or 6.8%, to $5.9 billion in 2017 from $5.5 billion in 2016 for largely the same reasons as discussed above.

Liquidity, Financial Condition and Capital Resources

Our primary financial goals are to profitably grow our cruise business and increase our return on invested capital (“ROIC”), reaching double digit returns, while maintaining a strong balance sheet and strong investment grade credit ratings. We define ROIC as the twelve month adjusted earnings before interest divided by the monthly average of debt plus equity minus construction-in-progress. Our ability to generate significant operating cash flow allows us to internally fund our capital investments. We are committed to returning free cash flow to our shareholders in the form of dividends and/or share repurchases. As we continue to profitably grow our cruise business, we plan to increase our debt level in a manner consistent with maintaining our strong credit metrics. This will allow us to return both free cash flow and incremental debt proceeds to our shareholders in the form of dividends and/or share repurchases. Other objectives of our capital structure policy are to maintain a sufficient 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.

Based on our historical results, projections and financial condition, we believe that our future operating cash flows and liquidity will be sufficient to fund all of our expected capital projects including shipbuilding commitments, ship improvements, debt service requirements, working capital needs and other firm commitments over the next several years. We believe that our ability to generate significant operating cash flows and our strong balance sheet as evidenced by our investment grade credit ratings provide us with the ability, in most financial credit market environments, to obtain debt financing.

We had a working capital deficit of $7.3 billion as of May 31, 2017 compared to a working capital deficit of $5.4 billion as of November 30, 2016. The increase in working capital deficit was mainly due to the increase in customer deposits and our net current portion of our borrowings. We operate with a substantial working capital deficit. This deficit is mainly attributable to the fact that, under our business model, a vast majority of our passenger ticket receipts are collected in advance of the applicable sailing date. These advance passenger receipts remain a current liability until the sailing date. The cash generated from these advance receipts is used interchangeably with cash on hand from other sources, such as our borrowings and other cash from operations. The cash received as advanced receipts can be used to fund operating expenses, pay down our debt, invest in long term investments or any other use of cash. Included within our working capital deficit are $4.8 billion and $3.5 billion of customer deposits as of May 31, 2017 and November 30, 2016, respectively. In addition, we have a relatively low-level of accounts receivable and limited investment in inventories. We generate substantial cash flows from operations and our business model has historically allowed us to maintain this working capital deficit and still meet our operating, investing and financing needs. We expect that we will continue to have working capital deficits in the future.

Sources and Uses of Cash

Operating Activities

Our business provided $2.8 billion of net cash from operations during the six months ended May 31, 2017, an increase of $0.2 billion, or 6%, compared to $2.7 billion for the same period in 2016. This increase was caused by an increase in our customer deposits.

Investing Activities

During the six months ended May 31, 2017, net cash used in investing activities was $1.9 billion. This was substantially due to:

- Capital expenditures of $945 million for our ongoing new shipbuilding program
- Capital expenditures of $955 million for ship improvements and replacements, information technology, buildings and improvements and other assets
- Payments of $99 million of fuel derivative settlements

During the six months ended May 31, 2016, net cash used in investing activities was $2.2 billion. This was comprised of:

- Capital expenditures of $1.4 billion for our ongoing new shipbuilding program
- Capital expenditures of $590 million for ship improvements and replacements, information technology, buildings and improvements and other assets
- $170 million of fuel derivative settlements
- $25 million of collateral to one of our fuel derivative counterparties

Financing Activities

During the six months ended May 31, 2017, net cash used in financing activities of $935 million was substantially due to the following:

- Net proceeds from short-term borrowings of $182 million in connection with our availability of, and needs for, cash at various times throughout the period
- Repayments of $907 million of long-term debt
- Issuances of $100 million of long-term debt under a term loan
- Proceeds of $367 million of long-term debt under an export credit facility
- Payments of cash dividends of $507 million
- Purchases of $152 million of Carnival plc ordinary shares in open market transactions under our Repurchase Program

During the six months ended May 31, 2016, net cash used in financing activities of $1.4 billion was substantially due to the following:

- Net proceeds from short-term borrowings of $379 million in connection with our availability of, and needs for, cash at various times throughout the period
- Repayments of $869 million of long-term debt
- Issuances of $555 million of euro-denominated publicly-traded notes, which net proceeds are being used for general corporate purposes
- Proceeds of $379 million of long-term debt under an export credit facility
- Payments of cash dividends of $459 million
- Purchases of $1.4 billion of shares of Carnival Corporation common stock in open market transactions of which $1.4 billion were repurchased under our Repurchase Program and $39 million were repurchased under our Stock Swap Programs
- Sales of $40 million of treasury stock under our Stock Swap Programs

Future Commitments and Funding Sources

Our total annual capital expenditures consist of ships under contract for construction entered into through June 23, 2017, and estimated improvements to existing ships and shoreside assets and are expected to be (in billions):

	2017	2018	2019	2020	2021	2022
Total annual capital expenditures	$ 3.0	$ 3.8	$ 4.8	$ 4.6	$ 3.6	$ 2.8

The year-over-year percentage increases in our annual capacity are expected to result primarily from contracted new ships entering service and are currently expected to be:

	2017	2018	2019	2020	2021	2022
Annual capacity increase (a)	3.0%	2.5%	5.6%	8.2%	6.4%	3.3%

(a) These percentage increases include only contracted ship orders, sales and other dispositions.

