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, 1999

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 issuer's classes of common stock as of the latest practicable date.

Common Stock, $.01 par value - 613,719,968 shares as of October 11, 1999.

CARNIVAL CORPORATION

I N D E X

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

CARNIVAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

	August 31, 1999	November 30, 1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$484,235	$137,273
Short-term investments	455,823	5,956
Accounts receivable, net	115,600	60,837
Consumable inventories, at average cost	79,151	75,449
Prepaid expenses and other	87,883	90,764
Total current assets	1,222,692	370,279
PROPERTY AND EQUIPMENT, NET	6,083,400	5,768,114
INVESTMENTS IN AND ADVANCES TO AFFILIATES	491,898	546,693
GOODWILL, LESS ACCUMULATED AMORTIZATION OF $82,145 AND $72,255	402,443	437,464
OTHER ASSETS	27,168	56,773
	$8,227,601	$7,179,323
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$33,667	$67,626
Accounts payable	189,562	168,546
Accrued liabilities	230,236	206,968
Customer deposits	716,804	638,383
Dividends payable	55,233	53,590
Total current liabilities	1,225,502	1,135,113
LONG-TERM DEBT	1,184,478	1,563,014
DEFERRED INCOME AND OTHER LONG-TERM LIABILITIES	75,420	63,036
COMMITMENTS AND CONTINGENCIES (Note 5)		
MINORITY INTEREST	147,894	132,684
SHAREHOLDERS' EQUITY		
Common Stock; $.01 par value; 960,000 shares authorized; 613,699 and 595,448 shares issued and outstanding	6,137	5,955
Paid-in-capital	1,629,614	880,488
Retained earnings	3,990,235	3,379,628
Other	(31,679)	19,405
Total shareholders' equity	5,594,307	4,285,476
	$8,227,601	$7,179,323

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

CARNIVAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Nine Months Ended August 31, 1999	Nine Months Ended August 31, 1998	Three Months Ended August 31, 1999	Three Months Ended August 31, 1998
REVENUES	$2,713,555	$2,280,735	$1,169,148	$1,061,539
COSTS AND EXPENSES				
Operating expenses	1,428,269	1,210,294	579,740	540,343
Selling and administrative	326,203	262,550	109,916	98,766
Depreciation and amortization	179,899	146,689	63,084	57,423
	1,934,371	1,619,533	752,740	696,532
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	779,184	661,202	416,408	365,007
INCOME FROM AFFILIATED OPERATIONS, NET	3,677	808	10,776	13,842
OPERATING INCOME	782,861	662,010	427,184	378,849
NONOPERATING INCOME (EXPENSE)				
Interest income	30,142	8,369	11,780	2,484
Interest expense, net of capitalized interest	(38,181)	(43,512)	(11,301)	(18,777)
Other income, net	17,986	2,303	10,045	2,965
Income tax expense	(5,617)	(5,877)	(13,262)	(12,738)
Minority interest	(10,995)	(8,031)	(9,353)	(8,031)
	(6,665)	(46,748)	(12,091)	(34,097)
NET INCOME	$776,196	$615,262	$415,093	$344,752
EARNINGS PER SHARE:				
Basic	$1.27	$1.03	$.68	$.58
Diluted	$1.26	$1.03	$.67	$.58

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

CARNIVAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Nine Months Ended August 31, 1999	1998
OPERATING ACTIVITIES		
Net income	$776,196	$615,262
Adjustments		
Depreciation and amortization	179,899	146,689
Dividends received in excess of income from affiliated operations, net	11,410	12,865
Minority interest	10,995	8,031
Other	3,659	(13,787)
Changes in operating assets and liabilities, excluding businesses acquired and consolidated		
(Increase) decrease in:		
Receivables	(37,281)	(12,406)
Consumable inventories	(3,702)	(2,614)
Prepaid expenses and other	2,829	(4,314)
Increase in:		
Accounts payable	21,016	11,200
Accrued liabilities	23,079	51,021
Customer deposits	78,421	65,943
Net cash provided from operating activities	1,066,521	877,890
INVESTING ACTIVITIES		
(Increase) decrease in short-term investments, net	(443,620)	2,537
Additions to property and equipment, net	(485,243)	(808,151)
Acquisitions of consolidated subsidiaries, net	9,415	(247,549)
Other, net	35,794	71,283
Net cash used for investing activities	(883,654)	(981,880)
FINANCING ACTIVITIES		
Proceeds from long-term debt	7,772	1,188,623
Principal payments of long-term debt	(420,423)	(974,082)
Dividends paid	(163,946)	(133,802)
Proceeds from issuance of Common Stock, net	740,817	12,563
Other	(125)	(4,174)
Net cash provided from financing activities	164,095	89,128
Net increase (decrease) in cash and cash equivalents	346,962	(14,862)
Cash and cash equivalents at beginning of period	137,273	139,989
Cash and cash equivalents at end of period	$484,235	$125,127

