

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 31, 2003

or

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

For the transition period from _____ to _____

Commission File Number: 1-9610

Commission File Number: 1-15136

CARNIVAL CORPORATION

CARNIVAL PLC

(Exact name of registrant as specified in its charter)

(Exact name of registrant as specified in its charter)

REPUBLIC OF PANAMA

ENGLAND AND WALES

(State or other jurisdiction of incorporation or organization)

(State or other jurisdiction of incorporation or organization)

59-1562976

NONE

(I.R.S. Employer Identification No.)

(I.R.S. Employer Identification No.)

3655 N.W. 87TH AVENUE
MIAMI, FLORIDA 33178-2428

CARNIVAL HOUSE, 5 GAINSFORD STREET,
LONDON SE1 2NE, UNITED KINGDOM

(Address of principal executive offices)
(Zip code)

(Address of principal executive offices)
(Zip code)

(305) 599-2600

011 44 20 7940 5381

(Registrant's telephone number, including area code)

(Registrant's telephone number, including area code)

NONE

NONE

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

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

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes No

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

At October 10, 2003, Carnival Corporation had outstanding 629,913,044 shares of common stock, \$.01 par value.

At October 10, 2003, Carnival plc had outstanding 209,945,707 ordinary shares, \$1.66 stated value.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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

NINE MONTHS

THREE MONTHS

	ENDED AUGUST 31,		ENDED AUGUST 31,	
	2003	2002	2003	2002
REVENUES				
Cruise				
Passenger tickets	\$3,671,039	\$2,552,846	\$1,863,185	\$1,089,331
Onboard and other	1,003,125	665,635	466,468	252,782
Other	227,087	125,546	194,087	98,474
	-----	-----	-----	-----
	4,901,251	3,344,027	2,523,740	1,440,587
	-----	-----	-----	-----
COSTS AND EXPENSES				
Operating				
Cruise				
Passenger tickets	747,323	508,569	361,268	197,426
Onboard and other	154,806	85,335	82,531	35,891
Payroll and related	520,009	339,730	218,277	116,497
Food	275,636	189,456	118,165	68,691
Other ship operating	864,360	527,398	368,697	199,657
Other	164,932	96,530	130,707	67,506
	-----	-----	-----	-----
Total	2,727,066	1,747,018	1,279,645	685,668
Selling and administrative	648,312	440,931	259,582	147,407
Depreciation and amortization	416,990	281,431	175,782	99,088
Impairment charge		20,000		20,000
	-----	-----	-----	-----
	3,792,368	2,489,380	1,715,009	952,163
	-----	-----	-----	-----
OPERATING INCOME	1,108,883	854,647	808,731	488,424
NONOPERATING (EXPENSE) INCOME				
Interest income	20,042	25,168	6,717	10,627
Interest expense, net of capitalized interest	(128,660)	(86,431)	(57,754)	(28,839)
Other income (expense), net	8,506	(5,251)	4,934	1,879
	-----	-----	-----	-----
	(100,112)	(66,514)	(46,103)	(16,333)
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	1,008,771	788,133	762,628	472,091
INCOME TAX (EXPENSE) BENEFIT, NET	(19,836)	36,472	(28,367)	28,673
	-----	-----	-----	-----
NET INCOME	\$ 988,935	\$ 824,605	\$ 734,261	\$ 500,764
	=====	=====	=====	=====
EARNINGS PER SHARE				
Basic	\$1.43	\$1.41	\$0.92	\$0.85
	=====	=====	=====	=====
Diluted	\$1.42	\$1.40	\$0.90	\$0.85
	=====	=====	=====	=====
DIVIDENDS PER SHARE				
	\$0.315	\$0.315	\$0.105	\$0.105
	=====	=====	=====	=====

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands, except par/stated values)

	AUGUST 31, 2003 ----	NOVEMBER 30, 2002 ----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 988,008	\$ 666,700
Short-term investments	60,974	39,005
Accounts receivable, net	347,188	108,327
Inventories	159,644	91,310
Prepaid expenses and other	240,491	148,420
Fair value of derivative contracts	114,083	
Fair value of hedged firm commitments		78,390
	-----	-----
Total current assets	1,910,388	1,132,152
	-----	-----
PROPERTY AND EQUIPMENT, NET	17,508,139	10,115,404
GOODWILL	3,615,858	681,056
OTHER ASSETS	361,274	297,175
FAIR VALUE OF HEDGED FIRM COMMITMENTS	1,356	109,061
	-----	-----
	\$23,397,015	\$12,334,848
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	\$ 65,100	
Current portion of long-term debt	299,959	\$ 154,633
Accounts payable	639,088	268,687
Accrued liabilities	482,546	290,391
Customer deposits	1,201,078	770,637
Dividends payable	83,767	61,612
Fair value of derivative contracts	3,961	73,846
Fair value of hedged firm commitments	113,398	
	-----	-----
Total current liabilities	2,888,897	1,619,806
	-----	-----
LONG-TERM DEBT	6,636,160	3,013,758
DEFERRED INCOME AND OTHER LONG-TERM LIABILITIES	277,544	170,814
FAIR VALUE OF DERIVATIVE CONTRACTS	25,670	112,567
COMMITMENTS AND CONTINGENCIES (Notes 2, 6 and 7)		
SHAREHOLDERS' EQUITY		
Common stock of Carnival Corporation; \$.01 par value; 1,960,000 shares at 2003 and 960,000 at 2002 authorized; 629,828 shares at 2003 and 586,788 shares at 2002 issued and outstanding	6,298	5,868
Ordinary shares of Carnival plc; \$1.66 stated value; 225,300 shares authorized; 209,830 shares issued	348,317	
Additional paid-in capital	7,105,379	1,089,125
Retained earnings	7,085,427	6,325,850
Unearned stock compensation	(20,474)	(11,181)
Accumulated other comprehensive income	102,447	8,241
Treasury stock, 41,881 shares of Carnival plc at cost	(1,058,650)	
	-----	-----
Total shareholders' equity	13,568,744	7,417,903
	-----	-----
	\$23,397,015	\$12,334,848
	=====	=====

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

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

	NINE MONTHS ENDED AUGUST 31,	
	2003	2002
OPERATING ACTIVITIES		
Net income	\$ 988,935	\$ 824,605
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	416,990	281,431
Impairment charge		20,000
Accretion of original issue discount	15,034	14,469
Other	2,632	8,761
Changes in operating assets and liabilities, excluding business acquired		
(Increase) decrease in		
Receivables	(88,916)	(29,618)
Inventories	(8,648)	1,908
Prepaid expenses and other	30,786	(57,072)
Increase (decrease) in		
Accounts payable	60,856	38,066
Accrued and other liabilities	(8,419)	(49,843)
Customer deposits	(13,820)	115,720
	1,395,430	1,168,427
	-----	-----
INVESTING ACTIVITIES		
Additions to property and equipment	(1,896,490)	(1,022,464)
Cash acquired from (expended for) the acquisition of Carnival plc, net	141,429	(27,834)
Proceeds from retirement of property and equipment	50,919	4,071
Purchase of short-term investments, net	(17,898)	(6,437)
Other, net	(8,318)	(16,343)
	(1,730,358)	(1,069,007)
	-----	-----
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	1,477,817	117,902
Principal repayments of long-term debt	(662,675)	(154,082)
Dividends paid	(207,210)	(184,712)
Proceeds from short-term borrowings, net	65,100	
Proceeds from issuance of common stock and ordinary shares, net	39,556	6,927
Other	(12,446)	101
	700,142	(213,864)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(43,906)	(6,414)
	-----	-----
Net increase (decrease) in cash and cash equivalents	321,308	(120,858)
Cash and cash equivalents at beginning of period	666,700	1,421,300
	-----	-----
Cash and cash equivalents at end of period	\$ 988,008	\$1,300,442
	=====	=====

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

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

NOTE 1 - GENERAL

DESCRIPTION OF BUSINESS

Carnival Corporation is a Panamanian corporation and Carnival plc (formerly known as P&O Princess Cruises plc) is incorporated in England and Wales and, along with their consolidated subsidiaries, are referred to collectively in these consolidated financial statements and elsewhere in this joint Quarterly Report on Form 10-Q as "Carnival Corporation & plc," "our," "us," and "we."

We are a global cruise company and one of the largest vacation companies in the world. A summary of the number of cruise ships we operate, by brand, their passenger capacity and the primary areas in which they are marketed is as follows:

CRUISE BRANDS -----	NUMBER OF CRUISE SHIPS -----	PASSENGER CAPACITY (1) -----	PRIMARY MARKET -----
Carnival Cruise Lines ("CCL") (2)	19	41,322	North America
Princess Cruises ("Princess") (3)(4)	11	19,880	North America
Holland America Line ("Holland America") (4)	12	16,342	North America
Costa Cruises ("Costa")	9	12,868	Europe
P&O Cruises	4	7,730	United Kingdom
AIDA (5)	3	3,730	Germany
Cunard Line ("Cunard")(6)	2	2,458	United Kingdom/ North America
Ocean Village	1	1,610	United Kingdom
A'ROSA (5)	1	1,590	Germany
P&O Cruises Australia (2)(3)	1	1,200	Australia
Swan Hellenic	1	676	United Kingdom
Seabourn Cruise Line ("Seabourn")	3	624	North America
Windstar Cruises ("Windstar")	3	604	North America
	--	-----	
	70	110,634	
	==	=====	

- (1) In accordance with the cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or more passengers.
- (2) CCL includes the 1,486-passenger Jubilee, which we expect to transfer to P&O Cruises Australia in the fall of 2004 and rename the Pacific Sun.
- (3) One ship, the Pacific Princess, which is only included in Princess' capacity, operates on a split deployment between Princess and P&O Cruises Australia.
- (4) Holland America and Princess also operate the leading tour companies in Alaska and the Canadian Yukon, Holland America Tours and Princess Tours, respectively, that primarily complement their cruise operations.
- (5) A'ROSA includes the 1,590-passenger A'ROSA Blu, which we expect to transfer to AIDA in the spring of 2004 and rename the AIDA Blu. The A'ROSA brand name and its three river boats, which are not included above, are expected to be sold in the fourth quarter of 2004.
- (6) Cunard includes the Caronia, which was sold in May 2003 and is chartered back for use by Cunard until November 2004.

BASIS OF PRESENTATION

The accompanying consolidated balance sheet at August 31, 2003, the consolidated statements of operations for the nine and three months ended August 31, 2003 and 2002 and the consolidated statements of cash flows for the nine months ended August 31, 2003 and 2002 are unaudited and, in the opinion of our management, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation. Our consolidated financial statements include the consolidated results of operations of Carnival Corporation for the entire nine and three month periods and Carnival plc's consolidated results of operations since April 17, 2003 (see Note 2). Our interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in the Carnival Corporation 2002 Annual Report on Form 10-K and the Carnival plc 2002 Annual Report on Form 20-F. Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire year. Reclassifications have been made to prior period amounts to conform to the current period presentation.

Commencing with this joint Quarterly Report on Form 10-Q, we changed the reporting format of our consolidated statements of operations to present our significant revenue sources and their directly related variable costs and expenses. In addition, we have separately identified certain ship operating expenses, such as payroll and related expenses and food costs. Our ship operating expenses are largely fixed once our ship capacity levels are determined.

NOTE 2 - DUAL LISTED COMPANY ("DLC") TRANSACTION

On April 17, 2003, Carnival Corporation and Carnival plc completed a DLC transaction. The DLC transaction combined the businesses of Carnival Corporation and Carnival plc through a number of contracts and amendments to Carnival Corporation's articles of incorporation and by-laws and to Carnival plc's memorandum of association and articles of association. The two companies have retained their separate legal identities, and each company's shares continue to be publicly traded on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc ADS's are traded on the NYSE. However, both companies operate as if they were a single economic enterprise. The contracts governing the DLC structure provide that Carnival Corporation and Carnival plc each continue to have separate boards of directors, but the boards and senior executive management of both companies are identical. The amendments to the constituent documents of each of the companies also provide that, on most matters, the holders of the common equity of both companies effectively vote as a single body. On specified matters where the interests of Carnival Corporation's shareholders may differ from the interests of Carnival plc's shareholders (a "class rights action"), each shareholder body will vote separately as a class, such as transactions primarily designed to amend or unwind the DLC structure. Generally, no class rights action will be implemented unless approved by both shareholder bodies.

Upon the closing of the DLC transaction, Carnival Corporation and Carnival plc also executed the Equalization and Governance Agreement, which provides for the equalization of dividends and liquidation distributions based on an equalization ratio and contains provisions relating to the governance of the DLC structure. Because the current equalization ratio is 1 to 1, one Carnival plc ordinary share is entitled to the same distributions, subject to the terms of the Equalization and Governance Agreement, as one share of Carnival Corporation common stock. In a liquidation of either company or both companies, if the hypothetical potential per share liquidation distributions to each company's shareholders are not equivalent, taking into account the relative value of the two companies' assets and the indebtedness of each company, to the extent that one company has greater net assets so that any liquidation distribution to its shareholders would not be equivalent on a per share basis, the company with the ability to make a higher net distribution is required to make a payment to the other company to equalize the possible net distribution to shareholders, subject to certain exceptions.

At the closing of the DLC transaction, Carnival plc and Carnival Corporation also executed deeds of guarantee. Under the terms of Carnival Corporation's deed of guarantee, Carnival Corporation has agreed to guarantee all indebtedness and certain other monetary obligations of Carnival plc that are incurred under agreements entered into on or after the closing date of the DLC transaction. In addition, Carnival

Corporation and Carnival plc may agree that the Carnival Corporation deed of guarantee will apply to any other indebtedness or obligations of Carnival plc, whether incurred before or after the closing of the DLC transaction. The terms of Carnival plc's deed of guarantee are identical to those of Carnival Corporation's. Each deed of guarantee provides that the creditors to whom the obligations are owed are intended third party beneficiaries of such deed of guarantee.

The deeds of guarantee are governed and construed in accordance with the laws of the Isle of Man. Subject to the terms of the guarantees, the holders of indebtedness and other obligations that are subject to the guarantees will have recourse to both Carnival plc and Carnival Corporation though a Carnival plc creditor must first make written demand on Carnival plc and a Carnival Corporation creditor on Carnival Corporation. Once the written demand is made by letter or other form of notice, the holders of indebtedness or other obligations may immediately commence an action against the relevant guarantor. There is no requirement under the deeds of guarantee to obtain a judgment, take other enforcement actions or wait any period of time prior to taking steps against the relevant guarantor. All actions or proceedings arising out of or in connection with the deeds of guarantee must be exclusively brought in courts in England.

Under the terms of the DLC transaction documents, Carnival Corporation and Carnival plc are permitted to transfer assets between the companies, make loans or investments in each other and otherwise enter into intercompany transactions. The companies expect to enter into such transactions in the future to take advantage of the flexibility provided by the DLC structure and to operate both companies as a single unified economic enterprise in the most effective manner. In addition, under the terms of the Equalization and Governance Agreement and the deeds of guarantee, the cash flow and assets of one company are required to be used to pay the obligations of the other company, if necessary. Given the DLC structure as described above, we believe that providing separate financial statements for each of Carnival Corporation and Carnival plc would not present a true and fair view of the economic realities of their operations. Accordingly, separate financial statements for both Carnival Corporation and Carnival plc have not been presented.

Simultaneously with the completion of the DLC transaction, a partial share offer ("PSO") for 20% of Carnival plc's shares was made and accepted, which enabled 20% of Carnival plc shares to be exchanged for 41.7 million Carnival Corporation shares. The 41.7 million shares of Carnival plc held by Carnival Corporation as a result of the PSO, which cost \$1.05 billion, are being accounted for as treasury stock in the accompanying balance sheet. The holders of Carnival Corporation shares, including the new shareholders who exchanged their Carnival plc shares for Carnival Corporation shares under the PSO, now own an economic interest equal to approximately 79%, and holders of Carnival plc shares now own an economic interest equal to approximately 21%, of Carnival Corporation & plc.

The management of Carnival Corporation and Carnival plc ultimately agreed to enter into the DLC transaction because, among other things, the creation of Carnival Corporation & plc would result in a company with complementary well-known brands operating globally with enhanced growth opportunities, benefits of sharing best practices and generating cost savings, increased financial flexibility and access to capital markets and a DLC structure, which allows for continued participation in an investment in the global cruise industry by Carnival plc's shareholders who wish to continue to hold shares in a United Kingdom ("UK")-listed company.

Carnival plc was the third largest cruise company in the world and operated many well-known global brands with leading positions in the UK, Germany, Australia and the United States ("U.S."). The combination of Carnival Corporation with Carnival plc under the DLC structure has been accounted for under U.S. generally accepted accounting principles ("GAAP") as an acquisition of Carnival plc by Carnival Corporation pursuant to Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations." The purchase price of \$25.31 per share was based upon the average of the quoted closing market price of Carnival Corporation's shares beginning two days before and ending two days after January 8, 2003, the date the Carnival plc board agreed to enter into the DLC transaction. The number of additional shares

effectively issued in the combined entity for purchase accounting purposes was 209.6 million. In addition, Carnival Corporation incurred approximately \$60 million of direct acquisition costs, which have been included in the purchase price. The aggregate purchase price of \$5.37 billion, computed as described above, has been preliminarily allocated to the assets and liabilities of Carnival plc as follows (in millions):

Ships	\$5,159
Ships under construction	406
Other tangible assets	712
Goodwill	2,908
Debt	(2,879)
Other liabilities	(941)

	\$5,365
	=====

We have engaged an appraisal firm to assist us in establishing the fair value of Carnival plc's cruise ships and amortizable and non-amortizable intangible assets and liabilities. However, based on the information currently available, it is not expected that the amount of separately identifiable amortizable intangible assets will be material to the Carnival Corporation & plc financial statements. Until the valuation work is completed, we will continue to assume that the fair values of ships in use and under construction are the same as their net book value at the date of acquisition. However, as noted above, we are having an appraisal performed of these cruise ships, and we believe it is possible that the fair value of some of these ships could be less than their carrying value, thus reducing depreciation expense. No assurance can be given that the preliminary fair value estimates noted above will not be materially changed as a result of these valuations or other additional information being obtained and, accordingly, the amounts preliminarily allocated to Carnival plc's opening balance sheet assets and liabilities may change, which would also change the pro forma information provided below.

The information presented below gives pro forma effect to the DLC transaction between Carnival Corporation and Carnival plc. Management has prepared the pro forma information based upon the companies' historical financial information and, accordingly, the pro forma information should be read in conjunction with the companies' historical financial statements.

As noted above, the DLC transaction has been accounted for as an acquisition of Carnival plc by Carnival Corporation, using the purchase method of accounting. Carnival plc's accounting policies have been conformed to Carnival Corporation's policies. Carnival plc's reporting period has been changed to the Carnival Corporation reporting period and the information presented below covers the same periods of time for both companies.

The pro forma information presented below has been prepared as if the DLC transaction had occurred on December 1, 2001, rather than April 17, 2003, and has not been adjusted to reflect any net transaction benefits. In addition, the pro forma information does not purport to represent what the results of operations actually could have been if the DLC transaction had occurred on December 1, 2001 or what those results will be for any future periods.

	NINE MONTHS ENDED AUGUST 31,		THREE MONTHS ENDED AUGUST 31, 2002
	-----	-----	-----
	2003	2002	
	----	----	
	(in millions, except earnings per share)		
Pro forma revenues	\$5,780	\$5,170	\$2,259
	=====	=====	=====
Pro forma net income (a)(b)	\$ 956	\$1,106	\$ 710
	=====	=====	=====
Pro forma earnings per share			
Basic	\$1.20	\$1.39	\$ 0.89
	=====	=====	=====
Diluted	\$1.19	\$1.38	\$ 0.89
	=====	=====	=====
Pro forma weighted-average shares outstanding			
Basic	796.0	794.7	794.9
	=====	=====	=====
Diluted	805.6	799.6	799.4
	=====	=====	=====

- (a) In accordance with SFAS No. 141, the above pro forma net income includes Carnival plc's costs related to its terminated Royal Caribbean transaction and the completion of the DLC transaction with Carnival Corporation, which were expensed by Carnival plc prior to April 17, 2003. If the above pro forma net income excluded these transaction costs, as required by Article 11 of the Securities and Exchange Commission Regulation S-X and as reported by us in our joint Current Report on Form 8-K, dated September 18, 2003, then the pro forma net income would have been \$1.00 billion and \$1.13 billion for the nine months ended August 31, 2003 and 2002, respectively, and \$721 million for the three months ended August 31, 2002.
- (b) The excess of purchase price over net assets acquired from Carnival plc through the DLC transaction is primarily estimated to include the value attributed to Carnival plc's goodwill and trademarks. Management believes that these trademarks have indefinite lives and, accordingly, based on SFAS No. 142, "Goodwill and Other Intangible Assets," no adjustment for pro forma amortization is required. It is not possible at this time to reasonably estimate the separate amounts attributable to identifiable intangible assets or goodwill since the measurement of these assets requires the expertise of the appraisal firm which has not yet completed its valuation work. Accordingly, the entire amount of the excess of the purchase price has currently been allocated to goodwill in the accompanying August 31, 2003 balance sheet, but is expected to be allocated between goodwill and other identifiable intangible assets such as trademarks based primarily on the appraisal firm's valuation. Since it is expected that the material intangibles that will be identified and valued will have indefinite lives, no material impact on the statement of operations is expected as a result of this presentation on the Carnival Corporation & plc balance sheet, as neither goodwill nor these indefinite lived intangibles are amortized under SFAS No. 142.

NOTE 3 - STOCK-BASED COMPENSATION

Pursuant to SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, we elected to use the intrinsic value method of accounting for our employee and director stock-based compensation awards. Accordingly, we have not recognized compensation expense for our noncompensatory employee and director stock option awards. As recommended by SFAS No. 123, the fair values of options were estimated using the Black-Scholes option-pricing model. Our adjusted net income and adjusted earnings per share, had we elected to adopt the fair value approach of SFAS No. 123, which charges earnings for the estimated fair value of stock options, would have been as follows (in thousands, except per share amounts):

	NINE MONTHS ENDED AUGUST 31,		THREE MONTHS ENDED AUGUST 31,	
	2003	2002	2003	2002
Net income, as reported	\$988,935	\$824,605	\$734,261	\$500,764
Stock-based compensation expense included in net income, as reported	4,694	3,869	1,565	1,292
Total stock-based compensation expense determined under the fair value-based method for all awards	(26,870)	(22,489)	(9,508)	(7,499)
Adjusted net income for basic earnings per share	966,759	805,985	726,318	494,557
Interest on zero-coupon notes	5,299		5,299	
Adjusted net income for diluted earnings per share	\$972,058	\$805,985	\$731,617	\$494,557

Earnings per share

	NINE MONTHS ENDED AUGUST 31,		THREE MONTHS ENDED AUGUST 31,	
	2003	2002	2003	2002
Basic				
As reported	\$ 1.43	\$ 1.41	\$ 0.92	\$ 0.85
Adjusted	\$ 1.40	\$ 1.37	\$ 0.91	\$ 0.84
Diluted				
As reported	\$ 1.42	\$ 1.40	\$ 0.90	\$ 0.85
Adjusted	\$ 1.39	\$ 1.37	\$ 0.89	\$ 0.84

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting or trading restrictions and are fully transferable. In addition, option-pricing models require the input of subjective assumptions, including expected stock price volatility. Because our options have characteristics different from those of traded options, the existing models do not necessarily provide a reliable single measure of the fair value of our options.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following (in thousands):

	AUGUST 31, 2003	NOVEMBER 30, 2002
Ships (a)	\$17,857,361	\$10,665,958
Ships under construction	998,969	712,447
	-----	-----
	18,856,330	11,378,405
Land, buildings and improvements, and port facilities	483,731	314,448
Transportation equipment and other	543,495	409,310
	-----	-----
Total property and equipment	19,883,556	12,102,163
Less accumulated depreciation and amortization	(2,375,417)	(1,986,759)
	-----	-----
	\$17,508,139	\$10,115,404
	=====	=====

(a) At August 31, 2003, 8 ships with an aggregate net book value of \$2.38 billion were pledged as collateral pursuant to mortgages related to \$1.04 billion of debt and a \$469 million contingent obligation (see Notes 5 and 7). During the quarter ended August 31, 2003, \$1.04 billion of ship collateral, which was pledged against \$675 million of Carnival plc debt was released as collateral in exchange for revising the maturity date of this debt and providing a Carnival Corporation guarantee (see Note 5).

At August 31, 2003, ship costs included a preliminarily estimated fair value of approximately \$5.56 billion for Carnival plc ships, which were acquired on April 17, 2003. As previously noted, this estimate will be adjusted to a final estimated fair value when the appraisals of these cruise ships are completed (see Note 2).

Capitalized interest, primarily on our ships under construction, amounted to \$38 million and \$25 million for the nine months ended August 31, 2003 and 2002, respectively, and \$16 million and \$9 million for the three months ended August 31, 2003 and 2002, respectively.

NOTE 5 - DEBT

Short-term borrowings consisted of unsecured fixed rate notes, bearing interest at *libor* plus 0.15% (1.30% weighted-average interest rate at August 31, 2003), payable to a bank through November 2003.

