

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT

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

Date of Report (Date of earliest event reported) June 16, 2006

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

Republic of Panama
(State or other jurisdiction
of incorporation)

1-9610
(Commission File Number)

59-1562976
(I.R.S. Employer
Identification No.)

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

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

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

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

England and Wales
(State or other jurisdiction
of incorporation)

1-15136
(Commission File Number)

98-0357772
(I.R.S. Employer
Identification No.)

Carnival House, 5 Gainsford Street,
London SE1 2NE, United Kingdom
(Address of principal
executive offices)
(Zip Code)

011 44 20 7940 5381
(Registrant's telephone number,
including area code)

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

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

Furnished as exhibit 99.1 to this joint Current Report on Form 8-K are the "Carnival Corporation & plc Consolidated Statements of Operations," "Segment Information" and "Non-GAAP Financial Measures" for each of the three months ended February 28, 2006, February 28, 2005, May 31, 2005, August 31, 2005 and November 30, 2005; for the six months ended May 31, 2005, for the nine months ended August 31, 2005 and for the year ended November 30, 2005.

These Carnival Corporation & plc Consolidated Statements of Operations, Segment Information and Non-GAAP Financial Measures are being furnished for informational purposes to reflect the retrospective application of the change in our method of accounting for dry-dock costs from the deferral method to the direct expense method. In addition, they include the reclassifications made as a result of our adopting a new chart of accounts in conjunction with our initial implementation of a new worldwide accounting system in the 2006 second quarter. These reclassifications are needed primarily because of the different classifications in prior periods for certain revenue and expense items. The implementation of a global chart of accounts identified these differences and, accordingly, we have recorded these reclassifications in the prior periods to improve comparability.

In addition on June 16, 2006, Carnival Corporation & plc issued a press release entitled "Carnival Corporation & plc Reports Second Quarter Earnings." A copy of this press release is furnished as Exhibit 99.2 to this report.

This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of either Carnival Corporation or Carnival plc, whether made before or after the date of this report, regardless of any general incorporation language in the filing.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d)Exhibits

Exhibit 99.1 Carnival Corporation & plc Consolidated Statements of Operations, Segment Information and Non-GAAP Financial Measures, dated June 16, 2006 (furnished pursuant to Item 2.02).

Exhibit 99.2 Press release, dated June 16, 2006, (furnished pursuant to Item 2.02).

SIGNATURES

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

CARNIVAL CORPORATION

By: /s/Gerald R. Cahill
Name: Gerald R. Cahill
Title: Executive Vice President
and Chief Financial and
Accounting Officer

Date: June 16, 2006

CARNIVAL PLC

By: /s/Gerald R. Cahill
Name: Gerald R. Cahill
Title: Executive Vice President
and Chief Financial and
Accounting Officer

Date: June 16, 2006

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(in millions, except per share data)

	Three Months Ended				
	February 28,		May 31,	August 31,	November 30,
	<u>2006</u>	<u>2005</u>	<u>2005</u>	<u>2005</u>	<u>2005</u>
Revenues					
Cruise					
Passenger tickets	\$1,910	\$1,843	\$1,903	\$2,700	\$1,953
Onboard and other	539	544	566	656	572
Other	14	11	47	251	48
	<u>2,463</u>	<u>2,398</u>	<u>2,516</u>	<u>3,607</u>	<u>2,573</u>
Costs and Expenses					
Operating					
Cruise					
Commissions, transportation and other	408	423	380	475	367
Onboard and other	97	97	96	118	101
Payroll and related	272	269	278	297	278
Food	152	153	151	160	149
Fuel	214	133	169	189	216
Other ship operating	357	330	374	359	402
Other	16	13	40	162	39
Total	<u>1,516</u>	<u>1,418</u>	<u>1,488</u>	<u>1,760</u>	<u>1,552</u>
Selling and administrative	366	336	342	300	357
Depreciation and amortization	232	222	224	226	230
	<u>2,114</u>	<u>1,976</u>	<u>2,054</u>	<u>2,286</u>	<u>2,139</u>
Operating Income	<u>349</u>	<u>422</u>	<u>462</u>	<u>1,321</u>	<u>434</u>
Nonoperating (Expense) Income					
Interest income	7	3	6	10	10
Interest expense, net of capitalized interest	(76)	(86)	(82)	(82)	(80)
Other (expense) income, net	(15)	6	2	(23)	2
	<u>(84)</u>	<u>(77)</u>	<u>(74)</u>	<u>(95)</u>	<u>(68)</u>
Income Before Income Taxes	265	345	388	1,226	366
Income Tax (Expense) Benefit, Net	<u>(14)</u>	<u>3</u>		<u>(45)</u>	<u>(30)</u>
Net Income	<u>\$ 251</u>	<u>\$ 348</u>	<u>\$ 388</u>	<u>\$1,181</u>	<u>\$ 336</u>
Earnings Per Share					
Basic	<u>\$ 0.31</u>	<u>\$0.43</u>	<u>\$ 0.48</u>	<u>\$ 1.46</u>	<u>\$ 0.42</u>
Diluted	<u>\$ 0.31</u>	<u>\$0.42</u>	<u>\$ 0.47</u>	<u>\$ 1.40</u>	<u>\$ 0.41</u>
Dividends Per Share	<u>\$ 0.25</u>	<u>\$0.15</u>	<u>\$ 0.20</u>	<u>\$ 0.20</u>	<u>\$ 0.25</u>

See accompanying note.