The accompanying notes are an integral part of these consolidated 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, 1999 and the consolidated statements of operations for the nine and three months ended August 31, 1999 and 1998 and consolidated statements of cash flows for the nine months ended August 31, 1999 and 1998 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 consolidated subsidiaries (referred to collectively as the "Company") and its affiliates are seasonal and results for interim periods are not necessarily indicative of the results for the entire year. 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, 1999	November 30, 1998
	(in thousands)	
Vessels	$6,204,276	$5,754,218
Vessels under construction	485,045	526,529
	6,689,321	6,280,747
Land, buildings and improvements	242,806	217,597
Transportation and other equipment	368,690	322,069
Total property and equipment	7,300,817	6,820,413
Less accumulated depreciation and amortization	(1,217,417)	(1,052,299)
	$6,083,400	$5,768,114

Interest costs associated with the construction of property and equipment, consisting primarily of vessels, are capitalized during the construction period and amounted to $29.2 million and $23.6 million for the nine months ended August 31, 1999 and 1998, respectively, and $9.3 million and $7.6 million for the three months ended August 31, 1999 and 1998, respectively.

NOTE 3 - LONG-TERM DEBT

Long-term debt consists of the following:

	August 31, 1999	November 30, 1998
	(in thousands)	
Commercial paper	$	$368,710
Unsecured 5.65% Notes Due October 15, 2000	199,898	199,833
Unsecured 6.15% Notes Due April 15, 2008	199,551	199,512
Unsecured 6.65% Debentures due January 15, 2028	199,268	199,249
Notes payable bearing interest at rates ranging from 5.1% to 8.0%, secured by vessels, maturing through 2008	149,384	174,198
Unsecured 6.15% Notes Due October 1, 2003	124,972	124,967
Unsecured 7.20% Debentures Due October 1, 2023	124,885	124,881
Unsecured 7.7% Notes Due July 15, 2004	99,944	99,936
Unsecured 7.05% Notes Due May 15, 2005	99,886	99,871
Other loans payable	20,357	39,483
	1,218,145	1,630,640
Less portion due within one year	(33,667)	(67,626)
	$1,184,478	$1,563,014

NOTE 4 - SHAREHOLDERS' EQUITY

In December 1998, Carnival Corporation issued 17 million shares of its Common Stock in a public offering and received net proceeds of approximately $725 million.

During the nine months ended August 31, 1999 and 1998, the Company declared quarterly cash dividends of $.27 and $.225 per share, or an aggregate of $165.6 million and $133.9 million, respectively.

Carnival Corporation's Articles of Incorporation, as amended, authorize the Board of Directors, at its discretion, to issue up to 40 million shares of Preferred Stock. The Preferred Stock is issuable in series which may vary as to certain rights and preferences and has a $.01 par value. At August 31, 1999, no Preferred Stock had been issued.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Capital Expenditures

A description of ships under contract for construction at August 31, 1999 is as follows (in millions, except passenger capacity data):

Vessel	Expected Service Date(1)	Shipyard	Passenger Capacity(2)	Total Cost(3)
Carnival Cruise Lines				
Carnival Victory	9/00	Fincantieri	2,758	$440
Carnival Spirit	4/01	Masa-Yards	2,112	375
Carnival Pride	1/02	Masa-Yards(4)	2,112	375
Carnival Conquest	12/02	Fincantieri	2,758	450
Carnival Glory	8/03	Fincantieri	2,758	450
Total Carnival Cruise Lines			12,498	2,090
Holland America Line				
Volendam	11/99	Fincantieri(5)	1,440	300
Zaandam	4/00	Fincantieri(5)	1,440	300
Amsterdam	11/00	Fincantieri	1,380	300
Total Holland America Line			4,260	900
Total			16,758	$2,990

(1) The expected service date is the date the vessel is expected to begin revenue generating activities.
(2) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or four passengers.
(3) Estimated total cost of the completed vessel includes the contract price with the shipyard, design and engineering fees, capitalized interest, various owner supplied items and construction oversight costs.
(4) This construction contract is denominated in German Deutsche Marks and has been fixed into U.S. dollars through the utilization of forward foreign currency contracts.
(5) These construction contracts are denominated in Italian Lira and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

In connection with the vessels under construction, the Company has paid $485 million through August 31, 1999 and anticipates paying approximately $1.0 billion during the twelve month period ending August 31, 2000 and approximately $1.5 billion thereafter.