At May 31, 2017, we had liquidity of $11.9 billion. Our liquidity consisted of $348 million of cash and cash equivalents, which excludes $249 million of cash used for current operations, $2.3 billion available for borrowing under our revolving credit facilities, net of our outstanding commercial paper borrowings, and $9.3 billion under our committed future financings, which are comprised of ship export credit facilities. These commitments are from numerous large and well-established banks and export credit agencies, which we believe will honor their contractual agreements with us. The committed future financing will be available as follows (in millions):

	2018	2019	2020	2021	2022
Availability of committed future financing at May 31, 2017	$ 1,957	$ 2,548	$ 2,266	$ 1,689	$ 875

At May 31, 2017, all of our revolving credit facilities are scheduled to mature in 2021, except for $300 million that matures in 2020.

Substantially all of our debt agreements contain financial covenants as described in Note 6 - "Unsecured Debt" in the annual consolidated financial statements, which is included within our Form 10-K. At May 31, 2017, we were in compliance with 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 for the foreseeable future. Generally, if an event of default under any debt agreement occurs, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due, and all debt and derivative contracts could be terminated.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For a discussion of our hedging strategies and market risks, see the discussion below and Note 4 - "Fair Value Measurements, Derivative Instruments and Hedging Activities" in our consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations within our Form 10-K.

Operational Currency Risks

We have foreign operations that have functional currencies other than the U.S. dollar, which result in foreign currency translational impacts. We execute transactions in a number of currencies other than their functional currencies, which result in foreign currency transactional impacts. Based on a 10% change in all currency exchange rates that were used in our June 22, 2017 guidance, we estimate that our adjusted diluted earnings per share June 22, 2017 guidance would change by the following:

- $0.14 per share for the remaining two quarters of 2017
- $0.09 per share for the third quarter of 2017

Interest Rate Risks

The composition of our debt, including the effect of foreign currency swaps and interest rate swaps, was as follows:

	May 31, 2017	November 30, 2016
Fixed rate	29%	28%
Euro fixed rate	35%	35%
Floating rate	7%	14%
Euro floating rate	26%	23%
GBP floating rate	3%	—%

Fuel Price Risks

Based on a 10% change in fuel prices versus the current spot price that was used to calculate fuel expense in our June 22, 2017 guidance, we estimate that our adjusted diluted earnings per share June 22, 2017 guidance would change by the following:

- $0.08 per share for the remaining two quarters of 2017
- $0.04 per share for the third quarter of 2017

Based on a 10% change in Brent prices versus the current spot price that was used to calculate realized gains (losses) on fuel derivatives in our June 22, 2017 guidance, we estimate that our adjusted diluted earnings per share June 22, 2017 guidance would change by the following:

- $0.03 per share for the remaining two quarters of 2017
- $0.01 per share for the third quarter of 2017

At May 31, 2017, the unrealized losses on our outstanding fuel derivative contracts were $252 million.

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 under the Securities Exchange Act of 1934, 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 President and Chief Executive Officer and our Chief Financial Officer and Chief Accounting Officer have evaluated our disclosure controls and procedures and have concluded, as of May 31, 2017, that they are effective at a reasonable level of assurance, 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 May 31, 2017 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.

As previously disclosed, in 2015, the Alaska Department of Environmental Conservation issued Notices of Violations to all of the major cruise lines who had operated in the state of Alaska, including Carnival Cruise Line, Holland America Line and Princess Cruises, for alleged violations of the Alaska Marine Vessel Visible Emission Standards. On May 22, 2017, Holland America Line and Princess Cruises entered into settlement agreements settling all claims. Carnival Cruise Line settled its claims on August 6, 2016.

On May 19, 2017, Holland America Line and Princess Cruises notified the National Oceanic and Atmospheric Administration ("NOAA") regarding discharges made by certain vessels in the recently expanded area of the National Marine Sanctuary in the Farallones Islands. NOAA is conducting an investigation. We believe the ultimate outcome will not have a material impact on our consolidated financial statements.

Item 1A. Risk Factors.

The risk factors that affect our business and financial results are discussed in "Item 1A. Risk Factors," included in the Form 10-K, and there has been no material change to these risk factors since the Form 10-K filing. We wish to caution the reader that the risk factors discussed in "Item 1A. Risk Factors," included in the Form 10-K, and those described elsewhere in this report or other Securities and Exchange Commission filings, could cause future results to differ materially from those stated in any forward-looking statements. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

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

A. Repurchase Program

Under a share repurchase program effective 2004, we are authorized to repurchase Carnival Corporation common stock and Carnival plc ordinary shares (the "Repurchase Program"). On April 6, 2017, the Boards of Directors approved a modification of the general authorization under the Repurchase Program, which replenished the remaining authorized repurchases at the time of the approval to $1.0 billion. The Repurchase Program does not have an expiration date and may be discontinued by our Boards of Directors at any time.