Long-term debt consisted of the following (in thousands):

	AUGUST 31, 2003(a)	NOVEMBER 30, 2002(a)
	----	----
SECURED		
Floating rate notes, collateralized by two ships, bearing interest at <i>libor</i> plus 1.25% and <i>libor</i> plus 1.29% (2.24% and 2.33% at August 31, 2003), due through 2015 (b)	\$ 629,596	
Euro floating rate note, collateralized by one ship, bearing interest at <i>euribor</i> plus 0.5% (2.73% at August 31, 2003 and 4.0% at November 30, 2002), due through 2008	106,446	\$ 118,727
Euro fixed rate note, collateralized by one ship, bearing interest at 4.74%, due through 2012	178,211	
Capitalized lease obligations, collateralized by two ships, implicit interest at 3.66%, due through 2005	114,754	
Other	18,971	
	-----	-----
	1,047,978	118,727
UNSECURED		
Fixed rate notes, bearing interest at 4.4% to 8.2%, due through 2028 (b)(c)	1,692,631	856,680
Euro floating rate notes, bearing interest at <i>euribor</i> plus 0.35% to <i>euribor</i> plus 1.29% (2.4% to 3.9% and 3.8% to 4.0% at August 31, 2003 and November 30, 2002, respectively), due through 2008 (b)(d)	1,028,377	570,187
Euro revolving credit facilities, bearing interest at <i>euribor</i> plus 0.53% and <i>euro libor</i> plus 0.98% (2.7% to 3.2% and 3.6% at August 31, 2003 and November 30, 2002, respectively), due through 2006 (b)	484,322	110,190
Sterling fixed rate notes, bearing interest at 6.4%, due in 2012 (b)	331,730	
Euro fixed rate notes, bearing interest at 5.57%, due in 2006	325,818	297,195
Floating rate notes, bearing interest at <i>libor</i> plus 1.29% and <i>libor</i> plus 1.33% (2.45% and 2.67% at August 31, 2003), due through 2008 (b)	271,049	
Revolving credit facility, bearing interest at <i>libor</i> plus 0.17% (1.6% at November 30, 2002), due through 2006		50,000
Other	43,404	44,468
Convertible notes, bearing interest at 2%, due in 2021, with first put option in 2005	600,000	600,000
Zero-coupon convertible notes, net of discount, with a face value of \$1.05 billion, due in 2021, with first put option in 2006 (e)	535,734	520,944
Convertible notes, net of discount, with a face value of \$889 million, due in 2033, with first put option in 2008 (f)	575,076	
	-----	-----
	5,888,141	3,049,664
	-----	-----
	6,936,119	3,168,391
Less portion due within one year	(299,959)	(154,633)
	-----	-----

AUGUST 31, 2003(a) ----	NOVEMBER 30, 2002(a) ----
\$6,636,160 =====	\$3,013,758 =====

- (a) All borrowings are in U.S. dollars unless otherwise noted. Euro and sterling denominated notes have been translated to U.S. dollars at the period-end exchange rates.
- (b) At August 31, 2003, all of Carnival plc's \$1.17 billion of debt was unconditionally guaranteed by P&O Princess Cruises International Limited ("POPCIL"), a 100% direct wholly-owned subsidiary of Carnival plc. POPCIL's 2002 consolidated financial statements are included in its Registration Statement on Form F-3, filed with the Securities and Exchange Commission on June 19, 2003. On June 19, 2003, POPCIL, Carnival Corporation and Carnival plc executed a deed of guarantee under which POPCIL agreed to guarantee all indebtedness and related obligations of both Carnival Corporation and Carnival plc incurred under agreements entered into after April 17, 2003, the date the DLC transaction was completed. Under this deed of guarantee, POPCIL also agreed to guarantee all other indebtedness and related obligations that Carnival Corporation and Carnival plc agreed to guarantee under their deeds of guarantee.
- Finally, in exchange for certain amendments to Carnival plc's consolidated indebtedness, which was outstanding prior to April 17, 2003, Carnival Corporation has guaranteed \$2.03 billion of the Carnival plc pre-acquisition consolidated indebtedness outstanding at August 31, 2003.
- (c) We have entered into interest rate swap agreements, which mature through 2010, and effectively converted \$594 million (\$225 million at November 30, 2002) of this fixed rate debt to floating rate debt.
- (d) Euro floating rate notes in the amount of \$701 million (\$278 million at November 30, 2002) have been swapped into euro fixed rate notes through 2008.
- (e) As of the end of the 2003 third quarter, Carnival Corporation's zero-coupon notes became convertible into Carnival Corporation common stock for the 2003 fourth quarter as a result of Carnival Corporation's common stock achieving its target conversion trigger price per share of \$33.77 for the requisite period of time (see Note 10).
- (f) These convertible notes, issued on April 29, 2003, are convertible into a maximum of 20.9 million shares of Carnival Corporation common stock and are guaranteed by Carnival plc and POPCIL. These notes are convertible at a conversion price of \$53.11 per share, subject to adjustment, during any fiscal quarter for which the closing price of the Carnival Corporation common stock is greater than a specified trigger price for a defined duration of time in the preceding fiscal quarter. During the fiscal quarters ending from August 31, 2003 through April 29, 2008, the trigger price will be \$63.73 per share. Thereafter, the \$63.73 per share conversion trigger price increases each quarter based on an annual rate of 1.75%, until maturity. In addition, holders may also surrender the notes for conversion if they have been called for redemption or, for other specified occurrences, including the credit rating assigned to the notes being Baa3 or lower by Moody's Investors Service and BBB- or lower by Standard & Poor's Rating Services, as well as certain corporate transactions. The conditions for conversion of these notes were not met during the third fiscal quarter of 2003.

These notes bear interest at 1.132% per year on the principal amount at maturity, payable in cash semi-annually in arrears, commencing October 29, 2003 through April 29, 2008. Effective April 30, 2008, these notes no longer require a cash interest payment, but interest will accrete on the principal amount of the notes at a semi-annual bond equivalent rate of 1.75% per year.

At August 31, 2003, we were in compliance with all of our debt covenants.

At August 31, 2003, the scheduled annual maturities of our long-term debt was as follows (in thousands):

FISCAL	

Remaining three months of 2003	\$ 165,078
2004	259,342
2005	1,568,250(a)

FISCAL

2006	1,498,151(a)
2007	442,235
Thereafter	3,003,063(a)

	\$6,936,119
	=====

(a) Includes \$600 million of our 2% convertible notes in 2005, \$536 million of our zero-coupon convertible notes in 2006, and \$575 million of our convertible notes in 2008, based in each case on the date of the noteholders' first put option.

NOTE 6 - COMMITMENTS

SHIP COMMITMENTS

A description of our ships under contract for construction at August 31, 2003 was as follows (in millions, except passenger capacity):

BRAND AND SHIP	EXPECTED SERVICE DATE(a)	SHIPYARD	PASSENGER CAPACITY	ESTIMATED TOTAL COST(b)
-----	-----	-----	-----	-----
PRINCESS				
Diamond Princess	3/04	Mitsubishi	2,670	\$ 535
Caribbean Princess	4/04	Fincantieri(c)	3,110	500
Sapphire Princess	5/04	Mitsubishi	2,670	535
Newbuild	6/06	Fincantieri	3,110	500
			-----	-----
Total Princess			11,560	2,070(d)
			-----	-----
CCL				
Carnival Miracle	2/04	Masa-Yards (c)	2,124	375
Carnival Valor	12/04	Fincantieri(c)	2,974	510
Carnival Liberty	8/05	Fincantieri	2,974	460
			-----	-----
Total CCL			8,072	1,345
			-----	-----
COSTA				
Costa Fortuna	11/03	Fincantieri(e)	2,716	470
Costa Magica	11/04	Fincantieri(e)	2,716	500
			-----	-----
Total Costa			5,432	970
			-----	-----
CUNARD				
Queen Mary 2	1/04	Chantiers de l'Atlantique(c)	2,620	780
Queen Victoria	4/05	Fincantieri (c)	1,968	410
			-----	-----
Total Cunard			4,588	1,190
			-----	-----
HOLLAND AMERICA				
Westerdam	4/04	Fincantieri(c)	1,848	410
Newbuild	2/06	Fincantieri(c)	1,848	410
			-----	-----
Total Holland America			3,696	820
			-----	-----
A'ROSA (RIVER BOAT)				
Newbuild (f)	4/04	Meyer Werft	200	20
			-----	-----
Total			33,548	\$6,415
			=====	=====

(a) The expected service date is the date the ship is currently expected to begin its first revenue generating cruise.

(b) Estimated total cost of the completed ship includes the contract price with the shipyard, design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items.

(c) These construction contracts are denominated in euros and have been fixed into U.S. dollars through the utilization of forward foreign currency contracts.

- (d) The estimated fair value of these contracts are being evaluated by an appraisal firm as part of our accounting for the acquisition of Carnival plc and, accordingly, we believe the amounts that ultimately are recorded on our balance sheet for these ships may be lower than their estimated total cost (see Note 2).
- (e) These construction contracts are denominated in euros, which is Costa's functional currency. The estimated total costs have been translated into U.S.

dollars using the August 31, 2003 exchange rate.

- (f) We have entered into a letter of intent to sell the A'ROSA river boat business, including this contractual commitment.

In connection with our ships under contract for construction, we have paid \$999 million through August 31, 2003 and anticipate paying \$2.97 billion during the twelve months ending August 31, 2004 and \$2.45 billion thereafter.

OPERATING LEASES

At August 31, 2003, minimum annual rentals for our operating leases, with initial or remaining terms in excess of one year were approximately as follows (in thousands):

FISCAL	
Remaining three months of 2003	\$ 10,000
2004	36,000
2005	31,000
2006	21,000
2007	16,000
Thereafter	82,000

	\$196,000
	=====

PORT FACILITIES AND OTHER

At August 31, 2003 we had commitments through 2027, with initial or remaining terms in excess of one year, to pay minimum amounts for our annual usage of port facilities and other contractual commitments approximately as follows (in thousands):

FISCAL	
Remaining three months of 2003	\$ 16,000
2004	46,000
2005	32,000
2006	33,000
2007	34,000
Thereafter	185,000

	\$346,000
	=====

NOTE 7 - CONTINGENCIES

LITIGATION

In 2002, two actions (collectively, the "Facsimile Complaints") were filed against Carnival Corporation on behalf of purported classes of persons who received unsolicited advertisements via facsimile, alleging that Carnival Corporation and other defendants distributed unsolicited advertisements via facsimile in contravention of the U.S. Telephone Consumer Protection Act. The plaintiffs seek to enjoin the sending of unsolicited facsimile advertisements and statutory damages. The advertisements referred to in the Facsimile Complaints were not sent by Carnival Corporation, but rather were distributed by a professional faxing company at the behest of travel agencies that referenced a CCL product. We do not advertise directly to the traveling public through the use of facsimile transmission. The ultimate outcomes of the Facsimile Complaints cannot be determined at this time. We believe that we have meritorious defenses to these claims and, accordingly, we intend to vigorously defend against these actions.

In February 2001, Holland America Line-USA, Inc. ("HAL-USA"), a Carnival Corporation wholly-owned subsidiary, received a grand jury subpoena requesting that it produce documents and records relating to the air emissions from Holland America ships in Alaska. HAL-USA responded to the subpoena. The ultimate outcome of this matter cannot be determined at this time.

On August 17, 2002, an incident occurred in Juneau, Alaska onboard Holland America's Ryndam involving a wastewater discharge from the ship. As a result of this incident, various Ryndam ship officers and crew have received grand jury subpoenas from the Office of the U.S. Attorney in Anchorage, Alaska requesting that they appear before a grand jury. One subpoena also requested the production of Holland America documents, which Holland America has produced. Holland America is also complying with a subpoena for additional documents. If the investigation results in charges being

filed, a judgment could include, among other forms of relief, fines and debarment from federal contracting, which would prohibit operations in Glacier Bay National Park and Preserve during the period of debarment. The State of Alaska is separately investigating this incident. The ultimate outcome of these matters cannot be determined at this time. However, if Holland America were to lose its Glacier Bay permits we would not expect the impact on our financial statements to be material to us since we believe there are additional attractive alternative destinations in Alaska that can be substituted for Glacier Bay.

Costa has instituted arbitration proceedings in Italy to confirm the validity of its decision not to deliver its ship, the Costa Classica, to the shipyard of Cammell Laird Holdings PLC ("Cammell Laird") under a 79 million euro denominated contract for the conversion and lengthening of the ship. Costa has also given notice of termination of the contract. It is now expected that the arbitration tribunal's decision will be made in late-2004. In the event that an award is given in favor of Cammell Laird, the amount of damages, if any, which Costa would have to pay is not currently determinable. The ultimate outcome of this matter cannot be determined at this time.

On April 23, 2003, Festival Crociere S.p.A. commenced an action against the European Commission (the "Commission") in the Court of First Instance of the European Communities in Luxembourg seeking to annul the Commission's antitrust approval of the DLC transaction (the "Festival Action"). We have sought leave to intervene in the Festival Action and intend to contest such action vigorously. A successful third party challenge of an unconditional Commission clearance decision would be unprecedented, and based on a review of the law and the factual circumstances of the DLC transaction, as well as the Commission's approval decision in relation to the DLC transaction, we believe that the Festival Action will not have a material adverse effect on the companies or the DLC transaction.

In the normal course of our business, various other claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of our liability is typically limited to our self-insurance retention levels. However, the ultimate outcome of these claims and lawsuits which are not covered by insurance cannot be determined at this time.

CONTINGENT OBLIGATIONS

At August 31, 2003, we had contingent obligations totaling \$1.07 billion to participants in lease out and lease back type transactions for three of our ships. At the inception of the leases, the entire amount of the contingent obligations was paid by us to major financial institutions to enable them to directly pay these obligations. Accordingly, these obligations were considered extinguished, and neither funds nor the contingent obligations have been included on our balance sheets. We would only be required to make any payments under these contingent obligations in the remote event of nonperformance by these financial institutions, all of which have long-term credit ratings of AAA or AA. In addition, we obtained a direct guarantee from another AAA rated financial institution for \$294 million of the above noted contingent obligations, thereby further reducing the already remote exposure to this portion of the contingent obligations. If the major financial institutions' credit ratings fall below AA-, we would be required to move a majority of the funds from these financial institutions to other highly-rated financial institutions. If Carnival Corporation's credit rating falls below BBB, we would be required to provide a standby letter of credit for \$89 million, or alternatively provide mortgages in the aggregate amount of \$89 million on two of Carnival Corporation's ships.

In the unlikely event that we were to terminate the three lease agreements early or default on our obligations, we would, as of August 31, 2003 have to pay a total of \$168 million in stipulated damages. As of August 31, 2003, \$177 million of standby letters of credit have been issued by a major financial institution in order to provide further security for the payment of these contingent stipulated damages.

Between 2017 and 2022, we have the right to exercise options that would terminate these transactions at no cost to us. As a result of these three transactions we have \$41 million and \$43 million of deferred income recorded on our balance sheets as of August 31, 2003 and November 30, 2002, respectively, which is being amortized to nonoperating income through 2022. In the event we were to default under our \$1.4 billion revolving credit facility, we would be required to post cash collateral to support the stipulated damages standby letters of credit.

OTHER CONTINGENT OBLIGATIONS

Some of the debt agreements that we enter into include indemnification provisions that obligate us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes, changes in laws that increase lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and were entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. We have not been required to make any payments under such indemnification clauses in the past and, under current circumstances, we do not believe a request for indemnification is probable.

NOTE 8 - COMPREHENSIVE INCOME

Comprehensive income was as follows (in thousands):

	NINE MONTHS ENDED AUGUST 31, -----		THREE MONTHS ENDED AUGUST 31, -----	
	2003 ----	2002 ----	2003 ----	2002 ----
Net income	\$988,935	\$824,605	\$734,261	\$500,764
Foreign currency translation adjustment, net	86,341	46,789	(77,382)	22,044
Unrealized gains (losses) on marketable securities, net	3,473	1,739	981	(4,541)
Changes related to cash flow derivative hedges	4,392	1,787	12,970	(2,784)
	-----	-----	-----	-----
Total comprehensive income	\$1,083,141	\$874,920	\$670,830	\$515,483
	=====	=====	=====	=====

NOTE 9 - SEGMENT INFORMATION

Our cruise segment included thirteen cruise brands since April 17, 2003, and six Carnival Corporation cruise brands from December 1, 2001 to April 16, 2003, which have been aggregated as a single reportable segment based on the similarity of their economic and other characteristics. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a further discussion of the composition of our cruise revenues.

Our other segment represents the transportation, hotel and tour operations of Holland America Tours and Princess Tours and the business to business travel agency operations of P&O Travel Ltd., the latter two since completion of the DLC transaction on April 17, 2003.

Selected segment information was as follows (in thousands):

	NINE MONTHS ENDED AUGUST 31,		THREE MONTHS ENDED AUGUST 31,	
	2003(a)	2002(a)(b)	2003(a)	2002(a)(b)
Revenues				
Cruise	\$4,674,164	3,218,481	\$2,329,653	\$1,342,113
Other	303,125	158,902	257,332	125,407
Intersegment elimination	(76,038)	(33,356)	(63,245)	(26,933)
	-----	-----	-----	-----
	\$4,901,251	\$3,344,027	\$2,523,740	\$1,440,587
	=====	=====	=====	=====
Operating income (loss)				
Cruise	\$1,085,236	\$ 856,468	\$ 763,353	\$ 469,866
Other	23,647	(1,821)	45,378	18,558
	-----	-----	-----	-----
	\$1,108,883	\$ 854,647	\$ 808,731	\$ 488,424
	=====	=====	=====	=====

(a) Other revenues included revenues for the cruise portion of a tour, when a cruise is sold as part of a tour package and billings by Holland America Tours and Princess Tours to some of our cruise brands for providing shore excursion and port hospitality services to cruise passengers. These intersegment revenues are eliminated from other revenues in the line "Intersegment elimination."

(b) Revenue amounts in 2002 have been reclassified to conform to the 2003 presentation. In addition, in 2003 we commenced allocating all corporate expenses to our cruise segment. Accordingly, the 2002 presentation has been restated to allocate the previously unallocated 2002 corporate expenses to our cruise segment.

In addition, at August 31, 2003, substantially all of our assets are included within our cruise segment.

NOTE 10 - EARNINGS PER SHARE

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

	NINE MONTHS ENDED AUGUST 31,		THREE MONTHS ENDED AUGUST 31,	
	2003	2002	2003	2002
Net income	\$988,935	\$824,605	\$734,261	\$500,764
Interest on zero-coupon notes	5,299		5,299	
	-----	-----	-----	-----
Net income for diluted earnings per share	\$994,234	\$824,605	\$739,560	\$500,764
	=====	=====	=====	=====

Weighted-average common shares outstanding	690,949	586,496	797,015	586,672
Dilutive effect of zero-coupon notes	5,800		17,400	
Dilutive effect of stock plans	1,947	1,621	3,776	1,245
	-----	-----	-----	-----
Diluted weighted-average shares outstanding	698,696	588,117	818,191	587,917
	=====	=====	=====	=====
Basic earnings per share	\$1.43	\$1.41	\$0.92	\$0.85
	=====	=====	=====	=====
Diluted earnings per share	\$1.42	\$1.40	\$0.90	\$0.85
	=====	=====	=====	=====

The weighted-average common shares outstanding for the nine months ended August 31, 2003 includes the pro rata Carnival plc shares since April 17, 2003.

If Carnival Corporation's common stock price reaches specified targeted levels for a defined duration of time within a completed quarter, then, under the terms of various classes of Carnival Corporation's convertible debt securities (each having its own target prices), such classes of debt securities will become convertible for the next succeeding quarter, and the shares of Carnival Corporation common stock into which those debt securities become convertible will be considered outstanding for the most recently completed quarter's diluted earnings per share computation, if dilutive.

Carnival Corporation's common stock price reached \$33.77 per share for a defined duration of time during the three months ended August 31, 2003 and, therefore, its zero-coupon notes are convertible into Carnival Corporation common stock during its 2003 fourth quarter at a conversion price of \$30.70 per share. Accordingly, the diluted earnings per share computation included an adjustment to increase net income for the imputed interest expense recorded on these zero-coupon notes and the diluted weighted-average shares outstanding for the nine and three months ended August 31, 2003 included the weighted-average of the 17.4 million shares that can be converted at the noteholders' option.

Our diluted earnings per share computation for the nine and three months ended August 31, 2003 did not include a maximum of 36.2 million (32.7 million in 2002) shares of Carnival Corporation common stock issuable upon conversion of its convertible debt, as this common stock was not issuable under the contingent conversion provisions of these debt instruments.

Options to purchase 3.1 million and 6.1 million shares for the three months ended August 31, 2003 and 2002, respectively, and 7.4 million and 5.2 million for the nine months ended August 31, 2003 and 2002, respectively, were excluded from our diluted earnings per share computation since the effect of including them was anti-dilutive.

NOTE 11 - RECENT ACCOUNTING PRONOUNCEMENT

In January 2003, the Financial Accounting Standards Board issued Financial Accounting Standards Board Interpretation ("FIN") No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN No. 46 requires consolidation of variable interest entities ("VIE's") by the "primary beneficiary", as defined, if certain criteria are met. FIN No. 46 is effective immediately for VIE's created or acquired after January 31, 2003. For pre-existing VIE's, disclosure requirements are effective immediately and consolidation provisions are effective for our 2004 first quarter. In accordance with FIN No. 46, we have determined that we are carrying an investment, initially made in April 2001, in a ship repair facility that is a VIE. Although we use this facility for some of our ship repair work, we are not a "primary beneficiary" and, accordingly, this investment will not be consolidated in our financial statements. At August 31, 2003, our interest in this VIE, which is also our maximum exposure to loss, was \$41 million.

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

CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS

Some of the statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this joint Quarterly Report on Form 10-Q are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to Carnival Corporation & plc, including some statements concerning future results, plans, outlook, 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. You can find many, but not all, of these statements by looking for words like "will," "may," "believes," "expects," "anticipates," "forecast," "future," "intends," "plans," and "estimates" and for similar expressions.

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause Carnival Corporation & plc's actual results, performance or achievements to differ materially from those expressed or implied in this joint Quarterly Report on Form 10-Q. Forward looking statements include those statements which may impact the forecasting of our earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and tax costs, costs per available lower berth day, estimates of ship depreciable lives and residual values, outlook or business prospects. These factors include, but are not limited to, the following:

- achievement of expected benefits from the DLC transaction;
- risks associated with the DLC structure;
- risks associated with the uncertainty of the tax status of the DLC structure;
- general economic and business conditions, which may impact levels of disposable income of consumers and the net revenue yields for our cruise brands;
- conditions in the cruise and land-based vacation industries, including competition from other cruise ship operators and providers of other vacation alternatives and increases in capacity offered by cruise ship and land-based vacation alternatives;
- the impact of operating internationally;
- the international political and economic climate, armed conflicts, terrorist attacks, availability of air service and other world events and adverse publicity, and their impact on the demand for cruises;
- accidents and other incidents at sea affecting the health, safety, security and vacation satisfaction of passengers;
- our ability to implement our shipbuilding programs and brand strategies and to continue to expand our businesses worldwide;
- our ability to attract and retain shipboard crew and maintain good relations with employee unions;
- our ability to obtain financing on terms that are favorable or consistent with our expectations;
- the impact of changes in operating and financing costs, including changes in foreign currency and interest rates and fuel, food, payroll, insurance and security costs;
- changes in the tax, environmental, health, safety, security and other regulatory regimes under which we operate;
- continued availability of attractive port destinations;
- our ability to successfully implement cost improvement plans and to integrate business acquisitions;
- continuing financial viability of our travel agent distribution system;
- weather patterns or natural disasters; and
- the ability of a small group of shareholders to effectively control the outcome of shareholder voting.

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 listing rules, we expressly disclaim any obligation to disseminate, after the date of

this joint Quarterly Report on Form 10-Q, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

RESULTS OF OPERATIONS

We earn our cruise revenues primarily from the following:

- sales of passenger cruise tickets and, in some cases, the sale of air and other transportation to and from our ships. The cruise ticket price includes accommodations, meals, entertainment and many onboard activities, and
- the sale of goods and/or services on board our ships, which include bar and beverage sales, casino gaming, shore excursions, gift shop and spa sales, photo and art sales and pre-and post cruise land packages. These onboard activities are either performed directly by us or by independent concessionaires, from which we receive a percentage of their revenues.

We incur cruise operating costs and expenses for the following:

- the costs of passenger cruise tickets which represent costs that vary directly with passenger cruise ticket revenues, and include travel agent commissions, air and other travel related costs and credit card fees,
- onboard and other cruise costs which represent costs that vary directly with onboard and other revenues, and include the costs of liquor and beverages, costs of tangible goods sold from our gift, photo and art auction activities, pre-and post cruise land packages and credit card fees. Concession revenues do not have any significant amount of costs associated with them, as the costs and services incurred for these activities are provided by our concessionaires,
- payroll and related costs which represent costs for all our shipboard personnel, including deck and engine officers and crew and hotel and administrative employees,
- food costs which include both our passenger and crew food costs, and
- other ship operating costs which include fuel, repairs and maintenance, port charges, insurance, entertainment and all other shipboard operating costs and expenses.

We do not allocate payroll and related costs, food costs or other ship operating costs to the passenger cruise ticket costs or to onboard and other cruise costs since they are incurred to support the total cruise experience and do not vary significantly with passenger levels.

For segment information related to our revenues and operating income see Note 9 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information were as follows(a):

	NINE MONTHS ENDED AUGUST 31,		THREE MONTHS ENDED AUGUST 31,	
	2003	2002	2003	2002
REVENUES				
Cruise				
Passenger tickets	74.9%	76.3%	73.8%	75.6%
Onboard and other	20.5	19.9	18.5	17.6
Other	4.6	3.8	7.7	6.8
	100.0	100.0	100.0	100.0
COSTS AND EXPENSES				
Operating				
Cruise				
Passenger tickets	15.2	15.2	14.3	13.7
Onboard and other	3.2	2.5	3.3	2.5
Payroll and related	10.6	10.1	8.6	8.1
Food	5.6	5.7	4.7	4.8
Other ship operating	17.6	15.8	14.6	13.8
Other	3.4	2.9	5.2	4.7
Total	55.6	52.2	50.7	47.6
Selling and administrative	13.3	13.2	10.3	10.2
Depreciation and amortization	8.5	8.4	7.0	6.9
Impairment charge		0.6		1.4
OPERATING INCOME	22.6	25.6	32.0	33.9
NONOPERATING EXPENSE, NET	(2.0)	(2.0)	(1.8)	(1.1)
INCOME BEFORE INCOME TAXES	20.6	23.6	30.2	32.8
INCOME TAX (EXPENSE) BENEFIT, NET	(.4)	1.1	(1.1)	2.0
NET INCOME	20.2%	24.7%	29.1%	34.8%

SELECTED STATISTICAL INFORMATION

Passengers carried (in thousands)	3,769	2,640	1,629	1,036
Occupancy percentage (b)	104.4%	106.3%	109.8%	113.7%

(a) The information presented above includes the results of Carnival plc since April 17, 2003. Accordingly, the information for periods prior to April 17, 2003 is not comparable to subsequent periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" below for additional discussion of pro forma results.

(b) In accordance with cruise industry practice, occupancy percentage is calculated using a denominator of two passengers per cabin even though some cabins can accommodate three or more passengers. The percentages in excess of 100% indicate that more than two passengers occupied some cabins.

GENERAL

Our cruise and other operations experience varying degrees of seasonality. Our revenue from the sale of passenger tickets for our cruise operations is seasonal, with the third quarter being the strongest. The consolidation of Carnival plc has caused our third quarter results to be slightly more seasonal than we have recently experienced. Revenues from our Holland America Tours and Princess Tours units are highly seasonal, with a vast majority of those revenues generated during the late spring and summer months in conjunction with the Alaska cruise season.