Litigation

Several actions (collectively the "Passenger Complaints") have been filed against Carnival Cruise Lines ("Carnival") and one action has been filed against Holland America Westours on behalf of purported classes of persons who paid port charges to Carnival or Holland America Line ("Holland America"), alleging that statements made in advertising and promotional materials concerning port charges were false and misleading. The Passenger Complaints allege violations of the various state consumer protection acts and claims of fraud, conversion, breach of fiduciary duties and unjust enrichment. Plaintiffs seek compensatory damages or, alternatively, refunds of portions of port charges paid, attorneys' fees, costs, prejudgment interest, punitive damages and injunctive and declaratory relief. The actions against Carnival are in various stages of progress and are proceeding.

Holland America Westours has entered into a settlement agreement for the one Passenger Complaint filed against it. The settlement agreement was approved by the court on September 28, 1998. Five members of the settlement class appealed the court's approval of the settlement. Holland America Westours has settled with four of the five members. The appeal of one member of the settlement class is likely to take between six and eighteen months to be resolved. Unless the appeal is successful, Holland America will issue travel vouchers with a face value of $10-$50 depending on specified criteria, to certain of its passengers who are U.S. residents and who sailed between April 1992 and April 1996, and will pay a portion of the plaintiffs' legal fees. The amount and timing of the travel vouchers to be redeemed and the effects of the travel voucher redemption on revenues is not reasonably determinable. Accordingly, the Company has not established a liability for the travel voucher portion of the settlements and will account for the redemption of the vouchers as a reduction of future revenues. In 1998 the Company established a liability for the estimated distribution costs of the settlement notices and plaintiffs' legal costs.

Several complaints were filed against Carnival and/or Holland America Westours (collectively the "Travel Agent Complaints") on behalf of purported classes of travel agencies who had booked a cruise with Carnival or Holland America, claiming that advertising practices regarding port charges resulted in an improper commission bypass. These actions, filed in California, Washington and Florida, allege violations of state consumer protection laws, claims of breach of contract, negligent misrepresentation, unjust enrichment, unlawful business practices and common law fraud, and they seek unspecified compensatory damages (or alternatively, the payment of usual and customary commissions on port charges paid by passengers in excess of certain charges levied by government authorities), an accounting, attorneys' fees and costs, punitive damages and injunctive relief. These actions are in various stages of progress and are proceeding.

It is not now possible to determine the ultimate outcome of the pending Passenger and Travel Agent Complaints. Management believes it has meritorious defenses to the claims. Management understands that purported class actions similar to the Passenger and Travel Agent Complaints have been filed against several 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.

Ship Lease Transactions

During August and December 1998, the Company entered into lease out and lease back transactions with respect to two of its vessels. The Company has effectively guaranteed certain obligations or provided letters of credit to participants in the transactions which, at August 31, 1999, total approximately $350 million. Only in the remote event of nonperformance by certain major financial institutions, which have long-term credit ratings of AAA, would the Company be required to make any payments under these guarantees. After approximately 18 years, the Company has the right to exercise purchase options that would terminate these transactions. As a result of these transactions, the Company received approximately $44 million (net) which is recorded as deferred income on the balance sheets and is being amortized to nonoperating income over approximately 18 years.

NOTE 6 - COMPREHENSIVE INCOME

Effective December 1, 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income". SFAS No. 130 establishes standards for the reporting and disclosure of comprehensive income and its components. Comprehensive income is a measure that reflects all changes in shareholders' equity, except those resulting from transactions with shareholders. Comprehensive income for the periods indicated is as follows:

	Nine Months Ended August 31,		Three Months Ended August 31,	
	1999	1998	1999	1998
	(in thousands)			
Net income	$776,196	$615,262	$415,093	$344,752

Foreign currency translation adjustment	(42,636)	4,247	(12,640)	5,153
Changes in securities valuation allowance	(3,081)	219	(3,088)	106
Total comprehensive income	$730,479	$619,728	$399,365	$350,011

NOTE 7 - EARNINGS PER SHARE

Earnings per share have been computed as follows (in thousands, except per share data):

	Nine Months Ended August 31,		Three Months Ended August 31,	
	1999	1998	1999	1998
BASIC:				
Net income	$776,196	$615,262	$415,093	$344,752
Average common shares outstanding	611,874	594,908	613,457	595,234
Earnings per share	$ 1.27	$ 1.03	$ .68	$ .58
DILUTED:				
Net income	$776,196	$615,262	$415,093	$344,752
Average common shares outstanding	611,874	594,908	613,457	595,234
Effect of dilutive securities - shares issuable under various stock plans	3,617	3,482	3,458	3,606
Average common shares outstanding assuming dilution	615,491	598,390	616,915	598,840
Earnings per share	$ 1.26	$ 1.03	$ 0.67	$ .58

On April 13, 1998, the Board of Directors approved a two-for-one split of the Company's Common Stock. The additional shares were distributed on June 12, 1998 to shareholders of record on May 29, 1998. All share and per share data presented herein have been retroactively restated to give effect to this stock split.

