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

FORM 8-K

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

Date of Report (Date of earliest event reported) March 30, 2016



Carnival Corporation
(Exact name of registrant as specified in its charter)

Republic of Panama
(State or other jurisdiction of incorporation)

001-9610
(Commission File Number)

59-1562976
(IRS Employer Identification No.)

3655 N.W. 87th Avenue
Miami, Florida 33178-2428
(Address of principal executive offices)
(Zip Code)

(305) 599-2600
(Registrant's telephone number, including area code)

None
(Former name or former address, if changed since last report.)

Carnival plc
(Exact name of registrant as specified in its charter)

England and Wales
(State or other jurisdiction of incorporation)

001-15136
(Commission File Number)

98-0357772
(IRS Employer Identification No.)

Carnival House, 100 Harbour Parade,
Southampton SO15 1ST, United Kingdom
(Address of principal executive offices)
(Zip Code)

011 44 23 8065 5000
(Registrant's telephone number, including area code)

None
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrants under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 2 – Financial Information**Item 2.02 Results of Operations and Financial Condition.**

On March 30 2016, Carnival Corporation & plc issued a press release entitled “CARNIVAL CORPORATION & PLC REPORTS NEAR DOUBLING OF ADJUSTED FIRST QUARTER EARNINGS.” A copy of this press release is furnished as Exhibit 99.1 to this report. This information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of either Carnival Corporation or Carnival plc, whether made before or after the date of this report, regardless of any general incorporation language in the filing.

Section 9 – Financial Statements and Exhibits**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit 99.1 Press release, dated March 30, 2016 (furnished pursuant to Item 2.02).

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 hereunto duly authorized.

CARNIVAL CORPORATION

By: /s/ Larry Freedman
Name: Larry Freedman
Title: Chief Accounting Officer and Controller

Date: March 30, 2016

CARNIVAL PLC

By: /s/ Larry Freedman
Name: Larry Freedman
Title: Chief Accounting Officer and Controller

Date: March 30, 2016

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated March 30, 2016 (furnished pursuant to Item 2.02)

CARNIVAL CORPORATION & PLC REPORTS
NEAR DOUBLING OF ADJUSTED FIRST QUARTER EARNINGS

MIAMI (March 30, 2016) – Carnival Corporation & plc (NYSE/LSE: CCL; NYSE: CUK) announced adjusted net income of \$301 million, or \$0.39 diluted earnings per share, for the first quarter of 2016 compared to adjusted net income for the first quarter of 2015 of \$159 million, or \$0.20 diluted earnings per share. For the first quarter of 2016, U.S. GAAP net income was \$142 million, or \$0.18 diluted earnings per share, which included unrealized losses on fuel derivatives and other net charges of \$159 million. For the first quarter of 2015, U.S. GAAP net income was \$49 million, or \$0.06 diluted earnings per share. Revenues for the first quarter of 2016 were \$3.7 billion compared to \$3.5 billion in the prior year.

Carnival Corporation & plc President and Chief Executive Officer Arnold Donald noted, “Our teams delivered another strong quarter of operational improvement by creating increased demand for our brands and leveraging our scale which resulted in revenue yield improvement approaching 6 percent and the near doubling of first quarter adjusted earnings. We thank our millions of loyal guests and valued travel professional partners around the globe for their patronage and support.”

Key metrics for the first quarter 2016 compared to first quarter 2015 were as follows:

- Net revenue yields (net revenue per available lower berth day or “ALBD”) increased 5.7 percent in constant currency, which was better than the company’s December guidance of up 3.5 to 4.5 percent. Gross revenue yields decreased 0.4 percent in current dollars due to changes in currency exchange rates.
- Net cruise costs excluding fuel per ALBD increased 1.6 percent in constant currency and were lower than December guidance, up 2.5 to 3.5 percent, due to the timing of expenses between quarters. Gross cruise costs including fuel per ALBD in current dollars decreased 6.0 percent due to changes in fuel prices and currency exchange rates.
- Changes in fuel prices (including fuel derivatives), net of changes in currency exchange rates, increased earnings by \$0.03 per share.

