[NOTIFY] 72731,737

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended August 31, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ________________

Commission file number 1-9610

CARNIVAL CORPORATION

(Exact name of registrant as specified in its charter)

Republic of Panama	59-1562976
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

(Address of principal executive offices) (zip code)

(305) 599-2600

(Registrant's telephone number, including area code)

None.

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

Indicate by check mark whether the registrant (1) has 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No__

Indicate the number of shares outstanding of each of the issuers classes of common stock, as of October 9, 1996.

Class A Common Stock, $.01 par value: 239,375,608 shares

Class B Common Stock, $.01 par value: 54,957,142 shares

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CARNIVAL CORPORATION

I N D E X

PART I. FINANCIAL INFORMATION
ITEM 1: FINANCIAL STATEMENTS

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

ASSETS	August 31, 1996	November 30, 1995
CURRENT ASSETS		
Cash and cash equivalents	$ 85,751	$ 53,365
Short-term investments	18,922	50,395
Accounts receivable	41,008	33,080
Consumable inventories, at average cost	51,267	48,820
Prepaid expenses and other	66,747	70,718
Total current assets	263,695	256,378
PROPERTY AND EQUIPMENT--at cost, less accumulated depreciation and amortization	3,783,549	3,414,823
OTHER ASSETS		
Goodwill, less accumulated amortization of $53,528 in 1996 and $48,292 in 1995	221,335	226,571
Investments in affiliates	391,238	51,794
Long-term notes receivable	28,294	66,488
Other assets	14,985	89,433
	$4,703,096	$4,105,487

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Current portion of long-term debt	$ 72,525	$ 72,752
Accounts payable	136,305	90,237
Accrued liabilities	142,485	113,483
Customer deposits	311,765	292,606
Dividends payable	26,488	25,632
Total current liabilities	689,568	594,710
LONG-TERM DEBT	1,014,339	1,035,031
CONVERTIBLE NOTES	45,180	115,000
OTHER LONG-TERM LIABILITIES	16,790	15,873
COMMITMENTS AND CONTINGENCIES (Note 6)		
SHAREHOLDERS' EQUITY		
Class A Common Stock; $.01 par value; one vote per share; 399,500 shares authorized; 239,348 and 229,839 shares issued and outstanding	2,393	2,298
Class B Common Stock; $.01 par value; five votes per share; 100,500 shares authorized; 54,957 shares issued and outstanding	550	550
Paid-in-capital	812,808	594,811
Retained earnings	2,125,374	1,752,140
Less-other	(3,906)	(4,926)
Total shareholders' equity	2,937,219	2,344,873
	$4,703,096	$4,105,487

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Nine Months Ended August 31,		Three Months Ended August 31,	
	1996	1995	1996	1995
REVENUES	$1,737,613	$1,545,244	$ 771,989	$672,598
COSTS AND EXPENSES				
Operating expenses	962,435	865,311	396,195	352,135
Selling and administrative	209,221	187,880	68,978	63,634
Depreciation and amortization	107,597	94,753	39,661	32,709
	1,279,253	1,147,944	504,834	448,478
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	458,360	397,300	267,155	224,120
INCOME FROM AFFILIATED OPERATIONS	12,956		12,793	
OPERATING INCOME	471,316	397,300	279,948	224,120
NONOPERATING INCOME (EXPENSE)				
Interest income	17,280	10,311	2,176	3,405
Interest expense, net of capitalized interest	(49,889)	(48,583)	(16,673)	(15,268)
Other income	23,778	18,931	18,709	13,742
Income tax expense	(11,006)	(11,096)	(16,029)	(16,457)
	(19,837)	(30,437)	(11,817)	(14,578)
NET INCOME	$ 451,479	$ 366,863	$ 268,131	$ 209,542
EARNINGS PER SHARE	$1.56	$1.29	$.92	$.74