No shares of Carnival Corporation common stock were repurchased pursuant to the Repurchase Program during the three months ended May 31, 2017. During this period, repurchases of Carnival plc ordinary shares pursuant to the Repurchase Program were as follows:

Period	Total Number of Shares of Carnival plc Purchased		Average Price Paid per Share of Carnival plc		Maximum Dollar Value of Shares That May Yet Be Purchased Under the Repurchase Program
	(in millions)				(in millions)
March 1, 2017 through March 31, 2017	1.1	$	55.75	$	266
April 1, 2017 through April 30, 2017	0.4	$	57.18	$	989
May 1, 2017 through May 31, 2017	—	$	—	$	989
Total	1.5	$	56.14		

No shares of Carnival Corporation common stock or Carnival plc ordinary shares were purchased outside of publicly announced plans or programs.

B. <u>Stock Swap Programs</u>

In addition to the Repurchase Program, we also have programs that allow us to obtain an economic benefit when either Carnival Corporation common stock is trading at a premium to the price of Carnival plc ordinary shares or Carnival Corporation common stock is trading at a discount to Carnival plc ordinary shares (the "Stock Swap Programs"). For example:

- In the event that Carnival Corporation common stock trades at a premium to Carnival plc ordinary shares, we may from time to time elect to issue and sell shares of Carnival Corporation common stock through a sales agent, at prevailing market prices in ordinary brokers' transactions, and use the sale proceeds to repurchase Carnival plc ordinary shares in the UK market on an equivalent basis.
- In the event that Carnival Corporation common stock trades at a discount to Carnival plc ordinary shares, we may from time to time elect to sell ordinary shares of Carnival plc, with such sales made by Carnival Corporation or Carnival Investments Limited ("CIL") through its sales agent, at prevailing market prices in ordinary brokers' transactions, and use the sale proceeds to repurchase shares of Carnival Corporation common stock in the U.S. market on an equivalent basis.

Any realized economic benefit under the Stock Swap Programs is used for general corporate purposes, which could include repurchasing additional stock under the Repurchase Program.

Under the Stock Swap Programs effective 2008, the Boards of Directors have made the following authorizations:

- In January 2017, to issue and sell up to 22.0 million shares of Carnival Corporation common stock in the U.S. market and repurchase up to 22.0 million of Carnival plc ordinary shares in the UK market. We had 22.0 million shares remaining under this authorization at May 31, 2017.
- In February 2016, to sell up to 26.9 million of existing Carnival plc ordinary shares in the UK market and repurchase up to 26.9 million shares of Carnival Corporation common stock in the U.S. market. We had 26.0 million shares remaining under this authorization at May 31, 2017.

During the three months ended May 31, 2017, no Carnival Corporation common stock or Carnival plc ordinary shares were sold or repurchased under the Stock Swap Programs. Any sales of Carnival Corporation shares and Carnival plc ordinary shares have been or will be registered under the Securities Act of 1933.

C. <u>Carnival plc Shareholder Approvals</u>

Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap Programs require annual shareholder approval. The existing shareholder approval is limited to a maximum of 21.6 million ordinary shares and is valid until the earlier of the conclusion of the Carnival plc 2018 annual general meeting or July 4, 2018. At May 31, 2017, the remaining Carnival plc availability under the Repurchase Program and the Stock Swap Programs was 21.4 million ordinary shares.

Item 6. Exhibits.

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Incorporated by Reference Exhibit	Incorporated by Reference Filing Date	Filed/ Furnished Herewith
Articles of incorporation and by-laws					
3.1	Third Amended and Restated Articles of Incorporation of Carnival Corporation.	8-K	3.1	4/17/2003	
3.2	Third Amended and Restated By-Laws of Carnival Corporation.	8-K	3.1	4/20/2009	
3.3	Articles of Association of Carnival plc.	8-K	3.3	4/20/2009	
Material contracts					
10.1	Employment Contract dated April 21, 2017 between Carnival plc and Michael Olaf Thamm.	8-K	10.1	4/27/2017	
10.2	Form of Non-Employee Director Restricted Stock Award Agreement for the Carnival Corporation 2011 Stock Plan.				X
10.3	Form of Performance-Based Restricted Share Unit Agreement for the Carnival Corporation 2011 Stock Plan.				X
10.4	Form of Performance-Based Restricted Share Unit Agreement for the Carnival plc 2014 Employee Share Plan.				X
Statement regarding computations of ratios					
12	Ratio of Earnings to Fixed Charges.				X
Rule 13a-14(a)/15d-14(a) certifications					
31.1	Certification of President and 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 Financial Officer and Chief Accounting 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 President and 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
31.4	Certification of Chief Financial Officer and Chief Accounting Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
Section 1350 certifications					
32.1*	Certification of President and 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 Financial Officer and Chief Accounting Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.3*	Certification of President and 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
32.4*	Certification of Chief Financial Officer and Chief Accounting Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	Incorporated by Reference: Exhibit	Incorporated by Reference: Filing Date	Filed/ Furnished Herewith
Articles of incorporation and by-laws					
Interactive Data File					
101	The consolidated financial statements from Carnival Corporation & plc's joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2017, as filed with the Securities and Exchange Commission on June 30, 2017, formatted in XBRL, are as follows:				
	(i) the Consolidated Statements of Income for the three and six months ended May 31, 2017 and 2016;				X
	(ii) the Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended May 31, 2017 and 2016;				X
	(iii) the Consolidated Balance Sheets at May 31, 2017 and November 30, 2016;				X
	(iv) the Consolidated Statements of Cash Flows for the six months ended May 31, 2017 and 2016 and				X
	(v) the notes to the consolidated financial statements, tagged in summary and detail.				X