NOTE 8 - RECENT PRONOUNCEMENTS

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued. SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Pursuant to SFAS No. 133, changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. SFAS No. 133, as amended, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000 (December 1, 2000 for the Company). The Company has not yet determined the impact that the adoption of SFAS No. 133 will have, but does not currently expect the adoption to have a material impact on its results of operations or cash flows.

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 includes accommodations, meals, and most shipboard activities, (ii) the sale of air transportation to and from the cruise ships and (iii) the sale of goods and services on board its cruise ships, such as casino gaming, bar sales, gift shop sales and other related services. The Company also derives revenues from the tour and related operations of Holland America

Westours.

Selected segment and statistical information for the periods indicated is as follows:

	Nine Months Ended August 31, 1999	Nine Months Ended August 31, 1998	Three Months Ended August 31, 1999	Three Months Ended August 31, 1998
	(in thousands, except selected statistical information)			
REVENUES:				
Cruise	$2,516,624	$2,090,667	$1,010,445	$ 908,606
Tour	253,737	248,630	207,613	203,177
Intersegment revenues	(56,806)	(58,562)	(48,910)	(50,244)
	$2,713,555	$2,280,735	$1,169,148	$1,061,539
OPERATING EXPENSES:				
Cruise	$1,283,929	$1,067,089	$ 473,033	$ 433,263
Tour	201,146	201,767	155,617	157,324
Intersegment expenses	(56,806)	(58,562)	(48,910)	(50,244)
	$1,428,269	$1,210,294	$ 579,740	$ 540,343
OPERATING INCOME:				
Cruise	$ 773,303	$ 655,733	$ 384,957	$ 335,889
Tour	15,666	14,116	35,150	31,329
Corporate, including income from affiliates, net	(6,108)	(7,839)	7,077	11,631
	$ 782,861	$ 662,010	$ 427,184	$ 378,849
SELECTED STATISTICAL INFORMATION:				
Passengers carried	1,748,000	1,522,000	690,000	599,000
Passenger cruise days (1)	11,115,000	9,662,000	4,140,000	3,731,000
Occupancy percentage (2)	104.5%	107.8%	112.3%	111.5%

(1) A passenger cruise day is one passenger sailing for a period of one day. For example, one passenger sailing on a one week cruise is seven passenger cruise days.
(2) The Company acquired a majority interest in Cunard Line Limited on May 28, 1998. Since that date, Cunard's revenues and operating results have been included in the Company's operating results. Cunard's ships generally sail with lower occupancy percentages than the Company's other brands.

Operations data expressed as a percentage of total revenues for the periods indicated is as follows:

	Nine Months Ended August 31, 1999	Nine Months Ended August 31, 1998	Three Months Ended August 31, 1999	Three Months Ended August 31, 1998
REVENUES	100%	100%	100%	100%
COSTS AND EXPENSES:				
Operating expenses	53	53	50	51
Selling and administrative	12	12	9	9
Depreciation and amortization	6	6	5	6
OPERATING INCOME BEFORE INCOME FROM AFFILIATED OPERATIONS	29	29	36	34
INCOME FROM AFFILIATED OPERATIONS, NET	-	-	1	1
OPERATING INCOME	29	29	37	35
NONOPERATING EXPENSE	-	(2)	(1)	(3)
NET INCOME	29%	27%	36%	32%

Fixed costs, including depreciation, fuel, insurance, crew costs and most shoreside costs, represent more than one-third of the Company's operating expenses and do not change significantly in relation to changes in passenger loads and aggregate passenger ticket revenue.

The Company's cruise and tour operations experience varying degrees of seasonality. The Company's revenue from the sale of passenger tickets for its cruise operations is moderately seasonal. Historically, demand for cruises has been greater during the summer months. The Company's tour revenues are extremely seasonal with a majority of tour revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

The year over year percentage increase in average passenger capacity for the Company's cruise brands is expected to approximate 12.8% in the fourth quarter of fiscal 1999 as compared to the same period of fiscal 1998. This increase is primarily a result of the introduction into service of Carnival's Paradise and the Carnival Triumph in late November 1998 and July 1999, respectively.

The year over year percentage increase in average passenger capacity resulting from the delivery of vessels currently under contract for construction for the fiscal years 2000 and 2001, net of the impact of the tentative sale in October 2000 of Holland America's Nieuw Amsterdam, is expected to approximate 12.3% and 9.5%, respectively.