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Nine Months Ended August 31, 1996	1995
OPERATING ACTIVITIES:		
Net income	$451,479	$366,863
Adjustments:		
Depreciation and amortization	107,597	94,753
Equity in income from affiliates in excess of dividends and other cash payments received	(9,719)	
Loss on sale of Crystal Palace notes receivable	15,835	
Vesting of stock plan shares	2,260	1,309
Other	1,690	3,726
Changes in operating assets and liabilities:		
Increase in receivables	(8,511)	(11,995)
Increase in consumable inventories	(2,447)	(4,661)
Decrease (increase) in prepaid and other	3,829	(7,877)
Increase in accounts payable	46,068	18,743
Increase in accrued liabilities	29,002	17,637
Increase in customer deposits	19,159	44,134
Net cash provided from operations	656,242	522,632
INVESTING ACTIVITIES:		
Decrease in short-term investments, net	31,335	9,962
Additions to property and equipment, net	(514,154)	(401,861)
Proceeds from litigation settlements applied to cost of ships	43,050	19,426
(Additions to) reductions in investments in affiliates	(185,554)	12,443
Decrease (increase) in long-term notes receivable	22,359	(13,213)
Decrease in other non-current assets	74,448	1,658
Net cash used for investing activities	(528,516)	(371,585)
FINANCING ACTIVITIES:		
Principal payments of long-term debt	(683,953)	(341,166)
Proceeds from long-term debt	663,003	239,188
Dividends paid	(77,389)	(63,740)
Issuance of common stock	2,999	48,673
Net cash used for financing activities	(95,340)	(117,045)
Net increase in cash and cash equivalents	32,386	34,002
Cash and cash equivalents at beginning of period	53,365	54,105
Cash and cash equivalents at end of period	$ 85,751	$ 88,107
Supplemental disclosure of non-cash transactions:		
Issuance of Class A Common Stock in connection with investment in Airtours plc	$144,171	$ -
Conversion of 4-1/2% Convertible Notes into Common Stock	$ 70,113	-

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

CARNIVAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements included herein have been prepared by Carnival Corporation without audit pursuant to the rules and regulations of the Securities and Exchange Commission.

The accompanying consolidated balance sheet at August 31, 1996, and the consolidated statements of operations and cash flows for the nine and three months ended August 31,1996 and August 31, 1995 are unaudited and, in the opinion of management, contain all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation. The operations of Carnival Corporation and its subsidiaries (the "Company") are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

The accompanying financial statements include the consolidated balance sheets and statements of operations and cash flows of the Company and its subsidiaries. All material intercompany transactions and accounts have been eliminated in consolidation. Certain amounts in prior periods have been reclassified to conform with the current period's presentation.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	August 31, 1996	November 30, 1995
	(in thousands)	
Vessels	$3,922,468	$3,467,731
Vessels under construction	240,328	289,661
	4,162,796	3,757,392
Land, buildings and improvements	176,473	132,183
Transportation and other equipment	190,166	174,903
Total property and equipment	4,529,435	4,064,478
Less - accumulated depreciation and amortization	(745,886)	(649,655)
	$3,783,549	$3,414,823

Interest costs associated with the construction of vessels and buildings, until they are placed in service, are capitalized and amounted to $18.7 million and $13.4 million for the nine months ended August 31, 1996 and August 31, 1995, respectively and $4.9 million and $5.2 million for the three months ended August 31, 1996 and August 31, 1995, respectively.

NOTE 3 - INVESTMENTS IN AFFILIATES

The Company's investment in affiliated companies, which are not majority owned or controlled by the Company, are accounted for using the equity method. Starting in the third quarter of 1996, the Company began reporting equity in income from affiliated operations as a separate line in the statement of operations due to its increasing significance primarily due to the Airtours plc acquisition. The Company's percentage share of the affiliated companies net income as well as any interest income or royalty fee income is recorded as "Income from Affiliated Operations" in the accompanying statement of operations. The Company's investments and advances to affiliates are reported as "Investment in Affiliates" in the accompanying balance sheets.

In April 1996, the Company acquired a 29.5% equity interest in Airtours plc ("Airtours"), a large publicly traded integrated tour company headquartered in the United Kingdom, for approximately $307 million. The Company entered into an unsecured five year $200 million multi-currency revolving credit facility ("Multi-currency Revolving Credit Facility") and funded approximately $163 million of the acquisition cost through this facility. To fund the remaining purchase price, the Company issued 5,301,186 shares of its Class A common stock valued at approximately $144 million. The Company is recording its equity in Airtours' results of operations on a two month lag basis.

NOTE 4 - LONG-TERM DEBT AND CONVERTIBLE NOTES

Long-term debt consists of the following:

	August 31, 1996	November 30, 1995
	(in thousands)	
$750 Million Unsecured Revolving Credit Facility Due 2000	$ 25,000	$ 185,000
Multi-currency Revolving Credit Facility Due 2001	166,000	-
Mortgages and other loans payable bearing interest at rates ranging from 8% to 9.9%, secured by vessels, maturing through 1999	164,888	208,078
Unsecured 5.75% Notes Due March 15, 1998	200,000	200,000
Unsecured 6.15% Notes Due October 1, 2003	124,951	124,946
Unsecured 7.20% Debentures Due October 1, 2023	124,870	124,867
Unsecured 7.70% Notes Due July 15, 2004	99,910	99,902
Unsecured 7.05% Notes Due May 15, 2005	99,826	99,811
Other loans payable	81,419	65,179
	1,086,864	1,107,783
Less portion due within one year	(72,525)	(72,752)
	$1,014,339	$1,035,031

The Multi-currency Revolving Credit Facility bears interest at LIBOR plus 17 basis points ("BPS"), and provides for a facility fee of 6 BPS on the total facility. As of August 31, 1996, the Company had an undrawn balance of $34 million under the facility. As of the same date, the Company also had $725 million available for borrowing under its $750 Million Unsecured Revolving Credit Facility. The Company also has an additional $250 million available under a short-term revolving credit facility. All three credit lines are available to be used for general corporate purposes.