The Carnival Corporation available lower berth day ("ALBD") capacity, excluding Carnival plc, is currently expected to increase by 18.0% in the fourth quarter of

fiscal 2003, as compared to the same period of fiscal 2002. Assuming that the DLC transaction was completed and Carnival plc was consolidated for the full period in 2002, our ALBD capacity is currently expected to increase 19.2% in the fourth quarter of fiscal 2003, as compared to pro forma ALBD for the same period of fiscal 2002.

The year over year percentage increases in Carnival Corporation & plc's ALBD capacity for fiscal 2004 (versus fiscal 2003 pro forma ALBD), 2005 and 2006, resulting primarily from new ships entering service, is currently expected to be 17.6%, 9.7% and 4.3%, respectively.

For a discussion of our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is included in the Carnival Corporation 2002 Annual Report on Form 10-K.

INCOME TAXES

On August 26, 2003, final regulations under Section 883 of the Internal Revenue Code were published in the Federal Register. Section 883 is the primary provision upon which we rely to exempt certain of our international ship operation earnings from U.S. income taxes.

The final regulations list elements of income that are not considered to be incidental to ship operations and, to the extent earned within the U.S., are subject to U.S. income tax. Among the items identified in the final regulations are income from the sale of air and other transportation, shore excursions and pre-and post cruise land packages.

These rules will first be effective for our 2004 fiscal year. Although we are still in the process of analyzing the impact of these new rules on our operations, based upon our preliminary analysis, we currently estimate that their application will reduce our 2004 earnings per share by approximately \$0.02 to \$0.03.

OUTLOOK FOR REMAINDER OF FISCAL 2003

On September 18, 2003, in our press release announcing third quarter 2003 earnings, we said that our estimates for earnings per share for the fourth quarter of 2003 are expected to be in the range of \$0.24 to \$0.28. We also continued to note that because the booking curve remains very close to sailing, the forecasting of future results is less predictable than in prior years.

NINE MONTHS ENDED AUGUST 31, 2003 ("2003") COMPARED TO NINE MONTHS ENDED AUGUST 31, 2002 ("2002")

Given that our reported results for 2003 include the results of Carnival plc for only a portion of this year and none of last year, where one or both of the periods we compare includes periods prior to the completion of the DLC transaction, we believe that the most meaningful presentation of our operating performance measures is on a pro forma basis, which reflects the results of both Carnival Corporation and Carnival plc for the entirety of any such periods. Accordingly, we have disclosed pro forma information, as well as the required historical information, in the discussion of our results of operations. The pro forma financial information for all relevant periods has been prepared in accordance with Article 11 of Regulation S-X.

REVENUES

Cruise revenues increased \$1.46 billion, or 45.2%, to \$4.67 billion in 2003 from \$3.22 billion in 2002. Approximately \$1.10 billion of our cruise revenue increase was due to the consolidation of Carnival plc and \$359 million (an 11.1% increase over 2002) was due to increased revenues from Carnival Corporation's cruise brands.

Carnival Corporation's increase in cruise revenues resulted primarily from a 17.0% increase in its standalone ALBD capacity in 2003 compared to 2002, partially offset by lower cruise ticket prices and, to a lesser extent, a reduced number of passengers purchasing air transportation from us.

Included in onboard and other revenues were concession revenues of \$128 million in 2003 and \$101 million in 2002.

Our pro forma ALBD capacity increase was 16.8% in 2003 compared to 2002. Pro forma gross revenue yields (gross revenue per ALBD) declined 3.4% (historical declined 1.6%) in 2003 compared to 2002 primarily for the same reasons as the decline in net revenue yields discussed below. Pro forma net revenue yields declined 2.9% (historical declined 2.6%) in 2003 compared to 2002 largely because of lower cruise ticket prices and, to a lesser extent, lower occupancy levels. Our revenue yields were adversely affected by consumer concerns about travel during the period leading up to the war with Iraq and its eventual outbreak, along with the uncertain world economy.

Other non-cruise revenues increased \$102 million, or 80.9%, to \$227 million in 2003 from \$125 million in 2002 due to the consolidation of Princess Tours and P&O Travel.

COSTS AND EXPENSES

Total cruise operating expenses increased \$912 million, or 55.2%, in 2003 compared to 2002. Approximately \$615 million of our increase was due to the consolidation of Carnival plc, and the remaining \$297 million (an 18.0% increase over 2002) of the increase was from Carnival Corporation. Carnival Corporation's increase was primarily a result of the impact of the 17.0% increase in its ALBD capacity. In addition, higher fuel prices added approximately \$48 million of additional expenses in 2003 compared to 2002. Finally, the increase in each of the individual cruise operating expenses was primarily a result of the same factors as discussed above. Pro forma cruise operating expenses increased \$506 million, or 19.1%, to \$3.16 billion in 2003 from \$2.65 billion in 2002 primarily as a result of the 16.8% increase in pro forma ALBD capacity and higher fuel costs.

Other non-cruise operating expenses increased \$68 million, or 70.9%, to \$165 million in 2003 from \$97 million in 2002 due to the consolidation of Princess Tours and P&O Travel.

Cruise selling and administrative expenses increased \$203 million, or 48.5%, to \$622 million in 2003 from \$419 million in 2002. Approximately \$144 million of our increase was due to the consolidation of Carnival plc and the remaining \$59 million (a 14.1% increase over 2002) of the increase was from Carnival Corporation, which was primarily due to the 17.0% increase in ALBD capacity. Pro forma cruise selling and administrative expenses, excluding Carnival plc DLC transaction expenses, increased \$127 million, or 19.2%, to \$785 million from \$659 million in 2002, primarily as a result of the 16.8% increase in pro forma ALBD capacity, as well as approximately \$20 million of major marketing, promotion and other costs related to the introduction of four ships by Carnival plc, partially offset by the benefits of scale and some synergy savings.

Pro forma gross cruise costs per ALBD increased by 2.0% (historical increased 4.3%) in 2003 compared to 2002. Pro forma net cruise costs per ALBD increased 5.3% (historical increased 4.8%) in 2003 compared to 2002. Pro forma gross and net cruise costs per ALBD in 2003 compared to 2002 were higher largely because of higher fuel costs.

Depreciation and amortization increased by \$136 million, or 48.2%, to \$417 million in 2003 from \$281 million in 2002. This increase was primarily from the consolidation of Carnival plc, which accounted for approximately \$81 million of the increase. The majority of the remaining increase was a result of the expansion of the Carnival Corporation fleet and ship improvement expenditures. Pro forma depreciation and amortization expense increased by \$88 million, or 21.8%, to \$491 million from \$403

million largely due to the expansion of the pro forma combined fleet and ship improvement expenditures.

NONOPERATING (EXPENSE) INCOME

Interest expense, net of interest income and excluding capitalized interest, increased to \$147 million in 2003 from \$87 million in 2002, or \$60 million, which increase was comprised primarily of an \$82 million increase in interest expense from our increased level of average borrowings, partially offset by a \$27 million decrease in interest expense due to lower average borrowing rates. The higher average debt balances were primarily a result of our consolidation of Carnival plc's debt (see Note 5 in the accompanying financial statements).

Other income was \$9 million in 2003, which was primarily comprised of \$19 million from net insurance proceeds, \$10 million as a result of Windstar's Wind Song casualty loss and \$9 million as a reimbursement of expenses incurred in prior years, less \$13 million related to a DLC litigation matter.

THREE MONTHS ENDED AUGUST 31, 2003 ("2003") COMPARED TO THREE MONTHS ENDED AUGUST 31, 2002 ("2002")

REVENUES

Cruise revenues increased \$988 million, or 73.6%, to \$2.33 billion in 2003 from \$1.34 billion in 2002. Approximately \$814 million of our cruise revenue increase was due to the consolidation of Carnival plc and \$174 million (a 13.0% increase over 2002) was due to increased revenues from Carnival Corporation's cruise brands. Carnival Corporation's increase in cruise revenue resulted primarily from a 19.6% increase in its standalone ALBD capacity in 2003 compared to 2002, partially offset by lower cruise ticket prices.

Included in onboard and other revenues were concession revenues of \$53 million in 2003 and \$37 million in 2002.

Our ALBD capacity increase was 18.4% in 2003 compared to pro forma 2002. Pro forma gross revenue yields declined 4.2% (historical declined 3.3%) in 2003 compared to 2002 primarily for the same reason as the decline in net revenue yields discussed below. Pro forma net revenue yields declined 3.4% (historical declined 5.2%) in 2003 compared to 2002 primarily because of lower cruise ticket prices.

Other non-cruise revenues increased \$96 million, or 97.1%, to \$194 million in 2003 from \$98 million in 2002 due to the consolidation of Princess Tours and P&O Travel.

COSTS AND EXPENSES

Total cruise operating expenses increased \$531 million, or 85.9%, in 2003 compared to 2002. Approximately, \$427 million of our increase was due to the consolidation of Carnival plc, and the remaining \$104 million (a 16.7% increase over 2002) of the increase was from Carnival Corporation. Carnival Corporation's increase was primarily a result of the impact of the 19.6% increase in its ALBD capacity. In addition, higher fuel prices added approximately \$9 million of additional expenses in 2003 compared to 2002. Finally, the increase in each of the individual cruise operating expenses was primarily a result of the same factors as discussed above. Pro forma cruise operating expenses increased \$160 million, or 16.2%, to \$1.15 billion in 2003 from \$989 million in 2002 primarily as a result of the 18.4% increase in pro forma ALBD capacity and higher fuel costs.

Other non-cruise operating expenses increased \$63 million, or 93.6% to \$131 million in 2003 from \$68 million in 2002 due to the consolidation of Princess Tours and P&O Travel.

Cruise selling and administrative expenses increased \$109 million, or 77.9%, to \$250 million in 2003 from \$140 million in 2002. Approximately \$91 million of our increase was due to the consolidation of Carnival plc and the remaining \$18 million (a 12.7% increase over 2002) of the increase was from Carnival Corporation, which was primarily due to the 19.6% increase in ALBD capacity. Pro forma cruise selling and administrative expenses, excluding Carnival plc DLC transaction expenses, increased \$25 million, or 11.1%, to \$250 million from \$225 million in pro forma 2002, primarily as a result of the 18.4% increase in pro forma ALBD capacity, partially offset by some synergy savings.

Pro forma gross cruise costs per ALBD decreased 2.7% in 2003 (historical increased 2.7%) compared to 2002, while pro forma net cruise costs were down 0.2% (historical increased 1.3%). Pro forma gross and net cruise costs per ALBD in 2003 compared to 2002 were down primarily due to the realization of some DLC synergy savings, as well as benefits of scale of the 18.4% pro forma ALBD increase, which offset higher fuel and insurance costs.

Depreciation and amortization increased by \$77 million, or 77.4%, to \$176 million in 2003 from \$99 million in 2002. This increase was primarily from the consolidation of Carnival plc, which accounted for approximately \$55 million of the increase. The majority of the remaining increase was a result of the expansion of the Carnival Corporation fleet and ship improvement expenditures. Depreciation and amortization expense increased by \$32 million, or 22.6%, to \$176 million in 2003 from \$143 million in pro forma 2002 largely due to the expansion of the pro forma combined fleet and ship improvement expenditures.

In the third quarter of 2002, we reduced the carrying value of one of our ships by recording an impairment charge of \$20 million.

NONOPERATING (EXPENSE) INCOME

Interest expense, net of interest income and excluding capitalized interest, increased to \$67 million in 2003 from \$28 million in 2002, or \$39 million, which increase was comprised primarily of a \$53 million increase in interest expense from our increased level of average borrowings, partially offset by an \$18 million decrease in interest expense due to lower average borrowing rates. The higher average debt balances were primarily due to the consolidation of Carnival plc's debt.

The \$57 million increase in our income tax provision, net, in 2003 compared to 2002 was primarily due to the income tax benefit recognized in 2002 for approximately \$34 million, which was recorded by Costa as a result of an Italian investment incentive, and the consolidation of Carnival plc.

LIQUIDITY AND CAPITAL RESOURCES

SOURCES AND USES OF CASH

Our business provided \$1.40 billion of net cash from operations during the nine months ended August 31, 2003, an increase of \$227 million, or 19.4%, compared to the nine months ended August 31, 2002 primarily due to the consolidation of Carnival plc.

During the nine months ended August 31, 2003, our net expenditures for capital projects were \$1.90 billion, of which \$1.70 billion was spent for our ongoing shipbuilding program. The \$200 million of nonshipbuilding capital expenditures consisted primarily of ship refurbishments, Alaska tour assets, cruise port facility developments and information technology assets. In addition, we received \$141 million from Carnival plc's existing cash balances upon its acquisition, net of acquisition costs.

During the nine months ended August 31, 2003, we issued convertible notes for gross proceeds of \$575 million for general corporate purposes, including financing our shipbuilding program and other capital expenditures. We also borrowed \$568 million under Costa's and POPCIL's revolving credit facilities and \$65 million of net borrowings under our short-term loan agreements. Finally, we borrowed \$335 million under Carnival plc's previously committed finance facility to finance the acquisition of the Island Princess in June 2003. In addition, we made principal repayments of \$663 million, which included \$50 million under our \$1.4 billion revolver, \$552 million on Costa's and POPCIL's revolving credit facilities and \$61 million on other debt. We also paid cash dividends of \$207 million in the first nine months of fiscal 2003.

FUTURE COMMITMENTS AND FUNDING SOURCES

Our contractual cash obligations, with initial or remaining terms in excess of one year, and contingent obligations at August 31, 2003 compared to November 30, 2002 changed significantly because of the consolidation of Carnival plc. At August 31, 2003, the Carnival Corporation & plc outstanding debt was \$7.00 billion, of which \$365 million is due in one year. In addition, we had non-cancelable shipbuilding commitments for 13 new cruise ships and one river boat due over the next three years of approximately \$6.42 billion, of which \$2.97 billion is due in the twelve months ending August 31, 2004. See Notes 5, 6 and 7 in the accompanying financial statements for our debt, shipbuilding and other commitments and contingent obligations as of August 31, 2003.

At August 31, 2003, we had liquidity of \$3.69 billion, which consisted of \$1.05 billion of cash, cash equivalents and short-term investments, \$1.90 billion available for borrowing under our \$2.39 billion of revolving credit facilities obtained through a group of banks and \$736 million under committed ship financing arrangements. Our revolving credit facilities mature in 2005 with respect to \$710 million, and in 2006 with respect to \$1.68 billion. A key to our access to liquidity is the maintenance of our strong long-term credit ratings.

We believe that our liquidity, including cash and committed financings, and cash flows from future operations will be sufficient to fund most of our expected capital projects, debt service requirements, dividend payments, working capital and other firm commitments. However, our forecasted cash flow from future operations, as well as our credit ratings, may be adversely affected by various factors, including, but not limited to, those noted under "Cautionary Note Concerning Factors That May Affect Future Results." To the extent that we are required, or choose, to fund future cash requirements, including our future shipbuilding commitments, from sources other than as discussed above, we believe that we will be able to secure financing from banks or through the offering of debt and/or equity securities in the public or private markets. No assurance can be given, however, that our future operating cash flow will be sufficient to fund future obligations or that we will be able to obtain additional financing, if necessary.

MARKET RISKS

We have broadened our global presence as a result of the DLC transaction. Specifically, our new international business operations in the UK and Germany subject us to an increased level of foreign currency exchange risk related to the sterling and euro. Accordingly, these foreign currency exchange fluctuations against the dollar will affect our reported financial results since the reporting currency for our consolidated financial statements is the U.S. dollar and the functional currency for our international operations is generally the local currency. Any weakening of the U.S. dollar against these local functional currencies has the financial statement effect of increasing the U.S. dollar values reported in our consolidated financial statements. Strengthening of the U.S. dollar has the opposite effect.

At August 31, 2003, we had foreign currency swap transactions to sell 137 million of sterling forward in exchange for \$200 million. This derivative has been designated

as a hedge of our sterling denominated net investments and is designed to mitigate a portion of our foreign currency exchange rate risk.

Finally, our higher level of debt resulting from the DLC transaction increases our exposure to interest rate movements. At August 31, 2003, the fixed and variable interest rate portions of our debt, after the effect of our designated interest rate swaps, was 65% and 35%, respectively, and our debt was denominated 65% in U.S. dollars, 30% in euros and 5% in sterling.

OFF-BALANCE SHEET ARRANGEMENTS

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

HISTORICAL GAAP RECONCILING INFORMATION

Gross and net revenue yields were computed as follows (1):

	NINE MONTHS ENDED AUGUST 31,		THREE MONTHS ENDED AUGUST 31,	
	2003	2002	2003	2002
	(in thousands, except yields)			
Cruise revenues				
Passenger tickets	\$3,671,039	\$2,552,846	\$1,863,185	\$1,089,331
Onboard and other	1,003,125	665,635	466,468	252,782
Gross cruise revenues	4,674,164	3,218,481	2,329,653	1,342,113
Less cruise costs				
Passenger tickets	(747,323)	(508,569)	(361,268)	(197,426)
Onboard and other	(154,806)	(85,335)	(82,531)	(35,891)
Net cruise revenues	\$3,772,035	\$2,624,577	\$1,885,854	\$1,108,796
ALBDs(2)	23,381	15,842	9,915	5,524
Gross revenue yields (3)	\$ 199.91	\$ 203.16	\$ 234.96	\$ 242.96
Net revenue yields (4)	\$ 161.32	\$ 165.67	\$ 190.20	\$ 200.72

Gross and net cruise costs per ALBD were computed as follows (1):

	NINE MONTHS ENDED AUGUST 31,		THREE MONTHS ENDED AUGUST 31,	
	2003	2002	2003	2002
	(in thousands, except costs per ALBD)			
Cruise operating expenses	\$2,562,134	\$1,650,488	\$1,148,938	\$ 618,162
Cruise selling and administrative expenses	622,438	419,102	249,522	140,249
Gross cruise costs	3,184,572	2,069,590	1,398,460	758,411
Less cruise costs				
Passenger tickets	(747,323)	(508,569)	(361,268)	(197,426)
Onboard and other	(154,806)	(85,335)	(82,531)	(35,891)
Net cruise costs	\$2,282,443	\$1,475,686	\$ 954,661	\$ 525,094
ALBDs(2)	23,381	15,842	9,915	5,524
Gross cruise costs per ALBD (5)	\$ 136.20	\$ 130.64	\$ 141.04	\$ 137.29
Net cruise costs per ALBD (6)	\$ 97.62	\$ 93.15	\$ 96.28	\$ 95.06

PRO FORMA GAAP RECONCILING INFORMATION

Pro forma gross and net revenue yields, assuming that the DLC transaction was completed and Carnival plc was consolidated for the full periods noted below, would have been computed as follows (1)(7):

	NINE MONTHS ENDED AUGUST 31, ----- 2003 2002 -----		THREE MONTHS ENDED AUGUST 31, 2002 -----
	(in thousands, except yields)		
Cruise revenues			
Passenger tickets	\$4,364,453	\$3,905,987	\$1,674,519
Onboard and other	1,182,472	1,010,784	380,515
	-----	-----	-----
Gross cruise revenues	5,546,925	4,916,771	2,055,034
Less cruise costs			
Passenger tickets	(953,511)	(870,638)	(339,224)
Onboard and other	(205,183)	(176,795)	(66,838)
	-----	-----	-----
Net cruise revenues	\$4,388,231	\$3,869,338	\$1,648,972
	=====	=====	=====
ALBDs (2)	27,625	23,648	8,375
	=====	=====	=====
Gross revenue yields (3)	\$ 200.79	\$ 207.91	\$ 245.38
	=====	=====	=====
Net revenue yields (4)	\$ 158.85	\$ 163.62	\$ 196.89
	=====	=====	=====

Pro forma gross and net cruise costs per ALBD would have been computed as follows (1)(7):

	NINE MONTHS ENDED AUGUST 31, ----- 2003 2002 -----		THREE MONTHS ENDED AUGUST 31, 2002 -----
	(in thousands, except costs per ALBD)		
Cruise operating expenses	\$3,156,468	\$2,650,221	\$ 989,030
Cruise selling and administrative expenses	785,282	658,757	225,310
	-----	-----	-----
Gross cruise costs	3,941,750	3,308,978	\$1,214,340
Less cruise costs			
Passenger tickets	(953,511)	(870,638)	(339,224)
Onboard and other	(205,183)	(176,795)	(66,838)
	-----	-----	-----
Net cruise costs	\$2,783,056	\$2,261,545	\$ 808,278
	=====	=====	=====
ALBDs(2)	27,625	23,648	8,375
	=====	=====	=====
Gross cruise costs per ALBD (5)	\$ 142.69	\$ 139.93	\$ 145.00
	=====	=====	=====
Net cruise costs per ALBD (6)	\$ 100.74	\$ 95.63	\$ 96.51
	=====	=====	=====

For additional information related to our pro forma consolidated statements of operations and pro forma net cruise revenues and net cruise costs, refer to our joint Current Report on Form 8-K, filed with the SEC on September 18, 2003.

(1) We use net cruise revenues per ALBD ("net revenue yields") and net cruise costs per ALBD as significant non-GAAP financial measures of our cruise segment financial performance. We believe that net revenue yields are commonly used in the cruise industry to measure a company's pricing performance. This measure is

also used for revenue management purposes. In calculating net revenue yields, we use net cruise revenues rather than gross cruise revenues. 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 we received net of its most significant variable costs (travel agent commissions, cost of air transportation and certain other variable direct costs associated with onboard revenues). Substantially all of our remaining cruise costs are largely fixed once our ship capacity levels have been determined.

Net cruise costs per ALBD is the most significant measure we use to monitor our ability to control costs. In calculating this measure, we deduct the same variable costs as described above, which are included in the calculation of net cruise revenues. This is done to avoid duplicating these variable costs in the non-GAAP financial cost measure described above because these variable costs are directly associated with the revenues we earn.

- (2) Represent the total passenger capacity for the period, assuming two passengers per cabin, that we offer for sale, which is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.
- (3) Represent gross cruise revenues divided by ALBDs.
- (4) Represent net cruise revenues divided by ALBDs.
- (5) Represent gross cruise costs divided by ALBDs.
- (6) Represent net cruise costs divided by ALBDs.
- (7) For additional information related to the pro forma statements of operations see Note 2 in the accompanying financial statements.

ITEM 4. CONTROLS AND PROCEDURES.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

Our Chief Executive Officer, Chief Operating Officer and Chief Financial and Accounting Officer have evaluated the disclosure controls and procedures of Carnival Corporation & plc and have concluded, as of August 31, 2003 that they are effective within the reasonable assurance threshold described above.

CHANGES IN INTERNAL CONTROLS

There were no significant changes in our internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation and there were no corrective actions with regard to significant deficiencies or material weaknesses.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only reasonable assurance that our controls will succeed in achieving their stated goals under all potential future conditions.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Three actions referred to as the Facsimile Complaints were previously reported in the Carnival Corporation Annual Report on Form 10-K for the year ended November 30, 2002. One of the Facsimile Complaints, filed by Andrew Syrett, has been settled. On

September 12, 2003, the court approved the settlement pursuant to which CCL will issue coupons for a two category cabin upgrade within the same type of cabin to approximately 5,800 class members.

On another Facsimile Complaint, filed by Mary Pelt, the court entered a discovery scheduling order on August 20, 2003 that limited discovery to class certification issues and scheduled a hearing on class certification for May 7, 2004.

A purported class action complaint filed against Princess in the Los Angeles County Superior Court alleging that Princess inappropriately assessed its passengers with certain port charges in addition to their cruise fare was previously reported in our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003. The plaintiffs second attempt to bring a motion for class certification was barred by the trial court. A trial date has been set for early 2004.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

On July 15, 2003, the indenture for Carnival plc's \$284,750,000 7.30% Notes Due 2007 and \$192,000,000 7.875% Debentures Due 2027 (the "PLC Public Notes") was amended with the consent of the holders to reflect the implementation of the DLC structure and the principle that Carnival Corporation and Carnival plc operate as a single economic enterprise. The amendments include: (1) amending the negative covenants to apply to Carnival Corporation & plc on a consolidated basis; (2) clarifying that the delivery of Carnival Corporation & plc financial information would satisfy the reporting requirements; (3) an amendment so that all accounting terms not otherwise defined in the indenture have the meanings given to them by U.S. GAAP, rather than UK GAAP; (4) the addition of a covenant requiring Carnival Corporation to pay additional amounts to holders of the PLC Public Notes as a result of specified Panamanian taxes, if imposed; (5) an amendment to the covenant regarding merger, consolidation and sale of assets to permit a merger or consolidation with, or sale or other disposition of assets to, Carnival Corporation without complying with the jurisdiction of incorporation restriction, if certain conditions are satisfied; and (6) amendments to the events of default to reflect the financial position of Carnival Corporation & plc. In addition, Carnival Corporation guaranteed Carnival plc's obligations under the indenture and the PLC Public Notes on an unsubordinated, unsecured basis in return for consents to the amendments to the indenture.

On June 19, 2003, POPCIL guaranteed Carnival Corporation's obligations under its Senior Convertible Debentures due 2033 on an unsubordinated, unsecured basis. The guarantee was issued under the POPCIL deed of guarantee, which it executed with Carnival plc and Carnival Corporation on June 19, 2003.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

All of the proposals voted on at the Carnival Corporation annual shareholders meeting and the Carnival plc annual general meeting were joint electorate actions. Other than (i) the approval of disapplication of preemption rights for Carnival plc shares which was required to be approved by 75% of the combined votes cast at both meetings and (ii) the shareholder proposal which was not approved, all proposals were considered ordinary resolutions approved by a majority of the combined votes cast at both the meetings.

CARNIVAL CORPORATION

The annual meeting of Carnival Corporation shareholders was held on June 23, 2003 (the "Annual Meeting"). On all matters which came before the Annual Meeting, holders of Carnival Corporation common stock were entitled to one vote for each share held. Proxies for 493,198,239 of the 628,662,298 shares of common stock entitled to vote were received in connection with the Annual Meeting.

The following table sets forth the matters which were submitted to Carnival Corporation's shareholders for approval at the Annual Meeting and the tabulation of the votes with respect to each such matter.