* These items are furnished and not filed.

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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/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer

By:/s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer

Date: June 30, 2017

CARNIVAL PLC

By:/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer

By:/s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer

Date: June 30, 2017

Exhibit 10.2

CARNIVAL CORPORATION
2011 STOCK PLAN
NON-EMPLOYEE DIRECTOR
RESTRICTED STOCK AWARD AGREEMENT

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 [DIRECTOR NAME] (the "**Director**"), pursuant to the Carnival Corporation 2011 Stock Plan (the "**Plan**").

R E C I T A L S:

WHEREAS, the Company has adopted the Plan pursuant to which awards of restricted Shares may be granted; and

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

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:

DIRECTOR WILL BE DEEMED TO HAVE ACCEPTED THE TERMS AND CONDITIONS OF THIS AGREEMENT IF DIRECTOR DOES NOT OBJECT IN WRITING WITHIN TEN (10) DAYS FOLLOWING DELIVERY OF THIS AGREEMENT.

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 Director a Restricted Stock Award consisting of [NUMBER GRANTED] 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 the Director 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. Share Issuance.

Certificates or book entries evidencing the Restricted Stock shall be issued by the Company and shall be registered in Director'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 the Director 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 Service.

Upon the termination of Director's service as a member of the Board, the Restrictions on the unreleased Restricted Stock shall be released according to the following:

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

(b) In the event the Director's service terminates other than by reason of death or Disability, prior to the first anniversary of the Director's initial election to the Board, no release of Restricted Stock shall be made, and all unreleased Restricted Stock issued hereunder and all rights under this Agreement shall be forfeited.

(c) In the event the Director's service terminates other than by reason of death or Disability, on or after the first anniversary of the Director's initial election to the Board, the Restrictions on the Restricted Stock shall lapse (and the Restricted Stock shall become released Restricted Stock) in accordance with the schedule set forth in Section 3.

6. Rights as a Shareholder.

Director 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) the Director'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, Director 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 certificate representing such released Restricted Stock to the Director with the restrictive legend removed. In the event the Restricted Stock is forfeited pursuant to Section 5 hereof, the Director's name shall be removed from the stock transfer books of the Company and all rights of the Participant 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 or book entries 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 AWARD AGREEMENT, DATED AS OF [GRANT DATE] , BETWEEN CARNIVAL CORPORATION AND [DIRECTOR 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, Director 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 Director, 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 Director, 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 the Director in connection with the Award of Restricted Stock or from any compensation or other amounts owing to the Director 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. Director 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. Director shall be solely responsible for properly and timely completing and filing any such election.

10. UK Income Tax Election.

(a) If the Director is a resident of the UK, the Director and the Company agree that if either of them so elects, they will each enter into an irrevocable election either jointly or separately pursuant to section 431 of the UK Income Tax (Earnings and Pensions) Act 2003 (in such form as is approved by the Commissioners for Her Majesty's Revenue and Customs) not later than 14 days after the Grant Date of this award of Restricted Shares.

(b) Upon the expiration of the Restricted Period of any Restricted Shares, the Director 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.

11. 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 Director 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 the Director, then the Director 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 the Director of such additional provision.

12. 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 the Director, at the Director'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 Service. Nothing in the Plan or in this Agreement shall confer upon Director any right to continue to serve as a member of the Board or shall interfere with or restrict in any way the right of the Company, which are hereby expressly reserved, to remove, terminate or discharge Director at any time for any reason.

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

(f) Bound by Plan. By signing this Agreement, Director 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 Director and the beneficiaries, executors, administrators, heirs and successors of Director.