In July 1992, the Company issued $115 million of 4-1/2% Convertible Subordinated Notes Due July 1, 1997 (the "Convertible Notes"). The Convertible Notes are convertible into 57.55 shares of the Company's Class A Common Stock per $1,000 of notes. During the third quarter ended August 31, 1996 approximately $70 million face amount of the Convertible Notes converted into approximately four million shares of the Company's Class A Common Stock. The Convertible Notes remaining outstanding at August 31, 1996 are convertible into a total of approximately 2.6 million shares of Class A Common Stock. The Convertible Notes became redeemable in whole or in part at the Company's option on July 3, 1996.

NOTE 5 - SHAREHOLDERS' EQUITY

The following represents an analysis of the changes in shareholders' equity for the nine months ended August 31, 1996:

	COMMON STOCK $.01 PAR VALUE CLASS A	CLASS B	PAID-IN CAPITAL	RETAINED EARNINGS	OTHER	TOTAL
	(in thousands)					
Balance November 30,1995	$2,298	$550	$594,811	$1,752,140	$(4,926)	$2,344,873
Net income for the period				451,479		451,479
Cash dividends				(78,245)		(78,245)
Changes in securities valuation allowance					(139)	(139)
Issuance of common stock related to Airtours acquisition	53		144,118			144,171
Issuance of common stock upon conversion of 4-1/2% Convertible Subordinated Notes	40		70,073			70,113
Issuance of stock to employees under stock plans	2		3,806			3,808
Vested portion of common stock under restricted stock plan					1,159	1,159
Balance August 31, 1996	$2,393	$550	$812,808	$2,125,374	$(3,906)	$2,937,219

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Capital Expenditures

The following table provides a description of ships currently under contract for construction (in millions of dollars):

Ship Name	Operating Unit	Expected Service Date	Contract Denomination	Number of Lower Berths	Estimated Total Cost
Carnival Destiny	Carnival Cruise Lines	11/96	Lire	2,640	$ 430
Rotterdam VI	Holland America Line	10/97	Lire	1,320	235
Elation	Carnival Cruise Lines	3/98	U. S. Dollar	2,040	300
Paradise	Carnival Cruise Lines	12/98	U. S. Dollar	2,040	300
HAL Newbuild	Holland America Line	2/99	Lire	1,440	300
Carnival Triumph	Carnival Cruise Lines	7/99	Lire	2,640	415
HAL Newbuild	Holland America Line	9/99	Lire	1,440	300
				13,560	$2,280

The Company pays for the majority of the cost of the vessels upon delivery from the shipyards which, on the average, occurs approximately six weeks prior to the introduction of the vessel into service.

Contracts denominated in foreign currencies have been fixed into U.S. Dollars through the utilization of forward currency contracts. In connection with the vessels under construction described above, the Company has paid $240 million through August 31, 1996 and anticipates paying approximately $374 million during the twelve month period ended August 31, 1997 and approximately $1.7 billion beyond August 31, 1997.

Litigation

Wartsila Marine Industries Incorporated ("Wartsila") operated a Finnish shipyard and had contracted to build three ships for the Company in the late 1980's. Wartsila filed for bankruptcy in 1989 without completing construction of the vessels, causing the Company to incur incremental costs to complete the ships and to lose profits because of the delay in their delivery. During 1995, the Company received $40 million in cash from the settlement of litigation with Metra Oy, the former parent company of Wartsila, related to losses suffered in connection with the construction of three of the Company's cruise ships. Of the $40 million received, $6.2 million was used to pay related legal fees, $14.4 million was recorded as other income and $19.4 million was used to reduce the cost basis of certain ships which had been the subject of the Company's lawsuit against Metra Oy.

On June 25, 1996, the Company reached an agreement with the trustees of Wartsila and creditors for the bankruptcy which resulted in a cash payment of approximately $80 million. Of the $80 million received, $5 million was used to pay certain costs, $32 million was recorded as other income and $43 million was used to reduce the cost basis of certain ships which had been affected by the bankruptcy.