The company’s Germany-based AIDA brand recently took delivery of *AIDAprima* with a wide array of innovative and remarkable guest experiences. In the coming days, Holland America’s new flagship *Koningsdam* will also be delivered boasting new groundbreaking experiences especially in entertainment. Other new ship deliveries scheduled for 2016 include *Carnival Vista* in late April and *Seabourn Encore* in November. In addition, P&O Cruises (Australia) recently announced that *Pacific Pearl* will leave the fleet in April 2017, consistent with the company’s long-term strategy of removing less efficient ships from its fleet as new capacity is introduced.

Last week marked a historic day for Carnival Corporation when the company became the first U.S. based cruise operator in more than 50 years to be granted approval from Cuba to sail there. The company's newest brand, Fathom, will begin seven-day cruises to Cuba in early May onboard the 700-passenger *Adonia* initially visiting Havana, Cienfuegos and Santiago de Cuba.

2016 Outlook

At this time, cumulative advance bookings for the remainder of 2016 are well ahead of the prior year at slightly higher prices. Since January, booking volumes for the remainder of the year are running ahead of last year's historically high levels at higher prices.

Donald noted, "Our ongoing guest experience innovations coupled with our increasingly effective marketing and communication efforts have driven additional demand for our brands, resulting in a strong booked position. The lower levels of inventory remaining for sale for the balance of the year, particularly for our peak summer period, positions our brands well for continued revenue yield growth and builds confidence in our full year earnings forecast."

"Additionally, the underlying strength of our operating performance, leading to sustained earnings and cash flow growth, has accelerated the return of capital to shareholders through our stepped up share repurchase program. Since resuming the share repurchase program, we have bought back approximately 27 million shares returning \$1.3 billion to shareholders in the last six months," Donald added.

On a constant currency basis, compared to the prior year, the company continues to expect full year 2016 net revenue yields to increase approximately 3 percent and net cruise costs excluding fuel per ALBD for full year 2016 to be up approximately 2 percent.

Based on current booking strength, the company forecasts full year 2016 adjusted earnings per share to be in the range of \$3.20 to \$3.40, compared to December guidance of \$3.10 to \$3.40 and 2015 adjusted earnings of \$2.70 per share.

Second Quarter 2016 Outlook

Second quarter constant currency net revenue yields are expected to increase 1.5 to 2.5 percent compared to the prior year. Net cruise costs excluding fuel per ALBD for the second quarter are expected to be up 0.5 to 1.5 percent on a constant currency basis compared to the prior year.

Based on the above factors, the company expects adjusted earnings for the second quarter 2016 to be in the range of \$0.34 to \$0.38 per share compared to 2015 adjusted earnings of \$0.25 per share.

Selected Key Forecast Metrics

Year over year change:	Full Year 2016		Second Quarter 2016	
	Current Dollars	Constant Currency	Current Dollars	Constant Currency
Net revenue yields	Up slightly	Approx. 3%	(0.05) to 0.05%	1.5 to 2.5%
Net cruise costs excl. fuel / ALBD	Up slightly	Approx. 2%	0.0 to 1.0%	0.5 to 1.5%
	Full Year 2016		Second Quarter 2016	
Fuel price per metric ton	\$244		\$239	
Fuel consumption (metric tons in thousands)	3,270		815	
Currency: Euro	\$1.11 to €1		\$1.11 to €1	
Sterling	\$1.44 to £1		\$1.43 to £1	
Australian dollar	\$0.74 to A\$1		\$0.75 to A\$1	
Canadian dollar	\$0.74 to C\$1		\$0.75 to C\$1	

Conference Call

The company has scheduled a conference call with analysts at 10:00 a.m. EDT (3:00 p.m. BST) today to discuss its 2016 first quarter results. This call can be listened to live, and additional information can be obtained, via Carnival Corporation & plc's Web site at www.carnivalcorp.com and www.carnivalplc.com.