On May 28, 1998, the Company and a group of investors acquired the operating assets of Cunard, a cruise company operating five luxury cruise ships. Simultaneous with the acquisition, Seabourn Cruise Line Limited ("Seabourn"), a luxury cruise line in which the Company owned a 50% interest, was combined with Cunard. The Company owns approximately 68% of the combined entity, which is named Cunard Line Limited.

The Company and Airtours plc ("Airtours"), a publicly traded leisure travel company in which the Company holds an approximate 26% interest, each own a 50% interest in Il Ponte S.p.A. ("Il Ponte"), the parent company of Costa Crociere, S.p.A. ("Costa"), an Italian cruise company. The Company records its interest in Airtours and Il Ponte using the equity method of accounting and records its portion of Airtours' and Il Ponte's consolidated operating results on a two-month lag basis. Demand for Airtours' and Costa's products is seasonal due to the nature of the European leisure travel industry and European cruise season. Typically, Airtours' and Costa's quarters ending June 30 and September 30 experience higher demand, with demand in the quarter ending September 30 being the highest.

As a result of the recent military conflict in the Balkans, in April 1999 the Company announced that it had experienced a slowdown in booking patterns for its 1999 Mediterranean cruise itineraries and had changed the itineraries of certain of its Mediterranean cruises. The Company also stated that management estimated that the Balkan conflict could have a six to eight cents per share negative impact on its 1999 earnings per share, split between the third and fourth quarters of fiscal 1999, but with a greater impact on the fourth quarter than the third quarter. As a result of the cessation of hostilities and other developments, management currently estimates that the impact on its business will be slightly below the low end of this range.

In September 1999, the Carnival ship Tropicale had a small engine room fire which resulted in no injuries to any guests or crew. The Company has cancelled six voyages of the Tropicale while the vessel undergoes repairs. Three of these cruises will be operated by Carnival's Imagination, which will postpone its scheduled October 1999 drydock until January 2000. In September 1999, the Company announced that management estimated that the one-time negative impact of the above described events on the Company's 1999 fourth quarter earnings will be approximately one cent per share.

Nine Months Ended August 31, 1999 ("1999") Compared
To Nine Months Ended August 31, 1998 ("1998")

Revenues

The increase in total revenues of $432.8 million, or 19.0%, was almost entirely due to an increase in cruise revenues. The cruise revenue increase resulted from an increase of approximately 18.7% in passenger capacity and a 5.4% increase in total revenue per passenger cruise day, offset by a 3.7% decrease in occupancy rates. The increase in passenger capacity resulted from the acquisition and consolidation of Cunard Line Limited in late May 1998, which increased capacity by 7.8%, and the balance of the increase resulted from the introduction into service of Carnival's Elation and Paradise in March and November 1998, respectively, and the Carnival Triumph in July 1999, as well as Windstar Cruises' ("Windstar") Wind Surf in May 1998. Both the increase in revenue per passenger cruise day and the decrease in occupancy rates was primarily due to Cunard Line Limited's higher revenue per passenger cruise day and lower occupancy rates than the Company's other brands.

Cost and Expenses

Operating expenses increased $218.0 million, or 18%. Cruise operating costs increased by $216.8 million, or 20.3% in 1999 primarily as a result of increases in passenger capacity. Cruise operating costs as a percentage of cruise revenues was 51.0% in both 1999 and 1998.

Selling and administrative expenses increased $63.7 million, or 24.2%. Selling and administrative expenses increased primarily as a result of increases in advertising and payroll and related costs. Selling and administrative expenses as a percentage of revenues were 12.0% and 11.5% in 1999 and 1998, respectively.

Cunard Line Limited's cruise operating costs and selling and administrative expenses as a percentage of revenues are higher than the Company's other brands. Accordingly, the expense ratios indicated above have increased due to the inclusion of Cunard Line Limited's expenses since the third quarter of 1998.

Depreciation and amortization increased by $33.2 million, or 22.6%, to $179.9 million in 1999 from $146.7 million in 1998 primarily due to the additional depreciation associated with the increase in the size of the fleet and the acquisition and consolidation of Cunard and Seabourn.

Affiliated Operations

During 1999, the Company recorded $3.7 million of income from affiliated operations as compared with $.8 million of income in 1998. The Company's portion of Airtours' losses increased $4.7 million to $9.2 million in 1999. The Company recorded income of $12.6 million and $9.0 million during 1999 and 1998, respectively, related to its interest in Il Ponte. The affiliated operations for 1998 include seasonal losses for the first half of 1998 from Seabourn.

Nonoperating Income (Expense)

Interest income increased $21.8 million in 1999 as a result of higher average investment balances primarily resulting from the investment of proceeds received by the Company upon the sale of its Common Stock in December 1998 (see Note 4 in the accompanying financial statements).