In April 1996, a complaint was filed in the Circuit Court of the Eleventh Judicial Circuit against Carnival Corporation and a complaint was filed in the Superior Court of Washington against Holland America Line - Westours Inc., a wholly-owned subsidiary of Carnival Corporation (the "Port Charges Complaints"). The Port Charges Complaints, brought on behalf of a purported class of all persons who traveled on a Company ship within the past four years and paid "Port Charges" to the Company, allege that statements made by the Company in advertising and promotional materials concerning Port Charges were false and misleading. The Port Charges Complaints allege claims of negligent misrepresentation and unjust enrichment and violations of the Washington Consumer Protection Act and seek unspecified compensatory damages on behalf of the purported class (or, alternatively, refunds of Port Charges allegedly in excess of certain charges levied by governmental authorities), attorney's fees and costs and punitive damages and injunctive relief. Two other complaints containing allegations similar to those set forth in the Port Charges Complaints have been filed in the Circuit Court of the Eleventh Judicial Circuit against the Company since the filing of the Port Charges Complaints.

In June and August 1996, respectively, two complaints were filed against the Company and Holland America Line-Westours, Inc. in the Superior Court for the State of California for the County of Los Angeles (the "Travel Agent Complaints"). The Travel Agent Complaints, brought on behalf of a class of all travel agencies who during the past four years booked a cruise with the Company, contain allegations that the Company's advertising practices regarding port charges resulted in an improper and concealed form of commission bypass. The Travel Agent Complaints allege claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud and seek unspecified compensatory damages (or alternatively, the payment by the Company of usual and customary commissions on port charges in excess of certain charges levied by government authorities), attorneys' fees and costs, punitive damages and injunctive relief.

The Port Charges Complaints and the Travel Agent Complaints are in their early stages and it is not now possible to determine the ultimate outcome of the lawsuits. Management of the Company believes that the Company has substantial and meritorious defenses to the claims and intends to vigorously defend the lawsuits. Management understands that purported class action lawsuits similar to the Port Charges Complaints and the Travel Agent Complaints have been filed against five other cruise lines.

In the normal course of business, various other claims and lawsuits have been filed or are pending against the Company. The majority of these claims and lawsuits are covered by insurance. Management believes the outcome of any such suits which are not covered by insurance would not have a material adverse effect on the Company's financial condition or results of operations.

NOTE 7 - RECENT EVENTS

In September, the Company and Hyundai Merchant Marine ("HMM") signed an agreement to form a 50/50 joint venture to develop the Asian cruise vacation market. The Company and HMM will each contribute $10 million as the initial capital of the joint venture which intends to create a cruise product specifically tailored to the desires and tastes of the growing middle-class market of Asian vacation travelers. In addition, the Company signed an agreement with the joint venture to sell Carnival Cruise Lines' cruise ship Tropicale to the joint venture, subject to financing arrangements and the charter back of the vessel to the Company. The charter agreement between the Company and the joint venture will allow the Company to operate the Tropicale until the joint venture is ready to begin cruise operations in the Asian market in approximately the spring of 1998. The launch of the joint venture is subject to the conclusion of certain ancillary agreements which are expected to be completed in the near future.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements under this caption, "Management's Discussion and Analysis of Financial Condition and Results of Operations", constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). See "PART II. OTHER INFORMATION, ITEM 5(a) Forward-Looking Statements".

General

The Company earns its cruise revenues primarily from (i) the sale of passenger tickets, which include accommodations, meals, most shipboard activities and in many cases airfare, and (ii) the sale of goods and services on board its cruise ships, such as casino gaming, liquor sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of HAL Antillen N.V. ("HAL").

The following table presents selected segment and statistical information for the periods indicated:

	Nine Months Ended August 31,		Three Months Ended August 31,	
	1996	1995	1996	1995
	(in thousands, except selected statistical information)			
REVENUES:				
Cruise	$1,549,004	$1,368,806	$617,985	$530,199
Tour	238,550	217,700	197,772	178,852
Intersegment revenues	(49,941)	(41,262)	(43,768)	(36,453)
	$1,737,613	$1,545,244	$771,989	$672,598
OPERATING EXPENSES:				
Cruise	$ 827,894	$742,902	$295,199	$261,584
Tour	184,482	163,671	144,764	127,004
Intersegment expenses	(49,941)	(41,262)	(43,768)	(36,453)
	$ 962,435	$865,311	$396,195	$352,135
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS:				
Cruise	$432,260	$368,134	$227,511	$182,645
Tour	26,100	29,166	39,644	41,475
	$458,360	$397,300	$267,155	$224,120
SELECTED STATISTICAL INFORMATION:				
Passengers Carried	1,350,686	1,138,775	507,243	442,068
Passenger Cruise Days	8,087,977	6,825,026	2,987,080	2,549,285
Occupancy Percentage	109.7%	105.1%	114.5%	114.6%