Carnival Corporation & plc is the largest cruise company in the world, with a portfolio of 10 cruise brands in North America, Europe, Australia and Asia, comprised of Carnival Cruise Line, Fathom, Holland America Line, Princess Cruises, Seabourn, AIDA Cruises, Costa Cruises, Cunard, P&O Cruises (Australia) and P&O Cruises (UK).

Together, these brands operate 99 ships totaling 219,000 lower berths with 16 new ships scheduled to be delivered between 2016 and 2020. Carnival Corporation & plc also operates Holland America Princess Alaska Tours, the leading tour companies in Alaska and the Canadian Yukon. Traded on both the New York and London Stock Exchanges, Carnival Corporation & plc is the only group in the world to be included in both the S&P 500 and the FTSE 100 indices. Additional information can be found on www.carnival.com, www.fathom.org, www.hollandamerica.com, www.princess.com, www.seabourn.com, www.aida.de, www.costacruise.com, www.cunard.com, www.pocruises.com.au, and www.pocruises.com.

MEDIA CONTACT

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Cautionary Note Concerning Factors That May Affect Future Results

Carnival Corporation and Carnival plc and their respective subsidiaries are referred to collectively in this release as “Carnival Corporation & plc,” “our,” “us” and “we.” Some of the statements, estimates or projections contained in this release 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” and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that may impact, among other things, the forecasting of our adjusted earnings per share; net revenue yields; booking levels; pricing; occupancy; operating, financing and tax costs, including fuel expenses; net cruise costs per available lower berth day; estimates of ship depreciable lives and residual values; liquidity; goodwill, ship and trademark fair values and outlook. Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in this release. 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 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;
- 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 and overcapacity in the cruise ship and land-based vacation industry;
- Economic, market and political factors that are beyond our control, which could increase our operating, financing and other costs;
- 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 and
- The DLC arrangement involves risks not associated with the more common ways of combining the operations of two companies.

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 release, 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.

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(in millions, except per share data)

	Three Months Ended	
	February 29/28,	
	2016	2015
Revenues		
Cruise		
Passenger tickets	\$ 2,718	\$ 2,632
Onboard and other	923	889
Tour and other	10	10
	<u>3,651</u>	<u>3,531</u>
Operating Costs and Expenses		
Cruise		
Commissions, transportation and other	582	586
Onboard and other	117	111
Payroll and related	492	467
Fuel	187	318
Food	247	239
Other ship operating	604	598
Tour and other	14	16
	<u>2,243</u>	<u>2,335</u>
Selling and administrative	551	529
Depreciation and amortization	423	401
	<u>3,217</u>	<u>3,265</u>
Operating Income	<u>434</u>	<u>266</u>
Nonoperating (Expense) Income		
Interest income	2	2
Interest expense, net of capitalized interest	(52)	(57)
Losses on fuel derivatives (a)	(236)	(169)
Other (expense) income, net	(5)	10
	<u>(291)</u>	<u>(214)</u>
Income Before Income Taxes	143	52
Income Tax Expense, Net	<u>(1)</u>	<u>(3)</u>
Net Income	<u>\$ 142</u>	<u>\$ 49</u>
Earnings Per Share		
Basic	<u>\$ 0.18</u>	<u>\$ 0.06</u>
Diluted	<u>\$ 0.18</u>	<u>\$ 0.06</u>
Adjusted Earnings Per Share-Diluted (b)	<u>\$ 0.39</u>	<u>\$ 0.20</u>
Dividends Declared Per Share	<u>\$ 0.30</u>	<u>\$ 0.25</u>
Weighted-Average Shares Outstanding – Basic	<u>766</u>	<u>777</u>
Weighted-Average Shares Outstanding – Diluted	<u>769</u>	<u>779</u>

(a) During the three months ended February 29/28, 2016 and 2015, our losses on fuel derivatives include unrealized losses of \$145 million and \$112 million and realized losses of \$91 million and \$57 million, respectively.

(b) See the U.S. GAAP net income to Adjusted net income reconciliations in the Non-GAAP Financial Measures included herein.