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(in millions, except per share data)

	Six Months Ended May 31, <u>2005</u>	Nine Months Ended August 31, <u>2005</u>	Year Ended November 30, <u>2005</u>
Revenues			
Cruise			
Passenger tickets	\$3,746	\$6,446	\$ 8,399
Onboard and other	1,110	1,766	2,338
Other	58	309	357
	<u>4,914</u>	<u>8,521</u>	<u>11,094</u>
Costs and Expenses			
Operating			
Cruise			
Commissions, transportation and other	803	1,278	1,645
Onboard and other	193	311	412
Payroll and related	547	844	1,122
Food	304	464	613
Fuel	302	491	707
Other ship operating	704	1,063	1,465
Other	53	215	254
Total	<u>2,906</u>	<u>4,666</u>	<u>6,218</u>
Selling and administrative	678	978	1,335
Depreciation and amortization	446	672	902
	<u>4,030</u>	<u>6,316</u>	<u>8,455</u>
Operating Income	<u>884</u>	<u>2,205</u>	<u>2,639</u>
Nonoperating (Expense) Income			
Interest income	9	19	29
Interest expense, net of capitalized interest	(168)	(250)	(330)
Other income (expense), net	8	(15)	(13)
	<u>(151)</u>	<u>(246)</u>	<u>(314)</u>
Income Before Income Taxes	733	1,959	2,325
Income Tax Benefit (Expense), Net	<u>3</u>	<u>(42)</u>	<u>(72)</u>
Net Income	<u>\$ 736</u>	<u>\$1,917</u>	<u>\$ 2,253</u>
Earnings Per Share			
Basic	<u>\$ 0.92</u>	<u>\$ 2.38</u>	<u>\$ 2.80</u>
Diluted	<u>\$ 0.89</u>	<u>\$ 2.29</u>	<u>\$ 2.70</u>
Dividends Per Share	<u>\$ 0.35</u>	<u>\$ 0.55</u>	<u>\$ 0.80</u>

See accompanying note.

CARNIVAL CORPORATION & PLC
NOTE TO CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

Change in Dry-dock Policy

During the second quarter of fiscal 2006 Carnival Corporation & plc changed its method of accounting for dry-dock costs from the deferral method under which we amortized our deferred dry-dock costs over the estimated period of benefit between dry-docks, to the direct expense method, under which we expense all dry-dock costs as incurred. Dry-dock amortization expense is included in other ship operating expenses in the accompanying Consolidated Statements of Operations. The effect of applying this change retroactively is as follows (in millions):

	Three Months Ended				
	<u>February 28,</u> <u>2006</u>	<u>2005</u>	<u>May 31,</u> <u>2005</u>	<u>August 31,</u> <u>2005</u>	<u>November 30,</u> <u>2005</u>
Net income as previously reported	\$280	\$345	\$408	\$1,151	\$353
(Decrease) increase to previously reported net income	<u>(29)</u>	<u>3</u>	<u>(20)</u>	<u>30</u>	<u>(17)</u>
Net income	<u>\$251</u>	<u>\$348</u>	<u>\$388</u>	<u>\$1,181</u>	<u>\$336</u>

	<u>Six Months Ended</u> <u>May 31, 2005</u>	<u>Nine Months Ended</u> <u>August 31, 2005</u>	<u>Year Ended</u> <u>November 30, 2005</u>
Net income as previously reported	\$ 753	\$1,904	\$2,257
(Decrease) increase to previously reported net income	<u>(17)</u>	<u>13</u>	<u>(4)</u>
Net income	<u>\$ 736</u>	<u>\$1,917</u>	<u>\$2,253</u>

CARNIVAL CORPORATION & PLC

SEGMENT INFORMATION

(UNAUDITED)

(in millions)