Election of Directors

Nominee	For	Withhold Authority
Micky Arison	464,424,908	28,772,634
Howard S. Frank	465,089,576	28,107,966
Robert H. Dickinson	464,416,815	28,780,727
Pier Luigi Foschi	465,087,623	28,109,919
A. Kirk Lanterman	464,997,854	28,199,688
Richard G. Capen, Jr.	464,404,882	28,792,660
Arnold W. Donald	464,349,713	28,847,829
Modesto A. Maidique	465,075,966	28,121,576
Baroness Hogg	488,836,017	4,361,525
Sir John Parker	488,832,266	4,365,276
Peter Ratcliffe	465,089,794	28,107,748
Stuart Subotnick	465,079,657	28,117,885
Uzi Zucker	465,068,380	28,129,162

Other Matters	For	Against	Refrain/ Abstain	Broker Non-Votes
To consider and approve the amended and restated Carnival Corporation 2002 Stock Plan	449,664,534	35,386,381	8,146,621	703
To ratify the selection of PricewaterhouseCoopers LLP as independent certified public accountants for Carnival Corporation	459,117,548	26,369,856	7,710,835	0
To appoint Pricewaterhouse-Coopers LLP as independent auditors for Carnival plc	458,808,732	26,672,163	7,717,344	0
To authorize the audit committee of Carnival plc to agree the remuneration of the independent auditors	456,606,796	28,515,631	8,075,810	2
To receive the accounts and reports for P&O Princess Cruises plc (now called Carnival plc) for the year ended December 31, 2002	485,370,642	103,380	7,724,217	0
To approve the directors' remuneration report of P&O Princess Cruises plc (now called Carnival plc)	482,882,245	2,046,326	8,269,668	0

To approve limits on the authority to allot shares by Carnival plc	450,165,004	2,105,393	7,783,038	33,144,804
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To approve the disapplication of preemption rights for Carnival plc shares	447,864,880	4,299,216	7,889,338	33,144,805
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To approve the shareholder proposal authorizing the board of directors to take the measures necessary to change Carnival Corporation's jurisdiction of incorporation to one of the states of the United States	47,863,457	408,027,331	4,161,942	33,145,509
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CARNIVAL PLC

An annual general meeting of the shareholders of Carnival plc was held on June 23, 2003 (the "AGM"). On all matters which came before the AGM, holders of Carnival plc ordinary shares were entitled to one vote for each share held. Proxies for 95,959,178 of the 168,319,516 shares of common stock entitled to vote were received in connection with the AGM.

The following table sets forth the matters which were submitted to Carnival plc's shareholders for approval at the AGM and the tabulation of the votes with respect to each such matter.

Election of Directors

Nominee	For	Against	Withheld
Micky Arison	82,049,640	3,545,105	10,346,409
Howard S. Frank	95,294,555	218,445	446,178
Robert H. Dickinson	95,304,611	207,174	447,393
Pier Luigi Foschi	88,292,319	2,147,696	5,519,163
A. Kirk Lanterman	89,495,333	3,651,370	2,812,475
Richard G. Capen, Jr.	93,957,688	1,529,868	471,622
Arnold W. Donald	95,528,748	146,680	283,750
Modesto A. Maidique	93,958,824	1,802,161	198,193
Baroness Hogg	95,081,838	438,945	438,395
Sir John Parker	95,100,940	424,811	433,427
Peter Ratcliffe	90,830,337	155,291	4,973,550
Stuart Subotnick	89,588,641	1,784,837	4,585,700
Uzi Zucker	89,342,737	1,788,450	4,827,991

Other Matters

To consider and approve the amended and restated Carnival Corporation 2002 Stock Plan	71,381,175	22,586,641	1,991,362
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To ratify the selection of PricewaterhouseCoopers LLP as independent certified public accountants for Carnival Corporation	95,152,829	617,184	189,165
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To appoint Pricewaterhouse-Coopers LLP as independent auditors for Carnival plc	93,858,348	1,917,510	183,320
To authorize the audit committee of Carnival plc to agree the remuneration of the independent auditors	93,923,164	1,843,912	192,102
To receive the accounts and reports for P&O Princess Cruises plc (now called Carnival plc) for the year ended December 31, 2002	95,272,171	410,139	276,868
To approve the directors' remuneration report of P&O Princess Cruises plc (now called Carnival plc)	80,296,562	11,641,142	4,021,474
To approve limits on the authority to allot shares by Carnival plc	93,770,067	81,662	2,107,449
To approve the disapplication of preemption rights for Carnival plc shares	95,647,880	236,894	74,404
To approve the shareholder proposal authorizing the board of directors to take the measures necessary to change Carnival Corporation's jurisdiction of incorporation to one of the states of the United States	11,626,535	70,554,635	13,776,826

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) EXHIBITS

- 3.1 Third Amended and Restated Articles of Incorporation of Carnival Corporation, incorporated by reference to Exhibit No. 3.1 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003 (Commission File Nos. 1-9610 and 1-15136).
- 3.2 Amended and restated By-laws of Carnival Corporation, incorporated by reference to Exhibit No. 3.2 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003 (Commission File Nos. 1-9610 and 1-15136).
- 3.3 Articles of Association of Carnival plc, incorporated by reference to Exhibit No. 3.3 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003 (Commission File Nos. 1-9610 and 1-15136).
- 3.4 Memorandum of Association of Carnival plc, incorporated by reference to Exhibit No. 3.4 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003 (Commission File Nos. 1-9610 and 1-15136).

- 4.1 Carnival Corporation Deed between Carnival Corporation and P&O Princess Cruises plc for the benefit of the P&O Princess Shareholders dated April 17, 2003.
- 4.2 Equalization and Governance Agreement dated April 17, 2003 between Carnival Corporation and P&O Princess Cruises plc.
- 4.3 Agreement Relating to the Carnival Corporation Deed of Guarantee between Carnival Corporation and Carnival plc for the benefit of the holders of each of Carnival plc 7.3% Notes and 7.875% Debentures, dated July 15 2003.
- 4.4 First Supplemental Indenture among Carnival plc, P&O Princess Cruises International Limited and The Bank of New York, dated as of July 15, 2003.
- 4.5 P&O Princess Cruises International Limited ("POPCIL") Deed of Guarantee among POPCIL, Carnival Corporation and Carnival plc, dated as of June 19, 2003, incorporated by reference to Exhibit No. 4.11 of the joint Carnival Corporation, Carnival plc and POPCIL Registration Statement filed on June 19, 2003 (Commission File No. 333-106293).
- 10.1 Director Appointment letter between John McNulty and Carnival plc, dated June 25, 2003.
- 10.2 Director Appointment letter between John McNulty and Carnival Corporation, dated June 25, 2003.
- 12 Ratio of Earnings to Fixed Charges.
- 31.1 Certification of Chief Executive Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Operating Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.3 Certification of Chief Financial and Accounting Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.4 Certification of Chief Executive Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.5 Certification of Chief Operating Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.6 Certification of Chief Financial and Accounting Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Operating Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- 32.3 Certification of Chief Financial and Accounting Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.4 Certification of Chief Executive Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.5 Certification of Chief Operating Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.6 Certification of Chief Financial and Accounting Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) REPORTS ON FORM 8-K

Carnival Corporation and Carnival plc filed or furnished joint Current Reports on Form 8-K on June 18, 2003 (Items 7 and 9), June 25, 2003 (Items 5, 7 and 9), June 27, 2003 (Items 5 and 7) and July 17, 2003 (Items 7 and 9).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARNIVAL CORPORATION

By: /s/ Micky Arison

Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

By: /s/ Howard S. Frank

Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer

By: /s/ Gerald R. Cahill

Gerald R. Cahill
Senior Vice President-Finance
and Chief Financial and
Accounting Officer

Dated: October 15, 2003

CARNIVAL plc

By: /s/ Micky Arison

Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

By: /s/ Howard S. Frank

Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer

By: /s/ Gerald R. Cahill

Gerald R. Cahill
Senior Vice President-Finance
and Chief Financial and
Accounting Officer

Dated: October 15, 2003

DATED

APRIL 17, 2003

CARNIVAL CORPORATION DEED

CARNIVAL CORPORATION DEED

THIS DEED IS MADE on April 17, 2003 by Carnival Corporation ("CARNIVAL") and P&O Princess for the benefit of the P&O Princess Shareholders.

BACKGROUND

Carnival has agreed with P&O Princess to enter into this Deed in respect of certain obligations of Carnival to effect the Mandatory Exchange under the P&O Princess Articles of Association.

THIS DEED WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

In this Deed:

"BUSINESS DAY" has the meaning given in the Equalization and Governance Agreement;

"CARNIVAL COMMON STOCK" means the issued and outstanding common stock, par value US \$0.01 per share, of Carnival from time to time, as the same may be sub-divided or consolidated from time to time and any capital stock into which such common stock may be reclassified, converted or otherwise changed;

"COMPLETION" has the meaning given to it in the Equalization and Governance Agreement;

"EQUALIZATION AND GOVERNANCE AGREEMENT" means the Agreement headed "Equalization and Governance Agreement" entered into between P&O Princess and Carnival as of the date of this Deed;

"EXCHANGE NOTICE" has the meaning given in the P&O Princess Articles of Association;

"GROUP" means, in relation to Carnival or P&O Princess, such company and its Subsidiaries from time to time;

"IMPLEMENTATION AGREEMENT" means the agreement headed "Offer and Implementation Agreement" entered into between P&O Princess and Carnival as of 8 January 2003;

"MANDATORY EXCHANGE" has the meaning given to it in the P&O Princess Articles;

"P&O PRINCESS" means P&O Princess Cruises plc, whose registered office at the date of this Deed is 77 New Oxford Street, London, WC1A 1PP, United Kingdom;

"P&O PRINCESS ARTICLES OF ASSOCIATION" means the Articles of Association of P&O Princess which will be in effect immediately following Completion;

"P&O PRINCESS ORDINARY SHARES" has the meaning given to it in the P&O Princess Articles;

"P&O PRINCESS SHAREHOLDERS" means those persons from time to time being registered as holders of P&O Princess Ordinary Shares;

"PERSON" includes an individual, company, corporation, firm, partnership, joint venture, association, trust, state or agency of a state (in each case, whether or not having a separate legal personality); and

"SUBSIDIARY" means, with respect to Carnival or P&O Princess, any entity, whether incorporated or unincorporated, in which such company owns, directly or indirectly, a majority of the securities or other ownership interests having by their terms ordinary voting power to elect a majority of the directors or other persons performing similar functions, or the management and policies of which such company otherwise has the power to direct.

1.2 INTERPRETATION

Headings are for convenience only and do not affect interpretation. The following rules of interpretation apply unless the context requires otherwise.

- (A) The singular includes the plural and conversely.
- (B) One gender includes all genders.
- (C) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (D) A reference to a Clause is to a Clause of this Deed.
- (E) A reference to any agreement or document is to that agreement or document as amended, novated, supplemented, varied or replaced from time to time, except to the extent prohibited by this Deed.
- (F) A reference to any legislation (including any listing rules of a stock exchange or voluntary codes) or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (G) Mentioning anything after include, includes, or including does not limit what else might be included. Where particular words are following by general words, the general words are not limited by the particular.
- (H) Reference to a body other than Carnival or P&O Princess (including any government agency), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

(I) All references to time are to the local time in the place where the relevant obligation is to be performed (or right exercised).

2. EFFECT OF THIS DEED

This Deed shall take effect for the benefit of the P&O Princess Shareholders, and it is intended that each P&O Princess Shareholder shall be entitled to benefit from the terms of this Deed pursuant to the terms of the Contracts (Rights of Third Parties) Act 2001, save that the parties hereto shall be entitled to make any variation or rescission of its terms, in accordance with its terms, without the consent of any P&O Princess Shareholder or of any third party.

3. AGREEMENT AND UNDERTAKING

Carnival agrees and irrevocably undertakes, as a continuing obligation, to P&O Princess, that in the event that an Exchange Notice is issued pursuant to the P&O Princess Articles of Association, Carnival shall, on the date specified in the Exchange Notice, issue such number of fully paid and non-assessable shares of Carnival Common Stock to each P&O Princess Shareholder as shall be required to effect the Mandatory Exchange in accordance with the provisions of the P&O Princess Articles of Association. Carnival further agrees with P&O Princess that there shall be no entitlement to receive fractional interests in Carnival Common Stock issued by it and that, in lieu of such fractional interests, P&O Princess Shareholders shall receive from Carnival an amount in cash in accordance with the P&O Princess Articles of Association.

4. TERMINATION

4.1 This Deed shall automatically terminate if, and with effect from the same time as:

- (A) the Equalization and Governance Agreement terminates or otherwise ceases to have effect;
- (B) completion of the Mandatory Exchange;
- (C) a resolution is passed or an order is made for the liquidation of the whole or substantially the whole of P&O Princess; or
- (D) the Mandatory Exchange provisions set out in the P&O Princess Articles of Association are properly deleted from the P&O Princess Articles of Association.

5. NOTICES

5.1 Any notice to or demand upon Carnival under this Deed shall be in writing addressed to it at its principal place of business in the U.S.A. for the time being (marked for the attention of the Chief Financial Officer, with a copy sent to the General Counsel and Secretary) and shall be effective when delivered to that principal place of business.

5.2 Any notice to or demand upon P&O Princess under this Deed shall be in writing addressed to it at its principal place of business in the U.S.A. for the time being (marked for the attention of the Chief Financial Officer, with a copy sent to the General Counsel and Secretary) and shall be effective when delivered to that principal place of business.

5.3 The original counterparts of this Deed and of any related supplemental deed shall be kept at, respectively, the principal place of business in the U.S.A. for the time being of Carnival and the principal place of business in the U.S.A. for the time being of P&O Princess and shall be available for inspection there on reasonable notice during the normal business hours of that office.

6. GENERAL

6.1 PROHIBITION AND ENFORCEABILITY

Any provision of, or the application of any provision of, this Deed which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.

6.2 FURTHER ASSURANCES

Carnival and P&O Princess shall take all steps, execute all documents and do everything reasonably required to give effect to its obligations contemplated by this Deed.

6.3 NO ASSIGNMENT

Neither Carnival nor P&O Princess may assign any of their obligations under this Deed, in whole or in part.

6.4 COUNTERPARTS

This Deed may be executed in any number of counterparts. All counterparts taken together will be taken to constitute one and the same instrument.

7. LAW AND JURISDICTION

7.1 This Deed shall be governed by and construed in accordance with the laws of the Isle of Man.

7.2 Any legal action or proceeding arising out of or in connection with this Deed shall be brought exclusively in the courts of England.

7.3 Carnival and P&O Princess irrevocably submit to the jurisdiction of such courts and waive any objection to proceedings in any such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

IN WITNESS WHEREOF

Executed as a deed by)
CARNIVAL CORPORATION)
by duly authorised officers)

/s/ Howard S. Frank

Name: Howard S. Frank
Title: Vice-Chairman and
Chief Operating Officer

/s/ ARNALDO PEREZ

Name: Arnaldo Perez
Title: Senior Vice-President, General
Counsel and Secretary

EXECUTED as a DEED by)
P&O PRINCESS CRUISES PLC)
acting by two directors / a director and)
secretary)

/s/ PETER RATCLIFFE

Name: Peter Ratcliffe
Title: Chief Executive Officer

/s/ N. LUFF

Name: Nicholas Luff
Title: Chief Financial Officer

DATED

APRIL 17, 2003

CARNIVAL CORPORATION
AND
P&O PRINCESS CRUISES PLC

EQUALIZATION AND GOVERNANCE AGREEMENT

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EQUALIZATION AND GOVERNANCE AGREEMENT

THIS AGREEMENT is made on April 17, 2003 between:

- (1) CARNIVAL CORPORATION, a Panamanian corporation having its principal place of business at Carnival Place, 3655 N.W. 87th Avenue, Miami, Florida, 33178 - 2428 ("CARNIVAL"); and
- (2) P&O PRINCESS CRUISES PLC, a public limited company incorporated in England and Wales (Registered No. 4039524) having its registered office at 77 New Oxford Street, London WC1A 1PP ("P&O PRINCESS").

WHEREAS:

- (A) P&O Princess and Carnival entered into the Implementation Agreement, pursuant to which P&O Princess and Carnival have agreed to do certain acts and things to implement the DLC Combination and create certain rights for the Carnival Shareholders and the P&O Princess Shareholders in respect of their interests in the combined enterprise.
- (B) P&O Princess and Carnival wish to agree upon the terms of the ongoing relationship between them following the DLC Combination, the basic principles being that:
 - (i) the two companies shall operate as if they were a single unified economic entity; and
 - (ii) the Equalization Ratio shall govern the proportion in which distributions of income and capital are made to, and the relative voting rights of, the holders of Carnival Common Stock relative to the holders of P&O Princess Ordinary Shares.

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

In this Agreement, unless the context otherwise requires:

"ACTION" means, in relation to Carnival or P&O Princess, any action affecting the amount or nature of issued share capital of such company, including any non-cash Distribution, offer by way of rights, bonus issue, sub-division or consolidation, or buy-back;

"APPLICABLE EXCHANGE RATE" means, in relation to any proposed Distributions by P&O Princess and Carnival in relation to which a foreign exchange rate is required, the average of the closing mid-point spot US dollar-sterling exchange rate on the five Business Days ending on the Business Day before the Distribution Determination Date relating to such Distributions (as shown in the London Edition of the Financial Times, or such other point of reference as the parties shall agree), or such other spot US dollar-sterling exchange rate or average US dollar-sterling exchange rate as at such other date (or over such other period) before a Distribution Determination Date as the Boards of P&O Princess and Carnival shall agree, in each case rounded to five decimal places;

"APPLICABLE REGULATIONS" means:

- (a) any law, statute, ordinance, regulation, judgement, order, decree, licence, permit, directive or requirement of any Governmental Agency having jurisdiction over P&O Princess and/or Carnival; and
- (b) the rules, regulations, and guidelines of:
 - (i) any stock exchange or other trading market on which any shares or other securities or depositary receipts representing such shares or securities of either P&O Princess or Carnival are listed, traded or quoted; and
 - (ii) any other body with which entities with securities listed or quoted on such exchanges customarily comply,

(but, if not having the force of law, only if compliance with such directives, requirements, rules, regulations or guidelines is in accordance with the general practice of persons to whom they are intended to apply) in each case for the time being in force and taking account all exemptions, waivers or variations from time to time applicable (in particular situations or generally) to P&O Princess or, as the case may be, Carnival;

"ASSOCIATED TAX CREDIT" means, in relation to any Distribution proposed to be made by either P&O Princess or Carnival, the amount of any imputed or associated Tax credit or rebate or exemption (or the value of any other similar associated Tax benefit) which would be available to a shareholder receiving or entitled to receive the Distribution, together with the amount of any credit or benefit in respect of any tax required to be deducted or withheld from the Distribution by or on behalf of the paying company;

"BOARD" means the Board of P&O Princess or the Board of Carnival as the context may require;

"BOARD OF CARNIVAL" means the board of directors of Carnival (or a duly appointed committee of that board) from time to time;

"BOARD OF P&O PRINCESS" means the board of directors of P&O Princess (or a duly appointed committee of that board) from time to time;

"BUSINESS DAY" means any day other than a Saturday, Sunday or day on which banking institutions in the City of New York, London or the Cayman Islands are authorised or obligated by law or executive order to close in the United States or England (or on which such banking institutions are open solely for trading in euros);

"CARNIVAL ARTICLES" means the Third Amended and Restated Articles of Incorporation of Carnival which will be in effect immediately following Completion, as amended from time to time;

"CARNIVAL ARTICLES AND BY-LAWS" means the Carnival Articles and the By-laws of Carnival which will be in effect immediately following Completion, as amended from time to time;

"CARNIVAL COMMON STOCK" means the issued and outstanding common stock, par value US\$0.01 per share, of Carnival from time to time, as the same may be subdivided or consolidated from time to time and any capital stock into which such common stock may be reclassified, converted or otherwise changed;

"CARNIVAL CONVERTIBLE INSTRUMENTS" means the \$600,000,000 2% Convertible Senior Debentures due 2021; and the \$1,051,175,000 Liquid Yield Option Notes due 2021 (Zero Coupon-Senior);

"CARNIVAL ENTRENCHED PROVISION" has the meaning given to it in the Carnival Articles and By-laws;

"CARNIVAL EQUALIZATION SHARE" means any share designated as an equalization share in Carnival from time to time by the Board of Carnival;

"CARNIVAL EQUIVALENT NUMBER" means the number of shares of Carnival Common Stock that have the same rights to distributions of income and capital and voting rights as one P&O Princess Ordinary Share. Initially, the Carnival Equivalent Number shall be 0.30040 but shall be adjusted as provided in Clause 4 and the Schedule. In all cases, the Carnival Equivalent Number shall be rounded to five decimal places;

"CARNIVAL GROUP" means Carnival and its Subsidiaries from time to time and a member of the Carnival Group means any one of them;

"CARNIVAL GUARANTEE" means the deed of guarantee of even date herewith between Carnival and P&O Princess whereby Carnival agrees to guarantee certain obligations of P&O Princess for the benefit of certain future creditors of P&O Princess, as amended from time to time;

"CARNIVAL SPECIAL VOTING SHARE" means the special voting share of US\$0.01 in Carnival;

"CLASS RIGHTS ACTION" means any of the actions listed in Clause 6.1;

"COMBINED GROUP" means the P&O Princess Group and the Carnival Group;

"COMBINED SHAREHOLDERS" means the holders of Carnival Common Stock and the holders of P&O Princess Ordinary Shares;

"COMPLETION" means the time at which the steps set out in Section 2.2 (Transaction to be Effected and Documents to be Exchanged) of the Implementation Agreement have been completed;

"CURRENT MARKET PRICE" has the meaning given to it in Paragraph 3 of the Schedule;

"DEALING DAY" has the meaning given to it in Paragraph 3 of the Schedule;

"DISENFRANCHISED CARNIVAL COMMON STOCK" has the meaning given to that term in the Carnival Articles;

"DISENFRANCHISED P&O ORDINARY SHARES" has the meaning given to that term in the P&O Princess Articles of Association;

"DISENFRANCHISED SHARES" means the Disenfranchised P&O Ordinary Shares and the Disenfranchised Carnival Common Stock;

"DISPUTE" has the meaning given to it in Clause 20(A);

"DISTRIBUTABLE RESERVES" means, with respect to any Distribution by Carnival or P&O Princess, the total funds available to such company which it is permitted to use to pay or

make such Distribution under the Applicable Regulations relating to Carnival or P&O Princess, as the case may be;

"DISTRIBUTION" means, in relation to Carnival or P&O Princess, any dividend or other distribution, whether of income or capital, and in whatever form, made by such company or any of its Subsidiaries to the holders of such company's Shares, including for the purposes of this definition Disenfranchised Shares, by way of PRO RATA entitlement, excluding any Liquidation Distribution or buy-back or repurchase or cancellation of Shares;

"DISTRIBUTION DETERMINATION DATE" means, with respect to any parallel Distributions to be made by Carnival and P&O Princess, the date on which the Board of P&O Princess and the Board of Carnival resolve to pay or make such parallel Distributions (or, if they resolve on different dates to pay or make such parallel Distributions, the later of those dates);

"DLC COMBINATION" means the combination of Carnival and P&O Princess by means of a dual listed company structure effected pursuant to this Agreement and the transactions contemplated hereby, including the SVE Special Voting Deed, the Carnival Articles and By-laws, the P&O Princess Memorandum and Articles, the Carnival Guarantee and the P&O Princess Guarantee;

"DLC STRUCTURE" means the structure created by the DLC Combination;

"DLC SVC" means DLC SVC Limited, a company incorporated in England and Wales, or such other company as replaces DLC SVC Limited pursuant to the terms of the SVE Special Voting Deed;

"DLC SVC OWNER" means The Law Debenture Trust Corporation p.l.c., a company incorporated in England and Wales, or such other entity as shall be agreed between P&O Princess and Carnival;

"DLC TRANSACTIONS" has the meaning given to that term in the Implementation Agreement;

"EQUALIZATION DISTRIBUTION AMOUNT" means, in relation to either P&O Princess or Carnival, the amount of any Distribution proposed to be paid or made by such company at any particular time on its Shares, before deduction of any amount in respect of Tax required to be deducted or withheld from such Distribution by or on behalf of such company and excluding the amount of any Associated Tax Credit, all such amounts being expressed in the currency of declaration and on a per share basis;

"EQUALIZATION RATIO" means, at any time, the ratio of (i) one P&O Princess Ordinary Share to (ii) the Carnival Equivalent Number at such time;

"EQUALIZATION SHARE" means, in relation to P&O Princess, the P&O Princess Equalization Share and, in relation to Carnival, the Carnival Equalization Share;

"EQUITY EQUIVALENTS" has the meaning given in Clause 4.4(A);

"EQUIVALENT DISTRIBUTION" has the meaning given in Clause 3.1;

"EQUIVALENT RESOLUTION" means a resolution of either P&O Princess or Carnival that is equivalent in nature and effect to a resolution of the other company;

"FAIR MARKET VALUE" has the meaning given to it in Paragraph 3 of the Schedule;

"FINAL AWARD" has the meaning given to it in Clause 20(D);

"FINANCIAL PERIOD" means a financial year of either P&O Princess or Carnival or any other period for which both of their accounts may by mutual agreement be made up;

"GOVERNMENTAL AGENCY" means a court of competent jurisdiction or any government or any governmental, regulatory, self-regulatory or administrative authority, agency, commission, body or other governmental entity and shall include any relevant competition authorities, the UK Panel on Takeovers and Mergers, the European Commission, the London Stock Exchange, the UK Listing Authority, the U.S. Securities and Exchange Commission and the NYSE;

"GROUP" means, in relation to P&O Princess, the P&O Princess Group and, in relation to Carnival, the Carnival Group as the context requires;

"GUARANTEE" means each of the P&O Princess Guarantee and the Carnival Guarantee;

"IMPLEMENTATION AGREEMENT" means the agreement headed "Offer and Implementation Agreement" entered into between P&O Princess and Carnival dated as of 8 January 2003;

"JOINT ELECTORATE ACTION" has the meaning given in Clause 5.1;

"JOINT ELECTORATE PROCEDURE" means the procedures referred to in Clause 5.2;

"LIQUIDATION" means, with respect to either Carnival or P&O Princess, any liquidation, winding up, receivership, dissolution, insolvency or equivalent or analogous proceedings pursuant to which the assets of such company will be liquidated and distributed to creditors and other holders of provable claims against such company;

"LIQUIDATION DISTRIBUTION" means, in relation to Carnival or P&O Princess, any dividend or other distribution per Share, whether of income or capital, and in whatever form, made or to be made by such company or any of its Subsidiaries to the holders of such company's Shares by way of PRO RATA entitlement in connection with the Liquidation of such company;

"LIQUIDATION EXCHANGE RATE" means, as at any date, the average of the closing mid-point spot US dollar-sterling exchange rate on the five Business Days ending on the Business Day before such date (as shown in the London Edition of the Financial Times), or such other US dollar-sterling exchange rate as the Boards of P&O Princess and Carnival or the Board of P&O Princess and liquidators of Carnival or the Board of Carnival and the liquidators of P&O Princess or the liquidators of both P&O Princess and Carnival, as the case may be, may determine, in each case rounded to five decimal places;

