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

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

For the fiscal year ended November 30, 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 (Exact name of registrant as specified in its charter)	Carnival plc (Exact name of registrant as specified in its charter)
Republic of Panama (State or other jurisdiction of incorporation or organization)	England and Wales (State or other jurisdiction of incorporation or organization)
59-1562976 (I.R.S. Employer Identification No.)	none (I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue Miami, Florida 33178-2428 (Address of principal executive offices) (Zip code)	Carnival House, 5 Gainsford Street, London SE1 2NE, United Kingdom (Address of principal executive offices) (Zip code)
(305) 599-2600 (Registrant's telephone number, including area code)	011 44 20 7940 5381 (Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:	Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered	Title of each class	Name of exchange on which registered
Common Stock ($.01 par value)	New York Stock Exchange, Inc.	Ordinary Shares each represented by American Depositary Shares ($1.66 stated value), Special Voting Share, GBP 1.00 par value and Trust Shares of beneficial interest in the P&O Special Voting Trust	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

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 registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrants are accelerated filers (as defined in Rule 12b-2 of the Act). Yes X No___

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $12.4 billion as of the last business day of the registrant's most recently completed second fiscal quarter.

At February 16, 2004, Carnival Corporation had outstanding 631,469,622 shares of its Common Stock, $.01 par value.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $4.7 billion as of the last business day of the registrant's most recently completed second fiscal quarter.

At February 16, 2004, Carnival plc had outstanding 211,011,492 Ordinary Shares $1.66 stated value, one Special Voting Share, GBP 1.00 par value and 631,469,622 Trust Shares of beneficial interest in the P&O Special Voting Trust

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrants' 2003 annual report to shareholders to be furnished to the Commission pursuant to Rule 14a-3(b) of the Exchange Act is shown in Exhibit 13 and is incorporated by reference into this Annual Report on Form 10-K.

Part and Item of the Form 10-K

Part II

Item 5(a) and (b).	Market for Registrants' Common Equity and Related Stockholder Matters - Market Information and Holders
Item 6.	Selected Financial Data
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk
Item 8.	Financial Statements and Supplementary Data

Portions of the Registrants' 2004 definitive proxy statement, to be filed with the Commission, are incorporated by reference into this joint Annual Report on Form 10-K under the items described below.

Part and Item of the Form 10-K

Part II

Item 5(d).	Market for Registrants' Common Equity and Related Stockholders Matters - Securities Authorized for Issuance Under Equity Compensation Plans

Part III

Item 10.	Directors and Executive Officers of the Registrants
Item 11.	Executive Compensation
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
Item 13.	Certain Relationships and Related Transactions
Item 14.	Principal Accountant Fees and Services

PART I

Item 1. Business

A. General

Carnival Corporation is a Panamanian corporation and Carnival plc (formerly known as P&O Princess Cruises plc) is incorporated in England and Wales. Together with their consolidated subsidiaries they are referred to collectively in this joint Annual Report on Form 10-K as Carnival Corporation & plc, "our," "us," and "we."

On April 17, 2003, Carnival Corporation and Carnival plc completed a dual listed company ("DLC") transaction, which implemented Carnival Corporation & plc's DLC structure. 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. Carnival Corporation and Carnival plc are both public companies, with separate stock exchange listings and their own shareholders. The two companies have a single executive management team and identical boards of directors and are operated as if they were a single economic enterprise. See Note 3, "DLC Transaction" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

We are the largest global cruise company and one of the largest vacation companies in the world. We have a portfolio of 12 of the world's most widely recognized cruise brands and are the leading provider of cruises to all major destinations outside the Far East. See Part I, Item 1. Business C. Cruise Operations for further information.

As of February 15, 2004, 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 (a)	Primary Market
Carnival Cruise Lines ("CCL")	20	43,446	North America
Princess Cruises ("Princess")	11	19,880	North America
Holland America Line	12	16,320	North America
Costa Cruises ("Costa")	10	15,570	Europe
P&O Cruises	4	7,724	United Kingdom
AIDA	4	5,314	Germany
Cunard Line ("Cunard")	3	5,078	United Kingdom/North America
Ocean Village	1	1,602	United Kingdom
P&O Cruises Australia	1	1,200	Australia
Swan Hellenic	1	678	United Kingdom
Seabourn Cruise Line ("Seabourn")	3	624	North America
Windstar Cruises ("Windstar")	3	604	North America
	73	118,040	

(a) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or more passengers.

As of February 15, 2004, we had signed agreement with two shipyards providing for the construction of 10 additional cruise ships scheduled for delivery during the next two and a half years and one letter of intent for an additional 3,004-passenger vessel for expected delivery to Costa in the summer 2006. This will increase our passenger capacity by 28,894 lower berths, or 24.5%, compared to February 15, 2004. We have announced that two of our ships, the 1,214-passenger Noordam and the 668-passenger Caronia are scheduled to withdraw from our fleet in November 2004. However, it is possible that some more of our older ships may be sold or retired during the next three to four years, thus reducing the size of our fleet over this period. See Note 8, "Commitments" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K for additional information regarding our ship commitments.

In addition to our cruise operations, we operate two tour companies under the brand names Holland America Tours and Princess Tours, which primarily complement their respective cruise operations and own substantially all the assets noted below. These tour companies are the leading cruise/tour operators in the State of Alaska and the Canadian Yukon and currently, market and operate:

- 17 hotels or lodges in Alaska and the Canadian Yukon, with approximately 2,714 guest rooms;

- over 500 motorcoaches used for sightseeing and charters in the States of Washington and Alaska and in British Columbia, Canada and the Canadian Yukon;

- over 20 domed rail cars which are run on the Alaska Railroad between Anchorage and Fairbanks;

- two luxury dayboats offering tours to the glaciers of Alaska and the Yukon River; and

- sightseeing packages, or individual components of such packages, sold either separately or as part of our cruise/tour packages to our Alaska bound cruise passengers and to other vacationers.

B. Risk Factors

You should carefully consider the specific risk factors set forth below, as well as the other information contained or incorporated by reference in this joint Annual Report on Form 10-K, as these are important factors, among others, that could cause our actual results to differ from our expected or historical results. Some of the statements in this section and elsewhere in this joint Annual Report on Form 10-K are "forward-looking statements." For a discussion of those statements and of other factors to consider see the "Cautionary Note Concerning Factors That May Affect Future Results" below.

(1) We may lose business to competitors throughout the vacation market.

We operate in the vacation market, and cruising is one of many alternatives for people choosing a vacation. We therefore risk losing business not only to other cruise lines, but also to other vacation operators that provide other leisure options, including hotels, resorts and package holidays and tours.

We face significant competition from other cruise lines, both on the basis of cruise pricing and also in terms of the nature of ships and services we offer to cruise passengers. Our principal competitors include the companies listed in this joint Annual Report on Form 10-K under the caption, "Cruise Operations - Competition."

In the event that we do not compete effectively with other vacation alternatives and cruise companies, our results of operations and financial condition could be adversely affected.

(2) The international political and economic climate and other world events affecting safety and security could adversely affect the demand for cruises and could harm our future sales and profitability.

Demand for cruises and other vacation options has been, and is expected to continue to be, affected by the public's attitude towards the safety of travel, the international political climate and the political climate of destination countries. Events such as the terrorist attacks in the United States on September 11, 2001 and the threat of additional attacks, concerns of an outbreak of additional hostilities and national government travel advisories, together with the resulting political instability and concerns over safety and security aspects of traveling, have had a significant adverse impact on demand and pricing in the travel and vacation industry and may continue to do so in the future. Demand for cruises is also likely to be increasingly dependent on the underlying economic strength of the countries from which cruise companies source their passengers. Economic or political changes that reduce disposable income or consumer confidence in the countries from which we will source our passengers may affect demand for vacations, including cruise vacations, which are a discretionary purchase. Decreases in demand could lead to price discounting which, in turn, could reduce the profitability of our business.

(3) Overcapacity within the cruise and land-based vacation industry could have a negative impact on net revenue yields, increase operating costs, resulting in ship, goodwill and/or trademark asset impairments and could adversely affect profitability.

Cruising capacity has grown in recent years and we expect it to continue to increase over the next two and a half years as all of the major cruise vacation companies are expected to introduce new ships. Over the past few years, our net revenue yields have been negatively impacted as a result of a variety of factors, including capacity increases (see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 13 to this joint Annual Report on Form 10-K.) In order to utilize new capacity, the cruise vacation industry will probably need to increase its share of the overall vacation market. The overall vacation market is also facing increases in land-based vacation capacity, which also will impact us. Failure of the cruise vacation industry to increase its share of the overall vacation market is one of a number of factors that could have a negative impact on our net revenue yields. Should net revenue yields be negatively impacted, our results of operations and financial condition could be adversely affected, including the impairment of the value of our ships, goodwill and/or trademark assets. In addition, increased cruise capacity could impact our ability to retain and attract qualified crew at competitive costs and, therefore, increase our shipboard employee costs.

(4) Our future operating cash flow may not be sufficient to fund future obligations, and we may not be able to obtain additional financing, if necessary, at a cost that is favorable or that meets our expectations.

Our forecasted cash flow from future operations may be adversely affected by various factors, including, but not limited to, declines in customer demand, increased competition, overcapacity, the deterioration in general economic and business conditions, terrorist attacks, ship incidents, adverse publicity and increases in fuel prices, as well as other factors noted under these risk factors and under the "Cautionary Note Concerning Factors That May Affect Future Results" section below. To the extent that we are required, or choose, to fund future cash requirements, including future shipbuilding commitments, from sources other than cash flow from operations, cash on hand and current external sources of liquidity, including committed financings, we will have to secure such financing from banks or through the offering of debt and/or equity securities in the public or private markets.

Our access to financing will depend on, among other things, the maintenance of strong long-term credit ratings. Carnival Corporation and Carnival plc's senior, unsecured long-term debt ratings are "A3" by Moody's, "A-" by Standard & Poor's and "A-" by Fitch Ratings. Carnival Corporation's short-term corporate credit ratings are "Prime-2" by Moody's, "A-2" by Standard & Poor's and "F2" by Fitch Ratings.

(5) Accidents and other incidents or adverse publicity concerning the cruise industry or us could affect our reputation and harm our future sales and profitability.

The operation of cruise ships involves the risk of accidents, passenger and crew illnesses, mechanical failures and other incidents at sea or while in port, which may bring into question passenger safety, health, security and vacation satisfaction and thereby adversely affect future industry performance. Incidents involving passenger cruise ships could occur and could adversely affect future sales and profitability. In addition, adverse publicity concerning the vacation industry in general or the cruise industry or us in particular could impact demand and, consequently, have an adverse affect on our profitability.

(6) Our operating, financing and tax costs are subject to many economic and political factors that are beyond our control, which could result in increases in our operating, financing and tax costs.

Some of our operating costs, including fuel, food, insurance, payroll and security costs, are subject to increases because of market forces, economic instability or political instability or decisions beyond our control. In addition, interest rates, currency fluctuations and our ability to obtain debt or equity financing are dependent on many economic and political factors. Actions by U.S. and non-U.S. taxing jurisdictions could also cause an increase in our costs. Increases in operating, financing and tax costs could adversely affect our results because we may not be able to recover these increased costs through price increases of our cruise vacations.

(7) Environmental legislation and regulations could affect operations and increase our operating costs.

Some environmental groups have lobbied for more stringent regulation of cruise ships. Some groups have also generated negative publicity about the cruise industry and its environmental impact. The U.S. Environmental Protection Agency is considering new laws and rules to manage cruise ship waste. In addition, various state regulatory agencies in Alaska, California, Florida and elsewhere are also considering new regulations, which could adversely impact the cruise industry.

Alaskan authorities are currently investigating an incident that occurred in August 2002 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 the grand jury. If the investigation results in charges being filed, a judgement could include, among other forms of relief, fines and debarment from federal contracting, which would prohibit Holland America Line's operations in Alaska's Glacier Bay National Park and Preserve during the period of debarment. See Part 1, Item 3. Legal Proceedings and Note 9, "Contingencies - Litigation" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

In addition, pursuant to a settlement with the U.S. government in April 2002, Carnival Corporation pled guilty to certain environmental violations. Carnival Corporation was sentenced under a plea agreement pursuant to which Carnival Corporation paid fines in fiscal 2002 totaling $18 million to the U.S. government and other parties. Carnival Corporation was also placed on probation for a term of five years. Under the terms of the probation, any future violation of environmental laws by Carnival Corporation may be deemed a violation of probation. In addition, Carnival Corporation was required as a special term of probation to develop, implement and enforce a worldwide environmental compliance program, which probation is also applicable to Carnival plc. We have implemented the environmental compliance program at Carnival Corporation and are in the process of implementing it at Carnival plc and expect to incur approximately $5 million in additional 2004 annual environmental compliance costs compared to 2003 as a result of the program.

Our costs of complying with current and future environmental laws and regulations, or liabilities arising from past or future releases of, or exposure to, hazardous substances or to vessel discharges, could increase the cost of compliance or otherwise materially adversely affect our business, results of operations and/or financial condition.

(8) New regulation of health, safety, security and other regulatory issues could increase our operating costs and adversely affect net income.

We are subject to various international, national, state and local health, safety and security laws, regulations and treaties. The International Maritime Organization, sometimes referred to as the IMO, which operates under the United Nations, has adopted safety standards as part of the International Convention for Safety of Life at Sea, sometimes referred to as SOLAS, which is applicable to all of our ships. Generally SOLAS establishes vessel design, structural features, materials, construction and life saving equipment requirements to improve passenger safety and security.

In addition, ships that call on U.S. ports are subject to inspection by the U.S. Coast Guard for compliance with SOLAS and by the U.S. Public Health Service for sanitary standards. Our ships are also subject to similar inspections pursuant to the laws and regulations of various other countries our ships visit. Finally, the U.S. Congress recently enacted the Maritime Transportation Security Act of 2002 which implemented a number of security measures at U.S. ports, including measures that relate to foreign flagged vessels calling at U.S. ports.

We believe that health, safety, security and other regulatory issues will continue to be areas of focus by relevant government authorities both in the U.S. and elsewhere. Resulting legislation or regulations, or changes in existing legislation or regulations, could impact our operations and would likely subject us to increasing compliance costs in the future.

(9) Delays in ship construction and problems encountered at shipyards could reduce our profitability.

The construction of cruise ships is a complex process and involves risks similar to those encountered in other sophisticated construction projects, including delays in completion and delivery. In addition, industrial actions and insolvency or financial problems of the shipyards building our ships could also delay or prevent the delivery of our ships under construction. These events could adversely affect our profitability. However, the impact from a delay in delivery could be mitigated by contractual provisions and refund guarantees obtained by us.

In addition, as of February 15, 2004, we have entered into forward foreign currency contracts to fix the cost in U.S. dollars of five of our foreign currency denominated shipbuilding contracts. If the shipyard with which we have contracted is unable to perform under the related contract, the foreign currency forward contract related to the shipyard's shipbuilding contract would still have to be honored. This might require us to realize a loss on an existing contract without having the ability to have an offsetting gain on our foreign currency denominated shipbuilding contract, thus resulting in an adverse effect on our financial results.

(10) The lack of attractive port destinations for our cruise ships could reduce our net revenue yields and net income.

We believe that attractive port destinations, including ports that are not overly congested with tourists, are major reasons why our customers choose a cruise versus an alternative vacation option. The availability of ports, including the specific port facility at which our guests will embark and disembark, is affected by a number of factors including, but not limited to, existing capacity constraints, security concerns, adverse weather conditions and natural disasters, financial limitations on port development, local governmental regulations and local community concerns about both port development and other adverse impacts on their communities from additional tourists. The inability to continue to maintain and increase our ports of call could adversely affect our net revenue yields and net income.

(11) The structure of the DLC transaction involves risks not associated with the more common ways of combining the operations of two companies and these risks may have an adverse effect on the economic performance of the companies and/or their respective share prices.

The DLC structure is a relatively uncommon way of combining the management and operations of two companies and it involves different issues and risks from those associated with the other more common ways of effecting a business combination, such as a merger or exchange offer to create a wholly owned subsidiary. In the DLC transaction, the combination was effected primarily by means of contracts between Carnival Corporation and Carnival plc and not by operation of a statute or court order. The legal effect of these contractual rights may be different from the legal effect of a merger or amalgamation under statute or court order and there may be difficulties in enforcing these contractual rights. Shareholders and creditors of either company might challenge the validity of the contracts or their lack of standing to enforce rights under these contracts, and courts may interpret or enforce these contracts in a manner inconsistent with the express provisions and intentions we included in such contracts. In addition, shareholders and creditors of other companies might successfully challenge other DLC structures and establish legal precedents that could increase the risk of a successful challenge to the DLC transaction. We are maintaining two separate public companies and comply with both Panamanian corporate law and English company laws and different securities and other regulatory and stock exchange requirements in the UK and the U.S. This structure requires more administrative time and cost than was the case for each company individually, which may have an adverse effect on our operating efficiency.

(12) Changes under the Internal Revenue Code, applicable U.S. income tax treaties, and the uncertainty of the DLC structure under the Internal Revenue Code may adversely affect the U.S. federal income taxation of our U.S. source shipping income. In addition, changes in the UK, Italian, German and Australian income tax laws or regulations could also adversely affect our net income.

We believe that substantially all of the U.S. source shipping income of each of Carnival Corporation and Carnival plc qualifies for exemption from U.S. federal income tax, either under:

- Section 883 of the Internal Revenue Code;

- as appropriate in the case of Carnival plc and its UK resident subsidiaries, the U.S.-UK Income Tax Treaty that entered into force on April 25, 1980, which is referred to below as the "old U.S.-UK treaty", and, when applicable, the new U.S.-UK Income Tax Treaty that entered into force on March 31, 2003, which is referred to below as the "new U.S.-UK treaty"; or

- other applicable U.S. income tax treaties,

and should continue to so qualify now that the DLC transaction has been completed. There is, however, no existing U.S. federal income tax authority that directly addresses the tax consequences of implementation of a dual listed company structure such as the DLC structure for purposes of Section 883 or any other provision of the Internal Revenue Code or any income tax treaty and, consequently, the matters discussed above are not free from doubt.

Under recently finalized regulations, the scope of income that is considered shipping income under Section 883 has been narrowed but, because the regulations are new, the scope of income that will not qualify for exemption under Section 883 is not clear. The provisions of Section 883 and the Regulations under Section 883 are subject to change at any time. Moreover, changes could occur in the future with respect to the trading volume or trading frequency of Carnival Corporation shares and/or Carnival plc shares on their respective exchanges or with respect to the identity, residence, or holdings of Carnival Corporation's and/or Carnival plc's direct or indirect shareholders that could affect the eligibility of Carnival Corporation and its subsidiaries and/or certain members of the group consisting of Carnival plc, its subsidiaries and its subsidiary undertakings, which are otherwise eligible for the benefits of Section 883 to qualify for the benefits of the Section 883 exemption. Accordingly, it is possible that Carnival Corporation and its ship-owning or operating subsidiaries and/or certain members of the group consisting of Carnival plc, its subsidiaries and its subsidiary undertakings whose tax exemption is based on Section 883 may lose this exemption. If any such corporation were not entitled to the benefits of Section 883, it would become subject to U.S. federal income taxation on a portion of its income, which would reduce the net profits of such corporation.

Carnival plc's UK, German and Australian operations are entered into the UK tonnage tax regime, whereby UK corporation tax is payable based on shipping profits calculated by reference to the net tonnage of qualifying vessels. Costa is subject to Italian tax law, which exempts a large portion of its shipping income from Italian income tax. If these countries tax laws or regulations were to change in a manner adverse to these operations, our net income could be adversely affected.

See Part I, Item 1. Business, H. Taxation for additional information.

(13) A small group of shareholders collectively owned, as of February 15, 2004, approximately 32% of the total combined voting power of our outstanding shares and may be able to effectively control the outcome of shareholder voting.

A group of shareholders, consisting of some members of the Arison family, including Micky Arison, and trusts established for their benefit, beneficially owned, approximately 42% of the outstanding common stock of Carnival Corporation, which shares represented sufficient shares entitled to constitute a quorum at shareholder meetings and to cast approximately 32% of the total combined voting power of Carnival Corporation & plc. Depending upon the nature and extent of the shareholder vote, this group of shareholders may have the power to effectively control, or at least to influence substantially, the outcome of shareholder votes and, therefore, the corporate actions requiring such votes.

(14) Carnival Corporation and Carnival plc are not U.S. corporations, and our shareholders may be subject to the uncertainties of a foreign legal system in protecting their interests.

Carnival Corporation's corporate affairs are governed by its third amended and restated articles of incorporation and amended and restated by-laws and by the corporate laws of Panama. Carnival plc is governed by its Articles of Association and Memorandum of Association and is organized under laws of England and Wales. The corporate laws of Panama and England and Wales may differ in some respects from the corporate laws in the U.S.

(15) Provisions in Carnival Corporation's constitutional documents may prevent or discourage takeovers and business combinations that our shareholders might consider in their best interests.

Carnival Corporation's amended articles of incorporation and by-laws contain provisions that may delay, defer, prevent or render more difficult a takeover attempt that our shareholders consider to be in their best interests. For instance, these provisions may prevent our shareholders from receiving a premium to the market price of our shares offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our shares if they are viewed as discouraging takeover attempts in the future.

Specifically, Carnival Corporation's articles of incorporation contain provisions that prevent third parties, other than the Arison family and trusts established for their benefit, from acquiring beneficial ownership of more than 4.9 percent of its outstanding shares without the consent of our board of directors and provide for the lapse of rights, and sale, of any shares acquired in excess of that limit. The effect of these provisions may preclude third parties from seeking to acquire a controlling interest in us in transactions that shareholders might consider to be in their best interests and may prevent them from receiving a premium above market price for their shares. For a description of the reasons for the provisions see Part I, Item 1. Business, I. - Taxation- Application of Section 883 of the Internal Revenue Code.

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements contained in this joint Annual Report on Form 10-K are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including certain 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 U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. 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 our actual results, performance or achievements to differ materially from those expressed or implied in this joint Annual Report on Form 10-K. 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, cost per available lower berth day, estimates of ship depreciable lives and residual values, outlook or business prospects.

Our risks are identified in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Cautionary Note Concerning Factors That May Affect Future Results" in Exhibit 13 to this joint Annual Report on Form 10-K and in other risks as detailed in the section above entitled "Risk Factors." These sections contain important cautionary statements and a discussion of many of the factors that could materially affect the accuracy of our forward-looking statements and/or adversely affect our business, results of operations and financial position.

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 Annual Report on Form 10-K, 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.

C. Cruise Operations

The multi-night cruise industry is a small part of the overall global vacation market. We estimate that the global cruise industry carried more than 10 million passengers in 2003. The principal sources for cruise passengers are North America, Europe, Asia/South Pacific including Australia, and South America. We source our passengers principally from North America, the largest cruise sector in the world and, to a lesser extent, from Europe. A small percentage of our passengers are sourced from South America and Asia/South Pacific. See Note 13, "Segment Information" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K for additional information regarding our U.S. and foreign assets and revenues.

Industry Background

The cruise industry is still growing and continues to remain only a small percentage of the wider global holiday market in which cruise vacation operators compete for disposable income normally spent by consumers on vacations. In the U. S., for example, only approximately 15 percent of the population has ever cruised. In addition, cruising in North America has grown by 8.6 percent annually since 1997, increasingly drawing consumers from other vacation alternatives. In Europe, where employees generally enjoy two to three times more vacation days than North Americans, cruise vacations have on average grown 9.9 percent per year since 1997. In addition, the number of Europeans who have selected cruising as their holiday alternative has risen by 60.5 percent since 1997.

Outside North America, the principal sources of passengers for the industry, excluding the Far East, are the UK, Italy, Germany, France, Australia, Spain, Switzerland and Brazil. In all of these areas, cruising represents a smaller proportion of the overall vacation market than it does in North America but, based on industry data, is generally experiencing higher growth rates.

Cruising offers a broad range of products to suit vacationing customers of many ages, backgrounds and interests. Cruise brands can be broadly divided into the contemporary, premium and luxury segments. We have significant product offerings in each of these segments. The contemporary segment is the largest segment and typically includes cruises that last seven days or less, have a more casual ambience and are less expensive than premium or luxury cruises. The premium segment is smaller than the contemporary segment and typically includes cruises that last from seven to 14 days. Premium cruises emphasize quality, comfort, style and more destination-focused itineraries and the average pricing on these cruises is typically higher than those in the contemporary segment. The luxury segment is the smallest segment and is typically characterized by smaller vessel size, very high standards of accommodation and service, and generally with higher prices than the premium segment. Notwithstanding these marketing segment classifications, there is overlap and competition among cruise segments.

We are a provider of cruise vacations in most of the largest vacation markets in the world: North America, the UK, Germany, southern Europe and South America. Our mission is "to deliver exceptional vacation experiences through the world's best-known cruise brands that cater to a variety of different lifestyles and budgets, all at an outstanding value unrivalled on land or at sea." A brief description of the principal vacation regions in which we operate and our brands that serve these regions is as follows:

North America

The largest cruise vacation market in the world is North America, where cruising has developed into a mainstream alternative to land-based resort and sightseeing vacations. According to G. P. Wild (International) Ltd. ("G. P. Wild"), approximately 7.6 million North American sourced cruise passengers took cruise vacations for two consecutive nights or more in 2002. This sector has grown significantly in recent years as new capacity has been introduced.

The principal itineraries visited by North American cruise passengers in 2003 were the Caribbean, Bahamas, Mexico and Alaska. In addition, North American cruise passengers visited Europe, the Mediterranean, Bermuda, New England and Canada, the Panama Canal and other exotic locations, including South America, Africa, the South Pacific, the Orient and India.

Based on the number of ships that are currently on order worldwide and scheduled for delivery between 2004 and 2006, we expect that the net capacity serving North American consumers will increase significantly, most notably in 2004. Our projections indicate that by the end of 2004, 2005 and 2006, North America will be served by 153, 156 and 160 ships, respectively, having an aggregate passenger capacity of approximately 192,000, 198,000 and 209,000 lower berths, respectively. At the end of 2003, North America was served by 146 ships, having an aggregate passenger capacity of approximately 173,000 lower berths. These figures include some ships that are expected to be marketed in North America and elsewhere. Our estimates of capacity do not include assumptions related to unannounced ship withdrawals due to factors such as the age of ships or changes in the location from where ships' passengers are predominantly sourced and, accordingly, could indicate a higher percentage growth in North American capacity than will actually occur. Nonetheless, we expect that net capacity serving North American-sourced cruise passengers will increase over the next several years.

We serve the North American cruise sector principally through our CCL, Princess, Holland America Line, Cunard, Seabourn and Windstar brands.