(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 under Section 14 of 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 the Participant agrees and consents:

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

Jerry Montgomery

Chief Human Resources Officer

Exhibit 10.3

CARNIVAL CORPORATION PERFORMANCE-BASED RESTRICTED SHARE UNIT AGREEMENT FOR THE CARNIVAL CORPORATION 2011 STOCK PLAN

THIS [YEAR] PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT (this "Agreement"), shall apply to the award of performance-based Restricted Stock Units granted to employees of Carnival Corporation, a corporation organized under the laws of the Republic of Panama, (the "Company") or employees of an Affiliate, on [GRANT DATE] under the Carnival Corporation 2011 Stock Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, pursuant to which restricted stock units may be granted in respect of shares of the Company's common stock, par value $0.01 per share ("Share"); and

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

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

1. Grant of Restricted Stock Units.

(a) Grant. The Company hereby grants to select individuals (each a "Participant") a target number of performance-based restricted stock units (the "PBS RSUs") as listed in Participant's EquatePlus portfolio (the "Target Amount"), on the terms and conditions set forth in the Plan and this Agreement. Each PBS RSU represents the right to receive payment in respect of one Share as of the Settlement Date (as defined below), to the extent the Participant is vested in such PBS RSUs as of the Settlement Date, subject to the terms of this Agreement and the Plan. The PBS RSUs are subject to the restrictions described herein, including forfeiture under the circumstances described in Section 3 hereof (the "Restrictions"). The Restrictions shall lapse and the PBS RSUs shall vest and become nonforfeitable in accordance with Section 2 and Section 3 hereof.

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

2. Terms and Conditions.

(a) Performance Goal.

(i) Subject to the Participant's continued employment or service with the Company, a specified percentage of the PBS RSUs shall vest if both (A) the Participant remains in continuous employment or continuous service with the Company through the Settlement Date as defined in Sub-section (b) below, and (B) the Company achieves, at a minimum, the threshold level of performance with respect to the performance goals set forth on Exhibit A (the "Performance Goals"). Unless provided otherwise by the Committee, the Participant shall be deemed to not be in continuous employment or continuous service if the Participant's status changes from employee to non-employee, or vice-versa. The actual number of PBS RSUs that may vest ranges from zero to 200% of the Target Amount based on the extent to which the Performance Goals are achieved at the end of the 3-year performance period as set forth on Exhibit A, in accordance with the methodology set out on Exhibit A, subject to a maximum payout cap of 200%. (I) if the Company does not achieve the threshold level of the Performance Goals as set out on Exhibit A, then no PBS RSUs shall vest and this grant of PBS RSUs shall be cancelled in its entirety, and (II) no vesting shall occur unless and until the Committee certifies that the Performance Goals have been met (the "Certification").

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

(b) Settlement. The obligation to make payments and distributions with respect to PBS RSUs shall be satisfied through the issuance of one Share for each vested PBS RSU, less applicable withholding taxes (the "settlement"), and the settlement of the PBS RSUs may be subject to such conditions, restrictions and contingencies as the Committee shall determine. The PBS RSUs shall be settled as soon as practicable after the end of the three-year performance period and Certification (as applicable, the "Settlement Date"), but in no event later than March 15 of the year following the calendar year in which Certification occurs, except as otherwise specified in Section 4(a). Notwithstanding the foregoing, the payment dates set forth in this Section 2(b) have been specified for the purpose of complying with the provisions of Section 409A of the Code ("Section 409A"). To the extent payments are made during the periods permitted under Section 409A (including any applicable periods before or after the specified payment dates set forth in this Section 2(b)), the Company shall be deemed to have satisfied its obligations under the Plan and shall be deemed not to be in breach of its payments obligations hereunder.

(c) Dividends and Voting Rights. Subject to the limitation set forth in Exhibit A (8), each PBS RSU subject to this grant shall be credited with dividend equivalents equal to the dividends (including extraordinary dividends if so determined by the Committee) declared and paid to other shareholders of the Company in respect of one Share. Dividend equivalents shall not bear interest. On the Settlement Date, such dividend equivalents in respect of each vested PBS RSU shall be settled by delivery to the Participant of a number of Shares equal to the quotient obtained by dividing (i) the aggregate accumulated value of such dividend equivalents by (ii) the Fair Market Value of a

Share on the date that is 30 days prior to the Settlement Date or other applicable vesting date set forth in Section 3(b), rounded down to the nearest whole share, less any applicable withholding taxes. No dividend equivalents shall be accrued for the benefit of the Participant with respect to record dates occurring prior to the Date of Grant, or with respect to record dates occurring on or after the date, if any, on which the Participant has forfeited the PBS RSUs. The Participant shall have no voting rights with respect to the PBS RSUs or any dividend equivalents.