CARNIVAL CORPORATION & PLC
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in millions, except par values)

	February 29, 2016	November 30, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 778	\$ 1,395
Trade and other receivables, net	311	303
Insurance recoverables	112	109
Inventories	333	330
Prepaid expenses and other	326	314
Total current assets	<u>1,860</u>	<u>2,451</u>
Property and Equipment, Net	31,677	31,818 (a)
Goodwill	2,980	3,010
Other Intangibles	1,294	1,308 (a)
Other Assets	635	650
	<u>\$ 38,446</u>	<u>\$ 39,237</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 265	\$ 30
Current portion of long-term debt	813	1,344
Accounts payable	619	627
Accrued liabilities and other	1,632	1,683
Customer deposits	3,335	3,272
Total current liabilities	<u>6,664</u>	<u>6,956</u>
Long-Term Debt	7,990	7,413
Other Long-Term Liabilities	1,167	1,097
Shareholders' Equity		
Common stock of Carnival Corporation, \$0.01 par value; 1,960 shares authorized; 654 shares at 2016 and 653 shares at 2015 issued	7	7
Ordinary shares of Carnival plc, \$1.66 par value; 216 shares at 2016 and 2015 issued	358	358
Additional paid-in capital	8,592	8,562
Retained earnings	19,976	20,060
Accumulated other comprehensive loss	(1,943)	(1,741)
Treasury stock, 89 shares at 2016 and 70 shares at 2015 of Carnival Corporation and 26 shares at 2016 and 27 shares at 2015 of Carnival plc, at cost	(4,365)	(3,475)
Total shareholders' equity	<u>22,625</u>	<u>23,771</u>
	<u>\$ 38,446</u>	<u>\$ 39,237</u>

- (a) On December 1, 2015, we adopted the Financial Accounting Standards Board's *Service Concession Arrangements* amended guidance and, accordingly, reclassified \$70 million from *Property and Equipment, Net* to *Other Intangibles* on our November 30, 2015 Consolidated Balance Sheet.

CARNIVAL CORPORATION & PLC
OTHER INFORMATION

	Three Months Ended February 29/28,	
	2016	2015
STATISTICAL INFORMATION		
ALBDs (in thousands) (a)	19,290	18,584
Occupancy percentage (b)	104.0%	103.1%
Passengers carried (in thousands)	2,559	2,463
Fuel consumption in metric tons (in thousands)	816	783
Fuel consumption in metric tons per ALBD	0.042	0.042
Fuel cost per metric ton consumed	\$ 229	\$ 406
Currencies		
U.S. dollar to euro	\$ 1.10	\$ 1.17
U.S. dollar to sterling	\$ 1.45	\$ 1.53
U.S. dollar to Australian dollar	\$ 0.71	\$ 0.81
U.S. dollar to Canadian dollar	\$ 0.73	\$ 0.82
CASH FLOW INFORMATION (in millions)		
Cash from operations	\$ 798	\$ 771
Capital expenditures	\$ 330	\$ 942
Dividends paid	\$ 232	\$ 194

Notes to Statistical Information

- (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) 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.

CARNIVAL CORPORATION & PLC
NON-GAAP FINANCIAL MEASURES

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) (a) (b):

	Three Months Ended February 29/28,		
	2016	2016 Constant Dollar	2015
Passenger ticket revenues	\$ 2,718	\$ 2,797	\$ 2,632
Onboard and other revenues	923	942	889
Gross cruise revenues	<u>3,641</u>	<u>3,739</u>	<u>3,521</u>
Less cruise costs			
Commissions, transportation and other	(582)	(604)	(586)
Onboard and other	(117)	(120)	(111)
	<u>(699)</u>	<u>(724)</u>	<u>(697)</u>
Net passenger ticket revenues	2,136	2,193	2,046
Net onboard and other revenues	806	822	778
Net cruise revenues	<u>\$ 2,942</u>	<u>\$ 3,015</u>	<u>\$ 2,824</u>
ALBDs	<u>19,289,910</u>	<u>19,289,910</u>	<u>18,583,880</u>
Gross revenue yields	\$ 188.77	\$ 193.84	\$ 189.46
% (decrease) increase vs. 2015	(0.4)%	2.3%	
Net revenue yields	\$ 152.50	\$ 156.30	\$ 151.98
% increase vs. 2015	0.3%	2.8%	
Net passenger ticket revenue yields	\$ 110.71	\$ 113.68	\$ 110.09
% increase vs. 2015	0.6%	3.3%	
Net onboard and other revenue yields	\$ 41.78	\$ 42.62	\$ 41.88
% (decrease) increase vs. 2015	(0.2)%	1.8%	