	Three Months Ended				
	February 28, 2006	2005	May 31, 2005	August 31, 2005	November 30, 2005
Revenues					
Cruise	\$2,449	\$2,387	\$2,469	\$3,356	\$2,525
Other	16	12	60	329	60
Intersegment elimination	(2)	(1)	(13)	(78)	(12)
	<u>\$2,463</u>	<u>\$2,398</u>	<u>\$2,516</u>	<u>\$3,607</u>	<u>\$2,573</u>
Operating expenses					
Cruise	\$1,500	\$1,405	\$1,448	\$1,598	\$1,513
Other	18	14	53	240	51
Intersegment elimination	(2)	(1)	(13)	(78)	(12)
	<u>\$1,516</u>	<u>\$1,418</u>	<u>\$1,488</u>	<u>\$1,760</u>	<u>\$1,552</u>
Selling and administrative expenses					
Cruise	\$ 355	\$ 327	\$ 327	\$ 289	\$ 346
Other	11	9	15	11	11
	<u>\$ 366</u>	<u>\$ 336</u>	<u>\$ 342</u>	<u>\$ 300</u>	<u>\$ 357</u>
Depreciation and Amortization					
Cruise	\$ 224	\$ 215	\$ 217	\$ 219	\$ 222
Other	8	7	7	7	8
	<u>\$ 232</u>	<u>\$ 222</u>	<u>\$ 224</u>	<u>\$ 226</u>	<u>\$ 230</u>
Operating income (loss)					
Cruise	\$ 370	\$ 440	\$ 477	\$1,250	\$ 444
Other	(21)	(18)	(15)	71	(10)
	<u>\$ 349</u>	<u>\$ 422</u>	<u>\$ 462</u>	<u>\$1,321</u>	<u>\$ 434</u>
	Six Months Ended		Nine Months Ended		Year Ended
	May 31,		August 31,		November 30,
	2005		2005		2005
Revenues					
Cruise	\$4,856		\$8,212		\$10,737
Other	72		401		461
Intersegment elimination	(14)		(92)		(104)
	<u>\$4,914</u>		<u>\$8,521</u>		<u>\$11,094</u>
Operating expenses					
Cruise	\$2,853		\$4,451		\$ 5,964
Other	67		307		358
Intersegment elimination	(14)		(92)		(104)
	<u>\$2,906</u>		<u>\$4,666</u>		<u>\$ 6,218</u>
Selling and administrative expenses					
Cruise	\$ 654		\$ 943		\$ 1,289
Other	24		35		46
	<u>\$ 678</u>		<u>\$ 978</u>		<u>\$ 1,335</u>
Depreciation and Amortization					
Cruise	\$ 432		\$ 651		\$ 873
Other	14		21		29
	<u>\$ 446</u>		<u>\$ 672</u>		<u>\$ 902</u>
Operating income (loss)					
Cruise	\$ 917		\$2,167		\$ 2,611
Other	(33)		38		28
	<u>\$ 884</u>		<u>\$2,205</u>		<u>\$ 2,639</u>

Non-GAAP Financial Measures

Gross and net revenue yields were computed by dividing the gross or net revenues, without rounding, by available lower berth days ("ALBDs") as follows:

	Three Months Ended				
	February 28, 2006	February 28, 2005	May 31, 2005	August 31, 2005	November 30, 2005
	(in millions, except ALBDs and yields)				
Cruise revenues					
Passenger tickets	\$1,910	\$1,843	\$1,903	\$2,700	\$1,953
Onboard and other	539	544	566	656	572
Gross cruise revenues	2,449	2,387	2,469	3,356	2,525
Less cruise costs					
Commissions, transportation and other	(408)	(423)	(380)	(475)	(367)
Onboard and other	(97)	(97)	(96)	(118)	(101)
Net cruise revenues	<u>\$1,944</u>	<u>\$1,867</u>	<u>\$1,993</u>	<u>\$2,763</u>	<u>\$2,057</u>
ALBDs	11,936,438	11,586,444	11,711,830	12,297,220	12,159,133
Gross revenue yields	<u>\$205.15</u>	<u>\$206.08</u>	<u>\$210.79</u>	<u>\$272.90</u>	<u>\$207.64</u>
Net revenue yields	<u>\$162.81</u>	<u>\$161.20</u>	<u>\$170.11</u>	<u>\$224.72</u>	<u>\$169.15</u>

Gross and net cruise costs per ALBD were computed by dividing the gross or net cruise costs, without rounding, by ALBDs as follows:

	Three Months Ended				
	February 28, 2006	February 28, 2005	May 31, 2005	August 31, 2005	November 30, 2005
	(in millions, except ALBDs and costs per ALBD)				
Cruise operating expenses	\$1,500	\$1,405	\$1,448	\$1,598	\$1,513
Cruise selling and administrative expenses	355	327	327	289	346
Gross cruise costs	1,855	1,732	1,775	1,887	1,859
Less cruise costs included in net cruise revenues					
Commissions, transportation and other	(408)	(423)	(380)	(475)	(367)
Onboard and other	(97)	(97)	(96)	(118)	(101)
Net cruise costs	<u>\$1,350</u>	<u>\$1,212</u>	<u>\$1,299</u>	<u>\$1,294</u>	<u>\$1,391</u>
ALBDs	11,936,438	11,586,444	11,711,830	12,297,220	12,159,133
Gross cruise costs per ALBD	<u>\$155.42</u>	<u>\$149.44</u>	<u>\$151.56</u>	<u>\$153.49</u>	<u>\$152.92</u>
Net cruise costs per ALBD	<u>\$113.08</u>	<u>\$104.55</u>	<u>\$110.87</u>	<u>\$105.31</u>	<u>\$114.43</u>

Non-GAAP Financial Measures

Gross and net revenue yields were computed by dividing the gross or net revenues, without rounding, by ALBDs as follows:

	Six Months Ended May 31, <u>2005</u>	Nine Months Ended August 31, <u>2005</u>	Year Ended November 30, <u>2005</u>
	(in millions, except ALBDs and yields)		
Cruise revenues			
Passenger tickets	\$3,746	\$ 6,446	\$ 8,399
Onboard and other	<u>1,110</u>	<u>1,766</u>	<u>2,338</u>
Gross cruise revenues	4,856	8,212	10,737
Less cruise costs			
Commissions, transportation and other	(803)	(1,278)	(1,645)
Onboard and other	<u>(193)</u>	<u>(311)</u>	<u>(412)</u>
Net cruise revenues	<u>\$3,860</u>	<u>\$ 6,623</u>	<u>\$ 8,680</u>
ALBDs	<u>23,298,274</u>	<u>35,595,494</u>	<u>47,754,627</u>
Gross revenue yields	<u>\$208.45</u>	<u>\$230.72</u>	<u>\$224.84</u>
Net revenue yields	<u>\$165.68</u>	<u>\$186.07</u>	<u>\$181.77</u>

Gross and net cruise costs per ALBD were computed by dividing the gross or net cruise costs, without rounding, by ALBDs as follows:

	Six Months Ended May 31, <u>2005</u>	Nine Months Ended August 31, <u>2005</u>	Year Ended November 30, <u>2005</u>
	(in millions, except ALBDs and costs per ALBD)		
Cruise operating expenses	\$2,853	\$ 4,451	\$ 5,964
Cruise selling and administrative expenses	<u>654</u>	<u>943</u>	<u>1,289</u>
Gross cruise costs	3,507	5,394	7,253
Less cruise costs included in net cruise revenues			
Commissions, transportation and other	(803)	(1,278)	(1,645)
Onboard and other	<u>(193)</u>	<u>(311)</u>	<u>(412)</u>
Net cruise costs	<u>\$2,511</u>	<u>\$ 3,805</u>	<u>\$ 5,196</u>
ALBDs	<u>23,298,274</u>	<u>35,595,494</u>	<u>47,754,627</u>
Gross cruise costs per ALBD	<u>\$150.50</u>	<u>\$151.54</u>	<u>\$151.89</u>
Net cruise costs per ALBD	<u>\$107.73</u>	<u>\$106.89</u>	<u>\$108.81</u>

NOTE TO NON-GAAP FINANCIAL MEASURES

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 cruise segment revenue 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 earned by us net of our most significant variable costs, which are 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, except for the impact of changing prices.

Net cruise costs per ALBD is the most significant measure we use to monitor our ability to control our cruise segment costs rather than gross cruise costs per ALBD. In calculating net cruise costs, we exclude the same variable costs that are included in the calculation of net cruise revenues. This is done to avoid duplicating these variable costs in these two non-GAAP financial measures.

FOR IMMEDIATE RELEASE**CARNIVAL CORPORATION & PLC REPORTS****SECOND QUARTER EARNINGS****Board Authorizes Additional \$1 Billion Share Buyback**

MIAMI (June 16, 2006) – Carnival Corporation & plc (NYSE/LSE: CCL; NYSE: CUK) reported net income of \$380 million, or \$0.46 diluted EPS, on revenues of \$2.66 billion for its second quarter ended May 31, 2006. Net income for the second quarter of 2005 was \$388 million, or \$0.47 diluted EPS, on revenues of \$2.52 billion.

Net income for the six months ended May 31, 2006, was \$631 million, or \$0.77 diluted EPS, on revenues of \$5.13 billion, compared to net income of \$736 million, or \$0.89 diluted EPS, on revenues of \$4.91 billion for the same period in 2005.

The company has completed \$967 million of its previously authorized \$1 billion stock repurchase program and the board of directors has now authorized a second \$1 billion stock repurchase program. The repurchase will take place from time to time in open market or privately negotiated transactions in accordance with all applicable laws, rules and regulations. This authorization covers both Carnival Corporation stock traded on the New York Stock Exchange and Carnival plc ordinary shares traded on the London Stock Exchange.

Second quarter 2006 revenues increased 5.8 percent, driven by both a 4.5 percent increase in capacity and an increase in revenue yields (revenue per available lower berth day).

Net and gross revenue yields in current dollars for the second quarter of 2006 increased 1.5 percent compared to the prior year. Net revenue yields as measured on a local currency basis (“constant dollar basis”), which the company believes better reflects underlying revenue performance, increased 2.6 percent over the same period last year, with cruise ticket prices, onboard revenues and occupancies, all increasing.

Net cruise costs per available lower berth day (“ALBD”) for the second quarter of 2006 increased 4.6 percent compared to the same period last year. On a constant dollar basis, net cruise costs per ALBD increased 5.9 percent from the same period last year. The increase in costs per ALBD was primarily due to a 43 percent increase in fuel prices. Excluding the increased fuel prices, the company’s 2006 second quarter net cruise costs per ALBD increased 0.5 percent compared to last year on a constant dollar basis. Gross cruise costs per ALBD increased 3.8 percent.