3. Termination of Employment or Service with the Company.

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

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

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

(d) Released PBS RSUs. Following Participant's termination of employment or service with the Company for any reason, Participant (or Participant's beneficiary, if applicable) must provide for all Shares underlying released PBS RSUs (including those issued under this Agreement as well as Shares underlying released PBS RSUs issued under any other similar agreement, whether on account of termination or previously released in connection with the vesting terms of such similar agreement) to be liquidated or transferred to a third party broker after all required documentation and tax withholding guidance is received no later than six months following the later of (i) Participant's date of termination or (ii) the latest Settlement Date or other applicable vesting date (whether under this Agreement or a similar agreement) occurring following Participant's termination. If Participant (or Participant's beneficiary, as applicable) fails to liquidate or transfer the Shares prior to the end of the applicable six month period, the Company is hereby authorized and directed by Participant either, in the Company's discretion: (i) to sell any such remaining Shares on Participant's (or Participant's beneficiary's) behalf on the next trading date following the end of such period on which the Company is not prohibited from selling such Shares; or (ii) to transfer such Shares to the Company's stock transfer agent for registration in Participant's (or Participant's beneficiary's) name. The Company will not be responsible for any gain or loss or taxes incurred with respect to the Shares underlying the released PBS RSUs in connection with such liquidation or transfer.

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

4. Miscellaneous.

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

(b) Transferability. Unless otherwise provided by the Committee in writing, the PBS RSUs shall not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or the laws of descent and distribution 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.

(c) Tax Withholding. All distributions under the Plan are subject to withholding of all applicable federal, state, local and foreign taxes, and the Committee may condition the settlement of the PBS RSUs 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 Shares or other property deliverable to the Participant in connection with the grant of PBS RSUs or from any compensation or other amounts owing to the Participant the amount (in cash, Shares or other property) of any required tax withholding in respect of the Shares 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.

(d) Clawback/Forfeiture.

(i) In the case of fraud, negligence, intentional or gross misconduct or other wrongdoing on the part of Participant (or any other event or circumstance set forth in any clawback policy implemented by the Company, including, without limitation, any clawback policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) that results in a material restatement of the Company's issued financial statements, such Participant will be required to reimburse the Company for all or a portion, as determined by the Committee in its sole discretion, of any income or gain realized on the settlement of the PBS RSUs or the subsequent sale of Shares acquired upon settlement of the PBS RSUs with respect to any fiscal year in which the Company's financial results are negatively impacted by such restatement. The Participant agrees to and shall be required to repay any such amount to the Company within 30 days after the Company demands repayment. In addition, if the Company is required by law to include an additional "clawback" or "forfeiture" provision to outstanding awards, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or forfeiture provision shall also apply to this Agreement as if it had been included on the Date of Grant and the Company shall promptly notify the Participant of such additional provision. In addition, if a Participant has engaged or is engaged in Detrimental Activity after the Participant's employment or service with the Company or its subsidiaries has ceased, then the Participant, within 30 days after written demand by the Company, shall return any income or gain realized on the settlement of the PBS RSUs or the subsequent sale of Shares acquired upon settlement of the PBS RSUs.

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

(e) No Rights as Stockholder. The Participant shall not be deemed for any purpose to be the owner of any Shares subject to the PBS RSUs. The Company shall not be required to set aside any fund for the payment of the PBS RSUs.

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

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

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

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

(j) Beneficiary. If no beneficiary designated in a valid will survives the Participant, the Participant’s estate shall be deemed to be the Participant’s beneficiary.

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

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

(m) 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.

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

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

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

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

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

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

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

CARNIVAL CORPORATION

By: ______________________________

Jerry Montgomery
Chief Human Resources Officer

Performance Goal Vesting Matrix

The percentage of the Target Amount of PBS RSUs that shall vest will be based upon the extent to which the Combined Group’s adjusted operating income (“OI”), as normalized for [ANNUAL ADJUSTMENTS] for each of the three fiscal years in the [PERFORMANCE PERIOD DATES] performance period (“Performance Period”) exceeds the Combined Group’s [ANNUAL BASELINE OI] ([WEIGHT %] weighting); and (ii) the extent to which the Combined Group’s adjusted return on invested capital (“ROIC”) at the end of the Performance Period compares to the performance goals for such period ([WEIGHT %] weighting) in accordance with this Exhibit. All OI and/or ROIC figures referred to herein along with any figures used to obtain OI and/or ROIC are determined on a non-GAAP basis as set forth herein.

[PERFORMANCE-BASED CRITERIA FOR AWARD]

Exhibit 10.4

CARNIVAL PLC PERFORMANCE-BASED
RESTRICTED SHARE UNIT AGREEMENT
FOR THE CARNIVAL PLC 2014 EMPLOYEE SHARE PLAN

THIS [YEAR] PERFORMANCE-BASED RESTRICTED SHARE UNIT AGREEMENT (this "Agreement"), shall apply to the award of performance-based Restricted Share Units granted to employees of Carnival plc, a corporation organized under the laws of England and Wales (the "Company"), or employees of an Affiliate, on [GRANT DATE] under the Carnival plc 2014 Employee Share Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, pursuant to which restricted stock units may be granted in respect of the Company's ordinary shares, par value $1.66 per share ("Shares"); 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 Share units provided for herein to the Participant subject to the terms set forth herein.

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

1.Grant of Restricted Share Units.