"LONDON STOCK EXCHANGE" means the London Stock Exchange plc;

"MAJORITY RESOLUTION" means, with respect to Carnival or P&O Princess, a resolution duly approved at a meeting of the shareholders of such company by the affirmative vote of a majority of all the votes Voted on such resolution by all shareholders of such company entitled to vote thereon (including, where appropriate, the holder of the Special Voting Share of such company) who are present in person or by proxy at such meeting;

"MATCHING ACTION" has the meaning given in Clause 4.5;

"NET ASSETS" has the meaning given in Clause 10.2;

"NYSE" means the New York Stock Exchange, Inc.;

"P&O PRINCESS ARTICLES OF ASSOCIATION" means the Articles of Association of P&O Princess which will be in effect immediately following Completion, as amended from time to time;

"P&O PRINCESS ENTRENCHED PROVISION" has the meaning given to it in the P&O Princess Memorandum and Articles;

"P&O PRINCESS EQUALIZATION SHARE" means the equalization share of (pound)1 in the capital of P&O Princess;

"P&O PRINCESS ADS" means an American Depositary Share of P&O Princess, each of which currently represents four P&O Princess Ordinary Shares, and which is listed on NYSE;

"P&O PRINCESS GUARANTEE" means the deed of guarantee of even date herewith between P&O Princess and Carnival whereby P&O Princess agrees to guarantee certain obligations of Carnival for the benefit of certain future creditors of Carnival, as amended from time to time;

"P&O PRINCESS GROUP" means P&O Princess and its Subsidiaries from time to time and a member of the P&O Princess Group means any one of them;

"P&O PRINCESS MEMORANDUM AND ARTICLES" means the Memorandum and Articles of Association of P&O Princess which will be in effect immediately following Completion, as amended from time to time;

"P&O PRINCESS ORDINARY SHARES" means the issued ordinary shares of US\$0.50 each in P&O Princess from time to time (including the underlying ordinary shares to each P&O Princess ADS), as the same may be subdivided or consolidated from time to time and any ordinary shares into which such class of shares may be reclassified, converted or otherwise changed;

"P&O PRINCESS SVT" means P&O Princess Special Voting Trust, a trust organized under the laws of the Cayman Islands or any successor thereto;

"P&O PRINCESS SPECIAL VOTING SHARE" means the special voting share of (pound)1 in P&O Princess;

"P&O PRINCESS TRUSTEE" means The Law Debenture Trust Corporation (Cayman) Limited, as trustee of P&O Princess SVT pursuant to the P&O Princess SVT Agreement (or any successor trustee appointed pursuant to Section 7.06 thereof);

"P&O PRINCESS SVT AGREEMENT" means the Voting Trust Deed establishing P&O Princess SVT between P&O Princess Trustee and Carnival, of even date herewith as amended from time to time;

"PARALLEL SHAREHOLDER MEETING" means, in relation to Carnival or P&O Princess, any meeting of the shareholders of that company which is:

- (a) nearest in time to, or is actually contemporaneous with, the meeting of the shareholders of the other company and at which some or all of the same resolutions or some or all the Equivalent Resolutions are to be considered;
- (b) designated by the Board of Carnival or the Board of P&O Princess, as the case may be, as the parallel meeting of a particular meeting of shareholders of the other company;

"PRIMARY ACTION" has the meaning given in Clause 4.5;

"RELEVANT COMPANY" has the meaning given in Paragraph 1.1 of the Schedule;

"REPURCHASE" means:

- (a) a repurchase of shares in the capital of P&O Princess having voting rights by any member of the P&O Princess Group or a reduction by P&O Princess of its issued Ordinary share capital;
- (b) a repurchase of Carnival Common Stock by any member of the Carnival Group; or
- (c) a purchase of shares in the capital of P&O Princess having voting rights by any member of the Carnival Group; or
- (d) a purchase of Carnival Common Stock by any member of the P&O Princess Group;

provided that the purchase of P&O Princess Ordinary Shares in the Offer (as defined in the Implementation Agreement) shall not be deemed to be a Repurchase;

"REQUIRED MAJORITY" has the meaning given in Clause 6.2;

"SHARES" means, in relation to P&O Princess, the P&O Princess Ordinary Shares which, for the avoidance of doubt shall not include Disenfranchised P&O Ordinary Shares (except where stated to the contrary) and, in relation to Carnival, the Carnival Common Stock which, for the avoidance of doubt shall not include Disenfranchised Carnival Common Stock (except where stated to the contrary);

"SPECIAL VOTING SHARE" means, in relation to Carnival, the Carnival Special Voting Share and, in relation to P&O Princess, the P&O Princess Special Voting Share;

"STERLING" means the lawful currency from time to time of the United Kingdom;

"SUBSIDIARY" means with respect to Carnival or P&O Princess, any entity, whether incorporated or unincorporated, in which such company owns, directly or indirectly, a majority of the securities or other ownership interests having by their terms ordinary voting power to elect a majority of the directors or other persons performing similar functions, or the management and policies of which such party otherwise has the power to direct;

"SUPERMAJORITY RESOLUTION" means, with respect to Carnival or P&O Princess, a resolution required by Applicable Regulations and/or the Carnival Articles and By-laws or the P&O Princess Memorandum and Articles, as relevant, to be approved by a higher percentage of votes Voted than required under a Majority Resolution, or where the

percentage of votes Voted in favour and against the resolution is required to be calculated by a different mechanism to that required by a Majority Resolution;

"SVE SPECIAL VOTING DEED" means the agreement of even date herewith entered into among DLC SVC, the DLC SVC Owner, the P&O Princess Trustee, P&O Princess and Carnival relating, INTER ALIA, to how each Special Voting Share is to be voted, as amended from time to time;

"TAX" means any taxes, levies, imposts, deductions, charges, withholdings or duties levied by any authority (including stamp and transaction duties) (together with any related interest, penalties, fines and expenses in connection with them);

"TAX BENEFIT" means any credit, rebate, exemption or benefit in respect of Tax available to any person;

"TRIBUNAL" has the meaning given to it in Clause 20(B);

"UK LISTING AUTHORITY" means the Financial Services Authority in its capacity as competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000;

"US SECURITIES EXCHANGE ACT" means the U.S. Securities Exchange Act of 1934; and

"VOTED" means the number of votes recorded in favour of and against a particular resolution at a shareholders' meeting of either P&O Princess or Carnival by holders of Shares, holders of any other class of shares entitled to vote and (where appropriate) the holder of the relevant Special Voting Share PROVIDED THAT votes recorded as abstentions by holders of Carnival Common Stock or P&O Princess Ordinary Shares (or any other class of shares entitled to vote) shall not be counted as having been Voted for these purposes.

1.2 INTERPRETATION

Headings are for convenience only and do not affect interpretation. The following rules of interpretation apply unless the context requires otherwise.

- (A) The singular includes the plural and conversely.
- (B) One gender includes all genders.
- (C) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (D) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (E) A reference to a Clause or a Schedule is to a Clause of or a Schedule to this Agreement, and the Schedule forms part of this Agreement.
- (F) A reference to any agreement or document is to that agreement or document as amended, novated, supplemented, varied or replaced from time to time, except to the extent prohibited by this Agreement.

- (G) A reference to any legislation (including any listing rules of a stock exchange or voluntary codes) or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (H) A reference to "writing" includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- (I) Mentioning anything after "include", "includes", or "including" does not limit what else might be included. Where particular words are following by general words, the general words are not limited by the particular.
- (J) Reference to a body, other than a party to this Agreement (including any Governmental Agency) , whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body, is a reference to the body which replaces it or which substantially succeeds to its powers or functions.
- (K) All references to "time" are to the local time in the place where the relevant obligation is to be performed (or right exercised).
- (L) References in this Agreement to "US\$" and "cents" are to United States dollars and cents and to "(pound)" and "p" are to pounds sterling and to pence sterling.
- (M) References to an offer by way of rights by Carnival or P&O Princess are to any type of offer (whether renounceable or non-renounceable) made by such company to the holders of its Shares in proportion to their holdings at the relevant time, subject to such exclusions or other arrangements as the relevant Board may deem necessary or expedient in relation to fractional entitlements or legal or practical difficulties with making the offer under any Applicable Regulations of or in any jurisdiction.
- (N) References to "party" or "parties" in this Agreement are to the parties to this Agreement.

2. BOARDS OF P&O PRINCESS AND CARNIVAL

2.1 BOARD PRINCIPLES

P&O Princess and Carnival agree that the following principles are essential to the implementation, management and operation of the DLC Structure:

- (A) P&O Princess and Carnival must operate as if they were a single unified economic entity, through boards of directors which comprise exactly the same individuals and a unified senior executive management, and the Combined Shareholders shall be treated as if they were shareholders of a combined enterprise; and
- (B) the directors of P&O Princess and Carnival shall, in addition to their duties to the company concerned, have regard to the interests of the other company and both

the holders of P&O Princess Ordinary Shares and the holders of Carnival Common Stock as if the two companies were a single unified legal entity.

2.2 BOARD COMPOSITION

Each of Carnival and P&O Princess will therefore do (and will, to the extent it is able, procure that each member of its Group will do) all acts and things necessary and within their respective powers to ensure that at all times the Board of P&O Princess and the Board of Carnival comprise exactly the same individuals.

2.3 INDEMNIFICATION OF DIRECTORS

Each of Carnival and P&O Princess will take all actions necessary or desirable to ensure that the directors of each company shall be indemnified by such company and the other company for any acts or omissions by such directors in their capacity as a director of such company, to the maximum permitted by Applicable Regulations PROVIDED THAT nothing in this paragraph shall affect the obligations provided for in Section 4.8.1 (Director and Officer Liability) of the Implementation Agreement.

3. EQUALIZATION OF DISTRIBUTIONS

3.1 EQUALIZATION PRINCIPLE

3.1.1 Subject to the other provisions of this Agreement, neither Carnival nor P&O Princess shall pay or make any Distribution in cash unless the other company also pays or makes a Distribution in cash at or about the same time and the ratio of the Equalization Distribution Amount so paid or made by Carnival to the Equalization Distribution Amount so paid or made by P&O Princess (converted, if applicable, at the Applicable Exchange Rate for such Distributions and rounded to five decimal places) equals the Equalization Ratio in effect on the Distribution Determination Date for such Distributions (each, an "EQUIVALENT DISTRIBUTION")

3.1.2 Subject to Clause 3.1.3, neither Carnival nor P&O Princess shall declare or otherwise become obligated to pay or make a Distribution in cash unless (i) on the date on which such declaration is made or such obligation is created, the other company has sufficient Distributable Reserves to make an Equivalent Distribution with respect to such Distribution; or (ii) such company agrees to pay, and does pay, to the other company (before such other company pays or makes such Distribution) the minimum amount required by the other company so that it will have sufficient Distributable Reserves to pay or make such an Equivalent Distribution. Notwithstanding compliance with the preceding sentence, if either of Carnival or P&O Princess shall have declared or otherwise become obligated to pay or make an Equivalent Distribution and does not have sufficient Distributable Reserves to pay or make such Equivalent Distribution when due, then the other company shall pay to such company the minimum amount required by such company so that it will have sufficient Distributable Reserves to pay or make such Equivalent Distribution; PROVIDED HOWEVER that if the other company does not have sufficient Distributable Reserves to pay or make in full both the Equivalent Distribution that it declared or became obligated to make and the payment required by this sentence, then (1) such other company shall only pay or make the portion of that Equivalent Distribution (and any related payment that would have been required by this sentence in respect of such portion if it

were the entire Equivalent Distribution that it had declared or became obligated to make) that it can make out of its Distributable Reserves; and (2) the first company shall only pay or make the portion of its Equivalent Distribution that it can make out of its Distributable Reserves following receipt of such payment.

- 3.1.3 For the purposes of Clause 3.1.2, the amount a company is required to pay the other company shall be determined after taking into account all Taxes payable by, and all Tax Benefits of, the parties with respect to the payment or receipt of such payment and any such payment may be made on the Equalization Share issued by the paying party if both Boards deem it appropriate.

3.2 TIMING OF EQUALIZED DISTRIBUTIONS

The parties agree that, insofar as is practical, the Boards of P&O Princess and Carnival shall:

- (A) in relation to any proposed cash Distribution, agree the amount of the Equivalent Distribution to be made by each company;
- (B) determine to pay or recommend to pay Equivalent Distributions at Board meetings convened as close in time to each other as is practicable;
- (C) announce and pay their Equivalent Distributions simultaneously or as close in time as is practicable;
- (D) ensure that the record dates for receipt of the Equivalent Distributions are on the same date; and
- (E) generally co-ordinate the timing of all other aspects of the payment or making of Equivalent Distributions.

4. CAPITAL ACTIONS

4.1 EQUALIZATION PRINCIPLE

The capital of the DLC Structure is to be deployed and managed in the most effective way for the benefit of the Combined Shareholders. Solely for purposes of construing the provisions of this Clause 4 and the Schedule, and without providing an independent basis for requiring any adjustment to the Carnival Equivalent Number or the Equalization Ratio or other action hereunder, Carnival and P&O Princess further intend to undertake Actions in such a way as will not give rise to a materially different financial effect as between the interests of the holders of Carnival Common Stock and the interests of the holders of P&O Princess Ordinary Shares, unless approved as a Class Rights Action.

4.2 AUTOMATIC ADJUSTMENT

If any Action by Carnival or P&O Princess is covered by the Schedule, then an automatic adjustment to the Carnival Equivalent Number (and therefore the Equalization Ratio) will occur pursuant to such Schedule unless the Board of the other company, in its sole discretion, undertakes:

- (A) a Matching Action; or

- (B) an alternative to such automatic adjustment, that has been approved as such by a Class Rights Action,

it being understood that the Board of the other company is under no obligation to undertake any such Matching Action or to seek approval as a Class Rights Action of any such alternative.

4.3 OTHER ACTIONS

If any Action by Carnival or P&O Princess is not covered by the Schedule, then no automatic adjustment to the Carnival Equivalent Number or the Equalization Ratio will occur but the Board of the other company shall have the right (in its sole discretion), but not the obligation (i) to undertake a Matching Action; or (ii) to seek approval of an adjustment to the Carnival Equivalent Number (and therefore the Equalization Ratio) as a Class Rights Action in order to ensure that the proposed Action does not give rise to materially different financial effects as between the interests of the holders of Carnival Common Stock and the interests of holders of P&O Princess Ordinary Shares. In all cases, the Boards of P&O Princess and Carnival will co-operate in deciding what (if any) Actions or Matching Actions to undertake.

4.4 NO ADJUSTMENT REQUIRED

Notwithstanding any other provision of this Clause 4 or the Schedule, no adjustment to the Carnival Equivalent Number or the Equalization Ratio will be required on the following Actions:

- (A) grants or issuances by Carnival or P&O Princess of their equity securities, or securities convertible into, or exchangeable or exercisable for, their equity securities ("EQUITY EQUIVALENTS"), under scrip dividend or dividend reinvestment schemes where the market value of the equity securities or equity equivalents granted or issued (determined in the manner customary for such schemes or plans in the jurisdictions in which they operate) is equal to, or less than, the cash amount of the dividend waived or reinvested;
- (B) issuances of equity securities or equity equivalents by either P&O Princess or Carnival pursuant to a share or stock option or purchase or other benefit plan to or on behalf of any one or more of the directors, officers, employees or consultants (in their capacity as such) of such company or any of its Subsidiaries, which plans are either:
 - (i) in existence prior to the date of this Agreement; or
 - (ii) approved by the relevant Board and as otherwise required by Applicable Regulations;
- (C) any issuance of Carnival Common Stock under the Carnival Convertible Instruments;
- (D) other issuances by Carnival or P&O Princess of its equity securities or equity equivalents to any person, including for acquisitions, other than by way of rights to the holders of its Shares as a class;
- (E) repurchases or buy-backs by Carnival or P&O Princess of its Shares as follows:

- (i) in the market in an offer (1) not made by way of rights to the holders of its Shares; or (2) in compliance with Rule 10b-18 (under the US Securities Exchange Act);
 - (ii) (other than under the preceding sub-clause (i)) at or below market price of such Shares (1) in the case of a repurchase or buy-back at a fixed price, on the Dealing Day immediately preceding the date on which such repurchase or buy-back is announced; or (2) otherwise, on the Dealing Day immediately preceding the date on which such repurchase or buy-back is made;
 - (iii) any purchase by Carnival of Excess Shares (as defined in the Carnival Articles and By-laws) under Article XIII of the Carnival Articles (or any equivalent amended articles of Carnival's Articles);
 - (iv) any purchase pursuant to the provisions of the Carnival Articles and By-laws or the P&O Princess Memorandum and Articles referred to in Clause 8; and
 - (v) pro rata by way of rights to the Combined Shareholders at the same amount of premium to the market value of the relevant Shares (as adjusted by the Equalization Ratio);
- (F) Matching Actions;
 - (G) the issue of an Equalization Share in accordance with Clause 14 by either party;
 - (H) any purchase, cancellation or reduction of Disenfranchised P&O Ordinary Shares;
 - (I) any purchase, cancellation or reduction of Disenfranchised Carnival Common Stock; and
 - (J) any distribution of shares of beneficial interest in the P&O Princess SVT by Carnival in accordance with the Pairing Agreement among P&O Princess Trustee, Carnival and the transfer agent thereunder, of even date herewith.

4.5 MATCHING ACTION

For the purposes of this Agreement, a "MATCHING ACTION" means, in relation to an Action in respect of the holders of Shares of Carnival or P&O Princess (the "PRIMARY ACTION"), an Action in respect of the holders of Shares in the other company which the Board of such other company determines (i) has a financial effect on the holders of the Shares of such other company equivalent (but not necessarily identical) to the financial effect of the Primary Action on the holders of Shares of the company undertaking the Primary Action; and (ii) does not materially disadvantage the holders of the Shares of either company. In making the determination referred to in the preceding sentence:

- (A) the Board of such other company shall consider the then existing Equalization Ratio, the timing of the Primary Action and any proposed Matching Action, and any other relevant circumstances;

- (B) in relation to any Action, when calculating any economic return to the holders of P&O Princess Ordinary Shares or Carnival Common Stock, any Tax or Tax Benefit shall be disregarded; and
- (C) the Boards of Carnival and P&O Princess shall have no obligation to take into account any fluctuations in exchange rates or in the market value of any securities or any other changes in circumstances arising after the date on which the Boards of Carnival and P&O Princess, as the case may be, decide to undertake a particular Matching Action.

4.6 BOARDS' DECISIONS FINAL

The decision as to whether an Action is a Matching Action shall be a decision solely for the Boards of P&O Princess and Carnival, which may obtain appropriate professional advice in connection with such determination if they, in their sole discretion, consider it to be appropriate. Any such decision made by the Boards of P&O Princess and Carnival in accordance with this Clause 4 shall be final and binding.

4.7 REPURCHASE OF SHARES

4.7.1 From the date of this Agreement until the second anniversary of the date of this Agreement:

- (A) no P&O Princess Ordinary Shares (other than P&O Princess Ordinary Shares which, immediately prior to such Repurchase, were Disenfranchised P&O Ordinary Shares) or other shares in the capital of P&O Princess carrying voting rights shall be Repurchased; and
- (B) Carnival Common Stock may be Repurchased without restriction.

4.7.2 From the second anniversary of the date of this Agreement until the fifth anniversary of the date of this Agreement:

- (A) Carnival Common Stock may be Repurchased without restriction; and
- (B) during each twelve month period commencing on an anniversary of this Agreement, P&O Princess Ordinary Shares representing not more than 5% of the total aggregate number of issued P&O Princess Ordinary Shares and other shares in the capital of P&O Princess carrying voting rights (including for the purpose of this provision any Disenfranchised P&O Ordinary Shares) as of the beginning of such twelve month period may be Repurchased.

4.7.3 From the fifth anniversary of the date of this Agreement:

- (A) there shall be no restriction on the Repurchase of Carnival Common Stock; and
- (B) there shall be no restriction on the Repurchase of P&O Princess Ordinary Shares.

4.7.4 All Repurchases shall be made in accordance with Applicable Regulations.

4.8 ISSUANCE OF SHARES

4.8.1 From the date of this Agreement until the second anniversary of the date of this Agreement:

- (A) no shares in the capital of P&O Princess carrying voting rights or securities convertible into or exercisable for such shares (other than an Equalization Share and the P&O Princess Special Voting Share) shall be issued to any member of the Carnival Group except where such shares or securities are issued on a pre-emptive basis to all shareholders of P&O Princess; and
- (B) no shares in the capital of Carnival carrying voting rights or securities convertible into or exercisable for such shares (other than an Equalization Share) shall be issued to any member of the P&O Princess Group except where such shares or securities are issued on a pre-emptive basis to all shareholders of Carnival.

4.8.2 From the second anniversary of the date of this Agreement until the fifth anniversary of the date of this Agreement:

- (A) during each twelve month period commencing on an anniversary of this Agreement, shares in the capital of P&O Princess carrying voting rights or securities convertible into or exercisable for such shares representing (in the aggregate, on an as-converted basis) not more than 5% of the total aggregate voting power of the outstanding shares in the capital of P&O Princess carrying voting rights and the shares issuable upon conversion or exercise of such securities (including any Disenfranchised P&O Ordinary Shares) as of the beginning of such twelve month period may be issued to a member of the Carnival Group; and
- (B) during each twelve month period commencing on an anniversary of this Agreement, shares in the capital of Carnival carrying voting rights or securities convertible or exercisable for into such shares representing (in the aggregate, on an as-converted basis) not more than 5% of the total aggregate voting power of the outstanding shares in the capital of Carnival carrying voting rights and the shares issuable upon conversion or exercise of such securities (including for the purpose of this provision any Disenfranchised Carnival Common Stock) as of the beginning of such twelve month period may be issued to a member of the P&O Princess Group.

4.8.3 From the fifth anniversary of the date of this Agreement:

- (A) there shall be no restriction on the issue of Carnival Common Stock to a member of the P&O Princess Group; and
- (B) there shall be no restriction on the issue of P&O Princess Ordinary Shares to a member of the Carnival Group.

4.8.4 All issuances of shares by Carnival and P&O Princess shall be made in accordance with Applicable Regulations.

5. JOINT ELECTORATE ACTIONS

5.1 JOINT ELECTORATE ACTIONS

5.1.1 All actions put to shareholders of either P&O Princess or Carnival, except for Class Rights Actions (see Clause 6 below) or resolutions of a procedural or technical nature (see Clause 7.5 below), will be Joint Electorate Actions.

5.1.2 For the avoidance of doubt, the following actions, if put to the holders of P&O Princess Ordinary Shares or the holders of Carnival Common Stock, will be put to the Combined Shareholders as Joint Electorate Actions in accordance with the Joint Electorate Procedure set forth in Clause 5.2 below:

- (A) the appointment, removal or re-election of any director of Carnival or P&O Princess, or both of them;
- (B) to the extent such receipt or adoption is required by Applicable Regulations, the receipt or adoption of the financial statements of P&O Princess or Carnival, or both of them, or accounts prepared on a combined basis, other than any accounts in respect of the period(s) ended prior to the date of Completion;
- (C) a change of name by P&O Princess or Carnival, or both of them; or
- (D) the appointment or removal of the auditors of P&O Princess or Carnival, or both of them.

5.2 JOINT ELECTORATE PROCEDURE

Subject to Clause 7.4, all Joint Electorate Actions shall be approved in accordance with the Joint Electorate Procedure. A Joint Electorate Action shall be approved under the Joint Electorate Procedure if, and only if, such action shall have been approved by:

- (A) a Majority Resolution of P&O Princess (or, if the P&O Princess Memorandum and Articles or Applicable Regulations require the action to be approved by Supermajority Resolution of the holders of the P&O Princess Ordinary Shares, by a Supermajority Resolution); and
- (B) a Majority Resolution of Carnival (or, if the Carnival Articles and By-laws or Applicable Regulations require the action to be approved by Supermajority Resolution of the holders of the Carnival Common Stock, by a Supermajority Resolution).

5.3 DISENFRANCHISED P&O ORDINARY SHARES

If at any relevant time the rights attached to Disenfranchised P&O Ordinary Shares enable the holders of such shares to vote at any general meeting or class meeting of the Company then all references in Clauses 5.1 and 5.2 to:

- (A) shareholders of P&O Princess;
- (B) holders of P&O Princess Ordinary Shares; and
- (C) Combined Shareholders,

shall include the holders of such Disenfranchised P&O Ordinary Shares and such persons shall have the right to vote such shares on Joint Electorate Actions, Class Rights Actions of P&O Princess and procedural resolutions in the same manner as the holders of P&O Princess Ordinary Shares for the purposes of Clauses 5, 6 and 7.

5.4 DISENFRANCHISED CARNIVAL COMMON STOCK

If at any relevant time the rights attached to Disenfranchised Carnival Common Stock enable the holders of such shares to vote at any general meeting or class meeting of the Company then all references in Clauses 5.1 and 5.2 to:

- (A) shareholders of Carnival;
- (B) holders of Carnival Common Stock; and
- (C) Combined Shareholders,

shall include the holders of such Disenfranchised Carnival Common Stock and such persons shall have the right to vote such shares on Joint Electorate Actions, Class Rights Actions of Carnival and procedural resolutions in the same manner as holders of Carnival Common Stock for the purposes of Clauses 5, 6 and 7.