Carnival Corporation & plc Chairman and CEO Micky Arison said, “Our second quarter earnings were largely in line with our expectations. Both our North American and European cruise brands’ yields were strong despite some price pressure on Caribbean sailings. We also did a very good job managing controllable costs, although higher fuel prices reduced second quarter earnings by \$74 million, or 9 cents per share, compared to 2005.”

Outlook for the Remainder of 2006

“Based on what we see at this point, we are expecting a solid increase in revenue yields from our European cruise brands in the second half of 2006. Additionally, pricing for our North American brands for European and Alaskan itineraries is ahead of the prior year. However, there remains considerable softness for Caribbean sailings in the second half of 2006. We have responded with more aggressive pricing strategies which have resulted in a solid increase in bookings over the last few weeks,” Arison said.

Despite sluggish Caribbean bookings, the company currently expects that net revenue yields will be up 1 to 2 percent (flat in constant dollars) in the second half of 2006 compared to last year. The company continues to expect full year 2006 net revenue yields to increase 1 to 2 percent on both a reported and constant dollar basis.

Net cruise costs per ALBD are expected to increase 2 to 3 percent (flat to up 1 percent in constant dollar terms), in the second half of 2006 compared to the corresponding period last year. The company’s cost guidance for fuel is based on recent forward prices for fuel of \$366 per metric ton for the balance of the year, which is 24 percent or approximately \$100 million higher than the last half of 2005. Excluding the anticipated fuel price increase, the company expects net cruise costs per ALBD to be lower by 2 to 3 percent compared to the prior year on a constant dollar basis.

For the third quarter of 2006, the company expects net revenue yields to be up 1 to 2 percent (flat on a constant dollar basis), compared to last year. Net cruise costs per ALBD are expected to be up 5 to 6 percent (up 4 to 5 percent on a constant dollar basis), compared to last year. The increased costs are all attributable to the higher fuel price estimates, which, if realized, will cost the company approximately \$66 million in the third quarter, based on recent forward prices for fuel of \$364 per metric ton for the third quarter. This cost is 34 percent higher than the average price for fuel for the third quarter of 2005. Excluding the anticipated fuel price increase, the company’s cost guidance for the third quarter of 2006 is for net cruise costs per ALBD to be flat compared to the third quarter 2005 on a constant dollar basis. Based on these estimates, the company expects diluted earnings per share for the third quarter of 2006 to be approximately \$1.45 to \$1.47.

Based on these estimates, the company continues to forecast that diluted earnings per share for the full year 2006 will be approximately \$2.65 to \$2.75. This guidance is based on currency exchange rates of \$1.29 to the euro and \$1.88 to sterling.

New Ship Deliveries and Orders

During the second quarter, the company’s Princess Cruises brand took delivery of the new 3,100-passenger Crown Princess, which began offering nine-day Caribbean cruises from the new Brooklyn Cruise Terminal earlier this week.

Continuing its expansion of the European cruise market, on June 12, 2006, the company announced it had ordered two cruise ships for its European brands. The order includes a 2,260-passenger vessel for Costa Cruises and a 2,050-passenger ship for AIDA Cruises, with delivery scheduled for 2009 and 2010, respectively. In addition, Costa has an option for a second 2,260-passenger ship for 2010. Including these new orders, the company’s order book now includes 16 new vessels – 10 for its European brands and six for its North American brands.

“This commitment to future expansion, as well as the authorization for another \$1 billion share repurchase, demonstrates our confidence in the favorable long-term prospects of our global cruise business. The current order book allows us to grow our global capacity at a measured pace of 7 percent compounded annually over the next four years. We are in a unique position of having strong cash flow to fund our growth initiatives and, to the extent that we have cash remaining, we intend to return those funds to shareholders through dividends and share repurchases,” Arison said.

The company has one ship scheduled to enter service in the third quarter 2006, the Costa Concordia, which is slated to launch seven-day Mediterranean cruises from Civitavecchia (Rome) on July 23, 2006.

Also in the third quarter, the company will launch its first Asian-based cruise initiative, Costa Asia, with the newly refurbished Costa Allegra operating five-day voyages from Shanghai, the People’s Republic of China, beginning July 3, 2006.

Carnival has scheduled a conference call with analysts at 10 a.m. EST (15.00 London time) today to discuss its 2006 second quarter earnings. This call can be listened to live, and additional information can be obtained, via Carnival Corporation & plc’s Web site at www.carnivalcorp.com and www.carnivalplc.com.

Carnival Corporation & plc is the largest cruise vacation group in the world, with a portfolio of 13 cruise brands in North America, Europe and Australia, comprised of Carnival Cruise Lines, Holland America Line, Princess Cruises, Seabourn Cruise Line, Windstar Cruises, AIDA Cruises, Costa Cruises, Cunard Line, Ocean Village, P&O Cruises, Swan Hellenic, P&O Cruises Australia and Costa Asia.