	Three Months Ended February 29/28,		
	2016	2016 Constant Currency	2015
Net passenger ticket revenues	\$ 2,136	\$ 2,267	\$ 2,046
Net onboard and other revenues	806	831	778
Net cruise revenues	<u>\$ 2,942</u>	<u>\$ 3,098</u>	<u>\$ 2,824</u>
ALBDs	<u>19,289,910</u>	<u>19,289,910</u>	<u>18,583,880</u>
Net revenue yields	\$ 152.50	\$ 160.60	\$ 151.98
% increase vs. 2015	0.3%	5.7%	
Net passenger ticket revenue yields	\$ 110.71	\$ 117.54	\$ 110.09
% increase vs. 2015	0.6%	6.8%	
Net onboard and other revenue yields	\$ 41.78	\$ 43.05	\$ 41.88
% (decrease) increase vs. 2015	(0.2)%	2.8%	

(See Notes to Non-GAAP Financial Measures.)

CARNIVAL CORPORATION & PLC
NON-GAAP FINANCIAL MEASURES (CONTINUED)

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) (a) (b):

	Three Months Ended February 29/28,		
	2016	2016 Constant Dollar	2015
Cruise operating expenses	\$ 2,229	\$ 2,289	\$ 2,319
Cruise selling and administrative expenses	549	562	527
Gross cruise costs	<u>2,778</u>	<u>2,851</u>	<u>2,846</u>
Less cruise costs included above cruise revenues			
Commissions, transportation and other	(582)	(604)	(586)
Onboard and other	(117)	(120)	(111)
Gain on ship sale	2	2	2
Other	(16)	(16)	—
Net cruise costs	<u>2,065</u>	<u>2,113</u>	<u>2,151</u>
Less fuel	(187)	(187)	(318)
Net cruise costs excluding fuel	<u>\$ 1,878</u>	<u>\$ 1,926</u>	<u>\$ 1,833</u>
ALBDs	<u>19,289,910</u>	<u>19,289,910</u>	<u>18,583,880</u>
Gross cruise costs per ALBD	\$ 144.02	\$ 147.81	\$ 153.15
% decrease vs. 2015	(6.0)%	(3.5)%	
Net cruise costs per ALBD	\$ 107.03	\$ 109.57	\$ 115.76
% decrease vs. 2015	(7.5)%	(5.3)%	
Net cruise costs excluding fuel per ALBD	\$ 97.35	\$ 99.89	\$ 98.66
% (decrease) increase vs. 2015	(1.3)%	1.3%	

	Three Months Ended February 29/28,		
	2016	2016 Constant Currency	2015
Net cruise costs excluding fuel	<u>\$ 1,878</u>	<u>\$ 1,934</u>	<u>\$ 1,833</u>
ALBDs	<u>19,289,910</u>	<u>19,289,910</u>	<u>18,583,880</u>
Net cruise costs excluding fuel per ALBD	\$ 97.35	\$ 100.28	\$ 98.66
% (decrease) increase vs. 2015	(1.3)%	1.6%	

(See next page for Notes to Non-GAAP Financial Measures.)