6. SEPARATE APPROVALS OF CLASS RIGHTS ACTIONS

6.1 CLASS RIGHTS ACTION

Notwithstanding anything to the contrary contained in this Agreement, if either P&O Princess or Carnival proposes to take any of the following actions:

- (A) the voluntary Liquidation of such company for which the approval of shareholders is required by Applicable Regulations or otherwise sought other than a voluntary Liquidation of both companies at or about the same time with the purpose or effect of no longer continuing the operation of the businesses of the companies as a combined going concern and not as part of a scheme, plan, transaction, or series of related transactions the primary purpose or effect of which is to reconstitute all or a substantial part of such businesses in one or more successor entities;
- (B) the sale, lease exchange or other disposition of all or substantially all of the assets of such company, other than in a bona fide commercial transaction undertaken for a valid business purpose in which such company receives consideration with a fair market value reasonably equivalent to the assets disposed of and not as a part of a scheme, plan, transaction or series of related transactions the primary purpose or effect of which is to collapse or unify the DLC Structure;
- (C) any adjustment to the Carnival Equivalent Number or the Equalization Ratio otherwise than in accordance with the provisions of this Agreement;
- (D) except where specifically provided for in the relevant agreements, any amendment to the terms of, or termination of, this Agreement, the SVE Special Voting Deed, the P&O Princess Guarantee or the Carnival Guarantee (including, for the avoidance of doubt, the voluntary termination of either Guarantee);

- (E) any amendment to, removal or alteration of the effect of (which shall include the ratification of any breach of) any P&O Princess Entrenched Provision or any Carnival Entrenched Provision;
- (F) any amendment to, removal or alteration of the effect of (which shall include the ratification of any breach of) Article XII or XIII of the Carnival Articles that would cause, or at the time of implementation would be reasonably likely to cause, an Exchange Event described in clause (a) of the definition of such term in the P&O Princess Articles of Association to occur; and
- (G) the doing of anything which the Boards of Carnival and P&O Princess agree (either in a particular case or generally), in their absolute discretion, should be approved as a Class Rights Action,

each of them agrees with the other that it shall only take such action after it has been approved as a Class Rights Action in accordance with this Clause 6.

6.2 APPROVALS OF CLASS RIGHTS ACTION

A Class Rights Action shall require approval by a Majority Resolution of each company, unless Applicable Regulations and/or the Carnival Articles and By-laws and the P&O Princess Memorandum and Articles (as relevant) require such Class Rights Action to be approved as a Supermajority Resolution by either or both companies, in which case it shall be approved as a Supermajority Resolution by the relevant company or companies to which such requirement applies (the "REQUIRED MAJORITY").

6.3 CLASS RIGHTS PROCEDURE

A Class Rights Action must be approved separately by the Required Majority of (i) the holders of the Carnival Common Stock and the holders of any other class of shares of Carnival that are entitled to vote pursuant to Applicable Regulations and/or the Carnival Articles and By-laws; and (ii) the holders of the P&O Princess Ordinary Shares and the holders of any other class of shares of P&O Princess that are entitled to vote pursuant to Applicable Regulations and/or the P&O Princess Memorandum and Articles. Each of Carnival and P&O Princess will convene a shareholders meeting at which the holders of its Shares and the holder of its Special Voting Share (and the holders of any other relevant class of shares) may vote upon the Class Rights Action together as a single class on a poll; PROVIDED THAT the holder of the relevant Special Voting Share shall not vote on such resolution unless the Class Rights Action is not approved by the Required Majority of the holders of Shares (and any other relevant class of shares) of the other company, in which case the holder of the Special Voting Share shall cast all votes to which the Special Voting Share is entitled against such resolution in accordance with the Carnival Articles and By-laws (in the case of the Carnival Special Voting Share) or in accordance with the P&O Princess Articles of Association (in the case of the P&O Princess Special Voting Share).

7. MEETINGS AND VOTING

7.1 OBLIGATIONS TO CONVENE MEETINGS

In relation to both Joint Electorate Actions and Class Rights Actions:

- (A) each party shall, as soon as practicable, convene a meeting of its shareholders for the purpose of considering a resolution to approve the Joint Electorate Action or Class Rights Action;
- (B) each party shall endeavour to ensure such meetings are held on dates as close together as is practicable; and
- (C) the parties shall co-operate fully with each other in preparing resolutions, explanatory memoranda or any other information or material required in connection with the proposed Joint Electorate Action or Class Rights Action.

7.2 POLL

Each of P&O Princess and Carnival agrees with the other that any resolution proposed at a meeting of its shareholders in relation to which the holder of the P&O Princess Special Voting Share, or the holder of the Carnival Special Voting Share, is or may be entitled to vote shall be decided on by a poll (i.e. by tabulation of individual votes) and not, for the avoidance of doubt, on a show of hands.

7.3 TIMING OF POLL

- 7.3.1 P&O Princess agrees with Carnival that any poll in which the holder of the P&O Princess Special Voting Share is or may be entitled to vote shall (as regards the P&O Princess Special Voting Share) be kept open for such time as to allow the corresponding general meeting of Carnival to be held and for the votes attaching to the P&O Princess Special Voting Share to be calculated and cast on such poll, although such poll may be closed earlier in respect of shares of other classes.
- 7.3.2 Carnival agrees with P&O Princess that any poll on which the holder of the Carnival Special Voting Share is or may be entitled to vote shall (as regards the Carnival Special Voting Share) be kept open for such time as to allow the corresponding general meeting of P&O Princess to be held and for the votes attaching to the Carnival Special Voting Share to be calculated and cast on such poll, although such poll may be closed earlier in respect of shares of other classes.

7.4 DISCRETIONARY MATTERS

The Boards of P&O Princess and Carnival may by agreement (subject to Applicable Regulations):

- (A) decide to seek the approval of the shareholders (or any class of shareholders) of either or both of P&O Princess and Carnival for any matter that would not otherwise require such approval;
- (B) require any Joint Electorate Action to be approved instead as a Class Rights Action; or

- (C) specify a higher majority vote than the majority that would otherwise be required for any shareholder vote provided for in this Clauses 5 and 6.

7.5 PROCEDURAL RESOLUTIONS

Notwithstanding anything to the contrary contained in this Agreement, resolutions of Carnival or P&O Princess of a procedural or technical nature (and which do not adversely affect the other company or its shareholders in any material respect) shall not constitute Joint Electorate Actions or Class Rights Actions and will be voted on by the relevant company's shareholders voting separately, and neither Special Voting Share will have any vote on those resolutions. Resolutions which will constitute resolutions of a procedural or technical nature may include any resolution:

- (A) that certain people be allowed to attend or excluded from attending the meeting;
- (B) that discussion be closed and the question put to the vote (provided no amendments have been raised);
- (C) that the question under discussion not be put to the vote;
- (D) to proceed with matters in an order other than that set out in the notice of the meeting;
- (E) to adjourn the debate (for example, to a subsequent meeting); and
- (F) to adjourn the meeting.

8. CHANGE OF CONTROL OF EITHER P&O PRINCESS OR CARNIVAL

Carnival and P&O Princess shall co-operate with each other in the prompt enforcement of the provisions of Articles XIV and XV of the Carnival Articles and Articles 277 to 286 of the P&O Princess Articles of Association to the full extent possible under law.

9. STOCK EXCHANGES

Each of P&O Princess and Carnival will, and so far as it is able will ensure that each of its Subsidiaries will, ensure that it is in a position to comply with obligations imposed on it by all stock exchanges on which either or both of the parties' shares (or other securities or depository receipts representing such shares or securities) are from time to time listed, quoted or traded.

10. LIQUIDATION

10.1 LIQUIDATION PRINCIPLE

If either or both of Carnival and/or P&O Princess goes into any voluntary or involuntary Liquidation, Carnival and P&O Princess will, subject to Clause 10.2 below, make and receive such payments or take such other actions required to ensure that the holders of Shares (which, for the avoidance of doubt in this Clause 10 do not include the holders of Disenfranchised Shares) of each entity would, had each entity gone into Liquidation on the same date, be entitled to receive a Liquidation Distribution which is equivalent on a per Share basis in accordance with the then existing Equalization Ratio, having regard to the Liquidation Exchange Rate but ignoring any shareholder Tax or Tax Benefit.

10.2 LIQUIDATION PROCEDURE

10.2.1 To establish the amount payable under Clause 10.1, each of Carnival and P&O Princess will determine the amount of assets (if any) it will have available for distribution in a Liquidation on the date of Liquidation (or notional date of Liquidation) to holders of its Shares after payment of all its debts and other financial obligations, including any tax costs associated with the realisation of any assets on a Liquidation and any payments due on any preference shares (its "NET ASSETS"). To the extent that the Net Assets of one company would enable it to make a Liquidation Distribution to the holders of its Shares that is greater than the Liquidation Distribution that the other company could pay from its Net Assets to the holders of its Shares, adjusting such comparative Liquidation Distribution in accordance with the then existing Equalization Ratio and having regard to the Liquidation Exchange Rate, but ignoring any shareholder Tax (including any withholding Tax required to be deducted by the company concerned) or Tax Benefit, then, subject to Clause 10.2.2, such company will make a balancing payment (or take any other balancing action described in Clause 10.3 below) in such amount as will ensure that both companies may make equivalent Liquidation Distributions to the holders of their Shares in accordance with the then existing Equalization Ratio and having regard to the Liquidation Exchange Rate, but ignoring any shareholder Tax (including any withholding Tax required to be deducted by the company concerned) or Tax Benefit, PROVIDED ALWAYS THAT no company need make a balancing payment (or take any other action) as described in this Clause 10.2 if it would result in neither the holders of Carnival Common Stock nor the holders of P&O Princess Ordinary Shares being entitled to receive any Liquidation Distribution at all.

10.2.2 For purposes of Clause 10.2.1, the amount a company is required to pay the other company shall be determined after taking into account all Taxes payable by, and all Tax credits, losses or deductions of, the parties with respect to the payment or receipt of such payment and any such payment may be made on the Equalization Share issued by the paying party if both Boards deem it appropriate.

10.3 LIQUIDATION ACTIONS

In giving effect to the principle regarding a Liquidation of Carnival and/or P&O Princess described above, Carnival and P&O Princess shall take such action as may be required to give effect to that principle, which may include:

- (A) making a payment (of cash or in specie) to the other company;
- (B) issuing shares (which may include the Equalization Share) to the other party or to holders of Shares of the other party and making a distribution or return on such Shares; or
- (C) taking any other action that the Boards of Carnival and P&O Princess shall both consider appropriate to give effect to that principle.

Any action other than a payment of cash by one company to the other shall require the prior approval of the Boards of both companies.

11. TERMINATION

Either Carnival or P&O Princess may terminate this Agreement:

- (A) on the mutual agreement of both parties (upon approval as a Class Rights Action);
- (B) if either party becomes a wholly-owned Subsidiary of the other; or
- (C) after all Liquidation obligations under Clause 10 have been satisfied.

12. CONSEQUENCES OF TERMINATION

12.1 NON DUAL-LISTED GROUP

In any combination of Carnival and P&O Princess into a single non dual-listed group, the consideration to be received by the holders of Shares in the two companies will be calculated by reference to the applicable Equalization Ratio.

12.2 OTHER CIRCUMSTANCES

12.2.1 In any other circumstances of termination of the DLC Structure, the Boards of Carnival and P&O Princess will use their reasonable endeavours to agree a termination proposal to be put to their shareholders which the Boards consider to be equitable to both the holders of Carnival Common Stock and the holders of P&O Princess Ordinary Shares, at the applicable Equalization Ratio and using an exchange rate agreed by the parties (failing which, such exchange rate to be determined by an independent accounting firm). If the Boards cannot agree on the proposal to be put to their respective holders of Shares, each Board will appoint an independent accounting firm to establish the value of its company as at the proposed date of termination. The two accounting firms will use the same principles of valuation. If the accounting firms fail to agree on each other's valuation of any company, then a third independent accounting firm shall be appointed to finally determine the value of such company or companies. If, subject to Clause 12.2.2, the agreed/determined respective values of each company on a per Share basis (using the agreed or determined exchange rate) are not equivalent in accordance with the Equalization Ratio at the proposed date of termination then a balancing payment, or other balancing action agreed by the companies, will be made by one company to the other as appropriate in such amount as will ensure that such values are equivalent in accordance with such Equalization Ratio.

12.2.2 For purposes of Clause 12.2.1, the amount a company is required to pay the other company shall be determined after taking into account all Taxes payable by, and all Tax credits, losses or deductions of, the parties with respect to the payment or receipt of such payment and any such payment may be made on the Equalization Share issued by the paying party if both Boards deem it appropriate.

13. PERSONAL RIGHTS ONLY

13.1 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 2001

The parties to this Agreement do not intend that any term of this Agreement should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 2001, by any person who is not a party to this Agreement.

13.2 PERSONAL RIGHTS

For the avoidance of doubt, the provisions of this Agreement are personal rights only. They do not, and are not intended to, create any proprietary right (including any proprietary right in any member, shareholder or creditor of P&O Princess or Carnival). These undertakings are not assignable, and cannot be subject to a mortgage, charge, pledge, encumbrance or other security interest. These undertakings do not survive any termination of this Agreement. It is fundamental to the agreement of each of P&O Princess and Carnival to give these undertakings that they should be relied on solely by the other, and it is fundamental to the agreement of each of P&O Princess and Carnival to accept these undertakings that they should be performed solely by the other.

14. ISSUE OF EQUALIZATION SHARES

The parties agree that the Board of P&O Princess and the Board of Carnival may agree to the issue of the P&O Princess Equalization Share to a member of the Carnival Group (against the nominal value of that share) and of the Carnival Equalization Share to a member of the P&O Princess Group (against the nominal value of that share), but that neither Carnival or P&O Princess shall issue its Equalization Share unless the Board of Carnival and the Board of P&O Princess shall have agreed to such issue.

15. RELATIONSHIP WITH OTHER DOCUMENTS

In the event of any conflict between this Agreement on the one hand and on the other hand either of the P&O Princess Memorandum and Articles or the Carnival Articles and By-laws, the terms of this Agreement shall prevail and the parties shall use their best endeavours to ensure that any required amendment to the P&O Princess Memorandum and Articles or the Carnival Articles and By-laws, as is appropriate, is proposed at meetings of P&O Princess and/or as the case may be Carnival in order to conform it or them with the provisions of this Agreement.

16. MISCELLANEOUS

16.1 REGULATORY

The parties will co-operate with each other from time to time to ensure that all information necessary or desirable for the making of (or responding to any requests for further information consequent upon) any notifications or filings made in respect of this Agreement, or the transactions contemplated hereunder, is supplied to the party dealing with such notification and filings and that they are properly, accurately and promptly made.

16.2 NO ASSIGNMENT

Neither of the parties may assign any of its rights or obligations under this Agreement in whole or in part without the approval of the other party.

16.3 NO WAIVER

No waiver by a party of a failure or failures by the other party to perform any provision of this Agreement shall operate or be construed as a waiver in respect of any other or further failure whether of a like or different character.

16.4 NO PARTNERSHIP

Neither this Agreement nor the DLC Transactions are intended for any legal, tax or other purpose to (i) alter the status of P&O Princess and Carnival as separate, independent entities (taxed respectively and exclusively as a United Kingdom and a Panamanian non-resident corporation), (ii) result in any of Carnival, P&O Princess, their respective Subsidiaries, or their respective shareholders being treated as creating an entity or otherwise entering into any partnership, joint venture, association or agency relationship, or (iii) give either party (or its respective Subsidiaries or shareholders) any legal or beneficial ownership interest in the assets or income of the other party, and shall not be construed as having such effect.

16.5 APPLICABLE REGULATIONS

Each of the obligations of the parties hereto shall be subject to any Applicable Regulations as in force from time to time. To the extent not prohibited by law, the parties will do all things necessary to remedy any situation where Applicable Regulations prevent any party from performing its obligations hereunder.

16.6 SEVERANCE

If any of the provisions of this Agreement is or becomes invalid, illegal or unenforceable under any relevant law, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired. Notwithstanding the foregoing, the parties shall thereupon negotiate in good faith in order to agree the terms of a mutually satisfactory provision, achieving as nearly as possible the same commercial effect, to be substituted for the provision found to be invalid, illegal or unenforceable.

16.7 AMENDMENT

Any amendment to or termination of this Agreement shall be made in writing signed by duly authorised representatives of P&O Princess and Carnival. Any amendments to this Agreement which are formal or technical in nature and which are not materially prejudicial to the interests of the shareholders of either party or are necessary to correct any inconsistency or manifest error may be agreed between the Board of P&O Princess and the Board of Carnival. Any other amendment to this Agreement shall, for the avoidance of doubt, require approval by a Class Rights Action.

17. NOTICES

Notices, requests, instructions or other documents to be given under this Agreement shall be in writing and shall be deemed given (i) when sent if sent by facsimile is promptly confirmed by telephone confirmation thereof; or (ii) when delivered, if delivered personally to the intended recipient or sent by overnight delivery via a national courier service, and in each case, addressed to the intended recipient at the address shown below:

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

Attention: Chairman and Chief Executive Officer
Fax: (305) 599-2600

with copies to

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

Attention: General Counsel
Fax: (305) 599-2600

P&O PRINCESS CRUISES PLC
Carnival House
5 Gainsford House
London SE1 2NE
UK

Attention: Chief Executive Officer
Fax: (+44) (0) 20 7378 4631

with copies to

P&O PRINCESS CRUISES PLC
Carnival House
5 Gainsford House
London SE1 2NE
UK

Attention: General Counsel
Fax: (+44) (0) 20 7378 4631

18. COUNTERPARTS

This Agreement may be entered into in any number of counterparts, all of which taken together, shall constitute one and the same instrument. Either party may enter into this Agreement by signing any such counterpart.

19. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Isle of Man.

20. ARBITRATION

(A) Any and all disputes, controversies or claims arising out of or in connection with this Agreement, any provision hereof, or any alleged breach hereof, and any and

all disputes, controversies or claims relating to the validity of this Agreement (all of which are referred to herein as "DISPUTES"), even though some or all of such Disputes are alleged to be extra-contractual in nature, whether such Disputes sound in contract, tort or otherwise, at law or in equity, whether for damages, specific performance or other relief, shall be finally and exclusively determined by final and binding arbitration in accordance with this Clause 20.

- (B) The arbitral tribunal (the "TRIBUNAL") shall be composed of three arbitrators, which shall be appointed as follows: each party shall have the right to appoint one arbitrator; the two arbitrators so appointed shall then appoint a third arbitrator who shall serve as the Chairman of the Tribunal. A person or persons, entitled to appoint an arbitrator, shall appoint such arbitrator within ten (10) days of receiving notice from a party of the commencement of an arbitration, failing which such arbitrator shall, at the written request of either party, be appointed by the International Chamber of Commerce. At the initiation of a proceeding and upon the convening of the Tribunal, the arbitrators shall take an oath of neutrality and shall decide the matters presented to them based upon the evidence submitted in the proceeding and without regard to the origin or circumstances of their appointment or selection for service on the Tribunal.
- (C) The construction and interpretation of this Clause 20, and all rules of conduct of any arbitration conducted pursuant to this Clause 20 (including procedural and evidentiary matters), shall be determined by the Tribunal. Unless otherwise unanimously agreed by the arbitrators, the venue of the arbitration shall be Miami, Florida, USA.
- (D) The Tribunal shall conduct a hearing as soon as reasonably practicable after a matter has been submitted for arbitration by a party and the members of the Tribunal have been selected. As the Tribunal may direct and without the necessity of subpoenas or other court orders, the parties shall make their agents, employees and witnesses available upon reasonable notice at reasonable times for deposition or for testimony at the hearing and shall respond to requests for documents. An award completely disposing of all Disputes (a "FINAL AWARD") shall be rendered by the Tribunal as soon as reasonably practicable after the hearing. The Tribunal shall not be required to submit a detailed statement of its reasons, but shall set forth concisely in the Final Award the amounts, actions, contractual responsibilities or other remedial conclusions that the Tribunal determines to be appropriate.
- (E) Each party acknowledges and agrees that in the event either party breaches any of its obligations under this Agreement, the other party would be irreparably harmed and could not be made whole by monetary damages alone. Both parties accordingly agree that the Tribunal shall have the authority to grant any party all appropriate non-monetary relief, including ordering a breaching party to comply fully with its obligations under the Agreement, ordering specific performance or granting temporary or permanent injunctive relief; PROVIDED, HOWEVER, that nothing in this Clause 20 shall be construed to limit the Tribunal in awarding monetary damages, whether as a sole remedy or together with remedies for specific performance and/or injunctive relief.

- (F) Any award made by the Tribunal shall be final and binding upon each party, each of which expressly waives all right to appeal or recourse to any court. The Final Award may be confirmed, and a judgement entered or enforced, in any court of competent jurisdiction in the United States or the United Kingdom.
- (G) The fees and expenses of the arbitrators shall be borne equally by the parties, but the Final Award may include such allocations and awards of the arbitrators' fees and expenses as the Tribunal determines is appropriate.

IN WITNESS whereof this Agreement has been executed on the date first written above.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank

Name: Howard S. Frank
Title: Vice-Chairman and Chief
Operating Officer

P&O PRINCESS CRUISES PLC

By: /s/ Nick Luff

Name: Nicholas Luff
Title: Chief Financial Officer

SCHEDULE

AUTOMATIC ADJUSTMENTS TO THE CARNIVAL EQUIVALENT NUMBER

1. AUTOMATIC ADJUSTMENTS

1.1 RIGHTS ISSUE OF SHARES

If either Carnival or P&O Princess (the "RELEVANT COMPANY") shall offer its Shares to the holders of its Shares as a class by way of rights at less than the Current Market Price of such Shares, the Carnival Equivalent Number shall be adjusted by:

- (i) dividing the Carnival Equivalent Number by the following fraction where Carnival is the Relevant Company; and
- (ii) multiplying the Carnival Equivalent Number by the following fraction where P&O Princess is the Relevant Company:

$$\frac{K + L}{K + M} \quad \text{where } L = \frac{Q}{P} M$$

where:

K is the number of Shares of the Relevant Company which rank for the relevant offer;

M is the aggregate number of Shares being offered to the holders of Shares of the Relevant Company;

P is the Current Market Price of one Share of the Relevant Company; and

Q is the price per Share being offered to the holders of Shares of the Relevant Company.

The adjustment to the Carnival Equivalent Number shall become effective from the later of the time at which the Shares of the Relevant Company are first traded ex-rights and the time at which the issue of the Shares becomes wholly unconditional.

1.2 RIGHTS ISSUE OF OTHER SECURITIES

If the Relevant Company shall offer any securities (other than a rights issue of Shares described in paragraph 1.1 of this Schedule) to holders of its Shares as a class by way of rights, or grant to such shareholders as a class by way of rights, any options, warrants or other rights to subscribe for, purchase or sell any securities, Carnival Equivalent Number shall be adjusted by:

- (i) dividing the Carnival Equivalent Number by the following fraction where Carnival is the Relevant Company; and
- (ii) multiplying the Carnival Equivalent Number by the following fraction where P&O Princess is the Relevant Company:

$$\frac{R - S}{R}$$

where:

R is the Current Market Price of one Share; and

S is the estimated Fair Market Value (calculated in the same currency as the Shares described in R above) of the portion of the rights attributable to one Share of the Relevant Company over any five consecutive Dealing Days determined by the Board of the Relevant Company during the twenty Dealing Days preceding the date on which the Shares are first traded ex-rights.

The adjustment to the Carnival Equivalent Number shall become effective from the later of the time at which the Shares of the Relevant Company are first traded ex-rights and the time at which the issue of the Shares becomes wholly unconditional.

1.3 NON CASH DISTRIBUTIONS AND SHARE REPURCHASES

If the Relevant Company shall implement (i) any distribution of any non-cash assets; or (ii) any repurchase of its Shares involving an offer made to all or substantially all of its holders of Shares to repurchase their Shares at a premium to the Current Market Price of such shares, the Carnival Equivalent Number shall be adjusted by:

- (i) dividing the Carnival Equivalent Number by the following fraction where Carnival is the Relevant Company; and
- (ii) multiplying the Carnival Equivalent Number by the following fraction where P&O Princess is the Relevant Company:

$$\frac{V}{T - \frac{U}{T}}$$

where:

T is the Current Market Price of one Share of the Relevant Company;

U is equal to the number of Shares of the Relevant Company prior to the non cash distribution or repurchase; and

V is (i) in the case of a non cash distribution, the aggregate Fair Market Value of the assets distributed to shareholders of the Relevant Company; and (ii) in the case of a repurchase, the aggregate premium paid to holders of Shares; in either case denominated in the same currency as the Current Market Price referred to in T and disregarding the effect of any shareholder Taxes or Tax Benefits and/or any fees incurred in connection with the non-cash Distribution or repurchase.

The adjustment to the Carnival Equivalent Number shall become effective immediately following implementation of the non-cash Distribution or repurchase.

1.4 CONSOLIDATION OR SUBDIVISION OF SHARES

If there shall be a change to the number of Shares of the Relevant Company as a result of a consolidation or subdivision of shares, the Carnival Equivalent Number shall be adjusted by:

- (i) dividing the Carnival Equivalent Number by the following fraction where Carnival is the Relevant Company; and
- (ii) multiplying the Carnival Equivalent Number by the following fraction where P&O Princess is the Relevant Company:

$$\frac{X}{Y}$$

where:

X is the number of Shares of the Relevant Company outstanding or in issue immediately before such alteration; and

Y is the number of Shares of the Relevant Company outstanding or in issue immediately after such alteration.

The adjustment to the Carnival Equivalent Number shall become effective immediately after the alteration takes effect.

1.5 BONUS ISSUE OR STOCK DIVIDEND

If the Relevant Company issues any Shares to holders of Shares for no consideration or solely by way of capitalisation of profits or reserves, the Carnival Equivalent Number shall be adjusted by:

- (i) dividing the Carnival Equivalent Number following fraction where Carnival is the Relevant Company; and
- (ii) multiplying the Carnival Equivalent Number by the following fraction where P&O Princess is the Relevant Company:

$$\frac{X}{Y}$$

where:

X is the number of Shares of the Relevant Company outstanding immediately before the issue; and

Y is the number of Shares of the Relevant Company outstanding immediately after such issue.

The adjustment to the Carnival Equivalent Number shall become effective from the time the issue of such Shares becomes wholly unconditional.

2. CERTIFICATION

The auditors for the time being of P&O Princess and Carnival shall jointly certify the arithmetical adjustment to be made to the Carnival Equivalent Number in the circumstances set out in this Schedule where an adjustment is made to such Carnival Equivalent Number and any adjustments so certified shall, in the absence of manifest error, be final and binding on the parties and on all others affected thereby. P&O Princess and Carnival agree with each other to make and co-ordinate such public announcements

as are appropriate in relation to any such adjustments, subject to the requirements of Applicable Regulations.

3. DEFINITIONS

In this Schedule:

"CURRENT MARKET PRICE" means the average market price of one Share of the Relevant Company (on its primary or main stock exchange) calculated over any five consecutive Dealing Days determined by the Board of the Relevant Company during the twenty Dealing Days preceding: -

- (i) in the case of P in paragraph 1.1 and R in paragraph 1.2, the date on which such Shares are first traded ex-rights; and
- (ii) in the case of T in paragraph 1.3, the date on which the non-cash distribution or repurchase is implemented;

"DEALING DAY" means, with respect to any relevant market for the Shares, a day on which trading is conducted in such market; and

"FAIR MARKET VALUE" means the fair market value determined by an investment bank of international repute appointed by agreement between the Boards of Carnival and P&O Princess, acting as expert and not as arbitrator and whose determination (in the absence of manifest error) shall be final and binding on the parties and on all others affected by such determination.