(a) Grant. The Company hereby grants to select individuals (each a "Participant") a target number of restricted Share units (the "PBS RSUs") set forth in Participant's EquatePlus portfolio (the "Target Amount"), on the terms and conditions set forth in the Plan and this Agreement. Each PBS RSU represents the right to receive payment in respect of one Share as of the Settlement Date (as defined below), to the extent the Participant is vested in such PBS RSUs as of the Settlement Date, subject to the terms of this Agreement and the Plan. The PBS RSUs are subject to the restrictions described herein, including forfeiture under the circumstances described in Section 3 hereof (the "Restrictions"). The Restrictions shall lapse and the PBS RSUs shall vest and become nonforfeitable in accordance with Section 2 and Section 3 hereof.

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

2. Terms and Conditions.

(a) Performance Goal.

(i) Subject to the Participant's continued employment or service with the Company, a specified percentage of the PBS RSUs shall vest if both (A) the Participant remains in continuous employment or continuous service with the Company through the Settlement Date as defined in Sub-section (b) below, and (B) the Company achieves, at a minimum, the threshold level of performance with respect to the performance goals set forth on Exhibit A (the "Performance Goals"). Unless provided otherwise by the Committee, the Participant shall be deemed to not be in continuous employment or continuous service if the Participant's status changes from employee to non-employee, or vice-versa. The actual number of PBS RSUs that may vest ranges from zero to 200% of the Target Amount based on the extent to which the Performance Goals are achieved at the end of the 3-year performance period as set forth on Exhibit A, in accordance with the methodology set out on Exhibit A, subject to a maximum payout cap of 200%. (I) if the Company does not achieve the threshold level of the Performance Goals as set out on Exhibit A, then no PBS RSUs shall vest and this grant of PBS RSUs shall be cancelled in its entirety, and (II) no vesting shall occur unless and until the Committee certifies that the Performance Goals have been met (the "Certification").

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

(b) Settlement. The obligation to make payments and distributions with respect to PBS RSUs shall be satisfied through the issuance of one Share for each vested PBS RSU, less applicable withholding taxes (the "settlement"), and the settlement of the PBS RSUs may be subject to such conditions, restrictions and contingencies as the Committee shall determine. The PBS RSUs shall be settled as soon as practicable after the end of the three-year performance period and Certification (as applicable, the "Settlement Date"), but in no event later than March 15 of the year following the calendar year in which Certification occurs, except as otherwise specified in Section 4(a). Notwithstanding the foregoing, the payment dates set forth in this Section 2(b) have been specified for the purpose of complying with the provisions of Section 409A of the Code ("Section 409A"). To the extent payments are made during the periods permitted under Section 409A (including any applicable periods before or after the specified payment dates set forth in this Section 2(b)), the Company shall be deemed to have satisfied its obligations under the Plan and shall be deemed not to be in breach of its payments obligations hereunder.

(c) Dividends and Voting Rights. Subject to the limitation set forth in Exhibit A (8), eachPBS RSU subject to this grant shall be credited with dividend equivalents equal to the dividends (including extraordinary dividends if so determined by the Committee) declared and paid to other shareholders of the Company in respect of one Share. Dividend equivalents shall not bear interest. On the Settlement Date, such dividend equivalents in respect of each vested PBS RSU shall be settled by delivery to the Participant of a number of Shares equal to the quotient obtained by dividing (i) the aggregate accumulated value of such dividend equivalents by (ii) the Fair Market Value of a Share on the date that is 30 days prior to the Settlement Date or other applicable vesting date set forth in Section 3(b), rounded down to the nearest whole share, less any applicable withholding taxes. No dividend equivalents shall be accrued for the benefit of the Participant with respect to record dates occurring prior to the Date of Grant, or with respect to record dates occurring on or after the date, if any, on which the Participant has forfeited the PBS RSUs. The Participant shall have no voting rights with respect to the PBS RSUs or any dividend equivalents.

3. Termination of Employment or Service with the Company.

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

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

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

(d) Released PBS RSUs. Following Participant's termination of employment or service with the Company for any reason, Participant (or Participant's beneficiary, if applicable) must provide for all Shares underlying released PBS RSUs (including those issued under this Agreement as well as Shares underlying released PBS RSUs issued under any other similar agreement, whether on account of termination or previously released in connection with the vesting terms of such similar agreement) to be liquidated or transferred to a third party broker after all required documentation and tax withholding guidance is received no later than six months following the later of (i) Participant's date of termination or (ii) the latest Settlement Date or other applicable vesting date (whether under this Agreement or a similar agreement) occurring following Participant's termination. If Participant (or Participant's beneficiary, as applicable) fails to liquidate or transfer the Shares prior to the end of the applicable six month period, the Company is hereby authorized and directed by Participant either, in the Company's discretion: (i) to sell any such remaining Shares on Participant's (or Participant's beneficiary's) behalf on the next trading date following the end of such period on which the Company is not prohibited from selling such Shares; or (ii) to transfer such Shares to the Company's stock transfer agent for registration in Participant's (or Participant's beneficiary's) name. The Company will not be responsible for any gain or loss or taxes incurred with respect to the Shares underlying the released PBS RSUs in connection with such liquidation or transfer.