The following table sets forth statements of operations data expressed as a percentage of total revenues:

	Nine Months Ended August 31, 1996	Nine Months Ended August 31, 1995	Three Months Ended August 31, 1996	Three Months Ended August 31, 1995
REVENUES	100%	100%	100%	100%
COSTS AND EXPENSES:				
Operating expenses	56	56	51	52
Selling and administrative	12	12	9	10
Depreciation and amortization	6	6	5	5
OPERATING INCOME BEFORE EARNINGS FROM AFFILIATED OPERATIONS	26	26	35	33
Earnings from Affiliated Operations	1	-	1	-
OPERATING INCOME	27	26	36	33
NONOPERATING INCOME (EXPENSE)	(1)	(2)	(1)	(2)
NET INCOME	26%	24%	35%	31%

The Company's different businesses experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for Carnival Cruise Lines' ("Carnival") ships is moderately seasonal. Historically, demand for Carnival cruises has been greatest during the period from late June through August and lower during the fall months. HAL cruise revenues are more seasonal than Carnival's cruise revenues. Demand for HAL cruises is strongest during the summer months when HAL ships operate in Alaska and Europe for which HAL obtains higher pricing. Demand for HAL cruises is lower during the winter months when HAL ships sail in the more competitive markets. The Company's tour revenues are extremely seasonal with a large majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

In April 1996 the Company made an investment in Airtours plc which it records using the equity basis of accounting. Starting with the Company's quarter ending August 31, 1996, the Company's portion of Airtours' operating results are being recorded by the Company on a two month lag basis. Airtours' earnings are seasonal due to the seasonal nature of the European leisure travel industry. During the last two fiscal years, Airtours' third and fourth fiscal quarters, ending June 30 and September 30, respectively, have been profitable, with the fourth quarter being its most profitable quarter. During this same period, Airtours experienced seasonal losses in its first and second fiscal quarters ending on December 31 and March 31, respectively.

Average capacity is expected to increase 8.2% during the fourth fiscal quarter of 1996 as compared with the same period in 1995 as a result of the introduction into service of the Inspiration in March 1996 and the Veendam in May 1996. See "PART II. ITEM 5. OTHER INFORMATION - Forward Looking Statements".

Nine Months Ended August 31, 1996 Compared
To Nine Months Ended August 31, 1995

Revenues

The increase in total revenues of $192.4 million, or 12.4%, from the first nine months of 1995 to the first nine months of 1996 was primarily comprised of a $180.2 million, or 13.2%, increase in cruise revenues. The increase in cruise revenues was primarily the result of a 13.5% increase in capacity for the period resulting from the addition of the Carnival Cruise Lines' cruise ships Imagination in July 1995 and Inspiration in March 1996 and Holland America Line's cruise ship Veendam in May 1996. Occupancy rates were up 4.4% and gross pricing was down 4.5% resulting in a decrease of .3% in gross yield (total revenue per lower berth). Net yields, i.e., net revenue per lower berth (net revenue is total revenues less travel agent commissions, airfare costs and other less significant cruise costs), increased 1.1% during the first nine months of the year due to improved occupancy rates. Also affecting cruise revenues during 1995 were lost revenues caused by the shipboard incident described under "Nonoperating Income (Expense)" below.

Revenues from the Company's Tour operations increased $20.9 million, or 9.6%, to $238.6 million in 1996 from $217.7 million in 1995. The increase was primarily the result of an increase in tour and transportation revenues due to an increase in the number of tour passengers.

Costs and Expenses

Operating expenses increased $97.1 million, or 11.2%, from the first nine months of 1995 to the first nine months of 1996. Cruise operating costs increased by $85.0 million, or 11.4%, to $827.9 million in the first nine months of 1996 from $742.9 million in the first nine months of 1995, primarily due to additional costs associated with the increased capacity.

Tour operating expenses increased $20.8 million, or 12.7%, from the first nine months of 1995 to the first nine months of 1996 primarily due to an increase in the number of tour passengers.

Selling and administrative costs increased $21.3 million, or 11.4%, mainly due to an increase in advertising expenses and an increase in payroll and related costs associated with the increase in capacity during the first nine months of 1996 as compared with the same period of 1995.

Depreciation and amortization increased by $12.8 million, or 13.6%, to $107.6 million in the first nine months of 1996 from $94.8 million in the first nine months of 1995 primarily due to the addition of the Imagination, Inspiration and the Veendam.