CCL has 20 ships operating in the contemporary sector, with two additional ships expected to begin service in fiscal 2005. CCL is the number one cruise brand in North America, and is well-known as the "Fun Ships", which we believe captures the essence of the brand. CCL carries the largest number of North American cruise passengers and has increasingly been offering new homeport locations to stimulate demand by enabling its guests to lower the price of their cruise vacation, by reducing or eliminating the cost of travel to the port. All the CCL ships were designed by and built for CCL, including five that are among the world's largest, the Carnival Glory, the Carnival Conquest, the Carnival Victory, the Carnival Triumph and the Carnival Destiny. In addition, CCL's four "Spirit" class ships, the Carnival Spirit, the Carnival Pride, the Carnival Legend and the Carnival Miracle have 80% outside cabins, with 80% of those outside cabins having balconies.

Eighteen of the CCL ships operate to destinations in the Bahamas or the Caribbean during all or a portion of the year and two CCL ships call on ports on the Mexican Riviera year round. CCL ships also offer cruises to Alaska, Bermuda, Canada, New England, the Hawaiian Islands and the Panama Canal, with most cruises ranging from three to seven days.

As of February 15, 2004, Princess, whose brand name was made famous by the "Love Boat" television show, was operating 11 ships in the contemporary/premium sector, with three additional ships expected to begin service in fiscal 2004 and one new ship scheduled for delivery in fiscal 2006. Most cruises range from seven to 14 days in length, with some up to 30 days, and destinations include Alaska, Europe, the Caribbean, the Panama Canal, Mexican Riviera, the South Pacific, South America, Hawaiian Islands, Asia and Canada/New England. Princess also operates a private destination port-of-call known as Princess Cay on the Bahamian Island of Eleuthera, which features retail outlets, water sports, beach and sports facilities, restaurants, bars and other amenities. Princess' fleet was designed with Personal Choice in mind, with numerous options and features, including intimately designed spaces, spacious staterooms and Princess' trademark private balconies.

In 2004, Holland America Line's fleet of 13, five-star, premium ships will offer nearly 500 sailings from 15 North American home ports, including new departures from Norfolk, Virginia; Baltimore, Maryland; and Boston, Massachusetts. Recent additions to the fleet include the 1,848-passenger sister ships, ms Zuiderdam and ms Oosterdam. In April 2004, the third ship in that series, ms Westerdam is expected to join the fleet. The fleet will visit all seven continents in 2004, while increasing the number of cruises to popular destinations such as Alaska, the Caribbean, Europe and Canada/New England. Cruise lengths vary from seven to over 100 days. Most Holland America Line sailings in the Caribbean visit a private island destination known as Half Moon Cay, a private island owned by Holland America Line.

As a premium category cruise leader, Holland America Line is investing $225 million in the *Signature of Excellence* initiative to provide product and service enhancements to its fleet. The enhancements will focus on five areas central to the Holland America Line guest experience: spacious, elegant ships and accommodations; sophisticated five-star dining, gracious, unobtrusive service; extensive enrichment programs and activities; and compelling worldwide itineraries. Enhancements, and in some cases construction build-outs, have been started and are expected to be substantially completed by the end of 2005.

Windstar Cruises operates three motor-sail yachts known for their casually elegant atmosphere. In 2004, Windstar Cruises will offer sailings in the Caribbean, Europe and Tahiti. Renowned for offering a luxury cruise experience that is "180 Degrees from Ordinary," a high-percentage of return guests attests to the appeal of Windstar's casual ambiance of resort-style attire, innovative cuisine and wine selections, open restaurant-style seating, attentive service, exotic destinations and complimentary water sports.

The three Seabourn ships (the "Yachts of Seabourn") focus on personalized service and quality cuisine aboard their intimately sized all-suite ships. The Yachts of Seabourn serve the luxury sector and are primarily marketed in North America. These ships concentrate their operations around Europe, Asia and the Americas with cruises generally in the seven to 14 day range.

Europe

We estimate that Europe is the largest leisure travel vacation market, but cruising in Europe has achieved a much lower penetration rate than in North America. According to G. P. Wild approximately 2.3 million European-sourced passengers took cruise vacations in 2002 compared to approximately 7.6 million North American sourced-passengers. The number of European cruise passengers increased by a compound annual growth rate of approximately 9.9% between 1997 and 2002. We believe that cruising represents less than 2% of the European vacation market. Therefore, we believe that the European market represents a significant growth opportunity for us and we expect that a number of new or existing ships will be introduced into Europe over the next several years.

Our projections indicate that by the end of 2004, 2005 and 2006, Europe will be served by 117, 118 and 119 ships, respectively, having an aggregate passenger capacity of approximately 91,000, 93,000 and 96,000 lower berths, respectively. At the end of 2003, Europe was served by 112 ships, having an aggregate passenger capacity of approximately 86,000 lower berths.

UK

The UK is the single largest country from which cruise passengers are sourced in Europe. According to G. P. Wild, approximately 0.8 million UK passengers took cruises in 2002. Cruising was relatively underdeveloped as a vacation option for the UK consumers until the mid-1990s, but since then the UK has been one of the fastest growing regions in the world. The number of UK cruise passengers increased by a compound annual growth rate of approximately 9.7% between 1997 and 2002. The main destination for UK cruise passengers is the Mediterranean. Other popular destinations for UK cruise passengers include the Caribbean, the Atlantic Islands, including the Canary Islands and the Azores, and Scandinavia.

We serve the UK cruise sector principally through our P&O Cruises, Ocean Village, Cunard, and Swan Hellenic brands, although our larger North American brands and Costa also source passengers from the UK.

P&O Cruises is the largest cruise operator and best known cruise brand in the UK, with four premium sector ships, with an average age of five years at November 30, 2003. These ships cruise to over 180 destinations in more than 75 countries, with most cruises ranging from 12 to 16 days. These ships, which are relatively new compared to the ships that are more typically marketed in the UK, have enabled P&O Cruises to continue to offer a more modern style of cruising to UK cruise passengers and increase their appeal to younger and family passengers, while retaining older and more traditional British customers. The ships have a wide choice of dining and entertainment options and offer a welcoming atmosphere, with an emphasis on the attributes of "Britishness," "professionalism," and "style." P&O Cruises offers cruises to the Mediterranean, the Atlantic Islands, the Baltic, the Norwegian Fjords, the Caribbean and around the world voyages.

Under the Cunard brand, which is one of the most widely recognized brands in the UK, we operate three ships in the premium/luxury sectors, which are primarily marketed in the UK, North America, Germany and Australia. Cunard's new flagship, the Queen Mary 2 was delivered in December 2003 and is the largest ocean liner in the world. She is taking over the northern transatlantic crossing route, which was previously operated by the Queen Elizabeth 2 ("QE2"), Cunard’s former flagship. The QE2 will continue her world cruises before being based in Southampton, England, primarily to serve the UK region. Cunard’s third ship, the Caronia, is also homeported in Southampton, England, and will continue to service the UK region until its charter ends in November 2004. Cunard expects to take delivery of its next new ship, the Queen Victoria, in 2005. Cunard's ships offer cruises to worldwide destinations, with many of the cruises ranging generally between six and 26 days.

The Ocean Village brand was launched in spring 2003 and consists of one ship serving the UK contemporary sector. This brand targets a young and active customer base and its cruise product emphasizes informality, health and well-being. The Ocean Village ship offers one or two week cruises, together with cruise and stay holidays, and operates out of Palma, Majorca in the Mediterranean during the summer season and from Barbados in the Caribbean during the winter season.

Swan Hellenic's Minerva II operates a program of premium discovery cruises. The product is intended to appeal to passengers seeking to discover more about the destinations they are visiting. In the summer season, the itineraries are focused in the Mediterranean, the Black Sea, the Baltic and around Great Britain. Winter cruise destinations alternate between Central and South America and the Far East.

Southern Europe

The main regions in southern Europe for sourcing cruise passengers are Italy, France and Spain. Together, these countries generated approximately 0.8 million cruise passengers in 2002. Cruising in Italy, France and Spain exhibited a compound annual growth rate in the number of passengers carried of approximately 14.7% between 1997 and 2002. We believe that these regions are also relatively underdeveloped for the cruise industry. We intend to increase our penetration in southern Europe through Costa, the largest and one of the most recognized cruise brands marketed in Europe.

Costa's ten contemporary ships operate in Europe during the spring to fall. During the fall to spring, Costa repositions most of its ships to the Caribbean and South America. Costa serves the contemporary sector and is the number one cruise line in continental Europe based on passengers carried and capacity of its ships, principally serving customers in Italy, France, Germany and Spain. Costa expects to take delivery of two new ships, one in 2004 and one in 2006. The Costa ships call on 120 European ports with 44 different itineraries and to various other ports in the Caribbean and South America, with most cruises ranging from seven to 14 days.

Germany

Germany is one of the largest sources for cruise passengers in continental Europe with approximately 0.4 million cruise passengers in 2002. Germany exhibited a compound annual growth rate in the number of cruise passengers carried of approximately 8.6% between 1997 and 2002. We believe that Germany is also an underdeveloped region for the cruise industry. The main destinations visited by German cruise passengers are the Mediterranean and the Caribbean. Other popular destinations for German cruise passengers include Scandinavia and the Atlantic Islands.

We serve the German market through our Aida brand and a Costa ship, the Costa Marina, which has been dedicated exclusively to the German market since 2002.

Aida is the best-known cruise brand in the fast-growing German cruise industry, and offers a "club cruising" style that has an emphasis on lifestyle, informality, friendliness and activity. Spa areas and high quality but informal dining options characterize the experience onboard the vessels. Aida's four contemporary ships primarily offer seven day trips that allow guests to easily book back-to-back cruise vacations. During the summer the ships sail in the Mediterranean and Baltic Sea, calling on approximately 70 ports, while itineraries for the winter include the Caribbean, Asia and the Atlantic Islands.

Australia

Cruising in Australia is relatively well established but still developing. We estimate that approximately 155 thousand Australians took cruise vacations in 2002. We expect to serve this region primarily through P&O Cruises Australia, which is the leading cruise line in Australia.

P&O Cruises Australia is a cruise brand that caters specifically to Australians. Its contemporary product, the Pacific Sky, offers seven to 14 day cruises from Sydney to Vanuatu, New Caledonia, Fiji, and New Zealand. The Pacific Sky is the only ship deployed full-time in Australia by the major cruise lines. The Pacific Princess operates for half the year as part of P&O Cruises Australia and offers a premium cruise product from Sydney to French New Caledonia and elsewhere in the South Pacific.

In the fall of 2004, the 1,486-passenger Carnival Jubilee will be transferred to P&O Cruises Australia and renamed the Pacific Sun, thereby more than doubling this line's dedicated year-round passenger capacity.

South America

Cruise vacations have been marketed in South America for many years, although cruising as a vacation alternative remains in an early stage of development in the region. Cruises from South America typically occur during the southern hemisphere summer months of November through March, and are primarily seven to nine days in duration. Our presence is primarily represented through the Costa brand, which currently operates two vessels in this region, Costa Allegra and Costa Tropicale, offering approximately 1,828 lower berths.

Ship Information

Summary information of our ships as of February 15, 2004 is as follows:

BRAND AND SHIP	REGISTRY	CALENDAR YEAR DELIVERED	PASSENGER CAPACITY
CCL			
Carnival Miracle	Panama	2004	2,124
Carnival Glory	Panama	2003	2,974
Carnival Conquest	Panama	2002	2,974
Carnival Legend	Panama	2002	2,124
Carnival Pride	Panama	2001	2,124

BRAND AND SHIP	REGISTRY	CALENDAR YEAR DELIVERED	PASSENGER CAPACITY
Carnival Spirit	Panama	2001	2,124
Carnival Victory	Panama	2000	2,758
Carnival Triumph	Bahamas	1999	2,758
Paradise	Panama	1998	2,052
Elation	Panama	1998	2,052
Carnival Destiny	Bahamas	1996	2,642
Inspiration	Bahamas	1996	2,052
Imagination	Bahamas	1995	2,052
Fascination	Bahamas	1994	2,052
Sensation	Bahamas	1993	2,052
Ecstasy	Panama	1991	2,052
Fantasy	Panama	1990	2,056
Celebration	Panama	1987	1,486
Jubilee (1)	Bahamas	1986	1,486
Holiday	Bahamas	1985	1,452
Total CCL			43,446
Princess			
Island Princess	Bermuda	2003	1,970
Coral Princess	Bermuda	2002	1,974
Star Princess	Bermuda	2002	2,598
Golden Princess	Bermuda	2001	2,598
Tahitian Princess	Gibraltar	1999	668
Pacific Princess (2)	Gibraltar	1999	668
Grand Princess	Bermuda	1998	2,592
Dawn Princess	UK	1997	1,998
Sun Princess	UK	1995	2,022
Regal Princess	UK	1991	1,596
Royal Princess	UK	1984	1,196
Total Princess			19,880
Holland America Line			
Oosterdam	Netherlands	2003	1,848
Zuiderdam	Netherlands	2002	1,848
Zaandam	Netherlands	2000	1,440
Amsterdam	Netherlands	2000	1,380
Volendam	Netherlands	1999	1,440
Rotterdam	Netherlands	1997	1,316
Veendam	Bahamas	1996	1,266
Ryndam	Netherlands	1994	1,258
Maasdam	Netherlands	1993	1,258
Statendam	Netherlands	1993	1,258
Prinsendam	Netherlands	1988	794
Noordam(3)	Netherlands	1984	1,214
Total Holland America Line			16,320
Costa			
Costa Fortuna	Italy	2003	2,702
Costa Mediterranea	Italy	2003	2,114
Costa Atlantica	Italy	2000	2,114
Costa Victoria	Italy	1996	1,928
Costa Romantica	Italy	1993	1,344
Costa Allegra	Italy	1992	806
Costa Classica	Italy	1991	1,302
Costa Marina	Italy	1990	762
Costa Europa	Italy	1986	1,476
Costa Tropicale	Italy	1982	1,022
Total Costa			15,570
P&O Cruises			
Oceana	UK	2000	2,016
Aurora	UK	2000	1,870
Adonia	UK	1998	2,016
Oriana	UK	1995	1,822
Total P&O Cruises			7,724

BRAND AND SHIP	REGISTRY	CALENDAR YEAR DELIVERED	PASSENGER CAPACITY
AIDA			
AIDAaura	UK	2003	1,266
AIDAvita	UK	2002	1,266
AIDAcara	UK	1996	1,186
A'ROSA Blu (4)	UK	1990	1,596
Total AIDA			5,314
Cunard			
Queen Mary 2	UK	2003	2,620
Caronia (5)	UK	1973	668
QE2	UK	1969	1,790
Total Cunard			5,078
Ocean Village			
Ocean Village	UK	1989	1,602
P&O Cruises Australia			
Pacific Sky	UK	1984	1,200
Swan Hellenic			
Minerva II(6)	Republic of the Marshall Islands	2001	678
Seabourn			
Seabourn Legend	Bahamas	1992	208
Seabourn Spirit	Bahamas	1989	208
Seabourn Pride	Bahamas	1988	208
Total Seabourn			624
Windstar			
Wind Surf	Bahamas	1990	308
Wind Spirit	Bahamas	1988	148
Wind Star	Bahamas	1986	148
Total Windstar			604
Total			118,040

(1) The Jubilee is expected to transfer to P&O Cruises Australia in the fall of 2004 and be renamed the Pacific Sun.
(2) The Pacific Princess, which is only included in Princess' capacity, operates on a split deployment between Princess and P&O Cruises Australia.
(3) The Noordam was recently bareboat chartered under a long-term agreement, but will continue to be operated by Holland America Line through November 12, 2004.
(4) The A'ROSA Blu is transferring to AIDA in the spring of 2004 and will be renamed the AIDAblu. The A'ROSA brand name and its three river boats, which are not included above, were sold for their net book value in December 2003 to an entity controlled by a former director of P&O Princess Cruises plc.
(5) The Caronia was sold in May 2003 and is being chartered back for use by Cunard until November 2004.
(6) The Minerva II is operated by Swan Hellenic pursuant to a bareboat charter agreement that expires in 2006.

Characteristics of the Cruise Vacation Industry

Strong Growth

Cruise vacations have experienced significant growth in recent years. The number of new cruise ships currently on order from shipyards indicates that the growth in cruise capacity is set to continue for a number of years, most notably in 2004. In order to fill up this new capacity, continued growth in demand across the industry, particularly in North America, will be required. Given the historical growth rate of cruising and the relative low penetration levels in major vacation regions, we believe that there are significant areas for growth. However, for the past few years there has been pressure on cruise pricing, which we believe is ultimately the result of, among other things, various adverse international geopolitical and economic conditions and events, such as terrorism, higher unemployment, the Iraqi war, and the risk of other armed conflicts, adverse publicity, increases in new cruise ship capacity, ship incidents, and competition from cruise ship and other vacation alternatives.

Wide Appeal of Cruising

Cruising appeals to a broad demographic range. Industry surveys estimate that the principal passengers for cruising in North America (defined as households with income of $40,000 or more headed by a person who is at least 25 years old) now comprise approximately 128 million people. About half of these individuals have expressed an interest in taking a cruise as a vacation alternative. According to a survey by G.P. Wild, approximately 72 percent of cruise passengers are over the age of forty. The growth of this segment of the population is expected to increase by 30 percent between 2000 and 2010 based on a study by The World Bank. Accordingly, we believe the cruise industry is well-positioned to take advantage of these favorable demographic trends.

Relatively Low Penetration Levels

North America has the highest cruising penetration rates per capita. Nevertheless, the Cruise Lines International Association, or CLIA, a leading trade group, estimates that only approximately 15% of the U.S. population has ever taken a cruise. In the UK, where there has been significant expansion in the number of cruise passengers carried over the last five years, cruising penetration levels per capita are only approximately three-fifths of those of North America. In the principal vacation regions in continental Europe, cruising penetration levels per capita are approximately one-fifth of those in North America. Elsewhere in the world cruising is at an early stage of development and has far lower penetration rates.

Satisfaction Rates

Cruise passengers tend to rate their overall satisfaction with a cruise-based vacation higher than comparable land-based hotel and resort vacations. We believe that a substantial number of cruise passengers think the value of their cruise vacation experience is as good as, or better than, the value of other comparable vacation alternatives.

Passengers, Capacity and Occupancy

Our cruise operations had worldwide cruise passengers, passenger capacity and occupancy as follows (1):

FISCAL YEAR	CRUISE PASSENGERS	PASSENGER CAPACITY	OCCUPANCY (2)
1999	2,366,000	43,810	104.3%
2000	2,669,000	48,196	105.4%
2001	3,385,000	58,346	104.7%
2002	3,549,000	67,282	105.2%
2003	5,156,000	113,296	103.4%

(1) Information presented is as of the end of our fiscal year for passenger capacity. Costa's information is only included subsequent to 2000 and Carnival plc's information is only included since April 17, 2003, the period subsequent to the DLC transaction.
(2) In accordance with cruise industry practice, occupancy 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.

The occupancy level on our ships during each quarter indicated below was as follows (1):

Quarters Ended	Occupancy
February 28, 2002	102.8%
May 31, 2002	101.9%
August 31, 2002	113.7%
November 30, 2002	102.1%
February 28, 2003	102.8%
May 31, 2003	98.5%
August 31, 2003	109.8%

November 30, 2003 101.1%

(1) Carnival plc occupancy is only included since April 17, 2003.

Our passenger capacity has grown from 43,810 berths at November 30, 1999, not including Carnival plc, to 113,296 berths at November 30, 2003. During 2000, Carnival Corporation's capacity increased by 4,386 berths, primarily due to the deliveries of the Carnival Victory and Holland America Line's Zaandam and Amsterdam, partially offset by the 1,214 berth decrease due to the sale of Holland America Line's Nieuw Amsterdam. During 2001, Carnival Corporation's capacity increased by 10,150 berths, primarily due to the acquisition and consolidation of Costa's 9,200 berths and the delivery of the Carnival Spirit, partially offset by the removal from service of the 946 berth Costa Riviera and the 232 berth decrease due to the sale of the Seabourn Goddess I and II. During 2002, Carnival Corporation's capacity increased by 8,936 berths primarily due to the deliveries of the Carnival Pride, Carnival Legend, Carnival Conquest and Holland America Line's Zuiderdam, partially offset by the removal from service of the 148 berth Wind Song. In 2003, our capacity increased by 46,014 berths primarily due to 34,428 berths from the DLC transaction with Carnival plc and 11,608 berths from the introduction of the Carnival Glory, Island Princess, Costa's Mediterranea and Fortuna and Holland America Line's Oosterdam. Subsequent to November 30, 2003, the Carnival Miracle and Cunard's Queen Mary 2 were delivered, which added 4,744 berths to our capacity.

Cruise Ship Construction and Cruise Port Facility Development

As of February 15, 2004, we have signed agreements with two shipyards providing for the construction of 10 additional cruise ships scheduled for delivery during the next two and a half years and one letter of intent for an additional 3,004-passenger vessel for expected delivery to Costa in the summer 2006. See Note 8, "Commitments" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

Primarily in cooperation with private or public entities, we are engaged in the development of new or enhanced cruise port facilities. These facilities are expected to provide our passengers with an improved holiday experience. Our involvement typically includes providing cruise port facility development and management expertise and assistance with financing. During 2003, we were primarily involved in the development of cruise port facilities in Long Beach, California and Savona, Italy, which opened in 2003, Galveston, Texas, and San Juan, Puerto Rico. In addition, we are in the process of negotiating for the development of several other port facilities to service our North American and European guests, including, but not limited to, facilities in Barcelona, Spain, Brooklyn, New York and the Turks & Caicos Islands. No assurance can be given that any of these cruise port facilities that are still being developed will be completed.

Cruise Pricing and Payment Terms

Each of our cruise brands publishes brochures with prices for the upcoming seasons. Brochure prices vary by cruise line, by category of cabin, by ship, by season and by itinerary. Brochure prices are regularly discounted through our early booking discount programs and other promotions. The cruise ticket price typically includes accommodations, meals and most onboard entertainment, such as the use of, or admission to, a wide variety of activities and facilities, including fully equipped casino, nightclubs, theatrical shows, movies, parties, a disco, a jogging track, a health club, swimming pools, whirlpools and saunas. Our North American brands' payment terms require that a passenger pay a deposit to confirm their reservations with the balance due well before the departure date, while some of our European brands provide certain of their travel agents and tour operators with credit terms, even though these parties typically require the passenger to pay for the entire cruise before sailing.

Historically, some of our advance bookings were taken from several months in advance of the sailing date, for contemporary brands, to more than a year in advance of sailing, for our luxury brands. This lead-time provided us with more time to manage our prices, in relation to demand for available cabins, with the goal of achieving higher overall net revenue yields. In addition, some of our fares, such as CCL's Supersaver fares, Princess's Loveboat Savers plan and Holland America Line's Early Savings and Alumni Savings fares, are designed to encourage potential passengers to book cruise reservations earlier.

Commencing after September 11, 2001, our brands, as well as others in the travel and leisure industry, have generally experienced a closer-to-vacation booking pattern than was experienced prior to September 11, 2001. Generally, this trend continued during 2003 and it is possible that this closer-to-vacation booking trend will continue in the future.

Although we prefer to have a longer booking curve, in response to this trend our revenue management personnel have adjusted our cabin inventories and pricing programs to deal with these changing booking patterns in order to optimize our net revenue yields.

When a passenger elects to purchase air transportation from us, both our cruise revenues and operating expenses generally increase by approximately the same amount. Air transportation prices can vary by gateway and destination. Over the last several years, we have generally experienced a lower number of guests purchasing air transportation from us, which we believe is partially a result of having opened additional embarkation points closer to our guests homes, as well as the availability of frequent flyer programs and lower priced air tickets.

Onboard and Other Revenues

We derive revenues from other onboard activities and services not included in the cruise ticket price including, but not limited to, casino gaming, bar sales, gift shop sales, entertainment arcades, shore excursions, art auctions, photo sales, spa services, bingo games and lottery tickets, video diaries, snorkel equipment rentals, internet and telephone usage, vacation protection programs and promotional advertising by merchants located in our ports of call.

Our casinos, which contain slot machines and gaming tables including blackjack, and in most cases craps and roulette, are generally open only when our ships are at sea in international waters. We also earn revenue from the sale of alcoholic and other beverages. Onboard activities are either performed directly by us or by independent concessionaires, from which we collect a percentage of their revenues or a fee.

We receive additional revenues from the sale to our passengers of shore excursions at each ship's ports of call. These excursions include, among other things, general sightseeing and adventure outings and local boat and beach parties. For the Princess and Holland America Line ships and other of our brands operating to destinations in Alaska, shore excursions are operated by Princess Tours and Holland America Tours, as well as locally-owned operations. For shore excursions in other locations we typically utilize locally-owned operations.

In conjunction with our cruise vacations, all of our cruise brands also sell pre- and post-cruise land packages. Packages offered in conjunction with ports of call in the U.S. would generally include one to four-night vacations at nearby attractions or other vacation destinations, such as Universal Studios and Walt Disney World in Orlando, Florida, Busch Gardens in Tampa, Florida, or individual/multiple city tours of Boston, Massachusetts, New York City, Washington, D.C. and/or Las Vegas, Nevada. Packages offered in Europe generally include up to four-night vacations, including stays in well-known European cities, such as Athens, Greece, Copenhagen, Denmark, London, England, Paris, France and Rome, Italy.

In conjunction with our Alaska cruise vacations, principally on our Princess, Holland America and CCL ships, we sell pre- and post-cruise land packages, utilizing, to a large extent, our transportation and hotel assets.

Sales Relationships and Marketing Activities

We are a customer service-driven company and continue to invest in our service organization to assist travel agents and guests. We believe that our support systems and infrastructure are among the strongest in the vacation industry.

We sell our cruises mainly through travel agents. Our individual cruise brands' relationships with their travel agents is generally independent of each of our other brands. These travel agent relationships are not exclusive and most travel agents also sell cruises and other vacations provided by our competitors. Our policy towards travel agents is to train and motivate them to support our products with competitive sales and pricing policies and joint marketing programs. We also use a wide variety of marketing techniques, including websites, seminars and videos, to familiarize the agents with our cruise brands and products. As with our brands' travel agent relationships, each of our brands marketing programs are generally independent of each of our other brands. In each of our principal markets, we have familiarized the travel agency community with our cruise brands and products.

Travel agents generally receive standard commissions of 10 percent, plus the potential of additional commissions based on sales volume. During fiscal 2003, no controlled group of travel agencies accounted for more than 10% of our revenues.