Together, these brands operate 80 ships totaling approximately 141,000 lower berths with 16 new ships scheduled to enter service between July 2006 and spring 2010. Carnival Corporation & plc also operates the leading tour companies in Alaska and the Canadian Yukon, Holland America Tours and Princess Tours. Traded on both the New York and London Stock Exchanges, Carnival Corporation & plc is the only group in the world to be included in both the S&P 500 and the FTSE 100 indices.

Cautionary note concerning factors that may affect future results

Some of the statements contained in this earnings release are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to Carnival Corporation & plc, including some statements concerning future results, outlook, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 earnings release. Forward-looking statements include those statements which may impact the forecasting of earnings per share, net revenue yields, booking levels, pricing, occupancy, operating, financing and/or tax costs, fuel 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: risks associated with the DLC structure, including the uncertainty of its tax status; general economic and business conditions, which may impact levels of disposable income of consumers and the net revenue yields for cruise brands of Carnival Corporation & plc; 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; risks associated with operating internationally; the international political and economic climate, armed conflicts, terrorist attacks and threats thereof, availability of air service, other world events and adverse publicity, and their impact on the demand for cruises; accidents, unusual weather patterns or natural disasters, such as hurricanes and earthquakes, and other incidents, (including machinery and equipment failures, which could cause the alteration of itineraries or cancellation of a cruise or series of cruises and the impact of the spread of contagious diseases), affecting the health, safety, security and vacation satisfaction of passengers; changing consumer preferences, which may, among other things, adversely impact the demand for cruises; the ability of Carnival Corporation & plc to implement its shipbuilding programs and brand strategies and to continue to expand its business worldwide; Carnival Corporation & plc's future operating cash flow may not be sufficient to fund future obligations and Carnival Corporation & plc may not be able to obtain financing, if necessary, on terms that are favorable or consistent with Carnival Corporation & plc's expectations; Carnival Corporation & plc's ability to attract and retain qualified shipboard crew and maintain good relations with employee unions; the impact of changes in operating and financing costs, including changes in foreign currency exchange rates and interest rates and fuel, food, payroll, insurance and security costs; the impact of pending or threatened litigation; changes in the environmental, health, safety, security, tax and other regulatory regimes under which Carnival Corporation & plc operates, including the implementation of U.S. regulations requiring U.S. citizens to obtain passports for travel to or from additional foreign destinations;

continued availability of attractive port destinations; Carnival Corporation & plc's ability to successfully implement cost reduction plans and the continuing financial viability of Carnival Corporation & plc's travel agent distribution system and air service providers. 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, Carnival Corporation & plc expressly disclaims any obligation to disseminate, after the date of this release, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

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CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF OPERATIONS

	<u>Three Months Ended May 31,</u> <u>2006</u>	<u>2005</u> ⁽¹⁾	<u>Six Months Ended May 31,</u> <u>2006</u> ⁽¹⁾	<u>2005</u> ⁽¹⁾
	(in millions, except per share data)			
Revenues				
Cruise				
Passenger tickets	\$ 2,020	\$ 1,903	\$ 3,930	\$ 3,746
Onboard and other	600	566	1,139	1,110
Other	<u>42</u>	<u>47</u>	<u>56</u>	<u>58</u>
	<u>2,662</u>	<u>2,516</u>	<u>5,125</u>	<u>4,914</u>
Costs and Expenses				
Operating				
Cruise				
Commissions, transportation and other	405	380	813	803
Onboard and other	101	96	198	193
Payroll and related	288	278	560	547
Food	159	151	311	304
Fuel	247	169	461	302
Other ship operating	383	374 ⁽²⁾	740 ⁽²⁾	704 ⁽²⁾
Other	<u>37</u>	<u>40</u>	<u>53</u>	<u>53</u>
Total	1,620	1,488	3,136	2,906
Selling and administrative	354	342	720	678
Depreciation and amortization	<u>240</u>	<u>224</u>	<u>472</u>	<u>446</u>
	<u>2,214</u>	<u>2,054</u>	<u>4,328</u>	<u>4,030</u>
Operating Income	<u>448</u>	<u>462</u>	<u>797</u>	<u>884</u>
Nonoperating (Expense) Income				
Interest income	5	6	12	9
Interest expense, net of capitalized interest	(75)	(82)	(151)	(168)
Other (expense) income, net	<u>(1)</u>	<u>2</u>	<u>(16)</u> ⁽³⁾	<u>8</u> ⁽⁴⁾
	<u>(71)</u>	<u>(74)</u>	<u>(155)</u>	<u>(151)</u>
Income Before Income Taxes	377	388	642	733
Income Tax Benefit (Expense), Net	<u>3</u>	<u>—</u>	<u>(11)</u>	<u>3</u>
Net Income	<u>\$ 380</u>	<u>\$ 388</u>	<u>\$ 631</u>	<u>\$ 736</u>
Earnings Per Share				
Basic	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ 0.78</u>	<u>\$ 0.92</u>
Diluted	<u>\$ 0.46</u>	<u>\$ 0.47</u>	<u>\$ 0.77</u>	<u>\$ 0.89</u>
Dividends Per Share	<u>\$ 0.25</u>	<u>\$ 0.20</u>	<u>\$ 0.50</u>	<u>\$ 0.35</u>
Weighted-Average Shares Outstanding – Basic	<u>805</u>	<u>805</u>	<u>807</u>	<u>805</u>
Weighted-Average Shares Outstanding – Diluted	<u>840</u>	<u>854</u>	<u>843</u>	<u>855</u>

(1) Reclassifications have been made to certain 2006 and 2005 amounts to conform to the current period presentation as a result of adopting a new chart of accounts in connection with the initial implementation of a new worldwide accounting system.