Affiliated Operations

During April 1996, the Company acquired a 29.5% interest in Airtours, plc ("Airtours") and is recording its share of Airtours earnings on a two month lag basis. During the Company's quarter ended August 31, 1996, the Company's share of earnings for Airtours was recorded for Airtours' quarter ended June 30, 1996. The Company also began reporting its equity in income of certain other affiliates.

Nonoperating Income (Expense)

Total nonoperating expense (net of nonoperating income) decreased to $19.8 million for the first nine months of 1996 from $30.4 million in the first nine months of 1995. Interest income increased $7.0 million primarily due to the Company's holding of 13 percent senior secured notes (which were redeemed in April 1996) of Norwegian Cruise Line, Ltd. and, to a lesser degree, increases in cash balances. Cash balances, up to the closing of the Airtours transaction in April 1996, increased due to United Kingdom regulatory requirements applicable to the Company's tender offer to acquire its interest in Airtours (see Note 3 in the accompanying financial statements for more information related to the Airtours acquisition). Gross interest expense (excluding capitalized interest) increased $6.6 million primarily as a result of additional borrowings required in connection with the acquisition of Airtours. Capitalized interest increased $5.3 million due to higher investment levels in vessels under construction.

Other income increased to $23.8 million in the first nine months of 1996 primarily as a result of a $32.0 million gain from settlement of bankruptcy claims against Wartsila (See PART I. FINANCIAL INFORMATION ITEM 1. FINANCIAL STATEMENTS Note 6 - Litigation) less a loss on the sale of the notes receivable generated from the sale of Carnival's Crystal Palace Hotel and Casino of $15.8 million. Other income of $18.9 million in the first nine months of 1995 included a $14.4 million gain from the settlement of litigation with Metra Oy (See PART I. FINANCIAL INFORMATION ITEM 1. FINANCIAL STATEMENTS Note 6 - Litigation) and a gain on the sale of the

Company's entire interest in Epirotiki Cruise Line less a loss of $3.0 million from the fire on Carnival Cruise Lines' Celebration as well as other non-related, non-recurring items. In addition, the Company estimated the loss of revenue, net of related variable expense, from the Celebration being out of service due to the fire, reduced operating income and net income by an additional $7.3 million in the third quarter of 1995.

Three Months Ended August 31, 1996 Compared
To Three Months Ended August 31, 1995

Revenues

The increase in total revenues from the third quarter of 1995 to the third quarter of 1996 was comprised principally of a $87.8 million, or 16.6%, increase in cruise revenues. The increase in cruise revenues was primarily the result of a 17.3% increase in capacity for the period resulting from the addition of Carnival Cruise Lines' cruise ships Imagination in July 1995 and Inspiration in March 1996 and Holland America Line's cruise ship Veendam in May 1996. Occupancy rates were essentially unchanged and gross pricing was down slightly resulting in a small decrease in gross yield (total revenue per lower berth). Net yields, i.e. net revenue per lower berth (net revenue is total revenues less travel agent commissions, airfare costs and other less significant cruise costs), increased slightly due to an improvement in net pricing. Also affecting cruise revenues during 1995 were lost revenues caused by the shipboard incident described under "Nonoperating Income (Expense)" above.

Revenues from the Company's tour operations increased $18.9 million, or 10.6%, to $197.8 million in 1996 from $178.9 million in 1995. The increase was primarily the result of an increase in the number of tour passengers.

Costs and Expenses

Operating expenses increased $44.1 million, or 12.5%, from the third quarter of 1995 to the third quarter of 1996. Cruise operating costs increased by $33.6 million, or 12.9%, to $295.2 million in the third quarter of 1996 from $261.6 million in the third quarter of 1995, primarily due to additional costs associated with the increased capacity.

Tour operating expenses increased $17.8 million, or 14.0%, to $144.8 million in the third quarter of 1996 from $127.0 million in the third quarter of 1995 primarily due to the increase in the number of tour passengers.

Selling and administrative costs increased $5.3 million, or 8.4%, primarily due to an increase in advertising expense and increases in payroll and related costs during the third quarter of 1996 as compared with the same quarter of 1995 mainly resulting from the increase in capacity.

Depreciation and amortization increased by $7.0 million, or 21.3%, to $39.7 million in the third quarter of 1996 from $32.7 million in the third quarter of 1995 primarily due to the addition of the Imagination, the Inspiration and the Veendam.