Gross interest expense (excluding capitalized interest) increased slightly to $67.4 million from $67.1 million primarily as a result of higher average outstanding debt balances from the acquisition and consolidation of Cunard and Seabourn as well as investments in new vessel projects, offset by lower average borrowing rates. Capitalized interest increased $5.6 million during 1999 as compared with 1998 due primarily to higher levels of investments in ship construction projects.

Other income in 1999 of $18.0 million primarily relates to compensation received from the shipyard related to the late deliveries of the Volendam and Carnival Triumph, net of certain related expenses, and the Company's collection of insurance proceeds. Additionally, other income includes a $9 million expense for the writedown of the Company's investment in Wyndham International stock, offset by approximately $9 million of non-recurring gains, both recorded in the third quarter of 1999.

Minority interest was $11.0 million in 1999 compared to $8.0 million in 1998 which represents the minority shareholders' interest in Cunard Line Limited's net income.

Three Months Ended August 31, 1999 Compared
To Three Months Ended August 31, 1998

Revenues

The increase in total revenues of $107.6 million, or 10.1%, was almost entirely due to an increase in cruise revenues. The cruise revenue increase resulted from an increase of approximately 10.3% in passenger capacity and slight increases of .7% in occupancy rates and .3% in total revenue per passenger cruise day. Passenger capacity increased due primarily to the introduction into service of Carnival's Paradise in November 1998 and the Carnival Triumph in July 1999 and the MS Ecstasy being in service throughout the 1999 third quarter versus being out of service for six weeks during the 1998 third quarter.

Cost and Expenses

Operating expenses increased $39.4 million, or 7.3%. Cruise operating costs increased by $39.8 million, or 9.2% in the third quarter of 1999, primarily as a result of increases in passenger capacity. Cruise operating costs as a percentage of cruise revenues were 46.8% and 47.7% in the third quarter of 1999 and 1998, respectively.

Selling and administrative expenses increased $11.1 million, or 11.3%. Selling and administrative expenses increased primarily as a result of increases in advertising and payroll and related costs. Selling and administrative expenses as a percentage of revenues were 9.4% and 9.3% in the third quarter of 1999 and 1998, respectively.

Depreciation and amortization increased by $5.7 million, or 9.9% to $63.1 million in the third quarter of 1999 from $57.4 million in the third quarter of 1998 primarily due to the additional depreciation associated with the increase in the size of the fleet.

Affiliated Operations

During the third quarter of 1999, the Company recorded $10.8 million of income from affiliated operations as compared with $13.8 million of income in the comparable 1998 period. The Company's portion of Airtours' income decreased $1.8 million to $5.0 million in the third quarter of 1999. The Company recorded income of $5.4 million and $6.6 million during the third quarter of 1999 and 1998, respectively, related to its interest in Il Ponte.

Nonoperating Income (Expense)

Interest income increased $9.3 million in the third quarter of 1999 as a result of higher average investment balances primarily resulting from the investment of proceeds received by the Company upon the sale of its Common Stock in December 1998 (see Note 4 in the accompanying financial statements).

Gross interest expense (excluding capitalized interest) decreased $5.8 million in the third quarter of 1999 primarily as a result of lower average outstanding debt balances. Capitalized interest increased $1.7 million due to higher levels of investments in ship construction projects during the third quarter of fiscal 1999 as compared with the third quarter of 1998.

Other income in the third quarter of 1999 of $10.0 million primarily relates to the compensation received from the shipyard related to the delayed deliveries of the Volendam and Carnival Triumph, net of certain related expenses. See the Nonoperating Income (Expense) discussion for the nine month period for additional information.

Minority interest was $9.4 million in the third quarter of 1999 compared to $8.0 million in the third quarter of 1998.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Cash

The Company's business provided $1.07 billion of net cash from operations during the nine months ended August 31, 1999, an increase of 21.5% compared to the same period in 1998. The increase was primarily due to higher net income.

In December 1998, the Company issued 17 million shares of its Common Stock and received net proceeds of approximately $725 million. The Company issued this stock concurrent with the addition of the Company's Common Stock to the S&P 500 Composite Index.

Uses of Cash

During the nine months ended August 31, 1999, the Company made net expenditures of approximately $485.2 million on capital projects, of which $376.2 million was spent in connection with its ongoing shipbuilding program. The nonshipbuilding capital expenditures consisted primarily of computer equipment, vessel refurbishments, tour assets and other equipment.

During the nine months ended August 31, 1999, the Company had net repayments of $368.7 million under its commercial paper programs. Additionally, the Company made scheduled principal payments totaling $47.1 million pursuant to various notes payable. Finally, the Company paid quarterly cash dividends aggregating $163.9 million in the nine months ended August 31, 1999.