(2) 2005 and three months ended February 28, 2006 amounts were retrospectively adjusted for the change in the company's method of accounting for dry-dock costs from the deferral method to the direct expense method, which resulted in a \$20 million and \$17 million increase in other ship operating costs for the three and six months ended May 31, 2005, respectively, and a \$29 million increase for the three months ended February 28, 2006.

(3) Includes a \$10 million expense for a non-cruise investment write-down and a \$5 million expense for a litigation reserve.

(4) Includes a \$7 million gain from the settlement of litigation.

CARNIVAL CORPORATION & PLC
SELECTED STATISTICAL AND SEGMENT INFORMATION

	<u>Three Months Ended May 31,</u>		<u>Six Months Ended May 31,</u>	
	<u>2006</u>	<u>2005</u> ⁽¹⁾	<u>2006</u> ⁽¹⁾	<u>2005</u> ⁽¹⁾
	(in millions, except statistical information)			
STATISTICAL INFORMATION				
Passengers carried (in thousands)	1,708	1,687	3,225 ⁽²⁾	3,306
Available lower berth days (3)	12,242,982	11,711,830	24,179,420	23,298,274
Occupancy percentage	105.4%	104.8%	104.8% ⁽⁴⁾	104.3%
Fuel cost per metric ton	\$ 354	\$ 248	\$ 336	\$ 222
SEGMENT INFORMATION				
Revenues				
Cruise	\$ 2,620	\$ 2,469	\$ 5,069	\$ 4,856
Other	54	60	70	72
Intersegment elimination	<u>(12)</u>	<u>(13)</u>	<u>(14)</u>	<u>(14)</u>
	<u>\$ 2,662</u>	<u>\$ 2,516</u>	<u>\$ 5,125</u>	<u>\$ 4,914</u>
Operating expenses				
Cruise	\$ 1,583	\$ 1,448	\$ 3,083	\$ 2,853
Other	49	53	67	67
Intersegment elimination	<u>(12)</u>	<u>(13)</u>	<u>(14)</u>	<u>(14)</u>
	<u>\$ 1,620</u>	<u>\$ 1,488</u>	<u>\$ 3,136</u>	<u>\$ 2,906</u>
Selling and administrative expenses				
Cruise	\$ 343	\$ 327	\$ 698	\$ 654
Other	<u>11</u>	<u>15</u>	<u>22</u>	<u>24</u>
	<u>\$ 354</u>	<u>\$ 342</u>	<u>\$ 720</u>	<u>\$ 678</u>
Depreciation and Amortization	\$ 232	\$ 217	\$ 456	\$ 432
Cruise	<u>8</u>	<u>7</u>	<u>16</u>	<u>14</u>
Other	<u>\$ 240</u>	<u>\$ 224</u>	<u>\$ 472</u>	<u>\$ 446</u>
Operating income (loss)				
Cruise	\$ 462	\$ 477	\$ 832	\$ 917
Other	<u>(14)</u>	<u>(15)</u>	<u>(35)</u>	<u>(33)</u>
	<u>\$ 448</u>	<u>\$ 462</u>	<u>\$ 797</u>	<u>\$ 884</u>

(1) Reclassifications have been made to certain 2006 and 2005 amounts to conform to the current period presentation.

(2) Passengers carried in 2006 are less than 2005 because 2006 does not include passengers for three ships chartered to the Military Sealift Command (MSC) in the 2006 first quarter in connection with the Hurricane Katrina relief efforts.

(3) Available lower berth days is the standard measure of passenger capacity for the period. It assumes that each cabin we offer for sale accommodates two passengers. ALBDs are computed by multiplying passenger capacity by revenue-producing ship operating days in the period.

(4) Occupancy percentage includes the three ships chartered to the MSC at 100% occupancy.