Our investment in customer service has been focused on the development of systems and employees. We have improved our systems within the reservations, quality assurance, and customer relationship management functions, emphasizing the continued support of the travel agency community, while simultaneously developing greater contact and interactivity with our customer base. We have individual websites for each of our brands, which provide access to information about our products to internet users throughout the world, and in most cases provide booking engines to our travel partners. We also support booking capabilities through major airline computer reservation systems, including SABRE, Galileo, Amadeus and Worldspan.

We have pursued comprehensive marketing campaigns to market our brands to vacationers. The principal media used are magazine and newspaper advertisements and promotional campaigns. Certain of our brands also use significant amounts of television advertising.

In 1998, we created the "World's Leading Cruise Lines" marketing alliance for our family of North American cruise brands and Costa in order both to educate the consumer about the overall breadth of our cruise brands, as well as to increase the effectiveness and efficiency of marketing our brands. During 2000, we launched "VIP", or Vacation Interchange Privileges, a loyalty program that provides special considerations to repeat guests aboard certain of our brands.

Seasonality

Our revenue from the sale of passenger tickets is seasonal, with our third quarter being the strongest. Historically, demand for cruises has been greatest during our third fiscal quarter, which includes the North American summer months. The consolidation of Carnival plc has caused our quarterly results to be slightly more seasonal than we had previously experienced, as their business is more seasonal. This higher demand during the third quarter results in higher net revenue yields and, accordingly, the largest share of our net income is earned during this period.

Competition

We compete with land-based vacation alternatives throughout the world, including, among others, resorts, hotels, theme parks and vacation ownership properties located in Las Vegas, Nevada, Orlando, Florida, various Caribbean, Mexican, Bahamian and Hawaiian Island destination resorts and numerous other vacation destinations throughout Europe and the rest of the world.

Our primary cruise competitors in the contemporary and/or premium cruise segments for North American sourced passengers are Royal Caribbean Cruises Ltd., which owns Royal Caribbean International and Celebrity Cruises, Star Cruises plc, which owns Norwegian Cruise Line and Orient Lines, and Disney Cruise Line.

Our primary cruise competitors for European sourced passengers are MyTravel's Sun Cruises, Fred Olsen, Saga and Thomson in the UK; Festival Cruises, Hapag-Lloyd, Peter Deilmann, Phoenix Reisen and Transocean Cruises in Germany; and Mediterranean Shipping Cruises, Louis Cruise Line, Festival Cruises and Spanish Cruise Line in southern Europe. We also compete for passengers throughout Europe with Norwegian Cruise Line, Orient Lines, Royal Caribbean International and Celebrity Cruises.

Our primary competitors in the luxury cruise segment for our Cunard, Seabourn and Windstar brands include Crystal Cruises, Radisson Seven Seas Cruise Line and Silversea Cruises.

Our brands also compete with similar or overlapping product offerings across all of our segments.

Governmental Regulations

Maritime Regulations

Our ships are regulated by various international, national, state and local laws, regulations and treaties in force in the jurisdictions in which our ships operate. In addition, our ships are registered in the Bahamas, Bermuda, Gibraltar, Italy, the Marshall Islands, the Netherlands, Panama and the UK, as more fully described under Part I, Item 1. Business, C. Cruise Segment - Cruise Operations and, accordingly, are regulated by these jurisdictions and by the international conventions governing the safety of our ships and guests that these jurisdictions have ratified or adhere to. Each country of registry conducts periodic inspections to verify compliance with these regulations as discussed more fully below. In addition, the directives and regulations of the European Union are applicable to some aspects of our ship operations.

Specifically, the IMO, which operates under the United Nations, has adopted safety standards as part of the SOLAS Convention, which is applicable to all of our ships. Generally SOLAS establishes vessel design, structural features, materials, construction and life saving equipment requirements to improve passenger safety and security. The SOLAS requirements are revised from time to time, with the most recent modifications being phased in through 2010.

In 1993, SOLAS was amended to adopt the International Safety Management Code, referred to as the ISM Code. The ISM Code provides an international standard for the safe management and operation of ships and for pollution prevention. The ISM Code became mandatory for passenger vessel operators, such as ourselves, on July 1, 1998. All of our operations and ships have obtained the required certificates demonstrating compliance with the ISM Code and are regularly inspected and controlled by the national authorities, as well as the international authorities acting under the provisions of the international agreements related to Port State Control-- the process by which a nation exercises authority over foreign ships when the ships are in the waters subject to its jurisdiction.

Our ships are subject to a program of periodic inspection by ship classification societies who conduct annual, intermediate, dry-docking and class renewal surveys. Classification societies conduct these surveys not only to ensure that our ships are in compliance with international conventions adopted by the flag state and domestic rules and regulations, but also to verify that our ships have been maintained in accordance with the rules of the society and recommended repairs have been satisfactorily completed.

Our ships that call on U.S. ports are subject to inspection by the U.S. Coast Guard for compliance with the SOLAS Convention and by the U.S. Public Health Service for sanitary standards. Our ships are also subject to similar inspections pursuant to the laws and regulations of various other countries our ships visit.

Finally, our ships that call on U.S. ports are also subject to new security regulations implementing The Maritime Transportation Security Act of 2002, referred to as MTSA, and the International Ship and Port Facility Security Code, or ISPS, under the auspices of SOLAS. The U.S. Coast Guard issued a series of final rules on October 22, 2003, implementing U.S. requirements under both the MTSA and ISPS. Among other things, the regulations require certain vessel owners to implement security measures, conduct vessel security assessments, and develop security plans. Under these requirements, our ships will prepare and submit security plans to the appropriate flag-state and will be issued an International Ship Security Certificate, or ISSC. Effective July 1, 2004, the ISSC and our ships' security measures will be reviewed by the U.S. Coast Guard during the Port State Control examinations. In addition, the regulations establish Area Maritime Security requirements for geographic port areas that provide authority for the U.S. Coast Guard to implement operational and physical security measures on a port area basis.

We believe that health, safety and security issues will continue to be an area of focus by relevant government authorities, both in the U.S., the European Union and elsewhere. Resulting legislation or regulations, or changes in existing legislation or regulations, could impact our operations and would likely subject us to increasing compliance costs in the future.

Permits for Glacier Bay, Alaska

In connection with certain of our Alaska cruise operations, Holland America Line, Princess Cruises and CCL rely on concession permits from the U.S. National Park Service to operate their cruise ships in Glacier Bay National Park and Preserve. Such permits must be periodically renewed and there can be no assurance that they will continue to be renewed or that regulations relating to the renewal of such permits, including preference or historical rights, will remain unchanged in the future. See Part 1, Item 3. Legal Proceedings and Note 9, "Contingencies-Litigation" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

Any loss of rights or reduction of permits is not expected to impact us materially because we could still apply for permits to replace our preferential or historical permits and additional attractive alternative destinations in Alaska can be substituted for Glacier

Bay.

Alaska Environmental Regulations

The State of Alaska enacted legislation in 2001 that establishes standards for wastewater discharge from cruise ships operating within Alaskan waters. The legislation requires that certain information be gathered with respect to solid waste and other marine discharges. The legislation also provides that repeat violators of the regulations could be prohibited from operating in Alaskan waters. The standards require treatment of wastewater and provide for restrictions on discharges.

Other Environmental, Health and Safety Matters

We are subject to various international, national, state and local environmental protection and health and safety laws, regulations and treaties that govern, among other things, air emissions, employee health and safety, waste discharge, water management and disposal, and storage, handling, use and disposal of hazardous substances, such as chemicals, solvents, paints and asbestos. We are committed to helping to conserve the natural environment, not only because of the existing regulations, but because a pristine environment is one of the key elements that bring our guests on board our ships.

In particular, in the U.S., the Oil Pollution Act of 1990 ("OPA") provides for strict liability for water pollution, such as oil pollution or threatened oil pollution incidents in the 200-mile exclusive economic zone of the U.S., subject to monetary limits. These monetary limits do not apply, however, where the discharge or violation of applicable regulation is caused by gross negligence or willful misconduct of a responsible party. Pursuant to the OPA, in order for us to operate in U.S. waters, we are also required to obtain Certificates of Financial Responsibility from the U.S. Coast Guard for each of our ships. These certificates demonstrate our ability to meet removal costs and damages related to water pollution, such as for an oil spill or a release of a hazardous substance, up to our ship's statutory liability limit.

In addition, most U.S. states that border a navigable waterway or seacoast have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.

Furthermore, many countries have ratified and adopted IMO Conventions which, among other things, impose liability for pollution damage subject to defenses and to monetary limits, which monetary limits do not apply where the spill is caused by the owner's actual fault or by the owner's intentional or reckless conduct. In jurisdictions that have not adopted the IMO Conventions, various national, regional or local laws and regulations have been established to address oil pollution.

If we violate or fail to comply with environmental laws, regulations or treaties, we could be fined or otherwise sanctioned by regulators. We have made, and will continue to make, capital and other expenditures to comply with environmental laws and regulations. See Note 9, "Contingencies - Litigation" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K for additional information related to Holland America's environmental contingencies.

From time to time, environmental and other regulators consider more stringent regulations which may affect our operations and increase our compliance costs. As evidenced from the preceding paragraphs, the cruise industry is affected by a substantial amount of environmental rules and regulations. We believe that the impact of cruise ships on the global environment will continue to be an area of focus by the relevant authorities and, accordingly, this will likely subject us to increasing compliance costs in the future.

See Part 1, Item 1. Business, B. Risk Factors for additional discussion of our environmental risks.

Consumer Regulations

Our ships that call on U.S. ports are regulated by the Federal Maritime Commission, referred to as the FMC. Public Law 89-777, which is administered by the FMC, requires most cruise line operators to establish financial responsibility for their liability to passengers for non-performance of transportation, as well as casualty and personal injury. The FMC's regulations require that a cruise line demonstrate its financial responsibility for non-performance of transportation through a guarantee, escrow arrangement, surety bond or insurance. Currently, the amount required must equal 110% of the cruise line's highest amount of customer deposits over a two year period, up to a maximum coverage level of $15 million. The FMC has proposed various changes to the financial responsibility regulations for non-performance of transportation, including a proposal to increase significantly the amount of financial responsibility required to be maintained by cruise lines, which would increase our compliance costs. See Part 1, Item 1. Business, F. Insurance - Other Insurance below for additional discussion.

In the UK, we are required to bond and obtain licenses from various organizations in connection with the conduct of our business and our ability to meet liability in the event of non-performance of obligations to consumers. These organizations include the Passenger Shipping Association and the Civil Aviation Authority. See Part 1, Item 1. Business, F. Insurance-Other Insurance below for additional discussion.

We are also required by German law to obtain a guarantee from a reputable insurance company to ensure that in case of insolvency, our customers will be refunded any monies they have paid on account of a booking and, in addition, that they will be repatriated without additional cost if insolvency occurs after a cruise starts. In addition, in Australia, we are a member of the Travel Compensation Fund which provides compensation, as a last resort, to consumers who suffer losses in their dealings with travel agents. Finally, other jurisdictions, including Argentina and Brazil, require the establishment of financial responsibility for passengers from their jurisdictions.

We believe we have all the necessary licenses to conduct our business. From time to time, various other regulatory and legislative changes may be proposed or adopted that could have an effect on the cruise industry in general and our business in particular. See Part I, Item 1. Business, B. Risk Factors for a discussion of other regulations which impact us.

Financial Information

For financial information about our cruise reporting segment with respect to each of the three years in the period ended November 30, 2003, see Note 13, "Segment Information" to our Consolidated Financial Statements in Exhibit 13 to this Annual Report on Form 10-K.

D. Employees

Our operations have approximately 8,500 full-time and 2,500 part-time/seasonal employees engaged in shoreside operations. We also employ approximately 55,000 officers, crew and staff on our 73 ships. Due to the highly seasonal nature of our Alaska and Canadian operations, Holland America Tours and Princess Tours increase their work force during the late spring and summer months in connection with the Alaska cruise season, employing additional seasonal personnel, which have been included above. We have entered into agreements with unions covering certain employees in our hotel, motor coach and ship operations. We consider our employee and union relations generally to be good.

We source our shipboard officers primarily from Italy, Holland, the UK, Norway and Germany. The remaining crew positions are manned by persons from around the world. We utilize various manning agencies in many countries and regions to help secure our shipboard employees.

E. Suppliers

Our largest purchases are for airfare, travel agency commissions, advertising, fuel, food and beverages, hotel and restaurant supplies and products, repairs and maintenance and dry-docking, port charges, communication services and for the construction of our ships. Although we utilize a limited number of suppliers for most of our food and beverages, and hotel and restaurant supplies and products, most of these purchases are available from numerous sources at competitive prices. The use of a limited number of suppliers enables us to, among other things, obtain volume discounts. We purchase fuel and port related services, at some of our ports of call from a limited number of suppliers. In addition, we perform our major dry-dock and ship improvement work at dry-dock facilities in the Bahamas, British Columbia, Canada, the Caribbean, Europe and the U.S. We believe there are sufficient dry-dock facilities to meet our anticipated requirements. Finally, as of February 15, 2004, we have agreements, and a letter of intent, with two shipyards for the construction of 11 additional cruise ships.

F. Insurance

General

We maintain insurance to cover a number of risks associated with owning and operating vessels in international trade. All such insurance policies are subject to limitations, exclusions and deductible levels. Since September 11, 2001, we have experienced insurance premium increases and may continue to incur increases in our premiums depending on our own loss experience and the general premium requirements of our underwriters. No assurance can be given that affordable and viable direct and reinsurance markets will be available to us in the future. We maintain certain levels of self-insurance for the below-mentioned risks through the use of substantial deductibles, which may increase in the future to mitigate premium increases. We do not carry coverage related to loss of earnings or revenues for our ships.

Protection and Indemnity ("P&I") Coverage

Third-party liabilities in connection with our cruise activities are covered by entry in a P&I club. P&I coverage is available through mutual indemnity associations, known as clubs, that are owned by shipowners. Our vessels are entered into three P&I clubs as follows: The West of England Shipowners Mutual Insurance Association (Luxembourg), Steamship Mutual Underwriting Association Ltd. and the United Kingdom Mutual Steamship Assurance Association (Bermuda) Limited. The P&I clubs in which we participate are part of a worldwide network of P&I clubs, known as the International Group of P&I Associations (the "IG"). The IG insures directly, and through reinsurance markets, a large portion of the world's shipping fleets. Coverage is subject to the club's rules and the limit of coverage is determined by the IG. Our vessel coverages include legal, statutory or pre-approved contract liabilities and other expenses related to crew, passengers and other third parties on our ships in operation. This coverage also includes shipwreck removal, pollution and damage to third party property.

Hull and Machinery Insurance

We maintain insurance on the hull and machinery of each of our ships in amounts equal to the approximate estimated market value of each ship. The coverage for hull and machinery is provided by international marine insurance carriers. Most insurance underwriters make it a condition for insurance coverage that a ship be certified as "in class" by a classification society that is a member of the International Association of Classification Societies ("IACS"). All of our ships are currently certified as in class with an IACS member. These certifications have either been issued or endorsed within the last twelve months.

War Risk Insurance

Subject to certain limitations, we maintain war risk insurance on all of our ships for our legal liability to crew, passengers and other third parties, including terrorist risks. This coverage is provided by international marine insurance carriers. Due primarily to its high cost, we only carry war risk insurance coverage for physical damage to our ships, which includes terrorist risks, for 29 of our ships. As is typical for war risk policies in the marine industry, under the terms of the policy, underwriters can give seven days notice to the insured that the liability and physical damage policies can be cancelled and reinstated at different premium rates. This gives underwriters the ability to increase our premiums following events that they deem increase their risk. As a result of the September 11, 2001 attacks and other events, our war risk insurance premiums have increased substantially. No assurance can be given that affordable and viable direct and reinsurance markets will be available to us in the future for war risk insurance.

Other Insurance

We, as currently required by the FMC, maintain at all times three $15 million performance bonds for ships operated by CCL, Holland America Line, and Cunard Line Limited, which embark passengers in U.S. ports, to cover passenger ticket liabilities in the event of a cancelled or interrupted cruise. Costa, P&O Cruises and Princess maintain insurance as required by the FMC to cover their ticket liabilities in the event of a cancelled or interrupted cruise. We also maintain other performance bonds as required by various foreign authorities that regulate certain of our operations in their jurisdictions. Specifically, Costa, Cunard and P&O Cruises are required by the UK Passenger Shipping Association and the UK Civil Aviation Authority to provide performance bonds totaling approximately $120 million and $60 million to cover their cruise and air ticket passenger deposit liabilities, respectively.

We maintain standard property and casualty insurance policies to cover shoreside assets and liabilities to third parties, including our tour business assets, as well as appropriate workers' compensation policies. We also maintain business interruption insurance for certain Princess shoreside operations, which are subject to deductibles.

The Athens Convention

Current conventions generally in force applying to passenger ships are the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea (1974), the 1976 Protocol to the Athens Convention and the Convention on Limitation of Liability for Maritime Claims (1976). The U.S. has not ratified any Athens Convention Protocol. However, vessels flying the flag of a country that has ratified it may contractually enforce the 1976 Athens Convention Protocol for cruises that do not call at a U.S. port.

The IMO Diplomatic Conference agreed to a new protocol to the Athens Convention on November 1, 2002. The new protocol, which has not yet been ratified, substantially increases the minimum level of compulsory insurance which must be maintained by passenger ship operators and provides a direct action provision, which will allow claimants to proceed directly against insurers. This new protocol requires passenger ship operators to maintain insurance or some other form of financial security, such as a guarantee from a bank, to cover the limits of strict liability under the Convention with regards to the death or personal injury of passengers. Most of the countries in the European Union, where many of our vessels operate, supported the new protocol and are likely to ratify it in the future. However, the timing of such ratification, if obtained at all, is unknown. No assurance can be given that affordable and viable direct and reinsurance markets will be available to provide the level of coverage required under the new protocol. We also expect insurance costs may increase once the new protocol is ratified.

G. Trademarks and Other Intellectual Property

We own and have registered numerous trademarks and have also registered various domain names, which we believe are widely recognized throughout the world and have considerable value. These trademarks include the names of our cruise lines, each of which we believe is a widely-recognized brand name in the cruise vacation industry, as well as "World's Leading Cruise Lines". We have a license to use the P&O name, the P&O flag and other relevant trademarks and domain names in relation to cruises and related activities. Finally, we also have a license to use the "Love Boat" name and related marks. See Note 2 "Trademarks" and Note 3 "DLC Transaction" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

H. Taxation

U.S. Federal Income Tax

We are a foreign corporation engaged in a trade or business in the U.S., and our ship-owning subsidiaries are foreign corporations that, in many cases, depending upon the itineraries of their ships, receive income from sources within the U.S. for U.S. federal income tax purposes. To the best of our knowledge, we believe that, under Section 883 of the Internal Revenue Code and applicable income tax treaties, our income and the income of our ship-owning subsidiaries, in each case derived from or incidental to the international operation of a ship or ships, is currently exempt from U.S. federal income tax. We believe that substantially all of our income, and the income of our ship-owning subsidiaries, with the exception of our U.S. source income from the transportation, hotel and tour businesses of Holland America Tours and Princess Tours, and the items listed in the regulations under Section 883 that the Internal Revenue Service does not consider to be incidental to ship operations as described in Note 10 "Income and Other Taxes" to our Consolidated Financial Statements included in Exhibit 13 to this joint Annual Report on Form 10-K, is derived from or incidental to the international operation of a ship or ships within the meaning of Section 883 and applicable income tax treaties.

The following summary of the application of the principal U.S. federal income tax laws to us is based upon existing U.S. federal income tax law, including the Internal Revenue Code, proposed, temporary and final U.S. treasury regulations, certain current income tax treaties, administrative pronouncements and judicial decisions, as currently in effect, all of which are subject to change, possibly with retroactive effect.

Application of Section 883 of the Internal Revenue Code

In general, under Section 883, certain non-U.S. corporations are not subject to U.S. federal income tax or branch profits tax on certain U.S. source income derived from the international operation of a ship or ships. We believe that Carnival Corporation and many of its ship-owning subsidiaries currently qualify for the Section 883 exemption since each is organized in a qualifying jurisdiction and Carnival Corporation's common stock is primarily and regularly traded on an established securities market in the U.S. Any official interpretations could differ materially from our interpretation of this Internal Revenue Code provision, and its recently enacted final regulations, and, even in the absence of differing official interpretations, the Internal Revenue Service might successfully challenge our interpretation. In addition, the provisions of Section 883 are subject to change at any time by legislation. Moreover, changes could occur in the future with respect to the trading volume or trading frequency of Carnival Corporation shares or with respect to the identity, residence, or holdings of Carnival Corporation's direct or indirect shareholders that could affect Carnival Corporation's and its subsidiaries eligibility for the Section 883 exemption. Accordingly, although we believe it is unlikely, it is possible that Carnival Corporation and its ship-owning or operating subsidiaries' whose tax exemption is based on Section 883 could lose this exemption. If Carnival Corporation and/or its ship-owning or operating subsidiaries were not entitled to the benefit of Section 883, Carnival Corporation and/or its ship-owning or operating subsidiaries would be subject to U.S. federal income taxation on a portion of our income, which would reduce our net income.

In 2003, the U.S. Treasury Department issued final treasury regulations under Section 883 relating to income derived by foreign corporations from the international operation of ships and aircraft. The final regulations provide, in general, that a foreign corporation will qualify for the benefits of Section 883 if, in relevant part, (i) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the U.S. and (ii) either (a) more than 50% of the value of the corporation's stock is owned, directly or indirectly, by individuals who are residents of that country or of another foreign country that grants an equivalent exemption to corporations organized in the U.S., referred to as the "stock ownership test" (such individuals are referred to as "Qualified Shareholders") or (b) the foreign corporation meets the publicly-traded test described below. In addition, to the extent a foreign corporation's shares are owned by a direct or indirect parent corporation which itself meets the publicly-traded test, then in analyzing the stock ownership test with respect to such subsidiary, stock owned directly or indirectly by such parent corporation will be deemed owned by individuals resident in the country of incorporation of such parent corporation.

A company whose shares are considered to be "primarily and regularly traded on an established securities market" in the U.S. or another qualifying jurisdiction will meet the publicly-traded test (the "publicly-traded test"). Pursuant to the final treasury regulations issued under Section 883, stock will be considered "primarily traded" on one or more established securities markets if, with respect to each class of stock of the particular corporation, the number of shares in each such class that are traded during a taxable year on any such market exceeds the number of shares in each such class traded during that year on any other established securities market. Stock of a corporation will generally be considered "regularly traded" on one or more established securities markets under the proposed regulations if (i) one or more classes of stock of the corporation that, in the aggregate, represent more than 50% of the total combined voting power of all classes of stock of such corporation entitled to vote and of the total value of the stock of such corporation are listed on such market; and (ii) with respect to each class relied on to meet the more than 50% requirement in (i) above, (x) trades in each such class are effected, other than in de minimis quantities, on such market on at least 60 days during the taxable year, and (y) the aggregate number of shares in each such class of the stock that are traded on such market during the taxable year is at least 10% of the average number of shares of the stock outstanding in that class during the taxable year. A class of stock that otherwise meets the requirements outlined in the preceding sentence is not treated as meeting such requirements for a taxable year if, at any time during the taxable year, one or more persons who own, actually or constructively, at least 5% of the vote and value of the outstanding shares of the class of stock, own, in the aggregate, 50% or more of the vote and value of the outstanding shares of the class of stock (the "5% Override Rule"). However, the 5% Override Rule does not apply (a) where the foreign corporation establishes that Qualified Shareholders own sufficient shares of the closely-held block of stock to preclude non-Qualified Shareholders of the closely-held block of stock from owning 50% or more of the total value of the class of stock for more than half of the taxable year; or (b) to certain investment companies provided that no person owns, directly or through attribution, both 5% or more of the value of the outstanding interests in such investment company and 5% or more of the value of the shares of the class of stock of the foreign corporation.

We believe that Carnival Corporation currently qualifies as a publicly traded corporation under the final regulations and substantially all of its income, with the exception of our U.S. source income from the transportation, hotel and tour businesses of Holland America Tours and Princess Tours and the items listed in the regulations under Section 883 that the IRS does not consider to be incidental to ship operations as described in Note 10 of our financial statements, will continue to be exempt from U.S. federal income taxes. However, because various members of the Arison family and trusts established for their benefit currently own approximately 42% of Carnival Corporation shares, there is the potential that another shareholder could acquire 5% or more of its shares, which could jeopardize Carnival Corporation's qualification as a publicly traded corporation. If, in the future, Carnival Corporation were to fail to qualify as a publicly traded corporation, it and all of its ship-owning or operating subsidiaries would be subject to U.S. federal income tax on their income associated with their cruise operations in the U.S. In such event, the net income of Carnival Corporation's ship-owning or operating subsidiaries would be materially reduced, which would likely have a significant negative impact on our stock price.

As a precautionary matter, Carnival Corporation amended its Articles of Incorporation to ensure that it will continue to qualify as a publicly traded corporation under the final regulations. This amendment provides that no one person or group of related persons, other than certain members of the Arison family and trusts established for their benefit, may own or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code more than 4.9% of Carnival Corporation shares, whether measured by vote, value or number of shares. Any Carnival Corporation shares acquired in violation of this provision will be transferred to a trust and, at the direction of its board of directors, sold to a person whose shareholding does not violate that provision. No profit for the purported transferee may be realized from any such sale. In addition, under specified circumstances, the trust may transfer the common stock at a loss to the purported transferee. Because certain of Carnival Corporation notes are convertible into its shares, the transfer of these notes are subject to similar restrictions. These transfer restrictions may also have the effect of delaying or preventing a change in control or other transactions in which the shareholders might receive a premium for Carnival Corporation shares over the then prevailing market price or which the shareholders might believe to be otherwise in their best interest.

Exemption Under Applicable Income Tax Treaties

We believe that the income of some of Carnival Corporation's ship-owning subsidiaries and the U.S. source shipping income from Carnival plc and its UK resident subsidiaries currently qualifies for exemption from U.S. federal income tax under applicable bilateral U.S. income tax treaties. These treaties may be abrogated by either applicable country, replaced or modified with new agreements that treat shipping income differently than under the agreements currently in force. If any of our subsidiaries that currently claim exemption from U.S. income taxation on their U.S. source shipping income under an applicable treaty do not qualify for benefits under the existing treaties, or if the existing treaties are abrogated, replaced or materially modified in a manner adverse to our interests and, with respect to U.S. federal income tax only, if any such subsidiary does not qualify for Section 883 exemption, such ship-owning or operating subsidiary may be subject to U.S. federal income taxation on a portion of its income, which would reduce our net income.