Future Commitments

The Company has contracts for the delivery of eight new vessels over the next four years. The Company will pay approximately $1 billion during the twelve months ending August 31, 2000 relating to the construction and delivery of these new ships and approximately $1.5 billion thereafter.

In addition to these ship construction contracts, the Company is also in various stages of negotiation with shipbuilding yards for additional ships. No assurance can be given that these negotiations will result in additional ship construction contracts, however, if they do, the Company's total investment in new ships, including those currently under contract, could be in excess of $6 billion through 2003.

At August 31, 1999, the Company had $1.2 billion of long-term debt of which $33.7 million is due during the twelve months ended August 31, 2000. See Notes 3 and 5 in the accompanying financial statements for more information regarding the Company's debts and commitments.

Funding Sources

At August 31, 1999, the Company had approximately $940 million in cash, cash equivalents and short-term investments. These funds along with cash from operations are expected to be the Company's principal source of capital to fund its debt service requirements and ship construction costs. Additionally, the Company may also fund a portion of these cash requirements from borrowings under its revolving credit facilities or commercial paper programs. At August 31, 1999, the Company had approximately $1.2 billion available for borrowing under its revolving credit facilities.

To the extent that the Company is required to or chooses to fund future cash requirements from sources other than as discussed above, management believes that it will be able to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets.

OTHER MATTER

Year 2000

The Year 2000 computer issue is primarily the result of computer programs using a two digit format, as opposed to four digits, to indicate the year. Such programs will be unable to interpret dates beyond the year 1999, which could cause a system failure or other computer errors and a disruption in the operation of such systems.

State of Readiness

The Company has established internally staffed project teams to address Year 2000 issues. Each team has implemented a plan that focuses on Year 2000 compliance efforts for information technology ("IT") and non-IT systems for each consolidated subsidiary. The systems include (1) information systems software and hardware (e.g. reservations, accounting and associated systems, personal computers and software and various end-user developed applications) and (2) building facilities and shipboard equipment (e.g. shipboard navigation, control, safety, power generation and distribution systems, operating systems and shipbuilding and communication systems).

The Company's Year 2000 plan addresses the Year 2000 issues in multiple phases, including: (1) inventory of the Company's systems, equipment and suppliers that may be vulnerable to Year 2000 issues; (2) assessment of inventoried items to determine risks associated with their failure to be Year 2000 compliant; (3) testing of systems and/or components to determine if Year 2000 compliant, both prior and/or subsequent to remediation; (4) remediation and implementation of systems; and (5) contingency planning to assess reasonably likely worst case scenarios.

Inventories have been completed for all Company shoreside software applications, hardware and operating systems. A risk assessment was then prepared based on feedback from the Company's respective business units. Substantially all of the Company's critical internally developed software systems have been successfully remediated and tested. All of the Company's reservations systems have been remediated tested and are in production. Remediation and integration testing of all other critical shoreside software and hardware applications have been completed, except for vendor upgrades of purchased software which are estimated to be completed by October 31, 1999. Ongoing certification testing of remediated systems that corroborates prior test results and corroborates integration of remediated items with related hardware and operating systems will occur throughout 1999.

Inventories have been completed for all building facilities and shipboard equipment systems. A risk assessment has also been completed for these systems. In certain cases, the Company has retained third party consultants to analyze the shipboard hardware and embedded system inventories and assist the Company in testing, remediation and implementation of these applications. This process is substantially completed. Most internally developed shipboard information systems have been remediated, tested and implemented. Modifications required as a result of testing any non-compliant systems has delayed full implementation until October 31, 1999.

The Company is tracking the Year 2000 compliance status of its material vendors and suppliers via the Company's own internal vendor compliance effort. Year 2000 correspondence was sent to critical vendors and suppliers, with continued follow up for those who failed to respond. All vendor responses are currently being evaluated to assess any possible risk to or effect on the Company's operations. The Company has implemented additional procedures for assessing the Year 2000 compliance status of its most critical vendors and will modify its contingency plans accordingly.

Risks of Company's Year 2000 Issues

The Company continues to enhance its contingency plans, including the identification of its most reasonably likely worst case scenarios. Currently, the most likely sources of risk to the Company include (1) disruption of transportation channels relevant to the Company's operations, including ports and transportation vendors (airlines) as a result of a general failure of support systems and necessary infrastructure; (2) disruption of travel agency and other sales distribution systems; and (3) inability of principal product suppliers to be Year 2000 ready, which could result in delays in deliveries from such suppliers.

Based on its current assessment efforts, the Company does not believe that Year 2000 issues will have a material adverse effect on its financial condition or results of operations. However, the Company's Year 2000 issues and any potential business interruptions, costs, damages or losses related thereto, are dependent, to a significant degree, upon the Year 2000 compliance of third parties, both domestic and international, such as government agencies, vendors and suppliers. Consequently, the Company is unable to determine at this time whether Year 2000 failures will materially affect the Company. The Company believes that its compliance efforts have and will reduce the impact on the Company of any such failures.