Nonoperating Income (Expense)

Total nonoperating expense (net of nonoperating income) decreased to $11.8 million for the third quarter of 1996 from $14.6 million in the third quarter of 1995. Interest income decreased $1.2 million primarily due to a decrease in cash balances and notes receivable. Gross interest expense (excluding capitalized interest) increased $1.1 million as a result of additional borrowings required in connection with the acquisition of Airtours and the delivery of the Inspiration and Veendam. This increase was partially offset by a decrease in interest expense due to a lower average borrowing rate. Other income, net of other expense, increased to $18.7 million in the third quarter of 1996 primarily as a result of a $32.0 million gain on settlement of litigation related to the Wartsila bankruptcy (See PART I. FINANCIAL INFORMATION ITEM 1. FINANCIAL STATEMENTS Note 6 - Litigation), less a loss on the sale of the notes receivable from the sale of the Crystal Palace of $15.8 million. Other income of $13.7 million in the third quarter of 1995 included a $14.4 million gain from the settlement of litigation with Metra Oy (See PART I. FINANCIAL INFORMATION ITEM 1. FINANCIAL STATEMENTS Note 6 - Litigation) less the loss from the Celebration fire discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

The Company's business provided $656.2 million of net cash from operations during the nine months ended August 31, 1996, an increase of 25.6% compared to the corresponding period in 1995. The increase between periods was primarily the result of an increase in net income and changes in working capital accounts.

During the nine months ended August 31, 1996, the Company expended approximately $514 million on capital projects, of which $447 million was spent in connection with its ongoing shipbuilding program and $36 million was spent on the expansion of the Company's shore side operations facilities located in Miami, Florida. The remainder was spent on vessel refurbishments, tour assets and other equipment. Amounts expended on the shipbuilding program included final payments related to Carnival Cruise Lines' Inspiration which entered service in March 1996 and Holland America Line's Veendam which entered service in May 1996.

In April 1996, the Company closed on its acquisition of a 29.5% interest in Airtours. The Company paid approximately $163 million in cash and funded the remaining purchase price of approximately $144 million through the issuance of 5,301,186 shares of the Company's Class A Common Stock. See below for a discussion regarding the funding of the cash portion of the acquisition.

The Company made scheduled principal payments totaling approximately $43 million under various individual vessel mortgage loans during the nine months ended August 31, 1996. During this same period, the Company borrowed and repaid $475 million under the $750 Million Revolver primarily for the final payments on the Inspiration and the Veendam. The Company also repaid an additional $160 million of the $750 Million Revolver balance during the nine months ended August 31, 1996.

The Company also borrowed $168 million under a $200 Million Multi-currency Revolving Credit Facility Due 2001 (the "$200 Million Multi-currency Revolver") which was used largely for the Airtours investment described above. Additionally, approximately $70 million of the Company's $115 million of convertible subordinated notes payable were converted into approximately four million shares of the Company's common stock during the nine months ended August 31, 1996.

During the nine months ended August 31, 1996, the Company declared and paid cash dividends of approximately $77 million.

Future Commitments

The Company has contracts for the delivery of seven new vessels over the next three years. The Company will pay approximately $374 million during the twelve month period ending August 31, 1997 relating to the construction and delivery of those new cruise ships and approximately $1.7 billion beyond August 31, 1997. In addition, the Company has $1.1 billion of long-term debt and convertible notes of which $73 million is due during the twelve month period ending August 31, 1997. See Note 4 in the accompanying financial statements for more information regarding the Company's debt. Also, see "PART II. OTHER INFORMATION, ITEM 5(a) Forward-Looking Statements". The Company also enters into forward foreign currency contracts and interest rate swap agreements to hedge the impact of foreign currency and interest rate fluctuations.

Funding Sources

Cash from operations is expected to be the Company's principal source of capital to fund its debt service requirements and ship construction costs. In addition, the Company may fund a portion of the construction cost of new ships from borrowings under its revolving credit facilities and/or through the issuance of long-term debt in the public or private markets. As of August 31, 1996, the Company had $725 million available for borrowing under its $750 Million Revolver, $34 million available under the $200 Million Multi-currency Revolver and an additional $250 million available under a short-term revolving credit facility.

To the extent that the Company should require or choose to fund future capital commitments from sources other than operating cash or from borrowings under its revolving credit facilities, the Company believes that it will be able to secure such financing from banks or through the offering of short-term or long-term debt and/or equity securities in the public or private markets. See "PART II. OTHER INFORMATION, ITEM 5(a) Forward-Looking Statements". In this regard, the Company has filed two Registration Statements on Form S-3 (the "Shelf Registration") relating to a shelf offering of up to $500 million aggregate principal amount of debt or equity securities. Through August 31, 1996, the Company has issued $230 million of debt securities under the Shelf Registration. A balance of $270 million aggregate principal amount of debt or equity securities remains available for issuance under the Shelf Registration. In addition, the Company intends on initiating a $1 billion commercial paper program that is supported by the

$750 Million Revolver and the $250 million short-term revolving credit facility.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The discussion of legal proceedings set forth in "PART I. FINANCIAL INFORMATION, Item 1. FINANCIAL STATEMENTS, NOTE 6 - Commitments and Contingencies is incorporated by reference into this Item.