CARNIVAL CORPORATION & PLC
NON-GAAP FINANCIAL MEASURES (CONTINUED)

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

	Three Months Ended February 29/28,	
	2016	2015
Net income		
U.S. GAAP net income	\$ 142	\$ 49
Unrealized losses on fuel derivatives (c)	145	112
Gain on ship sale (d)	(2)	(2)
Other (d)	16	—
Adjusted net income	<u>\$ 301</u>	<u>\$ 159</u>
Weighted-average shares outstanding	<u>769</u>	<u>779</u>
Earnings per share		
U.S. GAAP earnings per share	\$ 0.18	\$ 0.06
Unrealized losses on fuel derivatives (c)	0.19	0.14
Gain on ship sale (d)	—	—
Other (d)	0.02	—
Adjusted earnings per share	<u>\$ 0.39</u>	<u>\$ 0.20</u>

Notes to Non-GAAP Financial Measures

- (a) We use net cruise revenues per ALBD (“net revenue yields”), net cruise costs per ALBD and net cruise costs excluding fuel per ALBD as significant non-GAAP financial measures of our cruise segments’ financial performance. These measures enable us to separate the impact of predictable capacity changes from the more unpredictable rate changes that affect our business; gains and losses on ship sales and ship impairments, net; and restructuring and other expenses that are not part of our core operating 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.

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. Substantially all of our remaining cruise costs are largely fixed, except for the impact of changing prices and food expenses, once our ship capacity levels have been determined.

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 passenger ticket revenue yields and net onboard and other revenue yields are computed by dividing net passenger ticket revenues and net onboard and other revenues by ALBDs.

Net cruise costs per ALBD and net cruise costs excluding fuel per ALBD are the most significant measures we use to monitor our ability to control our cruise 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 to calculate net cruise costs with and without fuel to avoid duplicating these variable costs in our non-GAAP financial measures. In addition, we exclude gains and losses on ship sales and ship impairments, net and restructuring and other expenses from our calculation of net cruise costs with and without fuel as they are not considered part of our core operating business.

We have not provided estimates of future gross revenue yields or future gross cruise costs per ALBD because it would be too difficult to prepare a reliable U.S. GAAP quantitative reconciliations of forecasted gross cruise revenues to forecasted net cruise revenues or forecasted gross cruise costs to forecasted net cruise costs without unreasonable efforts. As such, management has not provided this reconciling information.

In addition, our Europe, Australia & Asia (“EAA”) cruise brands utilize the euro, sterling and Australian dollar as their functional currency, the monetary unit of the primary economic environment in which they operate, to measure their results and financial condition. This subjects us to foreign currency translational risk. All of our North America and EAA cruise brands also have revenues and expenses that are in a currency other than their functional currency. This subjects us to foreign currency transactional risk.

CARNIVAL CORPORATION & PLC
NON-GAAP FINANCIAL MEASURES (CONTINUED)

We report non-GAAP financial measures on a “constant dollar” and “constant currency” basis assuming the 2016 period currency exchange rates have remained constant with the 2015 period 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 brands.

Constant currency reporting is a Non-GAAP financial measure that removes the impact of changes in exchange rates on the translation of our EAA brands (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 both our North America and EAA brands.

Examples:

- The translation of our EAA brand 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 America brands 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 brands have a euro, sterling and Australian dollar functional currency 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.
- (b) Our consolidated financial statements are prepared in accordance with U.S. GAAP. The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as substitute for, or superior to the financial information prepared in accordance with U.S. GAAP. There are no specific rules for determining our non-GAAP as reported, constant dollar and constant currency financial measures and, accordingly, they are susceptible to varying calculations, and it is possible that they may not be exactly comparable to the like-kind information presented by other companies, which is a potential risk associated with using these measures to compare us to other companies.
- (c) 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.
- (d) We believe that the gain on ship sale recognized in the three months ended February 29/28, 2016 and 2015 and the other expenses recognized in the three months ended February 29, 2016 are not part of our core operating business and, therefore, are not an indication of our future earnings performance. As such, we believe it is more meaningful for the gain on ship sale and the other expenses 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.

We have excluded from our earnings guidance the impact of unrealized gains and losses on fuel derivatives because we do not believe they are an indication of our future earnings performance. Accordingly, our earnings guidance is presented on an adjusted basis only. As a result, management has not provided a reconciliation between forecasted adjusted earnings per share guidance and forecasted U.S. GAAP earnings per share guidance because it would be too difficult to prepare a reliable U.S. GAAP quantitative reconciliation without unreasonable effort. However, we do forecast realized gains and losses on fuel derivatives by applying current Brent prices to the derivatives that settle in the forecast period