Contingency Plans

The Company continues to enhance its contingency plans to identify and determine how to minimize the impact of its most reasonably likely worst case scenarios. The objective of the contingency plans is to establish procedures for the continuity of the Company's core business processes in the event of any Year 2000 problems. Comprehensive contingency plans are expected to be substantially completed by October 31, 1999 and continued refinements are expected to occur throughout the remainder of the year.

Costs

The Company estimates aggregate expenditures of approximately $17 million to address Year 2000 issues. These aggregate expenditures include $9 million of costs that are being charged to expense and $8 million of costs, related to the accelerated replacement of non-compliant systems due to Year 2000 issues, which will be capitalized. The total amount expended through August 31, 1999 was approximately $13.7 million, of which $6.8 million has been charged to expense and $6.9 million has been capitalized. These costs do not include costs incurred by the Company as a result of the failure of any third parties, including suppliers, to become Year 2000 compliant or costs to implement any contingency plans.

The above disclosures are Year 2000 Readiness Disclosures pursuant to the Year 2000 Information and Disclosure Act.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

Several actions collectively referred to as the "Passenger Complaints" were previously reported in the Company's Annual Report on Form 10-K for the year ended November 30, 1998 (the "1998 Form 10-K") and Quarterly Reports on Form 10-Q for the quarters ended February 28 and May 31, 1999 (the "Quarterly Form 10-Q's"). The following are material subsequent developments in such cases.

In the action filed against Carnival in Tennessee in 1997 by Brent Mezzacasa and others, on behalf of a purported nationwide class, the Tennessee Supreme Court has denied plaintiff's application for leave to appeal the dismissal of this case to that court.

Several actions collectively referred to as the "Travel Agent Complaints" were previously reported in the 1998 Form 10-K and the Quarterly Form 10-Q's and the following are the material subsequent developments in such cases.

In the action filed against Holland America Westours in Washington in September 1997 by N.G.L. Travel Associates, on behalf of a purported nationwide class of travel agencies who booked cruises with Holland America Westours, the trial court has provided further definition of the certified class, limiting it first as to time (only 1996) and secondly as to members (only travel agencies that were affiliated with GEM, a travel consortium). The trial court has also refused repeated efforts by the plaintiffs to reopen discovery. The plaintiffs have requested the State Court of Appeals to grant discretionary review of the trial court's rulings.

For a description of other pending litigation, see the 1998 Form 10-K, the Quarterly Form 10-Q's, and Note 5 in Part I of this Form 10-Q.

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 Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances 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; consumer demand for cruises, including the effects on consumer demand of armed conflicts or political instability; increases in cruise industry capacity; changes in tax laws and regulations; 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; delivery of new vessels on schedule and at the contracted price; weather patterns; unscheduled ship repairs and drydocking; incidents involving cruise vessels at sea; computer program Year 2000 compliance; and changes in laws and regulations applicable to the Company.

ITEM 6. Exhibits And Reports On Form 8-K.

(a) Exhibits

12 Ratio of Earnings to Fixed Charges.
27 Financial Data Schedule (for SEC use only).

(b) Reports on Form 8-K.

None.

SIGNATURES

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

Date:October 14, 1999 BY/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of
Directors and Chief
Operating Officer

Date:October 14, 1999 BY/s/ Gerald R. Cahill
Gerald R. Cahill
Senior Vice President-Finance
and Chief Financial and
Accounting Officer

EXHIBIT 12

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

	Nine Months Ended August 31, 1999	1998
Net income	$776,196	$615,262
Income tax expense	5,617	5,877
Income before income tax expense	781,813	621,139
Adjustment to Earnings:		
Minority interest	10,995	8,031

Dividends received in excess of income from affiliates	11,410	12,865
Earnings as adjusted	804,218	642,035
Fixed Charges:		
Interest expense	38,181	43,512
Interest portion of rent expense (1)	2,277	2,636
Capitalized interest	29,204	23,586
Total fixed charges	69,662	69,734
Fixed charges not affecting earnings:		
Capitalized interest	(29,204)	(23,586)
Earnings before fixed charges	$844,676	$688,183
Ratio of earnings to fixed charges	12.1x	9.9x

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

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9-MOS
NOV-30-1999
AUG-31-1999
484,235
455,823
115,600
0
79,151
1,222,692
7,300,817
1,217,417
8,227,601
1,225,502
1,184,478
6,137
0
0
5,588,170
8,227,601
0
2,713,555
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1,428,269
0
0
38,181
792,808
(5,617)
776,196
0
0
0
776,196
1.27
1.26