CARNIVAL CORPORATION & PLC **NON-GAAP FINANCIAL MEASURES**

Gross and net revenue yields were computed by dividing the gross or net revenues, without rounding, by ALBDs as follows:

	<u>Three Months Ended May 31,</u>		<u>Six Months Ended May 31,</u>	
	<u>2006</u>	<u>2005</u> (2)	<u>2006</u> (2)	<u>2005</u> (2)
	(in millions, except ALBDs and yields)			
Cruise revenues				
Passenger tickets	\$ 2,020	\$ 1,903	\$ 3,930	\$ 3,746
Onboard and other	<u>600</u>	<u>566</u>	<u>1,139</u>	<u>1,110</u>
Gross cruise revenues	2,620	2,469	5,069	4,856
Less cruise costs				
Commissions, transportation and other	(405)	(380)	(813)	(803)
Onboard and other	<u>(101)</u>	<u>(96)</u>	<u>(198)</u>	<u>(193)</u>
Net cruise revenues (1)	<u>\$ 2,114</u>	<u>\$ 1,993</u>	<u>\$ 4,058</u>	<u>\$ 3,860</u>
ALBDs	<u>12,242,982</u>	<u>11,711,830</u>	<u>24,179,420</u>	<u>23,298,274</u>
Gross revenue yields (1)	<u>\$ 214.00</u>	<u>\$ 210.79</u>	<u>\$ 209.63</u>	<u>\$ 208.45</u>
Net revenue yields (1)	<u>\$ 172.63</u>	<u>\$ 170.11</u>	<u>\$ 167.78</u>	<u>\$ 165.68</u>

Gross and net cruise costs per ALBD were computed by dividing the gross or net cruise costs, without rounding, by ALBDs as follows:

	<u>Three Months Ended May 31,</u>		<u>Six Months Ended May 31,</u>	
	<u>2006</u>	<u>2005</u> (2)	<u>2006</u> (2)	<u>2005</u> (2)
	(in millions, except ALBDs and costs per ALBD)			
Cruise operating expenses	\$ 1,583	\$ 1,448	\$ 3,083	\$ 2,853
Cruise selling and administrative expenses	<u>343</u>	<u>327</u>	<u>698</u>	<u>654</u>
Gross cruise costs	1,926	1,775	3,781	3,507
Less cruise costs included in net cruise revenues				
Commissions, transportation and other	(405)	(380)	(813)	(803)
Onboard and other	<u>(101)</u>	<u>(96)</u>	<u>(198)</u>	<u>(193)</u>
Net cruise costs (1)	<u>\$ 1,420</u>	<u>\$ 1,299</u>	<u>\$ 2,770</u>	<u>\$ 2,511</u>
ALBDs	<u>12,242,982</u>	<u>11,711,830</u>	<u>24,179,420</u>	<u>23,298,274</u>
Gross cruise costs per ALBD (1)	<u>\$ 157.35</u>	<u>\$ 151.56</u>	<u>\$ 156.40</u>	<u>\$ 150.50</u>
Net cruise costs per ALBD (1)	<u>\$ 115.98</u>	<u>\$ 110.87</u>	<u>\$ 114.54</u>	<u>\$ 107.73</u>

NOTES TO NON-GAAP FINANCIAL MEASURES

- (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 cruise segment revenue 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 earned by us net of our most significant variable costs, which are 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, except for the impact of changing prices.

Net cruise costs per ALBD is the most significant measure we use to monitor our ability to control our cruise segment costs rather than gross cruise costs per ALBD. In calculating net cruise costs, we exclude the same variable costs that are included in the calculation of net cruise revenues. This is done to avoid duplicating these variable costs in these two non-GAAP financial measures.

We have not provided estimates of future gross revenue yields or future gross cruise costs per ALBD because the reconciliations of forecasted net cruise revenues to forecasted gross cruise revenues or forecasted net cruise costs to forecasted cruise operating expenses would require us to forecast, with reasonable accuracy, the amount of air and other transportation costs that our forecasted cruise passengers would elect to purchase from us (the “air/sea mix”). Since the forecasting of future air/sea mix involves several significant variables that are relatively difficult to forecast and the revenues from the sale of air and other transportation approximate the costs of providing that transportation, management focuses primarily on forecasts of net cruise revenues and costs rather than gross cruise revenues and costs. This does not impact, in any material respect, our ability to forecast our future results, as any variation in the air/sea mix has no material impact on our forecasted net cruise revenues or forecasted net cruise costs. As such, management does not believe that this reconciling information would be meaningful.

We also monitor these two non-GAAP financial measures assuming the 2006 currency exchange rates have remained constant with the 2005 comparable period rates, or on a “constant dollar basis,” in order to remove the impact of changes in exchange rates on our non-U.S. dollar cruise operations. We believe that this is a useful measure indicating the actual growth of our operations in a fluctuating rate environment. On a constant dollar basis, net cruise revenues and net cruise costs would be \$2.14 billion and \$1.44 billion for the three months ended May 31, 2006, and \$4.12 billion and \$2.82 billion for the six months ended May 31, 2006, respectively. On a constant dollar basis, gross cruise revenues and gross cruise costs would be \$2.65 billion and \$1.95 billion for the three months ended May 31, 2006 and \$5.16 and \$3.86 billion for the six months ended May 31, 2006, respectively. In addition, our non-U.S. cruise operations depreciation and net interest expense were impacted by changes in exchange rates for the three and six months ended May 31, 2006, compared to May 31, 2005.

- (2) Reclassifications have been made to certain 2005 and 2006 amounts to conform to the current period presentation.

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