Taxation in the Absence of an Exemption under Section 883 or any Applicable U.S. Income Tax Treaty

Shipping income that is attributable to transportation of passengers which begins or ends in the U.S. is considered to be 50% derived from U.S. sources. Shipping income that is attributable to transportation of passengers which begins and ends in foreign countries is considered 100% derived from foreign sources and not subject to U.S. federal income tax. Shipping income that is attributable to the transportation of passengers which begins and ends in the U.S. without stopping at an intermediate foreign port is considered to be 100% derived from U.S. sources.

The legislative history of the transportation income source rules suggests that a cruise that begins and ends in a U.S. port, but that calls on more than one foreign port, will derive U.S. source income only from the first and last legs of the cruise. Because there are no regulations or other Internal Revenue Service interpretations of these rules, the applicability of the transportation income source rules in the aforesaid manner is not free from doubt.

In the absence of an exemption under Section 883 or any applicable U.S. income tax treaty, as appropriate, we and/or our subsidiaries would be subject to either the net income and branch profits tax regimes of Section 882 and Section 884 of the Internal Revenue Code (the "net tax regime") or the four percent of gross income tax regime of Section 887 of the Internal Revenue Code (the "four percent tax regime").

The net tax regime is only applicable where the relevant foreign corporation has, or is considered to have, a fixed place of business in the U.S. that is involved in the earning of U.S. source shipping income and substantially all of this shipping income is attributable to regularly scheduled transportation. Under the net tax regime, U.S. source shipping income, net of applicable deductions, would be subject to a corporate tax of up to 35% and the net after-tax income would be potentially subject to a further branch tax of 30%. In addition, interest paid by the corporations, if any, would generally be subject to a 30% branch interest tax.

Under the four percent tax regime, which should be the tax regime applicable to vessel owning subsidiaries, the U.S. source shipping income of each of the vessel owning subsidiaries would be subject to a four percent tax imposed on a gross basis, without benefit of deductions. Under the four percent tax regime, the maximum effective rate of tax on the gross shipping income of these subsidiaries attributable to transportation that either begins or ends in the U.S. would not exceed two percent.

UK Tonnage Tax

Carnival plc and all its ship owning subsidiaries, except for substantially all of Princess' operations, are a tax resident of the UK. The UK ship owning/operating companies are subject to UK tax and are entered into the UK tonnage tax regime. Companies to which the tonnage tax regime applies pay corporation tax on profit calculated by reference to the net tonnage of qualifying vessels. UK corporation tax is not chargeable under normal UK tax rules on such companies' relevant shipping profits. An election for the tonnage tax regime to apply takes effect for ten years and can be renewed on a rolling basis. For a company to be eligible for the regime, it must be subject to UK corporation tax and, among other matters, operate qualifying ships that are strategically and commercially managed in the UK. There is also a seafarer training requirement to which the tonnage tax companies are subject.

Relevant shipping profits which are excluded from normal corporation tax include income which is defined as relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and broadly from shipping related activities. It also includes dividends from foreign companies which are subject to a tax on profits in their country of residence or elsewhere and the activities of which broadly would qualify in full for the UK tonnage tax regime if they were UK resident. In addition, more than 50 percent of the voting power in the foreign company must be held by one or more companies resident in an EU member state.

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime, which are not forecast to be significant, remain subject to normal UK corporation tax.

Italian Income Tax

Our Costa cruise operations are subject to Italian income tax. However, as a result of income tax exemptions allowed Italian flagged vessels, Costa's Italian cruise operations are subject to an effective tax rate of approximately six percent. In 2003, the Italian government passed a law permitting the establishment of an elective new tonnage tax regime similar to the UK regime described above. Rules providing some of the details in the planned system are expected to be issued in 2004. Complete regulations, if approved by the European Union, will result in the establishment of a tonnage tax system. Based upon the information currently available, Costa's vessels would qualify for this system, and we would expect a reduction in Italian income taxation of Costa's vessel operations. If approved by the European Union and implemented in Italy in 2004, it may be possible for Costa to elect to enter the tonnage tax system starting from 2005. In the absence of complete and final regulations it is impossible for Costa to determine if election into the system will be beneficial.

German and Australian Income Tax

The German and Australian brands of Carnival plc are divisions of a UK company. The profits from these activities are subject to UK tonnage tax as discussed above. The majority of these operations profits are exempt from German and Australian corporation taxes by virtue of the UK/Germany and UK/Australian double tax treaties. Part of the German profits in 2003 arose from river cruises and other activities, which do not constitute international shipping. To this extent, these profits were subject to German taxation, however, the river cruise business was sold in December 2003.

Equalization Payments

Carnival Corporation and Carnival plc do not anticipate that any material amounts of equalization payments are likely to be made between them in accordance with the Equalization and Governance Agreement for the foreseeable future. However, if it becomes necessary to make equalization payments, any such payments received in the UK are likely to be taxable. Further, the treatment from a U.S. federal income tax perspective of such equalization payments is not without doubt. The payment is to be grossed up in respect of any tax thereon. On the basis that payments will not be material, any tax cost should not be significant. See Note 3, "DLC Transaction" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

I. Website Access to Reports

We make available, free of charge, access to our joint Annual Report on Form 10-K, joint Quarterly Reports on Form 10-Q, joint Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC through our home pages at www.carnivalcorp.com and www.carnivalplc.com.

Item 2. Properties

The Carnival Corporation and Carnival plc corporate headquarters and our operating units' principal shoreside operations and headquarters are as follows:

Entity	Location	Square Footage	Own/Lease
Carnival Corporation and CCL	Miami, FL U.S.A.	456,000	Own
Carnival plc and Carnival Corporation's UK Sales and Technical Services	London, England	8,000	Lease
AIDA	Rostock and Frankfurt, Germany	60,500	Lease
Costa	Genoa, Italy	149,000	Own/Lease
Cunard and Seabourn	Miami, FL U.S.A. and Southampton, England	74,000	Lease
Holland America Line, Windstar and Princess Tours	Seattle, WA U.S.A.	179,000	Lease
P&O Cruises, Ocean Village and Swan Hellenic	Southampton, England	90,000	Lease
P&O Cruises Australia	Sydney, Australia	10,500	Lease
Princess	Santa Clarita, CA U.S.A.	282,000	Lease

We also lease office space in Colorado Springs, Colorado and Miramar, Florida for an additional CCL reservation center and for additional CCL sales personnel, respectively. In addition, we lease office space in Hollywood, Florida for Costa's South Florida sales office and in Pompano Beach, Florida for certain of Princess' art framing and warehousing operations.

Our cruise ships, Holland America Tours' and Princess Tours' properties, shoreside operations and headquarter facilities are all well maintained and in good condition. We evaluate our needs periodically and obtain additional facilities when deemed necessary. We believe that our facilities are adequate for our current needs.

Our existing cruise ships and Holland America Line's and Princess' private islands, Half Moon Cay and Princess Cay, which is owned through a joint venture, are described in Part I, Item 1. Business, C. Cruise Segment. The properties associated with Holland America Tours and Princess Tours operations are briefly described in Part I, Item 1. Business, A. General.

Item 3. Legal Proceedings

Several actions (collectively, the "ADA Complaints") have been filed against Costa, Cunard and Holland America Tours alleging that they violated the Americans with Disabilities Act by failing to make certain cruise ships accessible to individuals with disabilities. The plaintiffs seek injunctive relief to require modifications to certain vessels to increase accessibility to disabled passengers and fees and costs. The status of each pending ADA Complaint is as follows:

> On August 28, 2000, Access Now, Inc. and Edward S. Resnick filed ADA Complaints in the U.S. District Court for the Southern District of Florida against Costa and Holland America Tours. These complaints seek modifications to vessels to increase accessibility to disabled passengers. These cases have been transferred before the same judge.
>
> Costa and the plaintiffs agreed to settle this action pursuant to an agreement that Costa will make certain modifications to four of its ships, with an option to include other ships into the settlement agreement. On March 7, 2003, Costa and the plaintiffs jointly filed a motion for class certification, fairness hearing, stay and for court approval of the settlement. A hearing on the joint motion has not yet been scheduled.
>
> Holland America Tours and the plaintiffs have entered into a settlement agreement pursuant to which Holland America Tours will make certain modifications to eleven of its ships, with an option to include other ships into the settlement agreement. On April 29, 2003, Holland America Tours jointly filed a motion for class certification, fairness hearing, stay and for court approval of the settlement. A hearing on the joint motion has not yet been scheduled.
>
> On August 29, 2000, an ADA Complaint also was filed against Cunard by Access Now, Inc. and Edward S. Resnick in the U.S. District Court for the Southern District of Florida. Cunard filed an answer to the complaint on November 10, 2000. Given the settlement reached in the case against CCL, the plaintiff has agreed to dismiss the ADA Complaint against Cunard without prejudice pending settlement negotiations which are ongoing.

On November 22, 2000, Costa 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. Cammell Laird joined the arbitration proceeding on January 9, 2001 to present its counter demands. On January 9, 2001, Costa gave Cammell Laird notice of termination of the contract and Cammell Laird replied with its notice of termination of the contract on February 2, 2001. It is expected that the arbitration tribunal's decision will be made in late-2004 at the earliest.

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 in the amount of five hundred dollars ($500) per facsimile, or in the alternative, fifteen hundred dollars ($1,500) per facsimile if the conduct was willful or knowing. 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 status of each Facsimile Complaint is as follows:

> On April 15, 2002, a Facsimile Complaint was filed against us in the Circuit Court of Greene County, Alabama by Mary Pelt. We filed an answer on June 3, 2002. Discovery is ongoing. A hearing on class certification issues has been scheduled for May 7, 2004.
>
> On May 14, 2002, a Facsimile Complaint was filed against Carnival Corporation and other defendants (including Club Resort International d/b/a Vacation Getaway Travel, Inc., Dollar Thrifty Automotive Group, Inc., Thrifty, Inc. and Thrifty Rent-A-Car Systems, Inc., Choicepoint, Inc., First Western Bank, and Bankcard USA Merchant Services, Inc.) in the Circuit Court of Jefferson County, Alabama, Bessemer Division by Clem & Kornis, L.L.C., The Firm of Compassion, P.C., Collins

Chiropractic Center, Forstmann & Cutchen, L.L.P. and others. On July 26, 2002, Carnival Corporation filed a motion to dismiss or, in the alternative, to separate Carnival Corporation as a defendant. This action has been stayed pending a resolution of the Greene County action referred to above.

On August 17, 2002, an incident occurred in Juneau, Alaska onboard Holland America Line'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 of these subpoenas also requests the production of Holland America Line documents, which Holland America Line has produced. Holland America Line 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.

During 2003, eight of Holland America Line's eleven ships offered Alaska cruises during May through September. Of those cruises, 79% included Glacier Bay National Park and Preserve on their itinerary. If Holland America Line 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.

On February 23, 2001, Holland America Line-USA, Inc. ("HAL-USA"), a wholly-owned subsidiary, received a subpoena from a grand jury sitting in the U.S. District Court for the District of Alaska. The subpoena requests that HAL-USA produce documents and records relating to the air emissions from Holland America Line ships in Alaska. HAL-USA responded to the subpoena.

In April 1996, a purported class action complaint was filed by Milton and Nora Barton and others 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. This case was settled for $89,750 in early 2004.

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 been granted 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.

Several actions filed in the U.S. District Court for the Southern District of Florida against us and four of our executive officers on behalf of a purported class of persons who purchased our common stock were consolidated into one action in Florida (the "Stock Purchaser Complaint"). The plaintiffs claimed that statements we made in public filings violated federal securities laws and sought unspecified compensatory damages and attorney and expert fees and costs. A magistrate judge recommended that our motion to dismiss the Stock Purchaser Complaint be granted and that the plaintiffs' amended complaint be dismissed without prejudice. The parties executed a formal settlement agreement resolving the dispute for a $3.4 million settlement amount, which includes plaintiff's attorneys fees. A substantial portion of the settlement amount was covered by insurance. In January 2004, the court approved the fairness of the proposed settlement.

We are also involved from time to time in routine legal matters and other claims incidental to our business. Most of these matters are covered by insurance. We are not able to estimate the impact or the ultimate outcome of any such actions, which are not covered by insurance.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Executive Officers of the Registrants

Pursuant to General Instruction G(3), the information regarding our executive officers called for by Item 401(b) of Regulation S-K is hereby included in Part I of this joint Annual Report on Form 10-K.

The following table sets forth the name, age and title of each of our executive officers. Titles listed relate to positions within Carnival Corporation and Carnival plc unless otherwise noted. All the Carnival plc positions were effective as of April 17, 2003, except as noted below.

NAME	AGE	POSITION
Richard D. Ames	56	Senior Vice President - Management Advisory Services
Micky Arison	54	Chairman of the Board of Directors and Chief Executive Officer
Alan B. Buckelew	55	President of Princess
Gerald R. Cahill	52	Executive Vice President and Chief Financial and Accounting Officer
Pamela C. Conover	47	President and Chief Operating Officer of Cunard Line Limited
Robert H. Dickinson	61	President and Chief Executive Officer of CCL and Director
Kenneth D. Dubbin	50	Vice President-Corporate Development
Pier Luigi Foschi	57	Chairman and Chief Executive Officer of Costa Crociere, S.p.A. and Director
Howard S. Frank	62	Vice Chairman of the Board of Directors and Chief Operating Officer
Ian J. Gaunt	52	Senior Vice President - International
Stein Kruse	45	President and Chief Operating Officer of Holland America Line Inc.
A. Kirk Lanterman	72	Chairman of the Board of Directors and Chief Executive Officer of Holland America Line Inc. and Director
Arnaldo Perez	44	Senior Vice President, General Counsel and Secretary
Peter G. Ratcliffe	55	Chief Executive Officer of P&O Princess Cruises International Ltd. and Director

Business Experience of Executive Officers

Richard D. Ames has been Senior Vice President-Management Advisory Services ("MAS") since March 2002. From January 1992 to February 2002 he was Vice President-Audit Services, now known as MAS.

Micky Arison has been Chairman of the Board of Directors since October 1990 and a director since June 1987. He has been Chief Executive Officer since 1979.

Alan B. Buckelew has been President and Chief Financial Officer of Princess since February 2004. From October 2000 to February 2004, he was Executive Vice President and Chief Financial Officer. He was Senior Vice President, Corporate Services of Princess from September 1998 to October 2000.

Gerald R. Cahill has been Executive Vice President and Chief Financial and Accounting Officer since December 2003. From January 1998 to November 2003 he was Senior Vice President-Finance, Chief Financial and Accounting Officer.

Pamela C. Conover has been President and Chief Operating Officer of Cunard Line Limited since February 2001. She was Chief Operating Officer of Cunard Line Limited from June 1998 to January 2001.

Robert H. Dickinson has been a director since June 1987. Mr. Dickinson has been President and Chief Executive Officer of CCL since May 2003. He was President and Chief Operating Officer of CCL from May 1993 to May 2003.

Kenneth D. Dubbin has been Vice President-Corporate Development since May 1999. From 1990 to 1999, he was Vice President and Treasurer of Royal Caribbean.

Pier Luigi Foschi has been a director since April 2003. He has been Chief Executive Officer of Costa Crociere, S.p.A. since October 1997 and Chairman of its Board since January 2000.

Howard S. Frank has been Vice Chairman of the Board of Directors since October 1993, Chief Operating Officer since January 1998 and a director since April 1992.

Ian J. Gaunt is an English Solicitor and has been Senior Vice President-International since May 1999. He was a partner of the London-based international law firm of Sinclair, Roche and Temperley from 1982 through April 1999 where he represented Carnival Corporation as special external legal counsel since 1981.

Stein Kruse has been President and Chief Operating Officer of Holland America Line Inc. ("HAL") since November 2003. From September 1999 to October 2003, he was Senior Vice President, Fleet Operations for HAL. From June 1997 to August 1999 he was Senior Vice President and Chief Financial Officer for "K" Line America, Inc.

A. Kirk Lanterman has been a director since April 1992. He has been Chairman of the Board of Directors and Chief Executive Officer of HAL since November 2003. From August 1999 to November 2003, he was Chairman of the Board, President and Chief Executive Officer of HAL. From March 1997 to August 1999, he was Chairman of the Board of Directors and Chief Executive Officer of HAL.

Arnaldo Perez has been Senior Vice President, General Counsel and Secretary since March 2002. From August 1995 to February 2002 he was Vice President, General Counsel and Secretary.

Peter G. Ratcliffe has been a director since April 2003 and a director of Carnival plc since October 2000. He was Carnival plc's Chief Executive Officer, until April 2003. He is Chief Executive Officer of P&O Princess Cruises International Ltd, a subsidiary of Carnival plc. He was previously an executive director of The Peninsular and Oriental Steam Navigation Company and head of its cruise division, having served as President of Princess since 1993 and its Chief Operating Officer since 1989.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

A. Market Information

The information required by Item 201(a) of Regulation S-K, Market Information, is shown in Exhibit 13 and is incorporated by reference into this joint Annual Report on Form 10-K.

B. Holders

The information required by Item 201(b) of Regulation S-K, Holders of Common Stock, is shown in Exhibit 13 and is incorporated by reference into this joint Annual Report on Form 10-K.

C. Dividends

We declared cash dividends on all of Carnival Corporation's common stock in the amount of $0.105 per share in each of the first three fiscal quarters of 2003 and in each of the fiscal quarters of 2002. During the last quarter of fiscal 2003 and in the first quarter of fiscal 2004, Carnival Corporation's cash dividends per share increased to $0.125 per share. Carnival plc paid cash dividends on all its ordinary shares in the amount of $0.10 per share, as adjusted for the .3004 equalization ratio, for each of the four calendar quarters in 2002 and the first quarter in calendar 2003. Carnival plc dividends were for the same amount per share as Carnival Corporation's dividends for all quarters beginning in the second quarter of fiscal 2003.

Payment of future dividends on Carnival Corporation common stock and Carnival plc ordinary shares will depend upon, among other factors, our earnings, financial condition and capital requirements. Each company may also declare special dividends to all stockholders in the event that members of the Arison family and trusts established for their benefit are required to pay additional income taxes by reason of their ownership of Carnival Corporation's common stock because of a Carnival Corporation income tax audit. The payment and amount of any dividend is within the discretion of the Boards of Directors, and it is possible that the timing and amount of any dividend may vary from the levels discussed above.

Item 6. Selected Financial Data

The information required by Item 6, Selected Financial Data, is shown in Exhibit 13 and is incorporated by reference into this joint Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, is shown in Exhibit 13 and is incorporated by reference into this joint Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information required by Item 7A, Quantitative and Qualitative Disclosures About Market Risk, is shown in Exhibit 13 and is incorporated by reference into this joint Annual Report on Form 10-K.

Item 8. Financial Statements and Supplementary Data

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated January 29, 2004, and the Selected Quarterly Financial Data (Unaudited), are shown in Exhibit 13 and are incorporated by reference into this joint Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable, as previously disclosed.

Item 9A. 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 our disclosure controls and procedures and have concluded, as of November 30, 2003, that they are effective as 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 and 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 goals under all potential future conditions.

PART III

Items 10, 11, 12, 13 and 14. Directors and Executive Officers of the Registrants, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, Certain Relationships and Related Transactions and Principal Accountant Fees and Services

The information required by Items 10, 11, 12, 13 and 14 is incorporated herein by reference to the Carnival Corporation and Carnival plc joint definitive proxy statement to be filed with the Commission not later than 120 days after the close of the fiscal year, except that the information concerning the Carnival Corporation and Carnival plc executive officers called for by Item 401(b) of Regulation S-K is included in Part I of this joint Annual Report on Form 10-K.

We have adopted a code of ethics that applies to our chief executive officer, chief operating officer and senior financial officers, including the principal financial and accounting officer, controller and other persons performing similar functions. This code of ethics is posted on our websites, which are located at www.carnivalcorp.com and www.carnivalplc.com. We intend to satisfy the disclosure requirement under Item 10 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics by posting such information on our websites, at the addresses specified above. Information contained in our websites, whether currently posted or posted in the future, is not part of this document or the documents incorporated by reference in this document.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1)(2) Financial Statements and Schedules

The financial statements shown in Exhibit 13 are incorporated herein by reference.

(3) Exhibits

The exhibits listed on the accompanying Index to Exhibits are filed or incorporated by reference as part of this joint Annual Report on Form 10-K and such Index to Exhibits is hereby incorporated herein by reference.

(b) Reports on Form 8-K

We filed a Current Report on Form 8-K on November 6, 2003 (Items 5 and 7).

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

/s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
February 24, 2004

CARNIVAL PLC

/s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
February 24, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrants and in the capacities and on the dates indicated.

CARNIVAL CORPORATION

/s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
February 24, 2004

/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer
February 24, 2004

/s/ Gerald R. Cahill
Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer
February 24, 2004

/s/ Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director
February 24, 2004

/s/ Robert H. Dickinson
Robert H. Dickinson
Director
February 24, 2004

/s/ Arnold W. Donald
Arnold W. Donald
Director
February 24, 2004

/s/ Pier Luigi Foschi
Pier Luigi Foschi
Director
February 24, 2004

/s/ Baroness Hogg
Baroness Hogg
Director
February 24, 2004

/s/ A. Kirk Lanterman
A. Kirk Lanterman
Director
February 24, 2004

CARNIVAL PLC

/s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
February 24, 2004

/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer
February 24, 2004

/s/ Gerald R. Cahill
Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer
February 24, 2004

/s/ Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director
February 24, 2004

/s/ Robert H. Dickinson
Robert H. Dickinson
Director
February 24, 2004

/s/ Arnold W. Donald
Arnold W. Donald
Director
February 24, 2004

/s/ Pier Luigi Foschi
Pier Luigi Foschi
Director
February 24, 2004

/s/ Baroness Hogg
Baroness Hogg
Director
February 24, 2004

/s/ A. Kirk Lanterman
A. Kirk Lanterman
Director
February 24, 2004

/s/ Modesto A. Maidique
Modesto A. Maidique
Director
February 24, 2004

/s/ Modesto A. Maidique
Modesto A. Maidique
Director
February 24, 2004

/s/ John P. McNulty
John P. McNulty
Director
February 24, 2004

/s/ John P. McNulty
John P. McNulty
Director
February 24, 2004

/s/ Sir John Parker
Sir John Parker
Director
February 24, 2004

/s/ Sir John Parker
Sir John Parker
Director
February 24, 2004

/s/ Peter G. Ratcliffe
Peter G. Ratcliffe
Director
February 24, 2004

/s/ Peter G. Ratcliffe
Peter G. Ratcliffe
Director
February 24, 2004

/s/ Stuart Subotnick
Stuart Subotnick
Director
February 24, 2004

/s/ Stuart Subotnick
Stuart Subotnick
Director
February 24, 2004

/s/ Uzi Zucker
Uzi Zucker
Director
February 24, 2004

/s/ Uzi Zucker
Uzi Zucker
Director
February 24, 2004

INDEX TO EXHIBITS

Page No. in
Sequential
Numbering
System
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.

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.

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.

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.

4.1-Agreement of Carnival Corporation and Carnival plc dated February 19, 2004 to furnish certain debt instruments to the Securities and Exchange Commission.

4.2-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, incorporated by reference to Exhibit No. 4.1 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2003.

4.3-Equalization and Governance Agreement dated April 17, 2003 between Carnival Corporation and P&O Princess Cruises plc, incorporated by reference to Exhibit No. 4.2 to our joint Quarterly Report on Form 10-Q of Carnival Corporation and Carnival plc for the quarter ended August 31, 2003.

4.4-Carnival Corporation Deed of Guarantee, between Carnival Corporation and Carnival plc, dated as of April 17, 2003, incorporated by reference to Exhibit 4.3 to the joint registration statement on Form S-4 of Carnival Corporation and Carnival plc.

4.5-Carnival plc (formerly P&O Princess Cruises plc) Deed of Guarantee between Carnival Corporation and Carnival plc, dated as of April 17, 2003, incorporated by reference to Exhibit 4.10 to the joint registration statement on Form S-3 and F-3 of Carnival Corporation, Carnival plc and POPCIL.

4.6-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 to the joint Carnival Corporation, Carnival plc and POPCIL Registration Statement filed on June 19, 2003.

4.7-Specimen Common Stock Certificate, incorporated by reference to Exhibit 4.16 to the joint registration statement on Form S-3 and F-3 of Carnival Corporation, Carnival plc and POPCIL.

4.8-Pairing Agreement, dated as of April 17, 2003, between Carnival Corporation, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and SunTrust Bank, as transfer agent, incorporated by reference to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

4.9-Voting Trust Deed, dated as of April 17, 2003, between Carnival Corporation and The Law Debenture Trust Corporation (Cayman) Limited, as trustee, incorporated by reference to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

4.10-SVE Special Voting Deed, dated as of April 17, 2003 between Carnival Corporation, DLS SVC Limited, P&O Princess Cruises plc, The Law Debenture Trust Corporation (Cayman) Limited, as trustee, and The Law Debenture Trust Corporation, P.L.C., incorporated by reference to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

4.11-Form of deposit agreement among P&O Princess Cruises plc, Morgan Guaranty Trust Company of New York, as depositary, and holders and beneficial owners from time to time of ADRs issued thereunder, incorporated by reference to P&O Princess' registration statement on Form 20-F.

4.12-Indenture, dated as of April 25, 2001, between Carnival Corporation and U.S. Bank Trust National Association, as trustee, relating to unsecured and unsubordinated debt securities, incorporated by reference to Exhibit No. 4.5 to Carnival Corporation registration statement on Form S-3.

4.13-Form of Indenture, dated March 1, 1993, between Carnival Cruise Lines, Inc. and First Trust National Association, as Trustee, relating to the Debt Securities, including form of Debt Security, incorporated by reference to Exhibit No. 4 to Carnival Corporation registration statement on Form S-3.

4.14-Second Supplemental Indenture, dated December 1, 2003, between Carnival plc and Carnival Corporation to The Bank of New York, as Trustee, relating to 7.30% Notes due 2007 and 7.875% debentures due 2027.

10.1-Retirement and Consulting Agreement dated November 28, 2003 between Alton Kirk Lanterman, Carnival Corporation, Holland America Line Inc., and others.

10.2 Amendment to the Amended and Restated Carnival Corporation 1992 Stock Option Plan.

10.3-Amendment and Restatement Agreement dated November 17, 2003, by and among Carnival Corporation, Carnival plc, JPMorgan Chase Bank as successor to The Chase Manhattan Bank, and various other lenders.

10.4-Amended and Restated Carnival Corporation 1992 Stock Option Plan, incorporated by reference to Exhibit No. 10.4 to our Annual Report on Form 10-K for the year ended November 30, 1997.

10.5-Carnival Cruise Lines, Inc. 1993 Restricted Stock Plan adopted on January 15, 1993 and as amended January 5, 1998 and December 21, 1998, incorporated by reference to Exhibit No. 10.5 to our Annual Report on Form 10-K for the year ended November 30, 1998.