ITEM 5: Other Information

(a) Forward-Looking Statements

Certain statements in this Form 10-Q and in the future filings by the Company with the Securities and Exchange Commission, in the Company's press releases, and in oral statements made by or with the approval of an authorized executive officer constitute "forward-looking statements" within the meaning of the Reform Act. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions which may impact levels of disposable income of consumers and pricing and passenger yields for the Company's cruise products; increases in cruise industry capacity in the Caribbean and Alaska; changes in tax laws and regulations(especially any change affecting the Company's status as a "controlled foreign corporation" as defined in Section 957(a) of the Internal Revenue Code of 1986, as amended) (see "Market for the Registrant's Common Equity and Related Stockholders' Matters - Taxation of the Company" in the Company's Annual Report on Form 10-K for the year ended November 30, 1995); the ability of the Company to implement its shipbuilding program and to expand its business outside the North American market where it has less experience; weather patterns in the Caribbean; unscheduled ship repairs and drydocking; delivery of new vessels on schedule and at the contracted price, incidents involving cruise vessels at sea; and changes in laws and government regulations applicable to the Company (including the implementation of the "Safety of Life at Sea Convention" and changes in Federal Maritime Commission surety and guaranty arrangements).

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

11	Statement Regarding Computation of Per Share Earnings
12	Ratio of Earnings to Fixed Charges
27	Financial Data Schedule

(b) Reports on Form 8-K

None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

CARNIVAL CORPORATION

Dated: October 10, 1996 BY/s/ Micky Arison

Micky Arison
Chairman of the Board and Chief
Executive Officer

Dated: October 10, 1996 BY/s/ Howard S. Frank
Howard S. Frank
Vice-Chairman, Chief Financial and
Accounting Officer

INDEX TO EXHIBITS

	Page No. in Sequential Numbering System
Exhibits	
11 Statement regarding computation of per share earnings	
12 Ratio of Earnings to Fixed Charges	
27 Financial Data Schedule	

EXHIBIT 11

CARNIVAL CORPORATION
STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
(in thousands, except per share data)

	Nine Months Ended August 31, 1996	Nine Months Ended August 31, 1995	Three Months Ended August 31, 1996	Three Months Ended August 31, 1995
Net income	$451,479	$366,863	$268,131	$209,542
Adjustments to net income for the purpose of computing fully diluted earnings per share:				
Interest reduction from assumed conversion of 4.5% Convertible Subordinated Notes	4,100	4,155	1,328	1,385
Adjusted net income	$455,579	$371,018	$269,459	$210,927
Weighted average shares outstanding	288,524	283,921	291,171	285,027
Adjustments to weighted average shares outstanding for the purpose of computing fully diluted earnings per share:				
Additional shares issuable upon assumed conversion of 4.5% Convertible Subordinated Notes	6,542	6,618	6,388	6,618
Adjusted weighted average shares outstanding	295,066	290,539	297,559	291,645
Earnings per share:				
Primary	$1.56	$1.29	$.92	$0.74
Fully Diluted*	$1.54	$1.28	$.91	$0.72

*In accordance with Accounting Principles Board Opinion No. 15, the Company does not present fully diluted EPS in its financial statements because the Company's convertible securities are anti-dilutive or result in a less than 3% dilution for the periods presented.

EXHIBIT 12

CARNIVAL CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
(in thousands, except ratios)

	Nine Months Ended August 31, 1996	1995
Net Income	$451,479	$366,863
Income tax expense	11,006	11,096
Income before income tax expense	462,485	377,959
Fixed Charges:		
Interest expense, net	49,889	48,583
Interest portion of rental expense (1)	1,626	1,266
Capitalized interest	18,679	13,359
Total Fixed Charges	70,194	63,208
Fixed Charges Not Currently Affecting Income:		
Capitalized interest	18,679	13,359
Earnings before fixed charges	$514,000	$427,808
Ratio of earnings to fixed charges	7.3x	6.8x

(1) Represents one-third of rental expense, which Company management believes to be representative of the interest portion of rental expense.

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1.54

This schedule contains summary financial information extracted from Carnival Corporation's August 31, 1996 Form 10-Q and is qualified in its entirety by reference to such financial statements.