DATED

JULY 15, 2003

AGREEMENT

RELATING TO THE

CARNIVAL CORPORATION DEED OF GUARANTEE

AGREEMENT

RELATING TO THE

CARNIVAL CORPORATION DEED OF GUARANTEE

This Agreement ("AGREEMENT") is made on July 15, 2003, relating to the Carnival Corporation Deed of Guarantee (the "DEED OF GUARANTEE") made on April 17, 2003 between Carnival Corporation ("CARNIVAL CORPORATION") and Carnival plc (under its then name, P&O Princess Cruises plc) ("CARNIVAL PLC"), for the benefit of the Holders (as defined in the Indenture (as defined below)) of Carnival plc's 7.30% Notes due 2007 and 7.875% Debentures due 2027 (collectively, the "U.S. NOTES"). The U.S. Notes are governed by an Indenture dated October 23, 2000 among Carnival plc, P&O Princess Cruises International Limited (formerly, P&O Cruises Limited) and The Bank of New York, as trustee (the "PRINCIPAL INDENTURE"), as supplemented by a first supplemental indenture dated July 15, 2003 among Carnival plc, P&O Princess Cruises International Limited and The Bank of New York (the "FIRST SUPPLEMENTAL INDENTURE" and, together with the Principal Indenture and any other supplemental indenture thereto or other amendment or restatement thereof, all as from time to time modified in accordance with the provisions therein, the "Indenture").

BACKGROUND

By a resolution of the Board of Directors of Carnival Corporation passed on April 17, 2003, Carnival Corporation resolved to provide the guarantee contained in the Deed of Guarantee for the benefit of certain holders of existing Carnival plc debt.

By a resolution of the Board of Directors of Carnival plc passed on April 17, 2003, Carnival plc resolved to execute the documentation necessary to allow Carnival Corporation to provide the Deed of Guarantee for the benefit of certain holders of existing Carnival plc debt.

Subject to the execution of the Supplemental Indenture by Carnival plc, P&O Princess Cruises International Limited and The Bank of New York, Carnival Corporation and Carnival plc have agreed to extend the benefit of the Deed of Guarantee to the Holders, by providing that the payment of principal and interest in respect of the U.S. Notes, and all other monetary obligations of Carnival plc under, or pursuant to, the U.S. Notes and the Indenture shall constitute an Obligation under the Deed of Guarantee, which Deed of Guarantee, for the avoidance of doubt, shall be enforceable by the Trustee (as defined in the Indenture), in its capacity as trustee for the Holders, and in accordance with the provisions of, and subject to the limitations contained in, the Indenture.

The First Supplemental Indenture has been so executed on the date hereof.

THIS AGREEMENT WITNESSES as follows:

1. DEFINITIONS

Save as provided in this Agreement, and unless there is something in the subject matter or context inconsistent therewith, all words and expressions defined in the Deed of Guarantee shall have the same meanings in this Agreement.

2. AGREEMENT WITH RESPECT TO ADDITIONAL OBLIGATION

2.1 Pursuant to paragraph (b) of the definition of Obligation in the Deed of Guarantee, Carnival Corporation and Carnival plc hereby agree that the principal and interest in respect of the U.S. Notes, and all other monetary obligations of Carnival plc under, or pursuant to, the U.S. Notes and the Indenture, shall constitute an Obligation under the Deed of Guarantee.

2.2 In accordance with the provisions of the Deed of Guarantee, a note of the Obligation described in Section 2.1 above, in the form attached in the Exhibit to this Agreement, shall be appended as an exhibit to the Deed of Guarantee.

3. COUNTERPARTS

This Agreement may be executed and delivered in any number of counterparts (and in engrossment, photocopy or facsimile form). All counterparts (including engrossment, photocopy or facsimile forms thereof), taken together will be taken to constitute one and the same instrument.

4. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Isle of Man.

EXHIBIT
TO
AGREEMENT
RELATING TO THE
CARNIVAL CORPORATION DEED OF GUARANTEE

NOTE TO THE DEED OF GUARANTEE

RELATING TO THE U.S. NOTES

Pursuant to a written agreement made on July 15, 2003 between Carnival Corporation and Carnival plc (formerly, P&O Princess Cruises plc), Carnival Corporation and Carnival plc agreed that, effective July 15, 2003, the following shall constitute an Obligation under the Deed of Guarantee:

- o the principal and interest in respect of the 7.30% Notes due 2007 and the 7.875% Debentures due 2027 of Carnival plc (the "U.S. NOTES"), which are governed by an Indenture dated October 23, 2000 (the "PRINCIPAL INDENTURE") between Carnival plc, P&O Princess Cruises International Limited and The Bank of New York, as trustee, as supplemented, pursuant to Article 9 of the Principal Indenture, by a first supplemental indenture dated July 15, 2003 between Carnival plc, P&O Princess Cruises International Limited and The Bank of New York, as trustee, (the "FIRST SUPPLEMENTAL INDENTURE" and, together with the Principal Indenture, and any other supplemental indenture thereto or any amendment or restatement thereof, all as from time to time modified in accordance with the provisions therein, the "INDENTURE"); and all other monetary obligations of Carnival plc under, or pursuant to, the U.S. Notes and the Indenture.

Dated: July 15, 2003

IN WITNESS OF WHICH THIS AGREEMENT HAS BEEN EXECUTED AS A DEED AND HAS BEEN DELIVERED ON THE DATE WHICH APPEARS FIRST ON PAGE 1.

EXECUTED AS A DEED BY
CARNIVAL CORPORATION
acting by duly authorised officers

/s/ Gerald R. Cahill

Name: Gerald R. Cahill
Title: Senior Vice President Finance and
Chief Financial Officer

CARNIVAL CORPORATION
acting by duly authorised officers

/s/ Arnaldo Perez

Name: Arnaldo Perez
Title: Senior Vice President, General Counsel
and Secretary

EXECUTED as a DEED by)
CARNIVAL PLC)
acting by its duly appointed attorneys)

/s/ Arnaldo Perez

Arnaldo Perez
(Attorney)

Witness's signature: /s/ Joshua Weinstein

Name: Joshua Weinstein
Address: 3273 Coacoochee St.
Miami, FL 33133
Occupation: Lawyer

CARNIVAL PLC
 (formerly known as P&O PRINCESS CRUISES PLC)
 ISSUER

P&O PRINCESS CRUISES INTERNATIONAL LIMITED
 GUARANTOR

TO

THE BANK OF NEW YORK
 TRUSTEE

7.30% NOTES DUE 2007

7.875% DEBENTURES DUE 2027

 FIRST SUPPLEMENTAL INDENTURE

Dated as of July 15, 2003

FIRST SUPPLEMENTAL INDENTURE (this "First Supplemental Indenture"), dated as of July 15, 2003, among CARNIVAL PLC (formerly known as P&O Princess Cruises plc), a public limited company existing under the laws of England and Wales (the "Company"), P&O PRINCESS CRUISES INTERNATIONAL LIMITED (formerly known as P&O Cruises Limited), a limited liability company existing under the laws of England and Wales (the "Guarantor"), and THE BANK OF NEW YORK, as trustee under the Indenture referred to below (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Company, the Guarantor and the Trustee are parties to that certain Indenture, dated as of October 23, 2000 (the "Original Indenture" and, together with this First Supplemental Indenture, the "Indenture"), pursuant to which the Company duly issued its 7.30% Notes due 2007 (the "Notes") and the 7.875% Debentures due 2027 (the "Debentures"), both of which are unconditionally guaranteed by the Guarantor (capitalized terms used but not otherwise defined in this First Supplemental Indenture having the meanings ascribed to them in the Original Indenture);

WHEREAS, the Company and Carnival Corporation, a Panamanian corporation ("Carnival Corporation"), have entered into an Offer and Implementation Agreement, dated as of January 8, 2003 (the "Offer and Implementation Agreement"), pursuant to which the Company and Carnival Corporation established a dual-listed company structure (the "DLC Transaction");

WHEREAS, Section 9.02 of the Original Indenture provides that the Company, the Guarantor and the Trustee may amend or supplement the Original Indenture with respect to the Notes or Debentures, as the case may be, with the written consent of Holders of not less than a majority in aggregate principal amount at maturity of the Notes or Debentures outstanding, as the case may be;

WHEREAS, in connection with the DLC Transaction, the Company wishes to amend the Original Indenture with respect to both the Notes and the Debentures to provide for the amendments contemplated by Sections 1 through 11 of this First Supplemental Indenture (the "Indenture Amendments");

WHEREAS, Holders of a majority of the principal amount at maturity of both the Notes and Debentures outstanding have given and not withdrawn their written consent to the Indenture Amendments;

WHEREAS, the execution of this First Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Original Indenture, the Company has delivered to the Trustee a resolution of its

Board of Directors, satisfactory evidence of the consenting Securities, an Officers' Certificate and an Opinion of Counsel, with respect to such authorization, and all things necessary to make this First Supplemental Indenture a valid agreement of the Company, the Guarantor and the Trustee in accordance with its terms have been done;

WHEREAS, as consideration for the Indenture Amendments, Carnival Corporation has offered to issue a guarantee of the Securities, on a senior, unsecured basis pursuant to a Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and the Company and an Agreement relating to the Deed of Guarantee, dated as of July 15, 2003, between such parties (the "Carnival Corporation Guarantee"); and

NOW, THEREFORE, for and in consideration of the premises contained herein, it is mutually covenanted and agreed for the benefit of all Holders of the Securities as follows:

SECTION 1. Each of the following definitions is hereby added to Section 1.01 of the Original Indenture:

"CARNIVAL CORPORATION" means Carnival Corporation, a Panamanian corporation and any successor thereto.

"CARNIVAL 8-KS" means the current reports on Form 8-K of Carnival Corporation (or any successor or equivalent form thereto).

"CARNIVAL 10-KS" means the annual reports on Form 10-K of Carnival Corporation (or any successor or equivalent form thereto).

"CARNIVAL 10-QS" means the quarterly reports on Form 10-Q of Carnival Corporation (or any successor or equivalent form thereto).

"CARNIVAL CORPORATION GUARANTEE" means the Deed of Guarantee, dated as of April 17, 2003, between Carnival Corporation and the Company and an Agreement relating to the Deed of Guarantee, dated as of July 15, 2003, between such parties, pursuant to which Carnival Corporation has guaranteed the payment obligations of the Company under the Securities.

"CARNIVAL CORPORATION & PLC" means, taken as a whole, (i) Carnival Corporation and each of its Subsidiaries and (ii) the Group.

"CARNIVAL CORPORATION & PLC COMPANY" means any of Carnival Corporation, the Company and any of their respective Subsidiaries.

"DLC AGREEMENTS" means the agreements, deeds, instruments and constituent documents of Carnival Corporation and the Company, as amended from time to time, establishing the dual-listed company structure between the Company and Carnival Corporation, entered into as contemplated by the Offer and Implementation Agreement between the Company and Carnival Corporation, dated as of January 8, 2003.

"FIRST SUPPLEMENTAL INDENTURE" means the First Supplemental Indenture among the Company, the Guarantor and the Trustee, dated as of July 15, 2003.

"PREFERRED STOCK" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and

whether voting or non-voting) of such Person's preferred stock or preference shares, whether or not outstanding at the Issue Date, and include, without limitation, all series and classes of such preferred stock or preference shares.

SECTION 2. Each of the following definitions contained in Section 1.01 of the Original Indenture is hereby amended and restated in its entirety to read as provided below:

"CONSOLIDATED NET TANGIBLE ASSETS" means the aggregate amount of total assets of Carnival Corporation & plc after deducting therefrom (i) all current liabilities and (ii) all goodwill, trade names, trademarks, patents and other like intangible assets, as shown in the latest Carnival 10-K (reflecting Carnival Corporation & plc) provided that with respect to any calculation made prior to the availability of the Carnival 10-K for the year ending November 30, 2003, such amount shall be calculated based upon the pro forma combined balance sheet of Carnival Corporation and the Company as of November 30, 2002, as filed with the Commission.

"CONSOLIDATED OPERATING REVENUE" means Carnival Corporation & plc's total revenue for the most recent fiscal year as shown in the audited consolidated accounts contained in the latest Carnival 10-K (reflecting Carnival Corporation & plc) provided that with respect to any calculation made prior to the availability of the Carnival 10-K for the year ending November 30, 2004, such amount shall be calculated based upon the pro forma combined statement of operations of Carnival Corporation and the Company for the year ended November 30, 2002 or the year ended November 30, 2003, as available and filed with the Commission or otherwise provided to the Trustee by the Company.

"CONSOLIDATED RELEVANT TOTAL ASSETS" means Carnival Corporation & plc's total assets less all intangible assets (including, without limitation, goodwill) as of the end of the most recent fiscal year as shown in the audited consolidated balance sheet contained in the latest Carnival 10-K (reflecting Carnival Corporation & plc) provided that with respect to any calculation made prior to the availability of the Carnival 10-K for the year ending November 30, 2003, such amount shall be calculated based upon the pro forma combined balance sheet of Carnival Corporation and the Company as of November 30, 2002 as filed with the Commission.

"NET PROCEEDS" means the greater of (1) the net proceeds received by the Company, Carnival Corporation or any Restricted Subsidiary from a Sale and Leaseback Transaction and (2) the fair market value of the Principal Property so sold at the time of entering into such transaction, as determined by the Board of Directors of the Company.

"OFFICER" means, with respect to any Person, the chairman of the board, the vice-chairman of the board, the chief executive officer, the president, the chief operating officer, the chief financial officer, the treasurer, any assistant treasurer, the controller, the secretary or any vice-president of such Person, or any officer designated by the board of directors of such Person as an officer of such Person.

"OPERATING REVENUE" means, in relation to a Subsidiary, its total revenue for the most recent fiscal year as shown in such entity's latest audited or unaudited, as the case may be, unconsolidated accounts.

"PRINCIPAL PROPERTY" means (i) any ship or real estate property, owned or leased by a Carnival Corporation & plc Company which has a net book value exceeding the greater of \$25,000,000 or 0.5% of the Consolidated Net Tangible Assets, and (ii) any shares of Capital Stock of any Carnival Corporation & plc Company owning any of these ships or real estate properties.

"PRINCIPAL SUBSIDIARY" means a Subsidiary of the Company or Carnival Corporation whose Relevant Total Assets are 10% or more of Consolidated Relevant Total Assets or whose Operating Revenue is 10% or more of Consolidated Operating Revenue.

"RELEVANT TOTAL ASSETS" means, in relation to a Subsidiary of the Company or Carnival Corporation, its total assets, less the aggregate of all receivables due from other Carnival Corporation & plc Companies and all intangible assets (including, without limitation, goodwill), as shown as of the end of the most recent fiscal year in its latest annual audited or unaudited, as the case may be, unconsolidated balance sheet from time to time.

"RESTRICTED SUBSIDIARY" means any Subsidiary of Carnival Corporation or the Company (including any newly acquired or newly formed Subsidiary of Carnival Corporation or the Company) which owns a Principal Property.

"UK GAAP" means generally accepted accounting principles in effect in the United Kingdom on the date of the First Supplemental Indenture.

"US GAAP" means generally accepted accounting principles in effect in the United States on the date of the First Supplemental Indenture.

SECTION 3. Section 1.04(2) of the Original Indenture is hereby amended by replacing the words "UK GAAP" with the words "US GAAP".

SECTION 4. Section 4.04 of the Original Indenture is hereby amended by:

(a) Adding the following text at the end of the first paragraph thereof:

"Notwithstanding the foregoing, (1) the requirement that the Company furnish to the Trustee and to all the Holders of such Securities or make available at the offices of the Paying Agent in London (as the case may be) the information described in clause (a) of the preceding sentence shall be deemed to have been satisfied if the Company furnishes to the Trustee or makes available at the offices of the Paying Agent in London (as the case may be) a Carnival 10-K or Carnival 10-Q for the applicable fiscal year or fiscal quarter, in each case, within 15 days

after the expiration of the time periods specified in the Commission's rules and regulations, and (2) the requirement that the Company furnish to the Trustee and to all the Holders of such Securities or make available at the offices of the Paying Agent in London (as the case may be) the information described in clause (b) of the preceding sentence shall be deemed to have been satisfied if the Company furnishes to the Trustee or makes available at the offices of the Paying Agent in London (as the case may be) any Carnival 8-K that Carnival Corporation is or would be required to file under the Exchange Act (assuming that it is required to file such forms under the Exchange Act), in each case, within 15 days after the expiration of the time periods specified in the Commission's rules and regulations."; and

(b) Deleting the second sentence of the third paragraph thereof.

SECTION 5. Section 4.07 of the Original Indenture is hereby amended and restated in its entirety to read as follows:

"Section 4.07. LIENS. The Company shall not, and shall not permit Carnival Corporation or any Subsidiary of which the Company and/or Carnival Corporation owns, directly or indirectly, at least 80% of such Subsidiary's voting shares to, create, incur, guarantee or assume any securities, bonds, debentures or other similar evidences of indebtedness for money borrowed ("DEBT") secured by a mortgage, pledge, security interest, lien or other similar encumbrance ("MORTGAGE" or "MORTGAGES"), on any Principal Property or on any shares of stock or indebtedness of any Restricted Subsidiary, without effectively providing concurrently with the creation, incurrence, guarantee or assumption of such Debt that the Securities (together with, if the relevant obligor so determines, any other Debt of any Carnival Corporation & plc Company, then existing or thereafter created ranking equally with the Securities) will be secured equally and ratably with (or prior to) that Debt, so long as that Debt will be so secured, except that this restriction will not apply to: (i) Mortgages on property, shares of stock or indebtedness of any Person existing at the time such Person becomes a Subsidiary of the Company or Carnival Corporation, provided that any such Mortgage was not created in contemplation of such Person becoming a Subsidiary of the Company or Carnival Corporation; (ii) Mortgages on property or shares of stock existing at the time of acquisition thereof or to secure the payment of all or any part of the purchase price thereof or all or part of the cost of the improvement, construction, alteration or repair of any property, ship, building, equipment or facilities or of any other improvements on all or any part of such property or to secure any Debt incurred prior to, at the time of, or within twelve months after, in the case of shares of stock, the acquisition of such shares and, in the case of property, the later of the acquisition, the completion of construction (including any improvements, alterations or repairs on an existing property) or the commencement of commercial operation of such property, which Debt is incurred for the purpose of financing all or any part of the purchase price thereof or all or part of the cost of improvement, construction, alteration or repair thereon; (iii) Mortgages of the Company or any Subsidiary of the Company existing on October 23, 2000; (iv) Mortgages of Carnival Corporation or any Subsidiary of Carnival Corporation

existing at the date of the First Supplemental Indenture; (v) Mortgages on property owned or held by any Person or on shares of stock, other equity interests or indebtedness of any Person, in either case existing at the time such Person is merged into or consolidated or amalgamated with a Carnival Corporation & plc Company or at the time of a sale, lease or other disposition of property of a Person or a sale or other disposition of stock of a Person as an entirety or substantially as an entirety to a Carnival Corporation & plc Company, provided that any such Mortgage was not created in contemplation of such Person becoming a Subsidiary of the Company or Carnival Corporation; (vi) Mortgages arising by operation of law (other than by reason of default); (vii) Mortgages arising through litigation, legal proceeding or judgment and not giving rise to an Event of Default; (viii) Mortgages to secure Debt incurred in the ordinary course of business, including, but not limited to, (1) any mechanic's, materialmen's, carrier's, workmen's, vendor's or other like Mortgages, (2) any Mortgages securing amounts in connection with workers' compensation, unemployment insurance and other types of social security, (3) any easements, rights-of-way, restrictions and other similar charges, (4) any Mortgages arising out of consignment or similar arrangements for the sale of goods entered into by a Carnival Corporation & plc Company, and (5) any Mortgages to secure Debt maturing not more than 12 months from the date incurred; (ix) Mortgages to secure indebtedness for borrowed money incurred in connection with a specifically identifiable project where the Mortgage relates to a Principal Property to which such project has been undertaken and recourse of the creditors in respect of such Mortgage is substantially limited to such project and Principal Property; (x) Mortgages created to secure Debt of a Carnival Corporation & plc Company under any options, futures, swaps, short sale contracts or similar or related instruments which relate to the purchase or sale of securities, commodities or currencies; (xi) Mortgages in favor of customs and revenues authorities to secure payment of customs duties in connection with the importation of goods; (xii) leases or subleases granted to others not interfering in any material respect with the business of a Carnival Corporation & plc Company; (xiii) Mortgages encumbering property or assets under construction arising from progress or partial payments by a customer of a Carnival Corporation & plc Company relating to such property or assets; (xiv) rights of financial institutions to offset credit balances in connection with the operation of cash management programs established for the benefit of a Carnival Corporation & plc Company; (xv) Mortgages encumbering deposits made to secure obligations arising from statutory, regulatory, contractual or warranty requirements of a Carnival Corporation & plc Company; (xvi) Mortgages on any property of the Company, Carnival Corporation or a Restricted Subsidiary in favor of the federal government of the United States or the government of any state thereof or the government of the United Kingdom, or the European Union, or any instrumentality of any of them, securing the obligations of a Carnival Corporation & plc Company pursuant to any contract or payments owed to such entity pursuant to applicable laws, rules, regulations or statutes; (xvii) Mortgages securing taxes or assessments or other applicable charges or levies; (xviii) Mortgages securing industrial revenue, development or similar bonds issued by or for the benefit of a Carnival Corporation & plc Company, PROVIDED that such industrial revenue, development or similar bonds are nonrecourse to such Carnival Corporation & plc Company; and (xix) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any

Mortgage referred to in the foregoing clauses, or of any Debt secured thereby; PROVIDED that the principal amount of Debt secured thereby will not exceed the principal amount of Debt so secured at the time of such extension, renewal, or replacement, and that such extension, renewal or replacement Mortgage will be limited to all or any part of the same property or shares of stock that secured the Mortgage extended, renewed or replaced (plus improvements on such property), or property received or shares of stock issued in substitution or exchange therefor.

Notwithstanding the foregoing, the Company, Carnival Corporation or any Subsidiary of which the Company and/or Carnival Corporation owns, directly or indirectly, at least 80% of such Subsidiary's voting shares may create, incur, guarantee or assume Debt secured by a Mortgage or Mortgages which would otherwise be subject to the foregoing restrictions in an aggregate amount which, together with all other such Debt of Carnival Corporation & plc secured by a Mortgage or Mortgages and Carnival Corporation & plc's Attributable Debt in respect of Sale and Leaseback Transactions (other than Attributable Debt in respect of Sale and Leaseback Transactions permitted because the relevant Carnival Corporation & plc Company would be entitled to create, incur, guarantee or assume such Debt secured by a Mortgage on the property to be leased without equally and ratably securing the Securities pursuant to the preceding paragraph and other than a Sale and Leaseback Transaction the proceeds of which have been applied within twelve months after its consummation to the Net Proceeds to the retirement or repayment of Funded Debt (as described in Section 4.08)), does not at the time such Debt is incurred exceed 20% of Consolidated Net Tangible Assets."

SECTION 6. Section 4.08 of the Original Indenture is hereby amended and restated in its entirety to read as follows:

"Section 4.08. SALE AND LEASEBACK TRANSACTIONS. The Company shall not, and shall not permit Carnival Corporation or any Subsidiary of which the Company and/or Carnival Corporation owns, directly or indirectly, at least 80% of such Subsidiary's voting shares to, enter into any arrangement with a third party (not including any Carnival Corporation & plc Company) providing for the leasing by such Carnival Corporation & plc Company for a period, including renewals, in excess of three years, of any Principal Property which has been owned by such Carnival Corporation & plc Company for more than 270 days and which has been or is to be sold or transferred by such Carnival Corporation & plc Company to the third party (a "SALE AND LEASEBACK TRANSACTION") unless, after giving effect thereto, the aggregate amount of all Attributable Debt with respect to all of these Sale and Leaseback Transactions plus all the debt of Carnival Corporation & plc incurred, issued, assumed or guaranteed and secured by a Mortgage or Mortgages (with the exception of debt secured by a Mortgage or Mortgages on property that any Carnival Corporation & plc Company would be entitled to create, incur, issue, guarantee or assume without equally and ratably securing the Securities pursuant to the provisions of the Securities pursuant to Section 4.07) does not exceed 20% of Consolidated Net Tangible Assets. This restriction will not apply to any Sale and Leaseback Transaction if (i) such Carnival Corporation & plc Company would be entitled to create, incur, issue, guarantee or assume Debt secured by a Mortgage or Mortgages on

the Principal Property to be leased without equally and ratably securing the Securities pursuant to the provisions of the Securities pursuant to Section 4.07, (ii) within a period commencing twelve months prior to the consummation of the Sale and Leaseback Transaction and ending twelve months after the consummation of such Sale and Leaseback Transaction, such Carnival Corporation & plc Company has expended or will expend for any Principal Property (including capital improvements thereon) an amount equal to (x) the Net Proceeds or (y) the part of the Net Proceeds which such Carnival Corporation & plc Company has elected not to apply in the manner described in the following clause (iii); or (iii) such Carnival Corporation & plc Company, within twelve months after the consummation of any Sale and Leaseback Transaction, applies an amount equal to the Net Proceeds (less any amount expended for Principal Property under the preceding clause (ii)(y)) to the retirement or repayment of Funded Debt of a Carnival Corporation & plc Company ranking equally in right of payment with the Securities or Funded Debt of a Subsidiary of Carnival Corporation or the Company. No retirement referred to in the preceding clause (iii) may be effected by payment at maturity or pursuant to any mandatory sinking fund or prepayment provision (unless such repayment is required due to the receipt of the Net Proceeds)."