10.6-Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.6 to our Annual Report on Form 10-K for the year ended November 30, 1997.

10.7-Amendments to The Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees, incorporated by reference to Exhibit No. 10.7 to our Annual Report on Form 10-K for the year ended November 30, 1997.

10.8-Carnival Cruise Lines, Inc. Non-Qualified Retirement Plan, incorporated by reference to Exhibit No. 10.4 to our Annual Report on Form 10-K for the year ended November 30, 1990.

10.9-Executive Long-term Compensation Agreement dated as of January 16, 1998 between Robert H. Dickinson and Carnival Corporation, incorporated by reference to Exhibit No. 10.2 to our Annual Report on Form 10-K for the year ended November 30, 1997.

10.10-Consulting Agreement/Registration Rights Agreement dated June 14, 1991, between Carnival Corporation and Ted Arison, incorporated by reference to Exhibit No. 4.3 to post-effective amendment no. 1 on Form S-3 to Carnival Corporation's registration statement on Form S-1.

10.11-First Amendment to Consulting Agreement/Registration Rights Agreement, incorporated by reference to Exhibit No. 10.40 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 1992.

10.12-Director's Appointment Letter between Peter G. Ratcliffe and Carnival plc, incorporated by reference to Exhibit No. 10.23 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.13-Director Appointment letter between Baroness Sarah Hogg and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit No. 10.17 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.14-Director's Appointment Letter between Baroness Sarah Hogg and Carnival plc, incorporated by reference to Exhibit No. 10.16 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.15-Director's Appointment letter between Sir John Parker and Carnival plc, incorporated by reference to Exhibit No. 10.21 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.16-Director Appointment letter between John McNulty and Carnival Corporation, dated June 25, 2003, incorporated by reference to Exhibit No. 10.2 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2003.

10.17-Executive Long-term Compensation Agreement dated January 11, 1999, between Carnival Corporation and Micky Arison, incorporated by reference to Exhibit No. 10.36 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 1998.

10.18-Executive Long-term Compensation Agreement dated January 11, 1999, between Carnival Corporation and Howard S. Frank, incorporated by reference to Exhibit No. 10.37 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 1998.

10.19-Carnival Corporation Supplemental Executive Retirement Plan, incorporated by reference to Exhibit No. 10.32 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 1999.

10.20-Amendment to the Carnival Corporation Supplemental Executive Retirement Plan, incorporated by reference to Exhibit No. 10.31 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2000.

10.21-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.33 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 1999.

10.22-Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees, incorporated by reference to Exhibit No. 10.33 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2000.

10.23-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.34 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2000.

10.24-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.37 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2001.

10.25-Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees, incorporated by reference to Exhibit No. 10.38 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2001.

10.26-2001 Outside Director Stock Option Plan, incorporated by reference to Exhibit No. 10.9 to Carnival Corporation's Annual Report on Form 10-K for the year ended November 30, 2001.

10.27-Amended and Restated Carnival Corporation 2002 Stock Plan, incorporated by reference to Exhibit 10.1 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.28-Service Agreement Letter dated May 28, 2002 between Costa Crociere, S.p.A. and Pier Luigi Foschi, incorporated by reference to Exhibit No. 10.2 to Carnival Corporation's Quarterly Report on Form 10-Q for the quarter ended May 31, 2002.

10.29-Succession Agreement to Registration Rights Agreement dated June 14, 1991, between Carnival Corporation and Ted Arison, incorporated by reference to Exhibit No. 10.3 to Carnival Corporation's Quarterly Report on Form 10-Q for the quarter ended May 31, 2002.

10.30-Employment Agreement dated as of April 17, 2003 by and between P&O Princess Cruises International, Ltd. and Peter Ratcliffe, incorporated by reference to Exhibit 10.2 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.31-Registration Rights Agreement, dated as of April 29, 2003, by and among Carnival

Corporation, Carnival plc and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, incorporated by reference to Exhibit 4.14 to the joint registration statement on Form S-3 and F-3 of Carnival Corporation, Carnival plc and POPCIL.

10.32-Indemnification Agreement between Micky M. Arison and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.5 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.33-Indemnification Agreement between Richard G. Capen, Jr. and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.7 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.34-Indemnification Agreement between Robert H. Dickinson and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.9 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.35-Indemnification Agreement between Arnold W. Donald and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.11 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.36-Indemnification Agreement between Pier Luigi Foschi and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.13 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.37-Indemnification Agreement between Howard S. Frank and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.15 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.38-Indemnification Agreement between A. Kirk Lanterman and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.18 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.39-Indemnification Agreement between Dr. Modesto A. Maidique and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.20 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.40-Indemnification Agreement between Peter G. Ratcliffe and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.24 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.41-Indemnification Agreement between Stuart S. Subotnick and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.26 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.42-Indemnification Agreement between Uzi Zucker and Carnival Corporation, dated April 17, 2003, incorporated by reference to Exhibit 10.28 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.43-Director Appointment letter between Micky M. Arison and Carnival plc, dated April 14, 2003, incorporated by reference to Exhibit 10.4 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.44-Director's Appointment Letter between Richard G. Capen and Carnival plc, incorporated by reference to Exhibit No. 10.6 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.45-Director Appointment letter between Robert H. Dickinson and Carnival plc, dated April 14, 2003, incorporated by reference to Exhibit 10.8 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.46-Director's Appointment Letter between Arnold W. Donald and Carnival plc, incorporated by reference to Exhibit No. 10.10 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.47-Director's Appointment Letter between Pier Luigi Foschi and Carnival plc, incorporated by reference to Exhibit No. 10.12 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.48-Director Appointment letter between Howard S. Frank and Carnival plc, dated April 14, 2003, incorporated by reference to Exhibit 10.14 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.49-Director's Appointment Letter between Modesto A. Maidique and Carnival plc, incorporated by reference to Exhibit No. 10.19 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.50-Director Appointment letter between Sir John Parker and Carnival Corporation, dated April 14, 2003, incorporated by reference to Exhibit 10.22 to the joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.51-Director's Appointment Letter between Stuart Subotnick and Carnival plc, incorporated by reference to Exhibit No. 10.25 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

10.52-Director's Appointment Letter between Uzi Zucker and Carnival plc, incorporated by reference to Exhibit No. 10.27 to our joint Quarterly Report on Form 10-Q .

10.53-Director Appointment letter between John McNulty and Carnival plc, dated June 25, 2003, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2003.

10.54-Amendment of the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q for the quarter ended February 28, 2003.

10.55-Amendment of the Carnival Corporation Nonqualified Retirement Plan For Highly Compensated Employees, incorporated by reference to Exhibit No. 10.2 to our Quarterly Report on Form 10-Q for the quarter ended February 28, 2003.

10.56-The P&O Princess Cruises Executive Share Option Plan, incorporated by reference to Exhibit 4.9 to P&O Princess' Annual Report on Form 20-F for the year ended December 30, 2001.

10.57-The P&O Princess Cruises Deferred Bonus and Co-Investment Matching Plan, incorporated by reference to Exhibit 4.10 to P&O Princess' Annual Report on Form 20-F for the year ending December 30, 2001.

10.58-1994 Carnival Cruise Lines Key Management Incentive Plan as amended on July 17, 2000, incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q for the quarter ended August 31, 2000.

12-Ratio of Earnings to Fixed Charges.

13-Portions of 2003 Annual Report incorporated by reference into 2003 joint Annual Report on Form 10-K.

21-Significant Subsidiaries of Carnival Corporation and Carnival plc.

23-Consent of PricewaterhouseCoopers LLP.

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 Executive Vice President and 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 Executive Vice President and 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 Executive Vice President and 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 Executive Vice President and 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.

Exhibit 12

CARNIVAL CORPORATION & PLC
Ratio of Earnings to Fixed Charges
(In millions, except ratios)

	Years Ended November 30,				
	2003	2002	2001	2000	1999
Net income	$1,194	$1,016	$ 926	$ 965	$1,027
Income tax expense (benefit), net	29	(57)	(12)	1	3
Income before income taxes	1,223	959	914	966	1,030
Adjustment to earnings:					
Minority interest					14
Loss (income) from affiliated operations and dividends received			57	(21)	(61)
Earnings as adjusted	1,223	959	971	945	983
Fixed charges					
Interest expense, net	195	111	121	41	47
Interest portion of rent expense (a)	16	5	4	4	3
Capitalized interest	49	39	29	41	41
Total fixed charges	260	155	154	86	91
Fixed charges not affecting earnings:					
Capitalized interest	(49)	(39)	(29)	(41)	(41)
Earnings before fixed charges	$1,434	$1,075	$1,096	$ 990	$1,034
Ratio of earnings to fixed charges	5.5 x	6.9 x	7.1 x	11.5 x	11.3 x

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

Exhibit 13

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)

	Years Ended November 30, 2003	2002	2001
Revenues			
Cruise			
Passenger tickets	$5,039	$3,346	$3,530
Onboard and other	1,420	898	841
Other	259	139	178
	6,718	4,383	4,549
Costs and Expenses			
Operating			
Cruise			
Passenger tickets	1,021	658	813
Onboard and other	229	116	116
Payroll and related	744	458	459
Food	393	256	265
Other ship operating	1,237	734	694
Other	194	108	135
Total	3,818	2,330	2,482
Selling and administrative	932	609	619
Depreciation and amortization	585	382	372
Impairment charge		20	140
Loss from affiliated operations, net			44
	5,335	3,341	3,657
Operating Income	1,383	1,042	892
Nonoperating (Expense) Income			
Interest income	27	32	34
Interest expense, net of capitalized interest	(195)	(111)	(121)
Other income (expense), net	8	(4)	109
	(160)	(83)	22
Income Before Income Taxes	1,223	959	914
Income Tax (Expense) Benefit, Net	(29)	57	12
Net Income	$1,194	$1,016	$ 926
Earnings Per Share			
Basic	$1.66	$1.73	$1.58
Diluted	$1.66	$1.73	$1.58
Dividends Per Share	$0.44	$0.42	$0.42

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

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

	November 30, 2003	November 30, 2002
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,070	$ 667
Short-term investments	1	39
Accounts receivable, net	403	108
Inventories	171	91
Prepaid expenses and other	212	149
Fair value of derivative contracts	275	
Fair value of hedged firm commitments		78
Total current assets	2,132	1,132
Property and Equipment, Net	17,522	10,116
Goodwill	3,031	681
Trademarks	1,324	
Other Assets	345	297
Fair Value of Derivative Contracts	135	
Fair Value of Hedged Firm Commitments	2	109
	$24,491	$12,335
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 94	
Current portion of long-term debt	392	$ 155
Accounts payable	645	269
Accrued liabilities	441	290
Customer deposits	1,352	771
Dividends payable	100	61
Fair value of hedged firm commitments	264	
Fair value of derivative contracts	27	74
Total current liabilities	3,315	1,620
Long-Term Debt	6,918	3,014
Deferred Income and Other Long-Term Liabilities	299	170
Fair Value of Hedged Firm Commitments	103	
Fair Value of Derivative Contracts	63	113
Commitments and Contingencies (Notes 8, 9 and 14)		
Shareholders' Equity		
Common stock of Carnival Corporation; $.01 par value; 1,960 shares at 2003 and 960 at 2002 authorized; 630 shares at 2003 and 587 shares at 2002 issued and outstanding	6	6
Ordinary shares of Carnival plc; $1.66 stated value; 226 shares authorized; 210 shares issued	349	
Additional paid-in capital	7,163	1,089
Retained earnings	7,191	6,326
Unearned stock compensation	(18)	(11)
Accumulated other comprehensive income	160	8
Treasury stock; 42 shares of Carnival plc at cost	(1,058)	
Total shareholders' equity	13,793	7,418
	$24,491	$12,335

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

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

	Years Ended November 30,		
	2003	2002	2001
OPERATING ACTIVITIES			
Net income	$1,194	$1,016	$ 926
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	585	382	372
Impairment charge		20	140
Gain on sale of investments in affiliates, net			(117)
Loss from affiliated operations and dividends received			57
Accretion of original issue discount	20	19	2
Other	8	14	19
Changes in operating assets and liabilities, excluding business acquired			
(Increase) decrease in			
Receivables	(91)	(5)	(7)
Inventories	(17)	2	9
Prepaid expenses and other	82	(81)	44
Increase (decrease) in			
Accounts payable	43	(12)	(63)
Accrued and other liabilities	(16)	(28)	
Customer deposits	125	142	(143)
Net cash provided by operating activities	1,933	1,469	1,239
INVESTING ACTIVITIES			
Additions to property and equipment	(2,516)	(1,986)	(827)
Proceeds from sale of investments in affiliates			531
Cash acquired from (expended for) the acquisition of Carnival plc, net	140	(30)	
Proceeds from retirement of property and equipment	51	4	15
Sale (purchase) of short-term investments, net	42	2	(33)
Other, net	(50)	(10)	(28)
Net cash used in investing activities	(2,333)	(2,020)	(342)
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	2,123	232	2,574
Principal repayments of long-term debt	(1,137)	(190)	(1,971)
Dividends paid	(292)	(246)	(246)
Proceeds from short-term borrowings, net	94		
Proceeds from issuance of common stock and ordinary shares	53	7	5
Other	(15)	(1)	(25)
Net cash provided by (used in) financing activities	826	(198)	337
Effect of exchange rate changes on cash and cash equivalents	(23)	(5)	(2)
Net increase (decrease) in cash and cash equivalents	403	(754)	1,232
Cash and cash equivalents at beginning of year	667	1,421	189
Cash and cash equivalents at end of year	$ 1,070	$ 667	$ 1,421

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in millions)

	Comprehensive income	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings	Unearned stock compensation	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity
Balances at November 30, 2000		$6		$1,773	$4,884	$(12)	$(75)	$(705)	$5,871
Comprehensive income									
Net income	$ 926				926				926
Foreign currency translation adjustment, net	46						46		46
Unrealized gains on marketable securities, net	6						6		6
Minimum pension liability adjustment	(6)						(6)		(6)
Changes related to cash flow derivative hedges, net	(4)						(4)		(4)
Transition adjustment for cash flow derivative hedges	(4)						(4)		(4)
Total comprehensive income	$ 964								
Cash dividends declared					(246)				(246)
Issuance of stock under stock plans				32		(5)		(22)	5
Amortization of unearned stock compensation						5			5
Other					(8)				(8)
Balances at November 30, 2001		6		1,805	5,556	(12)	(37)	(727)	6,591
Comprehensive income									
Net income	$1,016				1,016				1,016
Foreign currency translation adjustment	51						51		51
Minimum pension liability adjustment	(9)						(9)		(9)
Unrealized gains on marketable securities, net	3						3		3
Total comprehensive income	$1,061								
Cash dividends declared					(246)				(246)
Issuance of stock under stock plans				11		(4)			7
Retirement of treasury stock				(727)				727	
Amortization of unearned stock compensation						5			5
Balances at November 30, 2002		6		1,089	6,326	(11)	8		7,418
Comprehensive income									
Net income	$1,194				1,194				1,194
Foreign currency translation adjustment	162						162		162
Unrealized losses on marketable securities, net	(1)						(1)		(1)
Changes related to cash flow derivative hedges, net	(9)						(9)		(9)
Total comprehensive income	$1,346								
Cash dividends declared					(329)				(329)
Acquisition of Carnival plc			$346	6,010				(1,058)	5,298
Issuance of stock under stock plans			3	64		(14)			53
Amortization of unearned stock compensation						7			7
Balances at November 30, 2003		$ 6	$349	$7,163	$7,191	$ (18)	$ 160	$(1,058)	$13,793

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

CARNIVAL CORPORATION & PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - General

Description of Business

On April 17, 2003, Carnival Corporation and Carnival plc (formerly known as P&O Princess Cruises plc) completed a dual listed company ("DLC") transaction (the "DLC transaction"), which implemented Carnival Corporation & plc's DLC structure. 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, the two companies operate as if they were a single economic enterprise (see Note 3).

Carnival Corporation is a Panamanian corporation and Carnival plc is incorporated in England and Wales. Together with their consolidated subsidiaries they are referred to collectively in these consolidated financial statements and elsewhere in this 2003 Annual Report as "Carnival Corporation & plc," "our," "us," and "we." Our consolidated financial statements include the consolidated results of operations of Carnival Corporation for all periods presented and Carnival plc's consolidated results of operations since April 17, 2003.

We are a global cruise company and one of the largest vacation companies in the world. As of February 15, 2004, 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 (a)	Primary Market
Carnival Cruise Lines ("CCL")	20	43,446	North America
Princess Cruises ("Princess")	11	19,880	North America
Holland America Line	12	16,320	North America
Costa Cruises ("Costa")	10	15,570	Europe
P&O Cruises	4	7,724	United Kingdom
AIDA	4	5,314	Germany
Cunard Line ("Cunard")	3	5,078	United Kingdom/North America
Ocean Village	1	1,602	United Kingdom
P&O Cruises Australia	1	1,200	Australia
Swan Hellenic	1	678	United Kingdom
Seabourn Cruise Line ("Seabourn")	3	624	North America
Windstar Cruises ("Windstar")	3	604	North America
	73	118,040	

(a) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or more passengers.

Preparation of Financial Statements

The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the amounts reported and disclosed in our financial statements. Actual results could differ from these estimates. All material intercompany accounts, transactions and unrealized profits and losses on transactions within our consolidated group and with affiliates are eliminated in consolidation.

Commencing in 2003, 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. All prior periods were reclassified to conform to the current year presentation.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Presentation

We consolidate entities over which we have control, as typically evidenced by a direct ownership interest of greater than 50%. For affiliates where significant influence over financial and operating policies exists, as typically evidenced by a direct ownership interest from 20% to 50%, the investment is accounted for using the equity method. See Note 6.

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents include investments with original maturities of three months or less, which are stated at cost. At November 30, 2003 and 2002, cash and cash equivalents included $937 million and $616 million of investments, respectively, primarily comprised of strong investment grade asset-backed debt obligations, commercial paper and money market funds.

Short-term investments are comprised of marketable debt and equity securities which are categorized as available for sale and, accordingly, are stated at their fair values. Unrealized gains and losses are included as a component of accumulated other comprehensive income ("AOCI") within shareholders' equity until realized. The specific identification method is used to determine realized gains or losses.

Inventories

Inventories consist primarily of provisions, gift shop and art merchandise held for resale, spare parts, supplies and fuel carried at the lower of cost or market. Cost is determined using the weighted average or first-in, first-out methods.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization were computed using the straight-line method over our estimates of average useful lives and residual values, as a percentage of original cost, as follows:

	Residual Values	Years
Ships	15%	30
Buildings and improvements	0-10%	5-40
Transportation equipment and other	0-25%	2-20
Leasehold improvements, including port facilities		Shorter of lease term or related asset life

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of our asset based on our estimate of its undiscounted future cash flows. If these estimated undiscounted future cash flows are less than the carrying value of the asset, an impairment charge is recognized for the excess, if any, of the assets carrying value over its estimated fair value (see Note 5).

Dry-dock costs are included in prepaid expenses and are amortized to other ship operating expenses using the straight-line method generally over one year.

Ship improvement costs that we believe add value to our ships are capitalized to the ships, and depreciated over the improvements' estimated useful lives, while costs of repairs and maintenance are charged to expense as incurred. We capitalize interest on ships and other capital projects during their construction period. Upon the replacement or refurbishment of previously capitalized ship components, these assets' estimated cost and accumulated depreciation are written-off and any resulting loss is recognized in our results of operations. No such material losses were recognized in fiscal 2003, 2002 or 2001. See Note 4.

Goodwill

Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" requires companies to stop amortizing goodwill and requires an annual, or when events or circumstances dictate, a more frequent, impairment review of goodwill. Accordingly, upon adoption of SFAS No. 142 on December 1, 2001, we ceased amortizing our goodwill, all of which had been allocated to our cruise reporting units. In April 2003, we recorded $2.25 billion of additional goodwill as a result of our acquisition of Carnival plc, which was also allocated to our cruise reporting units (see Note 3). There was no other change to our goodwill carrying amount since November 30, 2001, other than the changes resulting from using different foreign currency translation rates at each balance sheet date.

The SFAS No. 142 goodwill impairment review consists of a two-step process of first determining the fair value of the reporting unit and comparing it to the carrying value of the net assets allocated to the reporting unit. Fair values of our reporting units were determined based on our estimates of comparable market price or discounted future cash flows. If this fair value exceeds the carrying value, which was the case for our reporting units, no further analysis or goodwill write-down is required. If the fair value of the reporting unit is less than the carrying value of the net assets, the implied fair value of the reporting unit is allocated to all the underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their fair value. If necessary, goodwill is then written-down to its implied fair value.

Prior to fiscal 2002, our goodwill was reviewed for impairment pursuant to the same policy as our other long-lived assets as discussed above (see Note 5) and our goodwill was amortized over 40 years using the straight-line method.

If goodwill amortization, including goodwill expensed as part of our loss from affiliated operations, had not been recorded for fiscal 2001 our adjusted net income would have been $952 million and our adjusted basic and diluted earnings per share would have been $1.63 and $1.62, respectively.

Trademarks

The cost of developing and maintaining our trademarks have been expensed as incurred. However, pursuant to SFAS No. 141, "Business Combinations," commencing for acquisitions made after June 2001, we have allocated a portion of the purchase price to the acquiree's identified trademarks. The trademarks that Carnival Corporation recorded as part of the DLC transaction, which are estimated to have an indefinite useful life and, therefore, are not amortizable, are reviewed for impairment annually, or more frequently when events or circumstances indicate that the trademark may be impaired. Our trademarks are considered impaired if their carrying value exceeds their fair value. See Note 3.

Derivative Instruments and Hedging Activities

We utilize derivative and nonderivative financial instruments, such as forward foreign currency contracts, cross currency swaps and foreign currency debt obligations to limit our exposure to fluctuations in foreign currency exchange rates and interest rate swaps to manage our interest rate exposure and to achieve a desired proportion of variable and fixed rate debt (see Note 12).

All derivatives are recorded at fair value, and the changes in fair value must be immediately included in earnings if the derivatives do not qualify as effective hedges. If a derivative is a fair value hedge, then changes in the fair value of the derivative are offset against the changes in the fair value of the underlying hedged firm commitment. If a derivative is a cash flow hedge, then changes in the fair value of the derivative are recognized as a component of AOCI until the underlying hedged item is recognized in earnings. If a derivative or a nonderivative financial instrument is designated as a hedge of a net investment in a foreign operation, then changes in the fair value of the financial instrument are recognized as a component of AOCI to immediately offset the change in the translated value of the net investment being hedged, until the investment is liquidated.

The ineffective portion of a hedge's change in fair value is immediately recognized in earnings. We formally document all relationships between hedging instruments and hedged items, as well as our risk management objectives and strategies for undertaking our hedge transactions.

We classify the fair value of our derivative contracts and the fair value of our offsetting hedged firm commitments as either current or long-term assets and liabilities depending on whether the maturity date of the derivative contract is within or beyond one year from our balance sheet dates, respectively. The cash flows from derivatives treated as hedges are classified in our statements of cash flows in the same category as the item being hedged.

During fiscal 2003, 2002 and 2001, all net changes in the fair value of both our fair value hedges and the offsetting hedged firm commitments and our cash flow hedges were immaterial, as were any ineffective portions of these hedges. No fair value hedges or cash flow hedges were derecognized or discontinued in fiscal 2003, 2002 or 2001, and the amount of estimated cash flow hedges unrealized net losses which are expected to be reclassified to earnings in the next twelve months is not material. At November 30, 2003 and 2002, AOCI included $17 million and $8 million of unrealized net losses, respectively, from cash flow hedge derivatives, the majority of which were variable to fixed interest rate swap agreements.

Finally, if any shipyard with which we have contracts to build our ships is unable to perform, we would be required to perform under our foreign currency forward contracts related to these shipbuilding contracts. Accordingly, based upon the circumstances, we may have to discontinue the accounting for those forward contracts as hedges, if the shipyard cannot perform. However, we believe that the risk of shipyard nonperformance is remote.

Revenue and Expense Recognition

Guest cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard and other activities and all associated direct costs of a voyage, generally upon completion of voyages with durations of ten days or less and on a pro rata basis for voyages in excess of ten days. Future travel discount vouchers issued to guests are recorded as a reduction of revenues when such vouchers are utilized. Revenues and expenses from our tour and travel services are recognized at the time the services are performed or expenses are incurred.

Advertising Costs

Substantially all of our advertising costs are charged to expense as incurred, except costs which result in tangible assets, such as brochures, which are recorded as prepaid expenses and charged to expense as consumed. Media production costs are also recorded as prepaid expenses and charged to expense upon the first airing of the advertisement. Advertising expenses totaled $334 million, $208 million and $214 million in fiscal 2003, 2002 and 2001, respectively. At November 30, 2003 and 2002, the amount of advertising costs included in prepaid expenses was not material.

Foreign Currency Translations and Transactions

For our foreign subsidiaries and affiliates using the local currency as their functional currency, assets and liabilities are translated at exchange rates in effect at the balance sheet dates. Translation adjustments resulting from this process are reported as cumulative translation adjustments, which are a component of AOCI. Revenues and expenses of these foreign subsidiaries and affiliates are translated at weighted-average exchange rates for the period. Therefore, the U.S. dollar value of these items on the income statement fluctuates from period to period, depending on the value of the dollar against these functional currencies. Exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are immediately included in our earnings.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock and ordinary shares outstanding during each period. Diluted earnings per share is computed by dividing adjusted net income by the weighted-average number of shares of common stock and ordinary shares, common stock equivalents and other potentially dilutive securities outstanding during each period. See Note 15.

Stock-Based Compensation

Pursuant to SFAS No. 123, "Accounting for Stock-Based Compensation," as amended, 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. 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 millions, except per share amounts):

	Years ended November 30,		
	2003	2002	2001
Net income, as reported	$1,194	$1,016	$926
Stock-based compensation expense included in net income, as reported	7	5	5
Total stock-based compensation expense determined under the fair value-based method for all awards	(36)	(30)	(27)
Adjusted net income for basic earnings per share	1,165	991	904
Interest on dilutive convertible notes	5		
Adjusted net income for diluted earnings per share	$1,170	$ 991	$904
Earnings per share			
Basic			
As reported	$ 1.66	$ 1.73	$ 1.58
Adjusted	$ 1.62	$ 1.69	$ 1.54
Diluted			
As reported	$ 1.66	$ 1.73	$ 1.58
Adjusted	$ 1.62	$ 1.69	$ 1.54

As recommended by SFAS No. 123, the fair value of options were estimated using the Black-Scholes option-pricing model. The Black-Scholes weighted-average assumptions were as follows:

Fair value of options at the dates of grant	$13.33	$12.16	$12.67
Risk free interest rates	3.5%	4.3%	4.5%
Dividend yields	1.30%	1.23%	1.16%
Expected volatility	48.7%	48.0%	50.0%
Expected option life (in years)	6	6	6

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.