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

4. Miscellaneous.

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

(b) Transferability. Unless otherwise provided by the Committee in writing, the PBS RSUs shall not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or the laws of descent and distribution 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.

(c) Tax Withholding. All distributions under the Plan are subject to withholding of all applicable federal, state, local and foreign taxes, and the Committee may condition the settlement of the PBS RSUs 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 Shares or other property deliverable to the Participant in connection with the grant of PBS RSUs or from any compensation or other amounts owing to the Participant the amount (in cash, Shares or other property) of any required tax withholding in respect of the Shares 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.

(d) Clawback/Forfeiture.

(i) In the case of fraud, negligence, intentional or gross misconduct or other wrongdoing on the part of Participant (or any other event or circumstance set forth in any clawback policy implemented by the Company, including, without limitation, any clawback policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) that results in a material restatement of the Company's issued financial statements, such Participant will be required to reimburse the Company for all or a portion, as determined by the Committee in its sole discretion, of any income or gain realized on the settlement of the PBS RSUs or the subsequent sale of Shares acquired upon settlement of the PBS RSUs with respect to any fiscal year in which the Company's financial results are negatively impacted by such restatement. The Participant agrees to and shall be required to repay any such amount to the Company within 30 days after the Company demands repayment. In addition, if the Company is required by law to include an additional "clawback" or "forfeiture" provision to outstanding awards, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or forfeiture provision shall also apply to this Agreement as if it had been included on the Date of Grant and the Company shall promptly notify the Participant of such additional provision. In addition, if a Participant has engaged or is engaged in Detrimental Activity after the Participant's employment or service with the Company or its subsidiaries has ceased, then the Participant, within 30 days after written demand by the Company, shall return any income or gain realized on the settlement of the PBS RSUs or the subsequent sale of Shares acquired upon settlement of the PBS RSUs.

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

(e) No Rights as Stockholder. The Participant shall not be deemed for any purpose to be the owner of any Shares subject to the PBS RSUs. The Company shall not be required to set aside any fund for the payment of the PBS RSUs.

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

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

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

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

(j) Beneficiary. If no beneficiary designated in a valid will survives the Participant, the Participant’s estate shall be deemed to be the Participant’s beneficiary.

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

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

(m) 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.

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

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

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

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

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

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

EXECUTED AND DELIVERED BY CARNIVAL PLC)
ACTING BY A DIRECTOR AND A DIRECTOR OR THE SECRETARY)

__________________________ ______________________________
Arnold W. Donald, Director Arnaldo Perez, Secretary

<u>Exhibit A</u>

Performance Goal Vesting Matrix

The percentage of the Target Amount of PBS RSUs that shall vest will be based upon the extent to which the Combined Group's adjusted operating income ("OI"), as normalized for [ANNUAL ADJUSTMENTS] for each of the three fiscal years in the [PERFORMANCE PERIOD DATES] performance period ("Performance Period") exceeds the Combined Group's [ANNUAL BASELINE OI] ([WEIGHT %] weighting); and (ii) the extent to which the Combined Group's adjusted return on invested capital ("ROIC") at the end of the Performance Period compares to the performance goals for such period ([WEIGHT %] weighting) in accordance with this Exhibit. All OI and/or ROIC figures referred to herein along with any figures used to obtain OI and/or ROIC are determined on a non-GAAP basis as set forth herein.

[PERFORMANCE-BASED CRITERIA FOR AWARD]

Exhibit 12

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

	Six Months Ended May 31, 2017	Six Months Ended May 31, 2016
Net income	$ 730	$ 747
Income tax expense, net	7	3
Income before income taxes	737	750
Fixed charges		
Interest expense, net of capitalized interest	101	108
Interest portion of rent expense (a)	11	11
Capitalized interest	13	16
Total fixed charges	125	135
Fixed charges not affecting earnings		
Capitalized interest	(13)	(16)
Earnings before fixed charges	$ 849	$ 869
Ratio of earnings to fixed charges	6.8	6.4

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

Exhibit 31.1

I, Arnold W. Donald, 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 officer 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 (or persons performing the equivalent functions):

(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: June 30, 2017

By:/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer

Exhibit 31.2

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 officer 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 (or persons performing the equivalent functions):

(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: June 30, 2017

By:/s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer

Exhibit 31.3

I, Arnold W. Donald, 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 officer 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 (or persons performing the equivalent functions):

(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: June 30, 2017

By:/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer

Exhibit 31.4

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 officer 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 (or persons performing the equivalent functions):

(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: June 30, 2017

By:/s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer

Exhibit 32.1

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2017 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: June 30, 2017

By:/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer

Exhibit 32.2

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2017 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: June 30, 2017

By:/s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer

Exhibit 32.3

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2017 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: June 30, 2017

By:/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer

Exhibit 32.4

In connection with the Quarterly Report on Form 10-Q for the quarter ended May 31, 2017 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: June 30, 2017

By:/s/ David Bernstein
David Bernstein
Chief Financial Officer and Chief Accounting Officer