SECTION 7. The Original Indenture is hereby amended by adding a new Section 4.10 to read in its entirety as follows:

"SECTION 4.10 AMOUNTS PAYABLE BY CARNIVAL CORPORATION. The Company shall cause all payments made by Carnival Corporation pursuant to the Carnival Corporation Guarantee in respect of the Securities to be paid without deduction or withholding for any and all present and future taxes, levies, imposts or other governmental charges whatsoever imposed, assessed, levied or collected by or for the account of the Republic of Panama (or by or for the account of the jurisdiction of incorporation (other than the United States) of a successor corporation to Carnival Corporation, to the extent that such taxes become applicable as a result of the successor corporation becoming the obligor on the Securities) or any political subdivision or taxing authority thereof or therein ("Panamanian Taxes") or, if deduction or withholding of any Panamanian Taxes shall at any time be required by the Republic of Panama (or the jurisdiction of incorporation (other than the United States) of a successor corporation to Carnival Corporation) or any such subdivision or authority, the Company shall cause Carnival Corporation to pay such additional amounts ("Carnival Additional Amounts") as may be necessary in order that the net amounts paid to each holder pursuant to the terms of this Agreement after such deduction or withholding shall equal the amounts then due and payable under the terms of this Agreement; PROVIDED, HOWEVER, that the foregoing shall not apply to (i) any present or future Panamanian Taxes which would not have been so imposed, assessed, levied or collected but for the fact that the holder or beneficial owner of such Security being or having been a domiciliary, national or resident of, or engaging or having been engaged in business or maintaining or having maintained a permanent establishment or being or having been physically present in, the Republic of Panama (or the jurisdiction of incorporation of a

successor corporation to Carnival Corporation) or such political subdivision or otherwise having or having had some connection with the Republic of Panama (or the jurisdiction of incorporation of a successor corporation to Carnival Corporation) or such political subdivision other than the holding or ownership of a Security, or the collection of principal of and interest, if any, on, or the enforcement of, a Security, (ii) any present or future Panamanian Taxes which would not have been so imposed, assessed, levied or collected but for the fact that, where presentation is required, such Security was presented for payment on a date more than thirty days after the date such payment became due and payable or was provided for, whichever is later, except to the extent that the holder would have been entitled to Carnival Additional Amounts if it had presented its Security for payment on any day within the 30 day period, (iii) any present or future Panamanian Taxes which would not have been so imposed, assessed, levied or collected but for the failure to comply by the holder with a request of Carnival Corporation addressed to the holder to provide information concerning the nationality, residence, identity or connection with the Republic of Panama (or the jurisdiction of incorporation of a successor corporation to Carnival Corporation) or any political subdivision or taxing authority thereof of the holder or beneficial owner of such Security or to make any declaration or other similar claim to satisfy any information or reporting requirement, which in either case, is required by statute or by rules or regulations of the Republic of Panama (or the jurisdiction of incorporation of a successor corporation to Carnival Corporation) or such political subdivision or taxing authority as a precondition to relief or exemption from withholding or deduction of any Panamanian Taxes, (iv) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge; (v) any tax, duty, assessment or other governmental charge which is payable otherwise than by withholding or deduction from payment of (or in respect of) principal of, or any interest on, the Securities; (vi) any tax, duty, assessment or other governmental charge which is payable in respect of any payments on a certificated Security issued at the request of the Holder on or after the occurrence of an Event of Default; or (vii) any combination of the above items; nor will Carnival Additional Amounts be paid with respect to any payment of principal of, or any interest on, any Security to any Holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent the payment would be required by the laws of the Republic of Panama (or the jurisdiction of incorporation of a successor corporation to Carnival Corporation) or any political subdivision or taxing authority thereof or therein to be included in the income for tax purposes of a beneficiary or settler with respect to such fiduciary or a member of such partnership or to a beneficial owner who would not have been entitled to such Carnival Additional Amounts had it been the Holder of the Security. The provisions described in (i) through (vii) above are referred to herein as "Excluded Taxes." The Company shall cause Carnival Corporation to indemnify and hold harmless each holder of a Security and upon written request reimburse each holder for the amount of (i) any Panamanian Taxes levied or imposed and paid by such holder of a Security (other than Excluded Taxes) as a result of payments made with respect to such Security, (ii) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, and (iii) any Panamanian Taxes with respect to payment of Carnival Additional Amounts or any reimbursement pursuant to this sentence. The Company shall cause Carnival Corporation to (1) make such withholding or deduction and (2) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

The Company shall, and shall cause Carnival Corporation to, use commercially reasonable efforts to facilitate administrative actions necessary to assist Holders to obtain any refund of or credit against Panamanian Taxes for which Carnival Additional Amounts are not paid as a result of the conditions in the preceding paragraph."

SECTION 8. Section 5.01 of the Original Indenture is hereby amended by adding the following text at the end of the first paragraph thereof:

"Notwithstanding the foregoing, if the Carnival Corporation Guarantee is in effect immediately prior to a consolidation, merger, sale, conveyance, transfer or other disposition of assets and such transaction is not prohibited by the DLC Agreements, in the case of (i) any merger or consolidation by (x) the Company, the Guarantor or any Restricted Subsidiaries with (y) Carnival Corporation or any of its Subsidiaries, (ii) any sale, conveyance, transfer or other disposition of assets by (x) the Company, the Guarantor or any Restricted Subsidiaries to (y) Carnival Corporation or any of its Subsidiaries, clause (a) of the first sentence of this Section 5.01 shall be deemed to have been satisfied."

SECTION 9. Section 6.01(d) of the Original Indenture is hereby amended and restated in its entirety to read as follows:

"(d) default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company, Carnival Corporation or any Principal Subsidiary having an aggregate principal amount outstanding of the greater of (pound)25,000,000 or 0.5% of Consolidated Net Tangible Assets (or their respective equivalents in any other currency) or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company, Carnival Corporation or any Principal Subsidiary, whether such indebtedness now exists or will hereafter be created which default will have resulted in such indebtedness of the greater of (pound)25,000,000 or 0.5% (or their respective equivalents in any other currency) of Consolidated Net Tangible Assets becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within a period of 30 days after written notice is provided to the Company;"

SECTION 10. Section 6.01(e) of the Original Indenture is hereby amended and restated in its entirety to read as follows:

"(e) the Company, Carnival Corporation, the Guarantor or any Principal Subsidiary pursuant to or within the meaning of Bankruptcy Law:

- (i) commences a voluntary case,
- (ii) consents to the entry of an order for relief against it in an involuntary case,

- (iii) consents to the appointment of a Custodian of it or for all or substantially all of its property,
- (iv) makes a general assignment for the benefit of its creditors, or
- (v) generally is not paying its debts as they become due; and"

SECTION 11. Section 6.01(f) of the Original Indenture is hereby amended and restated in its entirety to read as follows:

"(f) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

- (i) is for relief against the Company, Carnival Corporation or the Guarantor in an involuntary case,
- (ii) appoints a Custodian of the Company, Carnival Corporation, the Guarantor or any Principal Subsidiary or for all or substantially all of the property of the Company, the Guarantor, Carnival Corporation or any Principal Subsidiary; or
- (iii) orders the liquidation of the Company, Carnival Corporation, the Guarantor or any Principal Subsidiary;

and the order or decree remains unstayed and in effect for 90 consecutive days;

PROVIDED, HOWEVER, that there will not be an Event of Default under Section 6.01(d) if the bond, debenture, note or other evidence of indebtedness in question is the subject of non-recourse financing arrangement under which the lender's right of recourse is limited to a specific asset and there is no further recourse by the relevant creditor against the general assets of the Company, Carnival Corporation, the Guarantor or any Principal Subsidiary; and PROVIDED FURTHER, that it will not be an Event of Default under Clause (e) and (f) if the event in question relates solely to property of the Company, Carnival Corporation, the Guarantor or a Principal Subsidiary that is the subject of a non-recourse financing arrangement described in the previous proviso, and if such event does not, directly or indirectly, give further recourse by the relevant creditor to the general assets (or any other property) of the Company, Carnival Corporation, the Guarantor or a Principal Subsidiary."

SECTION 12. This First Supplemental Indenture shall become effective upon its execution and delivery by the parties hereto.

SECTION 13. The Company and the Guarantor agree that the Trustee is permitted to place a notation about this First Supplemental Indenture on the Securities in accordance with the provisions of Section 9.05 of the Indenture.

SECTION 14. The Trustee accepts this First Supplemental Indenture and agrees to execute the trust created by the Indenture as hereby supplemented, but only upon the terms and conditions set forth in the Indenture, including the terms and provisions defining and limiting the liabilities and responsibilities of the Trustee, which terms and provisions shall in like manner define and limit its liabilities and responsibilities in the performance of the trust created by the Indenture.

SECTION 15. The Indenture, as hereby amended, is in all respects ratified and confirmed, and the terms and conditions thereof shall be and remain in full force and effect.

SECTION 16. The recitals contained in this First Supplemental Indenture shall be taken as the statements made solely by the Company and the Guarantor, and the Trustee shall have no liability or responsibility for their correctness and, without limiting the generality of the foregoing, the Trustee shall not be responsible in any manner whatsoever for or with respect to (i) the validity or sufficiency of this First Supplemental Indenture or any of the terms or provisions hereof, (ii) the proper authorization hereof by the Company and the Guarantor by corporate action or otherwise, (iii) the due execution hereof by the Company and the Guarantor or (iv) the consequences (direct or indirect and whether deliberate or inadvertent) of any amendment herein provided for, and the Trustee makes no representation with respect to any such matters.

SECTION 17. THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PROVISIONS THEREOF THAT WOULD REQUIRE APPLICATION OF THE LAW OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

SECTION 18. In case any provision in this First Supplemental Indenture is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 19. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with any provision of the TIA that is required under the TIA to be part of and govern the Indenture, such provision of the TIA shall control. If any provision of this First Supplemental Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the provision of the TIA shall be deemed to apply to the Indenture as so modified or to be excluded by this First Supplemental Indenture, as the case may be.

SECTION 20. This First Supplemental Indenture may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed and attested, all as of the date first above written.

CARNIVAL PLC

By: /s/ Gerald R. Cahill

Name: Gerald R. Cahill
Title: Senior Vice President-Finance
and Chief Financial and
Accounting Officer

P&O PRINCESS CRUISES INTERNATIONAL LIMITED

By: /s/ Gerald R. Cahill

Name: Gerald R. Cahill
Title: Director, Chief Financial
and Accounting Officer

THE BANK OF NEW YORK,
as Trustee

By: /s/ Alison Mitchell

Name: Alison Mitchell
Title: Assistant Treasurer

CARNIVAL PLC

STRICTLY PRIVATE & CONFIDENTIAL
ADDRESSEE ONLY

June 25, 2003

John McNulty
Senior Director
Goldman Sachs
One North Pond Drive
Short Hills, NJ 07078

Dear Mr. McNulty,

I am pleased to confirm your appointment (the "APPOINTMENT") as a director of Carnival plc (the "COMPANY"). The terms of the Appointment are set forth below. It is agreed that this is a contract for services and is not a contract of employment.

1. TERM OF APPOINTMENT

- 1.1 The Appointment is subject to the provisions of the Articles regarding appointment, expenses, retirement, disqualification and removal of directors of the Company and will terminate forthwith without any entitlement to compensation if:
- 1.1.1 you are not re-elected at an Annual General Meeting of the Company at which you retire and offer yourself for re-election in accordance with the Articles; or
 - 1.1.2 you are required to vacate office for any reason pursuant to any of the provisions of the Articles; or
 - 1.1.3 you are removed as a director or otherwise required to vacate office under any applicable law.
- 1.2 You will at the request of the Company or Carnival Corporation ("CARNIVAL") immediately resign (in writing) from the office of director of the Company and any other office with a Group company and you irrevocably authorise the Company or Carnival as your attorney in your name and on your behalf to sign all documents and do all things necessary to give effect to this.
- 1.3 On termination of the Appointment, you will (a) cease to be a director of Carnival, in accordance with the articles of incorporation and by-laws of Carnival and (b) surrender to an authorised representative of the Company or Carnival all correspondence, documents (including without limitation board minutes and board papers), copies thereof or other property of the Company and of any member of the Group made or received by you in the course of your directorship (whether before or after the date of this letter).

1

- 1.4 You hereby agree that on termination you shall not be entitled to and shall not pursue any action or claim for compensation from the Company.

2. DUTIES

- 2.1 You shall carry out such duties as set forth in the Articles and as otherwise agreed by the Board (the "Duties"). You will have all the usual Duties of a director under English law and will be expected to devote such time as is necessary for the proper performance of the Duties including attendance wherever practicable at regular and emergency Board meetings, meetings of committees of the Board to which you are appointed, the annual general meeting of the Company and any extraordinary general meeting of the Company. In addition, you will be expected to devote appropriate preparation time ahead of each meeting.

- 2.2 By accepting this Appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role.
- 2.3 In carrying out the Duties you shall have particular regard to your role as a director in the light of the Listing Rules and the Combined Code and its policy for the time being relating to compliance with the requirements of the Combined Code as well as such US equivalents, if applicable.
- 2.4 During the continuance of the Appointment you will be expected to comply where relevant with any rule of law or regulation of any competent authority or of the Company including the Model Code published by the London Stock Exchange in relation to dealings in shares, debentures and other securities of the Company and unpublished price sensitive information affecting the shares, debentures or other securities of the Company from time-to-time in force.
- 2.5 You will not receive any remuneration from the Company in respect of the Duties or the Appointment. The Company further acknowledges that you are expected to continue to carry out your existing duties to Carnival and that your office as a director of Carnival will continue to be regulated by any agreement between you and Carnival and will be subject to Carnival's articles of incorporation and by-laws.
- 2.6 The Company will reimburse to you reasonable expenses incurred by you in the proper performance of the Duties. The Company may request receipts or other evidence of expenditure prior to any reimbursement pursuant to this clause 2.6. The reimbursement arrangements are subject to change as determined by the Board from time to time.

3. ROLE

3.1 Non-executive directors have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the company by directing and supervising the Company's affairs. The Board:

- 3.1.1 Provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;

- 3.1.2 Sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the company to meet its objectives, and reviews management performance; and
- 3.1.3 Sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

3.2 In addition to these requirements of all directors, the role of the non-executive has the following key elements:

- 3.2.1 STRATEGY: Non-executive directors should constructively challenge and contribute to the development of strategy;
- 3.2.2 PERFORMANCE: Non-executive directors should scrutinize the performance of management in meeting agreed goals and objectives and monitor the report of performance;
- 3.2.3 RISK: Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
- 3.2.4 PEOPLE: Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, senior-management and in succession planning.

4. OUTSIDE INTERESTS

It is accepted and acknowledged that you have business interests other than those of the Company and have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the Chairman and Company Secretary as soon as apparent. You must consult with the Chairman or Vice-Chairman before accepting any major external appointment or any directorships in any publicly-quoted companies.

5. CONFIDENTIAL INFORMATION

- 5.1 You agree that, neither during the continuance of the Appointment nor afterwards (unless authorised to do so by the Board or by a court of competent jurisdiction), will you use for your own or another's benefit or disclose or permit the disclosure of any confidential information of any member of the Group which you have obtained by virtue of the Appointment or your employment by Carnival or in respect of which the Company is bound by an obligation of confidence to a third party. Confidential information shall include, without limitation, lists or details of customers, information relating to the working of any product, process, invention, improvement or development carried on or used by any member of the Group, information relating to research projects, know-how, prices, discounts, mark-ups, future business strategy, marketing, tenders, any price sensitive information and information concerning the Company's intellectual property portfolio and strategy.

5.2 The restrictions contained in this clause shall cease to apply to any confidential information which may (other than by reason of your breach of these terms) become available to the public generally, but any such use will be subject to any restrictive covenants to which you are a party.

6. INDUCTION

After your Appointment, the Company will provide a comprehensive, formal and tailored induction. The Company, upon your request, will arrange for site visits and meetings with senior and middle management and the Company's auditors.

7. REVIEW PROCESS

The performance of individual directors and the whole board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Chairman as soon as is appropriate.

8. INDEMNITY

In the event that you are made a party or are threatened to be made a party to or witness in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that you are or were a director of the Company, the Company shall (i) indemnify you against all expenses of any kind whatsoever (including legal fees and expenses to enforce this indemnity) actually and reasonably incurred by you in connection with such action, suit or proceeding and against judgments, fines and amounts paid in settlement in connection with such action, suit or proceeding and (ii) pay or advance to you in advance of final disposition of such action, suit or proceeding, within 20 days of the submission of an invoice therefore, all such expenses incurred in connection therewith, in each case of (i) and (ii) to the fullest extent permitted by the Companies Act 1985 as amended and any other applicable law or regulation, as from time to time in effect. Such right of indemnification and advancement of expenses shall be without prejudice to any other rights to which you may be entitled.

9. INSURANCE

To the extent possible, the Company will use its reasonable endeavours to maintain, directly or through Carnival, appropriate directors' and officers' liability insurance for your benefit. A copy of the current policy will be provided at induction.

10. INDEPENDENT PROFESSIONAL ADVICE

Occasions may arise when you consider that you need professional advice in the furtherance of your duties as a director. Circumstances may occur when it will be appropriate for you to seek advice from independent advisors at the Company's expense. If it is practicable to do so, you shall seek such advice after consultation with the chairman or vice-chairman. The Company shall reimburse the full cost of all reasonable expenditure incurred in obtaining such advice.

11. CODE OF BUSINESS CONDUCT AND ETHICS

It is expected that the Company will enter into a code of business conduct and ethics in substantially the same form as that which applies to Carnival and its subsidiaries. You agree to observe the provisions of any such code of business conduct and ethics.

12. MISCELLANEOUS

12.1 Nothing in this letter shall create the relationship of employee and employer between you and the Company.

12.2 The agreement contained in this letter shall be governed by, and construed in accordance with, English law and shall be subject to the exclusive jurisdiction of the English courts.

13. ENTIRE AGREEMENT

This appointment letter represents the entire understanding, and constitutes the whole agreement, in relation to the Appointment and supersedes any previous agreement between yourself and the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.

14. DEFINITIONS

In this letter:

14.1 "ARTICLES" means the articles of association from time to time of the Company;

14.2 "COMBINED CODE" means the principles of good governance and code of best practice prepared by the Committee on Corporate Governance which is appended to the Listing Rules;

14.3 "GROUP" means the Company and any subsidiary or subsidiary undertaking of the Company (both as defined in the Companies Act 1985, as amended);

14.4 "LISTING RULES" means the Listing Rules published by the UK Listing Authority;

14.5 "LONDON STOCK EXCHANGE" means London Stock Exchange plc;

14.6 "MODEL CODE" means the model code on directors' dealings in securities set out in the appendix to Chapter 16 of the Listing Rules.

Kindly confirm your agreement to the terms set out above by signing the endorsement on the enclosed copy of this letter in the presence of an independent adult witness who should also sign and add his or her full name, address and occupation. Please return the copy to me at the above address.

Yours sincerely

/s/ Howard S. Frank

Howard S. Frank
Vice Chairman
Carnival plc

EXECUTED as a DEED

by John McNulty

/s/ John McNulty

in the presence of

/s/ Janine A. Acceturo Witness Signature

Janine A. Acceturo Full Name

45 Summit Road Address

Verona, NJ

07044

Exec. Asst. Occupation

[GRAPHIC OMITTED - LOGO]

C A R N I V A L
C O R P O R A T I O N

STRICTLY PRIVATE & CONFIDENTIAL
ADDRESSEE ONLY

June 25, 2003

John McNulty
Senior Director
Goldman Sachs
One North Pond Drive
Short Hills, NJ 07078

Dear Mr. McNulty,

I am pleased to confirm your appointment as a director of the Company (the "Appointment"). The terms of the Appointment are set forth below.

The Appointment is subject to applicable law and the provisions of the Company's Third Amended and Restated Articles of Incorporation (the "Articles") and the Amended and Restated Bylaws (the "Bylaws") regarding, without limitation, the powers vested in the Board, eligibility, term of appointment, effectiveness of appointment, resignation, removal, disqualification and compensation of directors of the Company.

1. TERM OF APPOINTMENT

1.1 The Appointment shall terminate without any entitlement to compensation upon your resignation, removal, disqualification or death as set forth in the Bylaws.

1.2 Upon the termination of the Appointment, you shall (a) cease to be a director of Carnival plc, and (b) surrender to an authorized representative of the Company all correspondence, documents (including without limitation board minutes and board papers), copies thereof or other property of the Company, Carnival plc, and all of their subsidiaries and affiliates (collectively the "Group") made or received by you in the course of your directorship (whether before or after the date of this letter).

2. DUTIES AND FEES

2.1 You shall carry out such duties as set forth in the Articles and Bylaws and as otherwise agreed to by the Board (the "Duties").

2.2 You will be entitled to a fee for your services as a director of \$40,000 per annum. If you serve on a Board committee, you will receive an additional fee of \$2,500 per annum (\$5,000 for the audit committee). If you are required to act as chairman of a Board committee you will be entitled to an additional fee of \$5,000 per annum (\$10,000 for the audit committee). In addition, attendance fees for Board and committee meetings will also be paid ranging from \$1,000 to \$5,000 per meeting. A

compensation table which sets forth all such fees is annexed to this letter for your reference.

2.3 The Company will reimburse to you reasonable expenses incurred in the performance of the Duties. The Company may request receipts or other evidence of expenditure prior to any reimbursement pursuant to this clause 2.3.

2.4 The compensation and reimbursement arrangements set forth in clauses 2.2 and 2.3 hereof are subject to change as determined by the Board from time to time.

3. CONFIDENTIAL INFORMATION

3.1 You agree that, during the continuance of the Appointment or afterwards (unless authorised to do so by the Board or by a court of competent jurisdiction), you will not use for your own or another's benefit or disclose or permit the disclosure of any confidential information of any member of the Group which you have obtained by virtue of the Appointment or your employment by the Company or in respect of which the Company is bound by an obligation of confidence to a third party. Confidential information shall include, without limitation, lists or details of customers, information relating to the working of any product, process, invention, improvement or development carried on or used by any member of the Group, information relating to research projects, know-how, prices, discounts, mark-ups, future business strategy, marketing, tenders, any price sensitive information and information concerning the Company's intellectual property portfolio and strategy.

3.2 The restrictions contained in this clause shall cease to apply to any confidential information which may (other than by reason of your breach of these terms) become available to the public generally, but any such use will be subject to any restrictive covenants to which you are a party.

4. INDEMNITY

In the event that you (or your heirs, executors or administrators) is made a party or is threatened to be made a party to or witness in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that you are or were a director of the Company or Carnival plc, the Company shall (i) indemnify you against all expenses of any kind whatsoever (including attorneys' fees and expenses to enforce this indemnity), judgments, fines and amounts paid in settlement actually incurred by you in connection with such action, suit or proceeding and (ii) pay or advance to you in advance of final disposition of such action, suit or proceeding, within 20 days of the submission of an invoice therefore, all such expenses incurred in connection therewith, in each case of (i) and (ii) to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the Republic of Panama and any other applicable law, as from time to time in effect. Such right of indemnification and advancement of expenses shall not be deemed exclusive of any other rights to which you may be entitled apart from the foregoing provisions.

5. INSURANCE

To the extent possible, the Company will use its reasonable efforts to maintain appropriate directors' and officers' liability insurance for your benefit.

6. CODE OF BUSINESS CONDUCT AND ETHICS

You agree to observe the provisions of the Company's code of business conduct and ethics.

7. MISCELLANEOUS

7.1 Nothing in this letter shall create the relationship of employee and employer between you and the Company.

7.2 The agreement contained in this letter shall be governed by, and construed in accordance with, Florida law and shall be subject to the exclusive jurisdiction of the courts located in Miami-Dade County, Florida.

7.3 This appointment letter may be executed in one or more counterparts, each of which will be deemed to be an original copy of this appointment letter, and all of which, when taken together, shall be deemed to constitute one and the same agreement.

8. ENTIRE AGREEMENT

This appointment letter represents the entire understanding, and constitutes the whole agreement, in relation to the Appointment and supersedes any previous agreement between yourself and the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.

Kindly confirm your agreement to the terms set out above by signing the enclosed copy of this letter. Please return the copy to me at the above address.

CARNIVAL CORPORATION

By: /s/ Howard S. Frank

Name: Howard S. Frank
Title: Vice Chairman

AGREED AND ACCEPTED BY:

/s/ John McNulty

John McNulty

ANNEX

	BOARD MEMBER	AUDIT COMMITTEE CHAIR	MEMBER	OTHER COMMITTEES CHAIR	MEMBER
Annual Retainer	\$40,000	\$10,000	\$5,000	\$5,000	\$2,500
Attendance Fee					
Meeting in Person	5,000	2,500	2,500	2,000	2,000
By Phone	2,000	1,000	1,000	1,000	1,000

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

	NINE MONTHS ENDED AUGUST 31,	
	2003	2002
Net income	\$ 988,935	\$824,605
Income tax expense (benefit), net	19,836	(36,472)
	-----	-----
Income before income taxes	1,008,771	788,133
	-----	-----
Fixed charges		
Interest expense, net	128,660	86,431
Interest portion of rent expense(1)	7,584	3,689
Capitalized interest	38,211	25,334
	-----	-----
Total fixed charges	174,455	115,454
	-----	-----
Fixed charges not affecting earnings		
Capitalized interest	(38,211)	(25,334)
	-----	-----
Earnings before fixed charges	\$1,145,015	\$878,253
	=====	=====
Ratio of earnings to fixed charges	6.6x	7.6x
	=====	=====

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

I, Micky Arison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 15, 2003

By: /s/ Micky Arison

Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

I, Howard S. Frank, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 15, 2003

By: /s/ Howard S. Frank

Howard S. Frank
Vice Chairman of the Board of
Directors and Chief
Operating Officer

I, Gerald R. Cahill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 15, 2003

By: /s/ Gerald R. Cahill

Gerald R. Cahill
Senior Vice President-Finance
and Chief Financial and
Accounting Officer

I, Micky Arison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 15, 2003

By: /s/ Micky Arison

Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

I, Howard S. Frank, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 15, 2003

By: /s/ Howard S. Frank

Howard S. Frank
Vice Chairman of the Board of
Directors and Chief
Operating Officer

I, Gerald R. Cahill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carnival plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Gerald R. Cahill

Gerald R. Cahill
Senior Vice President-Finance
and Chief Financial and
Accounting Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended August 31, 2003 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: October 15, 2003

By: /s/ Micky Arison

Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended August 31, 2003 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: October 15, 2003

By: /s/ Howard S. Frank

Howard S. Frank
Vice Chairman of the Board of Directors
and Chief Operating Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended August 31, 2003 as filed by Carnival Corporation with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival Corporation.

Date: October 15, 2003

By: /s/ Gerald R. Cahill

Gerald R. Cahill
Senior Vice President-Finance
and Chief Financial and
Accounting Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended August 31, 2003 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: October 15, 2003

By: /s/ Micky Arison

Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended August 31, 2003 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: October 15, 2003

By: /s/ Howard S. Frank

Howard S. Frank
Vice Chairman of the Board of Directors
and Chief Operating Officer

In connection with the Quarterly Report on Form 10-Q for the quarter ended August 31, 2003 as filed by Carnival plc with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Carnival plc.

Date: October 15, 2003

By: /s/ Gerald R. Cahill

Gerald R. Cahill
Senior Vice President-Finance
and Chief Financial and
Accounting Officer