Concentrations of Credit Risk

As part of our ongoing control procedures, we monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. Credit risk, including counterparty nonperformance under derivative instruments, contingent obligations and new ship progress payment guarantees, is considered minimal, as we primarily conduct business with large, well-established financial institutions who have long-term credit ratings of A or above and we seek to diversify our counterparties. In addition, we have established guidelines regarding credit ratings and investment maturities that we follow to maintain safety and liquidity. We do not anticipate nonperformance by any of our significant counterparties.

We also monitor the creditworthiness of our customers to which we grant credit terms in the normal course of our business. Concentrations of credit risk associated with these receivables are considered minimal primarily due to their short maturities and large number of accounts within our customer base. We have experienced only minimal credit losses on our trade receivables. We do not normally require collateral or other security to support normal credit sales. However, we do normally require collateral and/or guarantees to support notes receivable on significant asset sales and new ship progress payments to shipyards.

Reclassifications

Reclassifications have been made to prior year amounts to conform to the current year presentation.

NOTE 3 - DLC Transaction

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 Corporation and Carnival plc 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. The terms of Carnival plc's deed of guarantee are identical to those of Carnival Corporation's. In addition, Carnival Corporation and Carnival plc have each extended their respective deeds of guarantee to the other’s pre-DLC indebtedness and other monetary obligations, thus effectively cross guaranteeing all Carnival Corporation and Carnival plc indebtedness and other monetary obligations. 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 have entered into some of these types of transactions and expect to enter into additional 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 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 U.S., UK, Germany and Australia. 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 SFAS No. 141. 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 $5.36 billion, computed as described above, has been allocated to the assets and liabilities of Carnival plc as follows (in millions):

Ships	$4,669
Ships under construction	233
Other tangible assets	868
Goodwill	2,248
Trademarks	1,291
Debt	(2,879)
Other liabilities	(1,072)
	$5,358

During the fourth quarter of fiscal 2003 an appraisal firm who we engaged completed its valuation work in connection with establishing the estimated fair values of Carnival plc's cruise ships and non-amortizable and amortizable intangible assets as of the April 17, 2003 acquisition date. Accordingly, we reduced the carrying values of 15 Carnival plc ships, including three ships which were under construction at the acquisition date, by $689 million. Trademarks are non-amortizable and represent the Princess, P&O Cruises, P&O Cruises Australia, AIDA, and A'ROSA trademarks' estimated fair values. There were no significant amortizable intangible assets identified in this appraisal firm's valuation study.

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' reported financial information and, accordingly, the pro forma information should be read in conjunction with the companies' 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 Carnival Corporation's reporting period and the information presented below covers the same periods of time for both companies.

This pro forma information has been prepared as if the DLC transaction had occurred on December 1, 2002 and 2001, respectively, rather than April 17, 2003, and has not been adjusted to reflect any net transaction benefits. In addition, this 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, 2002 and 2001 or what those results will be for any future periods.

	Years ended November 30,	
	2003	**2002**
	(in millions, except earnings per share)	
Pro forma revenues	$7,596	$6,768
Pro forma net income (a)-(d)	$1,159	$1,271
Pro forma earnings per share		
Basic	$1.46	$1.60
Diluted	$1.45	$1.59
Pro forma weighted-average shares outstanding		
Basic	797	795
Diluted	805	800

(a) In accordance with SFAS No. 141, pro forma net income was reduced by $51 million in 2003 and $104 million in 2002 for Carnival plc's nonrecurring 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.
(b) As a result of the reduction in depreciation expenses due to the revaluation of Carnival plc's ships carrying values, pro forma net income has been increased by $16 million in 2003 and $14 million in 2002.
(c) The 2002 pro forma net income included a $51 million nonrecurring income tax benefit related to an Italian incentive tax law, which allowed Costa to receive an income tax benefit for contractual expenditures during 2002 incurred on the construction of a new ship.
(d) The 2003 pro forma net income included a $13 million nonrecurring expense related to a

DLC litigation matter and $19 million of income related to the receipt of nonrecurring net insurance proceeds.

NOTE 4 - Property and Equipment

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

	November 30, 2003	November 30, 2002
Ships	$18,134	$10,666
Ships under construction	886	713
	19,020	11,379
Land, buildings and improvements, and port facilities	504	315
Transportation equipment and other	549	409
Total property and equipment	20,073	12,103
Less accumulated depreciation and amortization	(2,551)	(1,987)
	$17,522	$10,116

Capitalized interest, primarily on our ships under construction, amounted to $49 million, $39 million and $29 million in fiscal 2003, 2002 and 2001, respectively. Ships under construction include progress payments for the construction of the ship, as well as design and engineering fees, capitalized interest, construction oversight costs and various owner supplied items. At November 30, 2003, seven ships with an aggregate net book value of $1.94 billion were pledged as collateral pursuant to mortgages related to $1.04 billion of debt and a $469 million contingent obligation (see Notes 7 and 9). During fiscal 2003, $1.05 billion of ship collateral, which was pledged against $697 million of Carnival plc debt was released as collateral in exchange for revising the maturity dates of this debt and providing Carnival Corporation guarantees (see Note 7).

Maintenance and repair expenses and dry-dock amortization were $251 million, $175 million and $160 million in fiscal 2003, 2002 and 2001, respectively.

NOTE 5 - Impairment Charge

In fiscal 2002 we reduced the carrying value of one of our ships by recording an impairment charge of $20 million. In fiscal 2001, we recorded an impairment charge of $140 million, which consisted principally of a $71 million reduction in the carrying value of ships, a $36 million write-off of Seabourn goodwill, a $15 million write-down of a Holland America Line note receivable, and a $11 million loss on the sale of the Seabourn Goddess I and II. The impaired ships' and note receivable fair values were based on third party appraisals, negotiations with unrelated third parties or other available evidence, and the fair value of the impaired goodwill was based on our estimates of discounted future cash flows.

NOTE 6 - Investments In and Advances To Affiliates

On June 1, 2001, we sold our equity investment in Airtours plc, which resulted in a nonoperating net gain of $101 million and net cash proceeds of $492 million. Cumulative foreign currency translation losses of $59 million were reclassified from AOCI and included in determining the 2001 net gain.

NOTE 7 – Debt

Short-Term Borrowings

Short-term borrowings consisted of unsecured notes, bearing interest at libor plus 0.18% (1.3% weighted-average interest rate at November 30, 2003), repaid to a bank in December 2003.

Long-Term Debt

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

	November 30, 2003(a)	November 30, 2002(a)
Secured		
Floating rate notes, collateralized by two ships, bearing interest at libor plus 1.25% and libor plus 1.29% (2.24% and 2.33% at November 30, 2003), due through 2015 (b)	$ 631	
Euro floating rate note, collateralized by one ship, bearing interest at euribor plus 0.5% (2.75% and 4.0 % at November 30, 2003 and 2002, respectively), due through 2008	115	$ 119
Euro fixed rate note, collateralized by one ship, bearing interest at 4.74%, due through 2012 (b)	182	
Capitalized lease obligations, collateralized by two ships, implicit interest at 3.66%, due through 2005	115	
Other	3	3
	1,046	122
Unsecured		
Fixed rate notes, bearing interest at 3.75% to 8.2%, due through 2028 (b)	2,123	857
Euro floating rate notes, bearing interest at euribor plus 0.35% to euribor plus 1.29% (2.4% to 3.9% and 3.8% to 4.0% at November 30, 2003 and 2002, respectively), due through 2008 (b)	1,129	570
Euro revolving credit facilities, bearing interest at euribor plus 0.50% and euro libor plus 0.98% (2.6% to 3.2% and 3.6% at November 30, 2003 and 2002, respectively), due through 2006 (b)	300	110
Sterling fixed rate notes, bearing interest at 6.4%, due in 2012 (b)	355	
Euro fixed rate notes, bearing interest at 5.57%, due in 2006	353	297
Floating rate note, bearing interest at libor plus 1.33% (2.45% at November 30, 2003), due through 2008 (b)	244	
Revolving credit facility, bearing interest at libor plus 0.17% (1.6% at November 30, 2002), due through 2006		50
Other	44	42
Convertible notes, bearing interest at 2%, due in 2021, with first put option in 2005(b)	600	600
Zero-coupon convertible notes, net of discount, with a face value of $1.05 billion, due in 2021, with first put option in 2006(b)	541	521
Convertible notes, bearing interest at 1.75%, net of discount, with a face value of $889 million, due in 2033, with first put option in 2008(b)	575	
	6,264	3,047
	7,310	3,169
Less portion due within one year	(392)	(155)
	$6,918	$3,014

(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. At November 30, 2003, 67%, 28% and 5% of our debt was U.S. dollar, euro and sterling denominated, respectively, and at November 30, 2002, 65% was U.S. dollar and 35% was euro denominated.

(b) At November 30, 2003, all of Carnival plc's $1.20 billion of debt was unconditionally guaranteed by P&O Princess Cruises International Limited ("POPCIL"), a 100% direct wholly-owned subsidiary of Carnival plc. 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 Carnival Corporation and Carnival plc indebtedness and related obligations that Carnival Corporation and Carnival plc agreed to guarantee under their deeds of guarantee. We anticipate that, in connection with corporate reorganization transactions that we expect to complete shortly, the POPCIL guarantee will terminate in accordance with its terms.

In addition, in exchange for certain amendments to Carnival plc's consolidated indebtedness, which was outstanding prior to April 17, 2003, Carnival Corporation has guaranteed substantially all of the Carnival plc consolidated pre-acquisition debt outstanding at November 30, 2003. Finally, Carnival plc has guaranteed all of the Carnival Corporation pre-acquisition debt outstanding at November 30, 2003.

Carnival Corporation's 2% convertible notes ("2% Notes"), its zero-coupon convertible notes ("Zero-Coupon Notes") and its 1.75% convertible notes ("1.75% Notes") are convertible into 15.3 million shares, 17.4 million shares and a maximum of 20.9 million shares, respectively, of Carnival Corporation common stock.

The 2% Notes are convertible at a conversion price of $39.14 per share, subject to adjustment, during any fiscal quarter for which the closing price of the Carnival Corporation common stock is greater than $43.05 per share for a defined duration of time in the preceding fiscal quarter. The conditions for conversion of the 2% Notes have not been met since their issuance in 2001 through November 30, 2003.

The Zero-Coupon Notes have a 3.75% yield to maturity and are convertible 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. The trigger price commenced at a low of $31.94 per share for the first quarter of fiscal 2002 and increases at an annual rate of 3.75% thereafter, until maturity. As of the end of the 2003 third and fourth quarters, the Zero-Coupon Notes became convertible into Carnival Corporation common stock for the 2003 fourth quarter and the 2004 first quarter as a result of Carnival Corporation's common stock achieving its target conversion trigger price per share of $33.77 and $34.09, respectively, for the requisite periods of time (see Note 15). No Zero-Coupon Notes were converted in fiscal 2003.

The 1.75% Notes, which were issued in April 2003, 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, this conversion trigger price increases each quarter based on an annual rate of 1.75%, until maturity. In addition, holders may also surrender the 1.75% Notes for conversion if they have been called for redemption or, for other specified occurrences, including the credit rating assigned to the 1.75% 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 the 1.75% Notes were not met during fiscal 2003. The 1.75% Notes interest is payable in cash semi-annually in arrears, commencing October 29, 2003 through April 29, 2008. Effective April 30, 2008, the 1.75% Notes no longer require a cash interest payment, but interest will accrete at a 1.75% yield to maturity.

Subsequent to April 29, 2008 and October 23, 2008, we may redeem all or a portion of the 1.75% Notes and Zero-Coupon Notes, respectively, at their accreted values and subsequent to April 14, 2008, we may redeem all or a portion of our 2% Notes at their face value plus any unpaid accrued interest.

In addition, on April 29, 2008, 2013, 2018, 2023 and 2028 the 1.75% Noteholders, on April 15 of 2005, 2008 and 2011 the 2% Noteholders and on October 24 of 2006, 2008, 2011 and 2016 the Zero-Coupon Noteholders may require us to repurchase all or a portion of the outstanding 1.75% Notes and Zero-Coupon Notes at their accreted values and the 2% Notes at their face value plus any unpaid accrued interest.

Upon conversion, redemption or repurchase of the 1.75% Notes, the 2% Notes and the Zero-Coupon Notes we may choose to deliver Carnival Corporation common stock, cash or a combination of cash and common stock with a total value equal to the value of the consideration otherwise deliverable. If the 1.75% Notes, 2% Notes and Zero-Coupon Notes were to be put back to us, we would expect to settle them for cash and, accordingly, they are not included in our diluted earnings per share common stock calculations, unless they become convertible and are dilutive to our earnings per share computation. However, no assurance can be given that we will have sufficient liquidity to make such cash payments. See Note 15.

Costa has a 257.5 million euro ($303 million U.S. dollars at the November 30, 2003 exchange rate) unsecured euro revolving credit facility, which expires in May 2006, of which $219 million was available at November 30, 2003. In addition, POPCIL has $710 million of unsecured revolving multi-currency credit facilities, which expire in September 2005, of which $494 million was available at November 30, 2003.

Carnival Corporation's $1.4 billion unsecured multi-currency revolving credit facility matures in June 2006. This facility currently bears interest at libor/eurolibor plus 20 basis points ("BPS"), which interest rate spread over the base rate will vary based on changes to Carnival Corporation's senior unsecured debt ratings, and provides for an undrawn facility fee of ten BPS. Carnival Corporation's commercial paper program is supported by this revolving credit facility and, accordingly, any amounts outstanding under its commercial paper program, none at November 30, 2003 and 2002, reduce the aggregate amount available under this facility. At November 30, 2003, the entire facility was available.

This $1.4 billion facility and other of our loan and derivative agreements contain covenants that require us, among other things, to maintain a minimum debt service coverage and limits our debt to capital ratios and debt to equity ratio, and the amounts of our secured assets and secured indebtedness, and shareholders' equity. In addition, if our business suffers a material adverse change or if other events of default under our loan agreements are triggered, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due and the underlying facilities could be terminated. At November 30, 2003, we were in compliance with all of our debt covenants.

In November 2003, we issued $550 million of unsecured 3.75% Notes due in November 2007, the proceeds of which we used to repay some of the amounts outstanding under the POPCIL $710 million credit facilities and for working capital purposes.

At November 30, 2003, the scheduled annual maturities of our long-term debt was as follows (in millions):

Fiscal	
2004	$ 392
2005	1,263(a)
2006	1,587(a)
2007	999
2008	1,492(a)
Thereafter	1,577
	$7,310

(a) Includes $600 million of Carnival Corporation's 2% Notes in 2005, $541 million of its Zero-Coupon Notes in 2006, and $575 million of its 1.75% Notes in 2008, based in each case on the date of the noteholders' first put option.

Debt issuance costs are generally amortized to interest expense using the straight-line method, which approximates the effective interest method, over the term of the notes or the noteholders first put option date, whichever is earlier. In addition, all loan issue discounts are amortized to interest expense using the effective interest rate method over the term of the notes.

NOTE 8 - Commitments

Ship Commitments

A description of our ships under contract for construction at November 30, 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	2,674	$ 475
Caribbean Princess	4/04	Fincantieri(c)	3,114	500
Sapphire Princess	6/04	Mitsubishi	2,674	475
Newbuild	6/06	Fincantieri	3,114	500
Total Princess			11,576	1,950
CCL				
Carnival Miracle	2/04	Masa-Yards (c)(d)	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
Holland America Line				
Westerdam	4/04	Fincantieri(c)	1,848	410
Noordam	2/06	Fincantieri(c)	1,848	410
Total Holland America Line			3,696	820
Cunard				
Queen Mary 2	1/04	Chantiers de L'Atlantique(c)(d)	2,620	800
Queen Victoria	4/05	Fincantieri (c)	1,968	410
Total Cunard			4,588	1,210
Costa				
Costa Magica	11/04	Fincantieri(e)	2,702	545
Total			30,634	$5,870

(a) The expected service date is the month in which 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 Carnival Miracle and the Queen Mary 2 were delivered in February 2004 and December 2003, respectively.
(e) This construction contract is denominated in euros, which is Costa's functional currency and, therefore, we have not entered into a forward foreign currency contract to hedge this commitment. The estimated total cost has been translated into U.S. dollars using the November 30, 2003 exchange rate.

In addition to these ship construction contracts, in January 2004, Costa entered into a letter of intent for a 3,004-passenger ship with Fincantieri for a Summer 2006 delivery date at an estimated total cost of 450 million euros.

In connection with our cruise ships under contract for construction, we have paid $876 million through November 30, 2003 and anticipate paying the remaining estimated total costs as follows: $2.98 billion in 2004, $1.24 billion in 2005 and $775 million in 2006.

Operating Leases

Rent expense under our operating leases, primarily for office and warehouse space, was $48 million, $15 million and $13 million in fiscal 2003, 2002 and 2001, respectively. At November 30, 2003, minimum annual rentals for our operating leases, with initial or remaining terms in excess of one year, were as follows (in millions): $57, $49, $36, $26, $23 and $85 in fiscal 2004 through 2008 and thereafter, respectively.

Port Facilities and Other

At November 30, 2003, we had commitments through 2052, 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 as follows (in millions): $57, $32, $33, $35, $35 and $200 in fiscal 2004 through 2008 and thereafter, respectively.

NOTE 9 - 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 wholly-owned subsidiary, received a grand jury subpoena requesting that it produce documents and records relating to the air emissions from Holland America Line 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 Line'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 Line documents, which Holland America Line has produced. Holland America Line 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 outcomes of these matters cannot be determined at this time. However, if Holland America Line 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 at the earliest. In the event that an award is given in favor of Cammell Laird, the amount of damages, which Costa would have to pay, if any, 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 been granted 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. However, the ultimate outcome of this matter cannot be determined at this time.

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 November 30, 2003, we had contingent obligations totaling $1.08 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 $298 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 $90 million, or alternatively provide mortgages in the aggregate amount of $90 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 November 30, 2003 have to pay a total of $168 million in stipulated damages. As of November 30, 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. 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. 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 $40 million and $43 million of deferred income recorded on our balance sheets as of November 30, 2003 and 2002, respectively, which is being amortized to nonoperating income through 2022.

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 10 - Income and Other Taxes

We believe that substantially all of our income, with the exception of our U.S. source income from the transportation, hotel and tour businesses of Holland America Tours and Princess Tours and the items listed in the regulations under Section 883 that the Internal Revenue Service does not consider to be incidental to ship operations discussed in the following paragraph, is exempt from U.S. federal income taxes. If we were found not to qualify for exemption pursuant to applicable income tax treaties or under the Internal Revenue Code or if the income tax treaties or Internal Revenue Code were to be changed in a manner adverse to us, a portion of our income would become subject to taxation by the U.S. at higher than normal corporate tax rates.

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 us in fiscal 2004.

AIDA, A'ROSA, Ocean Village, P&O Cruises, P&O Cruises Australia and Swan Hellenic are all strategically and commercially managed in the UK and have elected to enter the UK tonnage tax regime. Accordingly, these operations pay UK corporation tax on shipping profits calculated by reference to the net tonnage of qualifying vessels. Income not considered to be shipping profits is taxable under the normal UK tax rules. We believe that substantially all of the income attributable to these brands constitutes shipping profits and, accordingly, income tax expense from these operations has been and is expected to be minimal.

Some of our subsidiaries, including Costa, Holland America Tours, Princess Tours and other of our non-shipping activities, are subject to foreign and/or U.S. federal and state income taxes. In fiscal 2003, we recognized a net $29 million income tax expense, primarily related to these operations. In 2002, we recognized a net $57 million income tax benefit primarily due to an Italian investment incentive law, which allowed Costa to receive a $51 million income tax benefit based on contractual expenditures during 2002 on the construction of a new ship. At November 30, 2003, Costa had a remaining net deferred tax asset of approximately $61 million relating primarily to the tax benefit of the net operating loss carryforwards arising from this incentive law, which expire in 2007. In fiscal 2001, we recognized a $9 million income tax benefit from Costa primarily due to changes in Italian tax law.

We do not expect to incur income taxes on future distributions of undistributed earnings of foreign subsidiaries and, accordingly, no deferred income taxes have been provided for the distribution of these earnings.

In addition to or in place of income taxes, virtually all jurisdictions where our ships call, impose taxes based on passenger counts, ship tonnage or some other measure. These taxes, other than those directly charged to and/or collected from passengers by us, are recorded as operating expenses in the accompanying statements of operations.

NOTE 11 - Shareholders' Equity

Carnival Corporation's articles of incorporation authorize its Board of Directors, at its discretion, to issue up to 40 million shares of its preferred stock and Carnival plc has 100,000 authorized preference shares. At November 30, 2003 and 2002, no Carnival Corporation preferred stock had been issued and only a nominal amount of Carnival plc preferred shares had been issued.

At November 30, 2003, there were 91.7 million shares of Carnival Corporation common stock reserved for issuance pursuant to its convertible notes and its employee benefit and dividend reinvestment plans. In addition, Carnival plc shareholders have authorized 4.8 million ordinary shares for future issuance under its employee benefit plans.

At November 30, 2003 and 2002, AOCI included cumulative foreign currency translation adjustments which increased shareholders' equity by $191 million and $29 million, respectively.

NOTE 12 - Financial Instruments

We estimated the fair value of our financial instruments through the use of public market prices, quotes from financial institutions and other available information. Considerable judgment is required in interpreting data to develop estimates of fair value and, accordingly, amounts are not necessarily indicative of the amounts that we could realize in a current market exchange. Our financial instruments are not held for trading or other speculative purposes.

Cash and Cash Equivalents

The carrying amounts of our cash and cash equivalents approximate their fair values due to their short maturities.

Other Assets

At November 30, 2003 and 2002, long-term other assets included marketable securities held in rabbi trusts for certain of our nonqualified benefit plans and notes and other receivables. These assets had carrying and fair values of $225 million at November 30, 2003 and $173 million at November 30, 2002. Fair values were based on public market prices, estimated discounted future cash flows or estimated fair value of collateral.

Debt

The fair values of our non-convertible debt and convertible notes were $5.83 billion and $1.92 billion, respectively, at November 30, 2003 and $2.04 billion and $1.28 billion at November 30, 2002. These fair values were greater than the related carrying values by $140 million and $205 million, respectively, at November 30, 2003 and $4 million and $162 million at November 30, 2002. The net difference between the fair value of our debt and its carrying value was due primarily to our issuance of debt obligations at fixed interest rates that are above market interest rates in existence at the measurement dates, as well as the impact of changes in the Carnival Corporation common stock value on our convertible notes on those dates. The fair values of our unsecured fixed rate public notes, convertible notes, sterling bonds and unsecured 5.57% euro notes were based on their public market prices. The fair values of our other debt were estimated based on appropriate market interest rates being applied to this debt.

Foreign Currency Contracts

We have forward foreign currency contracts, designated as foreign currency fair value hedges, for seven of our euro denominated shipbuilding contracts (see Note 8). At November 30, 2003 and 2002, the fair value of these forward contracts was an unrealized gain of $363 million and an unrealized loss of $178 million, respectively. These forward contracts mature through 2006. The fair values of our forward contracts were estimated based on prices quoted by financial institutions for these instruments.

We have cross currency swaps totaling $644 million that are designated as hedges of our net investments in foreign subsidiaries, which have euro and sterling denominated functional currencies. These cross currency swaps were entered into to effectively convert U.S. dollar denominated debt into euro or sterling debt, which acts as a hedge of our net investments in cruise lines whose functional currencies are the euro and sterling. At November 30, 2003, the fair value of these cross currency swaps was an unrealized loss of $49 million, of which $39 million is included in the cumulative translation adjustment component of AOCI. These currency swaps mature through 2007. We also have $171 million of cross currency swaps, which effectively converts euro denominated debt into sterling debt, which is the functional currency of our subsidiary which was the borrower. At November 30, 2003, the fair value of these cross euro/sterling currency swaps was a loss of $21 million. These currency swaps mature through 2012. The fair value of our cross currency swaps were estimated based on prices quoted by financial institutions for these instruments. Finally, we have designated $355 million of outstanding sterling debt, which is a nonderivative and matures in 2012, as a hedge of our net investments in foreign operations and, accordingly, have included $24 million of foreign currency transaction losses in the cumulative translation adjustment component of AOCI at November 30, 2003.

Interest Rate Swaps

We have interest rate swap agreements designated as fair value hedges whereby we receive fixed interest rate payments in exchange for making variable interest rate payments. At November 30, 2003 and 2002, these interest rate swap agreements effectively changed $1.19 billion and $225 million of fixed rate debt to Libor-based floating rate debt.

In addition, we also have interest rate swap agreements designated as cash flow hedges whereby we receive variable interest rate payments in exchange for making fixed interest rate payments. At November 30, 2003 and 2002, these interest rate swap agreements effectively changed $760 million and $468 million, respectively, of euribor floating rate debt to fixed rate debt.

These interest rate swap agreements mature through 2012. At November 30, 2003 and 2002, the fair value of our interest rate swaps was a loss of $6 million and $0.1 million, respectively. The fair values of our interest rate swap agreements were estimated based on prices quoted by financial institutions for these instruments.

NOTE 13 - 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.

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. The significant accounting policies of our segments are the same as those described in Note 2 - "Summary of Significant Accounting Policies." Information for our cruise and other segments as of and for the year ended November 30, was as follows (in millions):

	Revenues(a)(b)	Operating expenses	Selling and adminis-trative	Depreciation and amortization	Operating income (loss)	Capital expend-itures	Total assets
2003							
Cruise	$6,459	$3,624	$896	$568	$1,371	$2,454	$24,090
Other	345	280	36	17	12	62	401(c)
Intersegment elimination	(86)	(86)					
	$6,718	$3,818	$932	$585	$1,383	$2,516	$24,491
2002							
Cruise(d)	$4,244	$2,222	$577	$371	$1,055(c)	$1,949	$12,120
Other	176	145	32	11	(13)	37	215(c)
Intersegment elimination	(37)	(37)					
	$4,383	$2,330	$609	$382	$1,042	$1,986	$12,335
2001							
Cruise(d)	$4,371	$2,347	$584	$361	$ 946(e)	$ 802	$11,375
Other	229	186	35	11	(10)(e)	25	189(c)
Affiliated operations(f)					(44)		
Intersegment elimination	(51)	(51)					
	$4,549	$2,482	$619	$372	$ 892	$ 827	$11,564

(a) Other revenues included revenues for the cruise portion of a tour, when a cruise is sold along with a land tour package by Holland America Tours and Princess Tours, and shore excursion and port hospitality services provided to cruise passengers by these tour companies. These intersegment revenues are eliminated from other revenues in the line "Intersegment elimination."

(b) Revenue amounts in 2002 and 2001 have been reclassified to conform to the 2003 presentation.

(c) Other assets primarily included hotels and lodges in Alaska and the Canadian Yukon, luxury dayboats offering tours to the glaciers of Alaska and the Yukon River, motor coaches used for sightseeing and charters in the States of Washington and Alaska, British Columbia, Canada and the Canadian Yukon and private, domed rail cars, which run on the Alaska Railroad between Anchorage and Fairbanks.
(d) In 2003, we commenced allocating all corporate expenses to our cruise segment. Accordingly, the 2002 and 2001 presentations have been restated to allocate the previously unallocated 2002 and 2001 corporate expenses and assets to our cruise segment.
(e) Cruise operating income included impairment charges of $20 million in 2002 and $134 million in 2001 and other operating loss included an impairment charge of $6 million in 2001.
(f) On June 1, 2001, we sold our investment in Airtours. Accordingly, we did not record any equity in the earnings or losses of Airtours after May 31, 2001.

Foreign revenues for our cruise brands represent sales generated from outside the U.S. primarily by foreign tour operators and foreign travel agencies. Substantially all of these foreign revenues are from the UK, Italy, Germany, Canada, France, Australia, Spain, Switzerland and Brazil. Substantially all of our long-lived assets are located outside of the U.S. and consist principally of our goodwill, trademarks, ships and ships under construction.

Revenue information by geographic area for fiscal 2003, 2002 and 2001 was as follows (in millions):

	2003	2002	2001
U.S.	$4,513	$3,304	$3,500
Foreign	2,205	1,079	1,049
	$6,718	$4,383	$4,549

NOTE 14 - Benefit Plans

Stock Option Plans

We have stock option plans primarily for supervisory and management level employees and members of our Board of Directors. The Carnival Corporation and Carnival plc plans are administered by a committee of three of our directors (the "Committee") which determines who is eligible to participate, the number of shares for which options are to be granted and the amounts that may be exercised within a specified term. The Carnival Corporation and Carnival plc option exercise price is generally set by the Committee at 100% of the fair market value of the common stock/ordinary shares on the date the option is granted. Substantially all Carnival Corporation options granted during fiscal 2003, 2002 and 2001 and Carnival plc options granted in 2003 were granted at an exercise price per share equal to the fair market value of the Carnival Corporation common stock and Carnival plc ordinary shares, respectively, on the date of grant. Carnival Corporation employee options generally vest evenly over five years and have a ten year term. Carnival plc employee options generally vest at the end of three years and have a ten year term. Carnival Corporation director options granted subsequent to fiscal 2000 vest evenly over five years and have a ten year term. At November 30, 2003, Carnival Corporation had 34.9 million shares and Carnival plc had 4.8 million shares, which were available for future grants under the option plans.

A combined summary of the activity and status of the Carnival Corporation and Carnival plc stock option plans was as follows:

	Weighted Average Exercise Price Per Share			Number of Options Years Ended November 30,		
	2003	2002	2001	2003	2002	2001
Outstanding options-beginning of year	$29.26	$28.95	$26.80	11,828,958	12,774,293	8,840,793
Carnival plc outstanding options at April 17, 2003(a)	$19.64			5,523,013		
Options granted	$30.88	$26.54	$26.44	5,464,109	33,000	6,580,250
Options exercised(b)	$17.35	$14.35	$11.70	(2,919,554)	(404,615)	(2,218,075)
Options canceled	$28.64	$32.80	$35.15	(598,547)	(573,720)	(428,675)
Outstanding options-end of year (e)	$28.79	$29.26	$28.95	19,297,979(c)	11,828,958	12,774,293
Options exercisable-end of year	$27.68	$28.71	$25.96	7,848,335(d)	4,775,894	2,972,498

(a) All Carnival plc unvested options outstanding on the date the DLC transaction was completed vested fully on such date, except for 1.3 million options, which were granted on April 15, 2003.
(b) Included 1.8 million Carnival plc options in 2003, of which 1.0 million had a sterling denominated exercise price.
(c) Included 3.6 million of Carnival plc options at a weighted average exercise price of $20.89 per share, based on the November 30, 2003 U.S. dollar to sterling exchange rate.
(d) Included 2.2 million of Carnival plc options at a weighted average exercise price of $18.06 per share.
(e) On December 1, 2003, as a result of the Princess cruise operations being transferred to the Carnival Corporation side of the DLC structure, options to purchase 567,000 shares of Carnival plc vested immediately, and the termination date of 1.5 million Carnival plc exercisable options were shortened to the earlier of 12 months after the December 1, 2003 reorganization date or 42 months after the date of grant. All such changes have been made pursuant to the original terms of the Carnival plc plan.

Combined information with respect to outstanding and exercisable Carnival Corporation and Carnival plc stock options at November 30, 2003 was as follows:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Shares	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 1.94-$ 2.25	30,980	(a)	$ 2.07	30,980	$ 2.07
$10.59-$15.00	735,102	5.4	$13.54	735,102	$13.54
$16.28-$22.57	4,477,849	7.1	$20.71	2,617,539	$19.70
$23.04-$27.88	5,714,089	8.4	$26.44	1,319,694	$25.00
$28.21-$34.91	5,518,009	8.4	$32.12	1,172,570	$30.27
$36.72-$41.34	102,000	4.8	$38.09	97,600	$38.06
$43.56-$48.56	2,719,950	5.7	$44.36	1,874,850	$44.50
Total	19,297,979	7.6	$28.79	7,848,335	$27.68

(a) These stock options do not have an expiration date.

Carnival Corporation Restricted Stock

Carnival Corporation has issued restricted stock to a few officers. These shares have the same rights as Carnival Corporation common stock, except for transfer restrictions and forfeiture provisions. During fiscal 2003, 2002 and 2001, 455,000 shares, 150,000 shares and 150,000 shares, respectively, of Carnival Corporation common stock were issued, which were valued at $14 million, $4 million and $5 million, respectively. Unearned stock compensation was recorded within shareholders' equity at the date of award based on the quoted market price of the Carnival Corporation common stock on the date of grant and is amortized to expense using the straight-line method from the grant date through the earlier of the vesting date or the officers estimated retirement date. These shares either have three or five-year cliff vesting or vest evenly over five years after the grant date. As of November 30, 2003 and 2002 there were 1,055,000 shares and 750,000 shares, respectively, issued under the plan which remained to be vested.

Defined Benefit Pension Plans

We have several defined benefit pension plans, which cover some of our shipboard and shoreside employees. The U.S. and UK shoreside employee plans are closed to new membership. The plans are funded, at a minimum, in accordance with U.S. or UK regulatory requirements, with the remaining plans being primarily unfunded. In determining our plans' benefit obligations at November 30, 2003, we used assumed weighted-average discount rates of 6.0% and 5.3% for our U.S. and foreign plans, respectively. The net liabilities related to the obligations under these single employer defined benefit pension plans are not material.

A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. At November 30, 2003 and 2002, our single employer plans had aggregated additional minimum pension liability adjustments, less allowable intangible assets, of $14 million and $15 million, respectively, which are included in AOCI.

In addition, P&O Cruises participated in a Merchant Navy Ratings Pension Fund ("MNRPF"), which is a defined benefit multiemployer pension plan. This plan has a significant funding deficit and has been closed to further benefit accrual since prior to the completion of the DLC transaction. P&O Cruises, along with other unrelated employers, are making payments into this plan under a non-binding Memorandum of Understanding to reduce the deficit. Accordingly, at November 30, 2003, we had recorded a long-term pension liability of $19 million, which represented our estimate of the present value of the entire liability due by us under this plan.

P&O Cruises, Princess and Cunard Line Limited also participate in an industry-wide British merchant navy officers pension fund ("MNOPF"), which also is a defined benefit multiemployer pension plan that is available to certain of their shipboard British officers. The MNOPF is divided into two sections, the "New Section" and the "Old Section", each of which covers a different group of participants, with the Old Section closed to further benefit accrual and the New Section only closed to new membership. Holland America Line also participates in a Dutch shipboard officers defined benefit multiemployer pension plan. Our multiemployer yearly pension fund plan expenses are based on the amount of contributions we are required to make annually into the plans.

Total expense for all of our defined benefit pension plans, including our multiemployer plans, was $17 million, $11 million and $8 million in fiscal 2003, 2002 and 2001, respectively.

As of March 31, 2003, the date of the most recent formal actuarial valuation prepared by the MNOPF's actuary, the New Section of the MNOPF was estimated to have a fund deficit of approximately 200 million sterling, or $340 million, assuming a 7.7% discount rate. At November 30, 2003, our external actuary informally updated the March 31, 2003 valuation and estimated that the New Section deficit was approximately 640 million sterling, or $1.1 billion, assuming a 5.3% discount rate. The 5.3% is the assumed discount rate we have used for determining our other foreign pension plans obligations. Based solely upon our share of current contributions to the MNOPF, our share of these deficit amounts would be between $27 million and $85 million, depending on whether the deficit was $340 million or $1.1 billion, respectively. However, the extent of our portion of any liability with respect to the fund's deficit is uncertain, and is the subject of ongoing litigation, the outcome of which cannot be determined at this time. In addition, the amount of the fund deficit is subject to estimates and assumptions, which could cause the deficit amount to vary considerably.

A substantial portion of any MNOPF fund deficit liability which we may have relates to P&O Cruises and Princess liabilities which existed prior to the DLC transaction. However, since the MNOPF is a multiemployer plan and it is not probable that we will withdraw from the plan nor is our share of the liability certain, we are required to record our MNOPF plan expenses, including any contributions to fund the deficit, as they are contributed, instead of as a Carnival plc acquisition liability that existed at the DLC transaction date. It is currently expected that deficit funding contributions, if any, will be required to be paid over at least ten years.

Defined Contribution Plans

We have several defined contribution plans available to substantially all employees. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense relating to these plans was $12 million, $8 million and $8 million in fiscal 2003, 2002 and 2001, respectively.

NOTE 15 - Earnings Per Share

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

	Years Ended November 30,		
	2003	2002	2001
Net income	$1,194	$1,016	$926
Interest on dilutive convertible notes	5		
Net income for diluted earnings per share	$1,199	$1,016	$926
Weighted-average common and ordinary shares outstanding	718	587	585
Dilutive effect of convertible notes	4		
Dilutive effect of stock plans	2	1	2
Diluted weighted-average shares outstanding	724	588	587
Basic earnings per share	$1.66	$1.73	$1.58
Diluted earnings per share	$1.66	$1.73	$1.58

The weighted-average shares outstanding for the year ended November 30, 2003 includes the pro rata Carnival plc shares since April 17, 2003.

If Carnival Corporation's common stock price reaches specified trigger prices 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 trigger 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 Zero-Coupon Notes' contingent conversion trigger price was reached in the second half of fiscal 2003. 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 fiscal 2003 included the weighted-average of the 17.4 million shares that could be converted at the noteholders' options. The conversion of these notes was only dilutive in the 2003 third quarter.

Our diluted earnings per share computation for fiscal 2003 did not include a maximum of 36.2 million (32.7 million in 2002 and 2001) 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 (see Note 7).

Options to purchase 8.4 million, 6.0 million and 5.4 million shares for fiscal 2003, 2002 and 2001, respectively, were excluded from our diluted earnings per share computation since the effect of including them was anti-dilutive.

NOTE 16 - Supplemental Cash Flow Information

	Years Ended November 30,		
	2003	2002	2001
		(in millions)	
Cash paid for			
Interest, net of amount capitalized	$156	$110	$109
Income taxes, net	$ 21		$ 4
Other noncash investing and financing activities			
Common stock received as payment of stock option exercise price			$ 23
Notes received upon the sale of the Nieuw Amsterdam		$60	

NOTE 17 - Recent Accounting Pronouncement

In January 2003, as amended, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Standards Board Interpretation ("FIN") No. 46, "Consolidation of Variable Interest Entities." 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 second quarter. In accordance with FIN No. 46, we have determined that we are carrying a loan, initially made in April 2001, to 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 entity will not be consolidated in our financial statements. At November 30, 2003, our loan to this VIE, which is also our maximum exposure to loss, was $41 million.

Report of Independent Certified Public Accountants

To the Boards of Directors and Shareholders of
Carnival Corporation and Carnival plc

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, cash flows and shareholders' equity present fairly, in all material respects, the financial position of Carnival Corporation & plc (comprising Carnival Corporation and Carnival plc and their respective subsidiaries) at November 30, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 to the financial statements, the Company adopted SFAS No.142 "Goodwill and Other Intangible Assets" which changed the method of accounting for goodwill and other intangible assets effective December 1, 2001.

/s/ PricewaterhouseCoopers LLP

Miami, Florida
January 29, 2004

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 2003 Annual Report are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, 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, as amended, 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 our actual results, performance or achievements to differ materially from those expressed or implied in this 2003 Annual Report. 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 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 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 business worldwide;
- our ability to attract and retain qualified 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 2003 Annual Report, 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.

Executive Overview

Over the past three years our net revenue yields have declined (see "Key Performance Indicators" below). We believe this decline has been a result of a number of factors affecting consumers' vacation demand including, among other things, armed conflicts in the Middle East and elsewhere, terrorist attacks in the U.S. and elsewhere, minor passenger and crew illnesses, the uncertain worldwide economy and adverse publicity surrounding these and other events. In addition to these concerns, the recent large increase in new ship capacity in the cruise industry over this period has intensified competition to attract customers from land-based vacation alternatives, which has also contributed to lower cruise ticket prices.

In addition to the lower pricing trends over this period, the cruise industry has also experienced historically high fuel costs; significant increases in insurance and security costs, precipitated by the events of September 11, 2001; and higher environmental costs, resulting primarily from upgrading environmental compliance programs. It is possible that some of these increasing cost trends will continue in the future. However, as we have done in the past, we expect to be able to partially offset these increases through the continuing benefits of scale, as well as cost containment measures.

The factors mentioned above have put pressure on our earnings over this period, especially since most of our costs are largely fixed once we put a ship into service. Although it is impossible to quantify the financial impact on us of each of the foregoing factors, these events adversely impacted the entire leisure and travel industry in general, and the cruise industry and us in particular.

During 2003, we were able to complete the largest acquisition in our history, the DLC transaction with P&O Princess. We have made significant progress in integrating our two organizations, including announcing the expected redeployment in late 2004 of CCL's Jubilee to the P&O Cruises Australia fleet, the transfer of a Holland America newbuild shipyard slot to Princess for a new ship deployment in 2006, the consolidation of our German and London office operations and the sale of our German river boat business, global procurement savings and the implementation of many best practices among our brands. As a result, we are well on our way to realizing the $100 million of annual DLC transaction synergies we initially targeted.

In addition, during the second half of 2003, we saw a strong rebound in our booking volumes, which commenced shortly after the conclusion of the Iraqi war, although our cruise ticket prices were still somewhat lower than last year.

As mentioned above, the entire cruise industry had a large increase in capacity during this three year period, including our introduction of seven new ships into service during 2003. Even with our 17.5% pro forma capacity increase in fiscal 2003, we were able to maintain our occupancy level at over 103%. As a large part of our operating costs are fixed in nature, we strategically manage our prices to enable us to fill our ships at the highest possible prices, since incremental passengers contribute to our fixed costs. Our ability to maintain these high occupancy levels helped us to achieve an increasing level of onboard and other revenues, which partially offset the impact of lower cruise ticket prices.

Throughout this period, despite the adverse external travel and leisure environment and the significant increase in cruise industry capacity, we generated significant cash flows. These results provide an indication of the strength of our business. However, our operations are subject to many risks, as briefly noted above and under the caption "Cautionary Note Concerning Factors That May Affect Future Results," which could significantly impact our future results.

The year over year percentage increases in Carnival Corporation & plc's available lower berth day ("ALBD") capacity for fiscal 2004 (versus fiscal 2003 pro forma ALBD, assuming that the DLC transaction was completed and Carnival plc was consolidated for the full period in 2003), 2005 and 2006, resulting primarily from new ships entering service, is currently expected to be 17.5%, 9.2% and 5.3%, respectively.

We believe that given a more stable geopolitical environment, our net revenue yields will increase in 2004, despite the expected significant increase in our 2004 passenger capacity.

Outlook For Fiscal 2004 ("2004")

As of December 18, 2003, we said that we expected our first quarter 2004 earnings per share to be in the range of $0.17 to $0.20 versus 2003 pro forma first quarter earnings per share of $0.16 ($0.18 less a $0.02 per share non-recurring gain from insurance settlements). We also said that we were comfortable with consensus earnings estimates for the 2004 year, which at that time was $1.98 per share, assuming no significant geopolitical or economic shocks.

Since early January, the cruise industry has entered the "wave season" (a period of higher booking levels than during the rest of the year). As we had expected, bookings during this year's wave season have been significantly higher than during the comparable period last year, which was adversely impacted by the build up to the war in Iraq. Since the beginning of January, company wide booking levels have been running 59% higher than during the same period last year, which is significantly above the company's 17.5% proforma capacity increase for 2004.

We now expect that first quarter 2004 net revenue yields will increase 3% to 4% (versus an increase of 1% to 2% in our previous guidance) and net cruise costs per ALBD, will be at the low end of our previous guidance of an increase of 1% to 3%. The increase in expected net revenue yields is largely due to the weakening of the U.S. dollar, and to a lesser extent, higher than expected pricing on close to sailing bookings. The weak dollar also had the effect of increasing net cruise costs per ALBD, however that is expected to be more than offset by lower than anticipated advertising costs, which is partially timing and is expected to be expended later in the year, and lower than forecasted fuel costs. We now expect first quarter 2004 earnings per share to be in the range of $0.21 to $0.22.

Net revenue yields for the year 2004 are now forecast to increase 5% to 7%, versus our previous forecast of an increase of 2% to 4%. The increase in expected net revenue yields is largely due to weakness in the U.S. dollar (our current guidance is based on an exchange rate of $1.27 to the euro and $1.84 to the sterling), and to a lesser extent, strengthening booking levels noted during wave season. Net cruise costs per ALBD is forecast to increase 2% to 3% versus our earlier guidance of flat compared to 2003 proforma costs. The increase in expected net cruise costs per ALBD is due to the weaker U.S. dollar.

Carnival Corporation's 2% Notes become convertible if the share price of its common stock closes above $43.05 for 20 days out of the last 30 trading days of the quarter. If the 2% Notes become convertible, earnings per share for the full year 2004 will be reduced by $0.02 per share. Assuming this dilution occurs, we are comfortable with the current consensus 2004 earnings estimates of $2.02 per share, assuming no geopolitical or economic shocks.

Income Taxes

The new U.S. income tax regulations under Section 883 of the Internal Revenue Code have become effective for us in 2004. 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.

Key Performance Indicators

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 revenue performance and pricing power. 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 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 exclude 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 two non-GAAP financial measures described above.

Critical Accounting Estimates

Our critical accounting estimates are those which we believe require our most significant judgments about the effect of matters that are inherently uncertain. A discussion of our critical accounting estimates, the underlying judgments and uncertainties used to make them and the likelihood that materially different estimates would be reported under different conditions or using different assumptions, is set forth below.

Ship Accounting

Our most significant assets are our ships and ships under construction, which represent 78% of our total assets. We make several critical accounting estimates dealing with our ship accounting. First, we compute our ships' depreciation expense, which represents 11.9% of our cruise operating expenses in fiscal 2003, which requires us to estimate the average useful life of each of our ships, as well as their residual values. Secondly, we account for ship improvement costs by capitalizing those costs, which we believe will add value to our ships and depreciate those improvements over their estimated useful lives. Finally, we account for the replacement or refurbishment of our ship components and recognize the resulting loss in our results of operations.

We determine the average useful lives of our ships based primarily on our estimates of the average useful lives of the ships' major component systems, such as cabins, main diesels, main electric, superstructure and hull. In addition, we consider, among other things, the impact of anticipated technological changes, long-term vacation market conditions and competition and historical useful lives of similarly-built ships. We have estimated our new ships' average useful lives at 30 years and their residual values at 15% of our original ship cost.

Given the very large and complex nature of our ships, ship accounting estimates require considerable judgment and are inherently uncertain. We do not have cost segregation studies performed to specifically componetize our ship systems; therefore, our overall estimates of the relative costs of these component systems are based principally on general and technical information known about major ship component system lives and our knowledge of the cruise industry. In addition, we do not identify and track the depreciation of specific component systems, but instead utilize estimates when determining the net cost basis of assets being replaced or refurbished. If materially different conditions existed, or if we materially changed our assumptions of ship lives and residual values, our depreciation expense or loss on replacement or refurbishment of ship assets and net book value of our ships would be materially different. In addition, if we change our assumptions in making our determinations as to whether improvements to a ship add value, the amounts we expense each year as repair and maintenance costs could increase, partially offset by a decrease in depreciation expense, as less costs would have been initially capitalized to our ships. Our fiscal 2003 ship depreciation expense would have increased by approximately $18 million for every year we reduced our estimated average 30 year ship useful life. In addition, if our ships were estimated to have no residual value, our fiscal 2003 depreciation expense would have increased by approximately $78 million. Some ships in our fleet are over 30 years old.

We believe that the estimates we made for ship accounting purposes are reasonable and our methods are consistently applied and, accordingly, result in depreciation expense that is based on a rational and systematic method to equitably allocate the costs of our ships to the periods during which services are obtained from their use. In addition, we believe that the estimates we made are reasonable and our methods consistently applied (1) in determining the average useful life and residual values of our ships; (2) in determining which ship improvement costs add value to our ships; and (3) in determining the net cost basis of ship component assets being replaced or refurbished. Finally, we believe our critical ship accounting estimates are generally comparable with those of other major cruise companies.

Asset Impairment

The impairment reviews of our ship and trademark assets and of our goodwill, which has been allocated to our reporting units, such as our cruise lines, require us to make significant estimates to determine the fair values, including the cash flows, of these assets or reporting units.

The determination of fair value includes numerous uncertainties, unless a viable actively traded market exists for the asset or for a comparable reporting unit, which is usually not the case for cruise ships, cruise lines and trademarks. For example, in determining fair values of ships and cruise lines utilizing discounted forecasted cash flows, significant judgments are made concerning, among other things, future net revenue yields, net cruise costs per ALBD, interest and discount rates, cruise itineraries, ship additions and retirements, technological changes, consumer demand, governmental regulations and the effects of competition. In addition, third party appraisers are sometimes used to determine fair values and some of their valuation methodologies are also subject to similar types of uncertainties. Also, the determination of fair values of reporting units using a price earnings multiple approach also requires significant judgments, such as determining reasonably comparable multiples. Finally, determining trademark fair values also requires significant judgments in determining both the estimated trademark cash flows, and the appropriate royalty rates to be applied to those cash flows to determine their fair value. We believe that we have made reasonable estimates and judgments in determining whether our ships, goodwill and trademarks have been impaired. However, if there is a material change in the assumptions used in our determination of fair value or if there is a material change in the conditions or circumstances influencing fair value, we could be required to recognize a material impairment charge.

Contingencies

We periodically assess the potential liabilities related to any lawsuits or claims brought against us, as well as for other known unasserted claims, including environmental, legal and tax matters. While it is typically very difficult to determine the timing and ultimate outcome of these matters, we use our best judgment to determine if it is probable that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable loss, if any, can be made. In assessing probable losses, we make estimates of the amount of insurance recoveries, if any. We accrue a liability when we believe a loss is probable and the amount of the loss can be reasonably estimated, in accordance with the provisions of SFAS No. 5, "Accounting for Contingencies," as amended. Such accruals are typically based on developments to date, management's estimates of the outcomes of these matters, our experience in contesting, litigating and settling other similar matters and any related insurance coverage. See Notes 9 and 14 in the accompanying financial statements for additional information concerning our contingencies.

Given the inherent uncertainty related to the eventual outcome of these matters and potential insurance recoveries, it is possible that all or some of these matters may be resolved for amounts materially different from any provisions or disclosures that we may have made with respect to their resolution. In addition, as new information becomes available, we may need to reassess the amount of probable liability that needs to be accrued related to our contingencies. All such revisions in our estimates could materially impact our results of operations and financial position.

Property, Plant and Equipment Draft Statement of Position

In late 2003, the Accounting Standards Executive Committee issued a new Statement of Position draft, entitled "Accounting for Certain Costs and Activities Related to Property, Plant and Equipment" ("PP&E SOP"), the adoption of which is subject to the final clearance of the FASB. If issued in its new form, the PP&E SOP would allow us the choice of selecting the level at which we componetize our ships, as long as the identified components are at or below the "functional unit level", which is the ship itself. If we elect to identify and track ship components below the ship level, the PP&E SOP will require us, among other things, to maintain very detailed historical cost records for these ship parts and determine separate depreciable lives for each component, which may result in changes in the amount and timing of depreciation and repair and maintenance expenses and the amount of loss recognized on the replacement or refurbishment of ship parts. Alternatively, the PP&E SOP allows us to identify our entire ship as one component; however, electing each ship as one component will require us to expense as incurred all otherwise capitalizable expenditures incurred after the ship is placed into service, rather than capitalize and depreciate these expenditures over their estimated useful lives. In addition, the PP&E SOP will require us to expense our dry-dock costs as incurred, instead of amortizing our dry-dock costs to expense generally over one year.

We have not decided what level of componentization we will choose nor have we completed an analysis of the impact this PP&E SOP would have on our financial statements, although it may be material, dependent upon the alternatives we choose in relation to identifying components. The PP&E SOP is expected to be effective for fiscal years beginning after December 15, 2004 (fiscal 2006 for us), with earlier application encouraged.

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 primarily 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 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, expenses, operating income and other financial information see Note 13 in the accompanying financial statements. Operations data expressed as a percentage of total revenues and selected statistical information were as follows (a):

	Years Ended November 30,		
	2003	2002	2001
Revenues			
Cruise			
Passenger tickets	75.0%	76.3%	77.6%
Onboard and other	21.1	20.5	18.5
Other	3.9	3.2	3.9
	100.0	100.0	100.0
Costs and Expenses			
Operating			
Cruise			
Passenger tickets	15.2	15.0	17.9
Onboard and other	3.4	2.7	2.6
Payroll and related	11.1	10.5	10.1
Food	5.8	5.8	5.8
Other ship operating	18.4	16.7	15.2
Other	2.9	2.5	3.0
Total	56.8	53.2	54.6
Selling and administrative	13.9	13.9	13.6
Depreciation and amortization	8.7	8.7	8.2
Impairment charge		0.4	3.0
Loss from affiliated operations, net			1.0
Operating Income	20.6	23.8	19.6
Nonoperating (Expense) Income, Net	(2.4)	(1.9)	0.5
Income Before Income Taxes	18.2	21.9	20.1
Income Tax (Expense) Benefit, Net	(0.4)	1.3	0.3
Net Income	17.8%	23.2%	20.4%
Selected Statistical Information			
Passengers carried (in thousands)	5,038	3,549	3,385
Occupancy percentage (b)	103.4%	105.2%	104.7%

(a) The information presented above includes the results of Carnival plc since April 17, 2003. See below for 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.

Fiscal 2003 ("2003") Compared To Fiscal 2002 ("2002")

Given that our reported results for 2003 include the results of Carnival plc for only the last seven and one-half months of 2003 and the preceding year does not include any of Carnival plc's results, we believe that the most meaningful presentation of our operating performance measures for 2003 is on a pro forma basis, which reflects the results of both Carnival Corporation and Carnival plc for the entirety of both years. Accordingly, we have disclosed pro forma information, as well as the required reported information, in the discussion of our results of operations.

Revenues

Cruise revenues increased $2.22 billion, or 52.2%, to $6.46 billion in 2003 from $4.24 billion in 2002. Approximately $1.75 billion of our cruise revenue increase was due to the consolidation of Carnival plc and $462 million (a 10.9% 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 17.3% 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 Carnival Corporation.

Included in onboard and other revenues were concession revenues of $198 million in 2003 and $154 million in 2002.

Our pro forma ALBD capacity increase was 17.5% in 2003 compared to 2002. Pro forma gross revenue yields (gross revenue per ALBD) declined 3.8% (reported declined 2.1%) 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 3.2% (reported declined 3.4%) 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, the uncertain world economy and the increase in cruise industry capacity. Finally, our pro forma net revenue yields in 2003 were favorably impacted by the strengthening of the euro and sterling against the dollar.

Other non-cruise revenues increased $169 million, or 96.0%, to $345 million in 2003 from $176 million in 2002 due to the consolidation of Princess Tours and P&O Travel Ltd.

Costs and Expenses

Total cruise operating expenses increased $1.40 billion, or 63.1%, to $3.62 billion in 2003 from $2.22 billion in 2002. Approximately $1.02 billion of our increase was due to the consolidation of Carnival plc, and the remaining $380 million (a 17.1% increase over 2002) of the increase was from Carnival Corporation. Carnival Corporation's increase was primarily a result of the impact of the 17.3% increase in its standalone ALBD capacity in 2003 compared to 2002. In addition, higher fuel prices added approximately $44 million to the Carnival Corporation standalone expenses in 2003 compared to 2002. Finally, the increase in each of the individual cruise operating expense line items was primarily a result of the same factors as discussed above. Pro forma cruise operating expenses increased $655 million, or 18.4%, to $4.2 billion in 2003 from $3.57 billion in 2002 primarily as a result of the 17.5% increase in pro forma ALBD capacity and higher fuel costs.

Other non-cruise operating expenses increased $135 million, or 93.1%, to $280 million in 2003 from $145 million in 2002 due to the consolidation of Princess Tours and P&O Travel Ltd.

Cruise selling and administrative expenses increased $319 million, or 55.3%, to $896 million in 2003 from $577 million in 2002. Approximately $247 million of our increase was due to the consolidation of Carnival plc and the remaining $72 million (a 12.5% increase over 2002) of the increase was from Carnival Corporation, which was primarily due to the 17.3% increase in standalone ALBD capacity. Pro forma cruise selling and administrative expenses, excluding Carnival plc nonrecurring DLC transaction expenses, increased $142 million, or 15.6%, to $1.05 billion from $912 million in 2002, primarily as a result of the 17.5% increase in pro forma ALBD capacity, partially offset by the benefits of scale and synergy savings from the DLC transaction.

Pro forma gross cruise costs per ALBD increased by 0.2 (reported increased 3.9%) in 2003 compared to 2002. Pro forma net cruise costs per ALBD increased 2.9% (reported increased 4.0%) 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. Finally, our pro forma net cruise costs were unfavorably affected by the weakening of the dollar against the euro and sterling.

Depreciation and amortization increased by $203 million, or 53.1%, to $585 million in 2003 from $382 million in 2002. A large portion of this increase was from the consolidation of Carnival plc, which accounted for approximately $126 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 $120 million, or 22.5%, to $654 million from $534 million largely due to the expansion of the combined fleet and ship improvement expenditures.

Nonoperating (Expense) Income

Interest expense, net of interest income and excluding capitalized interest, increased to $217 million in 2003 from $118 million in 2002, or $99 million, which increase was comprised primarily of a $125 million increase in interest expense from our increased level of average borrowings, partially offset by a $31 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 7 in the accompanying financial statements) and new ship deliveries. Capitalized interest increased $10 million during 2003 compared to 2002 due primarily to higher average levels of investments in ship construction projects.

Other income was $8 million in 2003, which included $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, partially offset by $13 million related to a DLC-related litigation matter.

Income Taxes

The income tax provision of $29 million in 2003 was primarily due to the consolidation of Carnival plc's U.S. based Princess Tours and Costa's Italian taxable income.

Fiscal 2002 ("2002") Compared to Fiscal 2001 ("2001")

Revenues

Cruise revenues decreased $127 million, or 2.9%, to $4.24 billion in 2002 from $4.37 billion in 2001. Our cruise revenue change resulted from a 7.0% decrease in our gross revenue per passenger cruise day, partially offset by a 3.6% increase in passenger capacity and a 0.5% increase in our occupancy rate. This decrease in our gross revenue per passenger cruise day was primarily caused by a significant decline in the number of guests purchasing air transportation from us in 2002 compared to 2001. When a guest elects to provide his or her own transportation, rather than purchasing air transportation from us, both our cruise revenues and operating expenses decrease by approximately the same amount. Also adding to the reduction in gross revenue per passenger cruise day was the adverse impact of the September 11, 2001 events, which resulted in lower cruise ticket prices. Net revenue yield was down 2.7% (gross revenue yield was down 6.3%) in 2002 compared to 2001.

Included in onboard and other revenues were concession revenues of $154 million in 2002 and $136 million in 2001.

Other revenues, which consisted of Holland America Tours decreased $53 million, or 23.1%, to $176 million in 2002 from $229 million in 2001 principally due to a lower number of Alaska and Canadian Yukon cruise/tours sold. This revenue decrease was primarily as a result of one less ship offering land tours to its guests in 2002 compared to 2001 and increased competition. In addition, three isolated cancellations of Holland America Alaska cruises in 2002 resulting primarily from mechanical malfunctions also contributed to this decrease in revenues.

Costs and Expenses

Total cruise operating costs decreased by $125 million, or 5.3%, to $2.22 billion in 2002 from $2.35 billion in 2001. Approximately $116 million of this decrease was due to reduced air travel and related costs primarily due to fewer guests purchasing air transportation through us, and $41 million was primarily due to lower commissions because of lower cruise revenues. This decrease was partially offset by an increase in fuel and other cruise operating expenses, which was largely due to costs associated with our 3.6% increase in passenger capacity. Net cruise operating costs per ALBD decreased 2.4% (gross cruise operating costs per ALBD decreased 7.8%), partially as a result of the cost reduction initiatives we undertook after the events of September 11, 2001.

Other operating expenses, which consisted of Holland America Tours, decreased $41 million, or 22.0%, to $145 million in 2002 from $186 million in 2001 principally due to the reduction in the number of cruise/tours sold.

Selling and administrative expenses decreased $10 million, or 1.6%, to $609 million in 2002 from $619 million in 2001. Selling and administrative expenses decreased in 2002 primarily because of our 4.7% decrease in cruise selling and administrative costs per ALBD, partially offset by additional expenses associated with our 3.6% increase in passenger capacity. Our costs per ALBD decreased partially because of the cost containment actions taken after September 11, 2001.

Depreciation and amortization increased by $10 million, or 2.7%, to $382 million in 2002 from $372 million in 2001. Depreciation and amortization in 2002 compared to 2001 increased by $30 million primarily as a result of the expansion of our fleet and ship improvement expenditures, partially offset by the elimination of $20 million of annual goodwill amortization upon our adoption of SFAS No. 142 on December 1, 2001 (see Note 2 in the accompanying financial statements).

See Notes 5 and 6 in the accompanying financial statements for a discussion of the 2002 and 2001 impairment charge and 2001 affiliated operations.

Nonoperating (Expense) Income

Interest income decreased by $2 million in 2002 compared to 2001, which was comprised of a $25 million reduction in interest income due to lower average interest rates, partially offset by a $23 million increase in interest income from our higher average invested cash balances. Interest expense was the same in 2002 and in 2001, which was comprised of a $22 million increase in interest expense due to our increased level of average borrowings, offset by a $22 million reduction in interest expense due to lower average borrowing rates. The higher level of average borrowings in 2002 were due primarily from the issuance of our convertible notes in April and October 2001. Capitalized interest increased $10 million during 2002 compared to 2001 due primarily to higher average levels of investments in ship construction projects.

Other expense in 2002 of $4 million consisted primarily of a $8 million loss, including related expenses, resulting from the sale of Holland America Line's former Nieuw Amsterdam, partially offset by $4 million of income related to the termination of an over funded pension plan.

Income Taxes

The income tax benefit of $57 million recognized in 2002 was substantially all due to an Italian investment incentive law, which allowed Costa to receive an income tax benefit of $51 million based on contractual expenditures during 2002 on the construction of a new ship.

Liquidity and Capital Resources

Sources and Uses of Cash

Our business provided $1.93 billion of net cash from operations during fiscal 2003, an increase of $464 million, or 31.6%, compared to fiscal 2002, due primarily to the consolidation of Carnival plc. We continue to generate substantial cash from operations and remain in a strong financial position.

During fiscal 2003, our net expenditures for capital projects were $2.52 billion, of which $2.25 billion was spent for our ongoing new shipbuilding program. The remaining capital expenditures consisted primarily of $133 million for ship improvements and refurbishments, and $130 million for Alaska tour assets, cruise port facility developments and information technology assets.

During fiscal 2003, we borrowed net proceeds of $1.08 billion primarily to finance a portion of our shipbuilding programs and other capital expenditures, and for working capital purposes. Specifically, we issued 1.75% Notes and 3.75% unsecured notes for gross proceeds of $1.12 billion, and we borrowed $335 million for the acquisition of the Island Princess. We also paid cash dividends of $292 million in fiscal 2003.

Future Commitments and Funding Sources

At November 30, 2003, our contractual cash obligations, with initial or remaining terms in excess of one year, and the effects such obligations are expected to have on our liquidity and cash flow in future periods were as follows (in millions):

Contractual Cash Obligations (a)	Total	Payments Due by Fiscal Year 2004	2005	2006	2007	2008	Thereafter
Long-term debt	$ 7,310	$ 392	$1,263	$1,587	$ 999	$1,492	$1,577
Shipbuilding	4,994	2,982	1,237	775			
Port and other commitments	392	57	32	33	35	35	200
Operating leases	276	57	49	36	26	23	85
Total contractual cash obligations	$12,972	$3,488	$2,581	$2,431	$1,060	$1,550	$1,862

(a) See Notes 7, 8, 9 and 14 in the accompanying financial statements for additional information regarding our debt, shipbuilding and other contractual cash obligations and commitments and our contingent obligations.

At November 30, 2003, we had liquidity of $3.92 billion, which consisted of $1.07 billion of cash and cash equivalents, $2.11 billion available for borrowing under our $2.41 billion revolving credit facilities, and $736 million under committed ship financing arrangements. Our revolving credit facilities mature in September 2005 with respect to $710 million, and in May and June 2006 with respect to $1.70 billion. A key to our access to liquidity is the maintenance of our strong credit ratings.

We believe that our liquidity, including cash and committed financings, and cash flow 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 factors 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 such financing from banks or through the offering of debt and/or equity securities in the public or private markets. No assurance can be given 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.

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.

Other Matters

Market Risks

We are principally exposed to market risks from fluctuations in foreign currency exchange rates, bunker fuel prices and interest rates. We seek to minimize foreign currency and interest rate risks through our normal operating and financing activities, including netting certain exposures to take advantage of any natural offsets, through our long-term investment and debt portfolio strategies and, when considered appropriate, through the use of derivative financial instruments. The financial impacts of these hedging instruments are generally offset by corresponding changes in the underlying exposures being hedged. Our policy is to not use financial instruments for trading or other speculative purposes.

Exposure to Foreign Currency Exchange Rates

One of our primary foreign currency exchange risks is related to our outstanding commitments under ship construction contracts denominated in a currency other than the functional currency of the cruise brand that is expected to be operating the ship. These currency commitments are affected by fluctuations in the value of the functional currency as compared to the currency in which the shipbuilding contract is denominated. Foreign currency forward contracts are generally used to manage this risk (see Notes 2, 8 and 12 in the accompanying financial statements). Accordingly, increases and decreases in the fair value of these foreign currency forward contracts offset changes in the fair value of the foreign currency denominated ship construction commitments, thus resulting in the elimination of such risk.

We have forward foreign currency contracts for seven of our euro denominated shipbuilding contracts. At November 30, 2003, the fair value of these forward contracts was an unrealized gain of $363 million which is recorded, along with an offsetting $363 million fair value liability related to our shipbuilding firm commitments, on our accompanying 2003 balance sheet. Based upon a 10% strengthening or weakening of the U.S. dollar compared to the euro as of November 30, 2003, assuming no changes in comparative interest rates, the estimated fair value of these contracts would decrease or increase by $247 million, which would be offset by a decrease or increase of $247 million in the U.S. dollar value of the related foreign currency ship construction commitments resulting in no net dollar impact to us.

The cost of shipbuilding orders that we may place in the future for our cruise lines who generate their cash flows in a currency that is different than the shipyard's operating currency, generally the euro, is expected to be affected by foreign currency exchange rate fluctuations. Given the recent decline in the U.S. dollar relative to the euro, the U.S. dollar cost to order new cruise ships at current exchange rates has increased significantly. We currently have on order new cruise ships for delivery through 2006. Should the U.S. dollar remain at current levels or decline further, this may affect our ability to order new cruise ships for 2007 or later years.

In addition to the foreign currency denominated operations of our Costa subsidiary, we have broadened our global presence as a result of Carnival plc's foreign operations. Specifically, our expanded international business operations through P&O Cruises, Ocean Village and Swan Hellenic in the UK and Aida in Germany subject us to an increasing level of foreign currency exchange risk related to the sterling and euro. These are the primary currencies for which we have U.S. dollar exchange rate exposures. 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 for cruise revenues and cruise expenses in our consolidated financial statements. Strengthening of the U.S. dollar has the opposite effect. We will continue to monitor the effect of such exposures to determine if any additional actions, such as the issuance of additional foreign currency denominated debt or use of other financial instruments would be warranted to reduce such risk.

We consider our investments in foreign subsidiaries to be denominated in relatively stable currencies and/or of a long-term nature. However, we partially hedge these exposures by denominating our debt in our subsidiary's functional currency (generally euros or sterling). Specifically, we have $815 million of cross currency swaps, whereby we have converted U.S. dollar debt to euro and sterling debt and euro debt to sterling debt, thus partially offsetting this foreign currency exchange risk. At November 30, 2003, the fair value of these cross currency swaps was a loss of $70 million, $39 million of which is recorded in AOCI and offsets a portion of the gains recorded in AOCI upon translating these foreign subsidiaries net assets into U.S. dollars. Based upon a 10% hypothetical increase or decrease in the November 30, 2003 foreign currency exchange rate, we estimate that these contracts fair values would increase or decrease by $82 million, which would be offset by a decrease or increase of $82 million in the U.S. dollar value of our net investments.

Exposure to Bunker Fuel Prices

Other cruise ship operating expenses are impacted by changes in bunker fuel prices. Fuel consumed over the past three fiscal years ranged from approximately 5.5% in fiscal 2003 to 4.5% in fiscal 2002 and 4.2% in fiscal 2001 of our cruise revenues. We have typically not used financial instruments to hedge our exposure to the bunker fuel price market risk.

Based upon a 10% hypothetical increase or decrease in the November 30, 2003 bunker fuel price, we estimate that our fiscal 2004 bunker fuel cost would increase or decrease by approximately $45 million.

Exposure to Interest Rates

In order to limit our exposure to interest rate fluctuations, we have entered into a substantial number of fixed rate debt instruments. We continuously evaluate our debt portfolio, including interest rate swap agreements, and make periodic adjustments to the mix of floating rate and fixed rate debt based on our view of interest rate movements. Accordingly in 2003 and 2001, we entered into fixed to variable interest rate swap agreements, which lowered our fiscal 2003, 2002 and 2001 interest costs and are also expected to lower our fiscal 2004 interest costs. At November 30, 2003, 61% of the interest cost on our debt was effectively fixed and 39% was variable, including the effect of our interest rate swaps.

At November 30, 2003, our long-term debt had a carrying value of $7.31 billion. At November 30, 2003, our interest rate swap agreements effectively changed $1.19 billion of fixed rate debt to Libor-based floating rate debt. In addition, interest rate swaps at November 30, 2003 effectively changed $760 million of euribor floating rate debt to fixed rate debt. The fair value of our long-term debt and interest rate swaps at November 30, 2003 was $7.69 billion. Based upon a hypothetical 10% decrease or increase in the November 30, 2003 market interest rates, the fair value of our long-term debt and swaps would increase or decrease by $128 million. In addition, based upon a hypothetical 10% decrease or increase in our November 30, 2003 common stock price, the fair value of our convertible notes would increase or decrease by approximately $97 million.

These hypothetical amounts are determined by considering the impact of the hypothetical interest rates and common stock price on our existing long-term debt and interest rate swaps. This analysis does not consider the effects of the changes in the level of overall economic activity that could exist in such environments or any relationships which may exist between interest rate and stock price movements. Furthermore, since substantially all of our fixed rate long-term debt cannot currently be called or prepaid and some of our variable rate long-term debt is subject to interest rate swaps which effectively fix the interest rate, it is unlikely we would be able to take any significant steps in the short-term to mitigate our exposure in the unlikely event of a significant decrease in market interest rates.

REPORTED GAAP RECONCILING INFORMATION

Gross and net revenue yields were computed as follows:

	Years Ended November 30,		
	2003	2002	2001
	(in millions, except ALBDs and yields)		
Cruise revenues			
Passenger tickets	$ 5,039	$ 3,346	$ 3,530
Onboard and other	1,420	898	841
Gross cruise revenues	6,459	4,244	4,371
Less cruise costs			
Passenger tickets	(1,021)	(658)	(813)
Onboard and other	(229)	(116)	(116)
Net cruise revenues	$ 5,209	$ 3,470	$ 3,442
ALBDs(a)	33,309,785	21,435,828	20,685,123
Gross revenue yields (b)	$193.91	$198.01	$211.33
Net revenue yields (c)	$156.38	$161.91	$166.44

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

	Years Ended November 30,		
	2003	2002	2001
	(in millions, except ALBDs and costs per ALBD)		
Cruise operating expenses	$ 3,624	$ 2,222	$ 2,347
Cruise selling and administrative expenses	896	577	584
Gross cruise costs	4,520	2,799	2,931
Less cruise costs			
Passenger tickets	(1,021)	(658)	(813)
Onboard and other	(229)	(116)	(116)
Net cruise costs	$ 3,270	$ 2,025	$ 2,002
ALBDs(a)	33,309,785	21,435,828	20,685,123
Gross cruise costs per ALBD (d)	$135.69	$130.54	$141.66
Net cruise costs per ALBD (e)	$ 98.16	$ 94.43	$ 96.76

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 years noted below, would have been computed as follows (f):

	Years Ended November 30,	
	2003	2002
	(in millions, except ALBDs and yields)	
Cruise revenues		
Passenger tickets	$ 5,732	$ 5,128
Onboard and other	1,600	1,356
Gross cruise revenues	7,332	6,484
Less cruise costs		
Passenger tickets	(1,227)	(1,121)
Onboard and other	(279)	(240)
Net cruise revenues	$ 5,826	$ 5,123
ALBDs (a)	37,554,709	31,962,000
Gross revenue yields (b)	$195.23	$202.85
Net revenue yields (c)	$155.11	$160.25

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

	Years Ended November 30,	
	2003	2002
	(in millions, except ALBDs and costs per ALBD)	
Cruise operating expenses	$ 4,222	$ 3,567
Cruise selling and administrative expenses	1,054	912
Gross cruise costs	5,276	4,479
Less cruise costs		
Passenger tickets	(1,227)	(1,121)
Onboard and other	(279)	(240)
Net cruise costs	$ 3,770	$ 3,118
ALBDs(a)	37,554,709	31,962,000
Gross cruise costs per ALBD (d)	$140.50	$140.15
Net cruise costs per ALBD (e)	$100.38	$ 97.55

(a) 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.
(b) Gross cruise revenues divided by ALBDs.
(c) Net cruise revenues divided by ALBDs.
(d) Gross cruise costs divided by ALBDs.
(e) Net cruise costs divided by ALBDs.
(f) The pro forma information gives pro forma effect for the DLC transaction between Carnival Corporation and Carnival plc, which was completed on April 17, 2003, as if the DLC transaction had occurred on December 1, 2001. Management has prepared the pro forma information based upon the companies' reported financial information and, accordingly, the above information should be read in conjunction with the companies' financial statements.

The DLC transaction has been accounted for as an acquisition of Carnival plc by Carnival Corporation, using the purchase method of accounting. The Carnival plc 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 above covers the same periods of time for both companies.

The above pro forma information has not been adjusted to reflect any net transaction benefits from the DLC transaction. In addition, it excludes the costs related to the 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. The exclusion of these nonrecurring costs is consistent with the requirements of Article 11 of Regulation S-X. Finally, 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.

The 2003 pro forma information is computed by adding four and one-half months of Carnival plc's results of operations, adjusted for SFAS No. 141 acquisition accounting adjustments, to the reported Carnival Corporation & plc results since the April 17, 2003 DLC transaction date. The 2002 pro forma information is computed by adding Carnival plc's 2002 results, adjusted for acquisition adjustments, to the 2002 Carnival Corporation reported results. For additional information related to the pro forma statements of operations see Note 3 in the accompanying financial statements.

(g) We have not provided estimates of future gross revenue yields or gross cruise costs per ALBD because we are unable to provide reconciliations of forecasted net cruise revenues to forecasted gross cruise revenues or forecasted net cruise costs to forecasted cruise operating expenses without unreasonable effort. The reconciliations 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 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.

Selected Financial Data

The selected consolidated financial data presented below for fiscal 1999 through 2003 and as of the end of each such year, are derived from our audited financial statements and should be read in conjunction with those financial statements and the related notes.

	Years Ended November 30,				
	2003	2002	2001	2000	1999
	(in millions, except per share and other operating data)				
Statement of Operations and Cash Flow Data (a)(b)					
Revenues(c)	$6,718	$4,383	$4,549	$3,791	$3,509
Operating income	$1,383	$1,042	$ 892	$ 983	$1,020
Net income(d)	$1,194	$1,016(e)	$ 926(e)	$ 965	$1,027
Earnings per share (d)					
Basic	$ 1.66	$ 1.73	$ 1.58	$ 1.61	$ 1.68
Diluted	$ 1.66	$ 1.73	$ 1.58	$ 1.60	$ 1.66
Dividends declared per share	$0.440	$0.420	$0.420	$0.420	$0.375
Cash from operations	$1,933	$1,469	$1,239	$1,280	$1,330
Capital expenditures	$2,516	$1,986	$ 827	$1,003	$ 873
Other Operating Data(a)(b)					
Available lower berth days (f)					
North America	24,388,144	17,037,860	16,536,756	15,033,370	13,505,014
Europe and Australia	8,921,641	4,397,968	4,148,367	855,034	831,466
Total	33,309,785	21,435,828	20,685,123	15,888,404	14,336,480
Passengers carried	5,037,553	3,549,019	3,385,280	2,669,153	2,365,720
Occupancy percentages (g)	103.4%	105.2%	104.7%	105.4%	104.3%

	As of November 30,				
	2003	2002	2001	2000	1999
	(in millions, except percentages)				
Balance Sheet and Other Data (a)(b)					
Total assets	$24,491(h)	$12,335(h)	$11,564(h)	$9,831	$8,286
Long-term debt, excluding current portion	$ 6,918	$ 3,014	$ 2,955	$2,099	$ 868
Total shareholders' equity	$13,793	$ 7,418	$ 6,591	$5,871	$5,931
Debt to capital (i)	34.9%	29.9%	31.1%	28.6%	15.3%

(a) Includes the results of Carnival plc since April 17, 2003. Accordingly, the information for 2003 is not comparable to the prior periods.

(b) From June 1997 through September 28, 2000, we owned 50% of Costa. On September 29, 2000, we completed the acquisition of the remaining 50% interest in Costa. We accounted for this transaction using the purchase accounting method. Prior to the fiscal 2000 acquisition, we accounted for our 50% interest in Costa using the equity method. Commencing in fiscal 2001, Costa's results of operations have been consolidated in the same manner as our other wholly-owned subsidiaries. Our November 30, 2000 and subsequent consolidated balance sheets include Costa's balance sheet. All statistical information prior to 2001 does not include Costa.

(c) Reclassifications have been made to prior period amounts to conform to the current period presentation.

(d) Effective December 1, 2001, we adopted SFAS No. 142, which required us to stop amortizing goodwill as of December 1, 2001, and requires an annual, or when events or circumstances dictate a more frequent, impairment review of goodwill. If goodwill had not been recorded for periods prior to December 1, 2001, our adjusted net income and adjusted basic and diluted earnings per share would have been as follows (in millions, except per share data):

	Years Ended November 30,		
	2001	2000	1999
Net income	$ 926	$ 965	$1,027
Goodwill amortization	26	23	21
Adjusted net income	$ 952	$ 988	$1,048
Adjusted earnings per share			
Basic	$1.63	$1.65	$ 1.71
Diluted	$1.62	$1.64	$ 1.70

(e) Our net income for fiscal 2002 and 2001 includes an impairment charge of $20 million and $140 million, respectively, and fiscal 2001 includes a nonoperating net gain of $101 million from the sale of our investment in Airtours plc. In addition, fiscal 2002 includes a $51 million income tax benefit as a result of an Italian investment incentive.
(f) Total annual passenger capacity for the period, assuming two passengers per cabin, that we offered for sale, which is computed by multiplying passenger capacity by revenue-producing ship operating days in the period. North America brands in 2003 include CCL, Holland America Line, Princess, Seabourn and Windstar. Europe brands in 2003 include AIDA, A'ROSA, Costa, Cunard, Ocean Village, P&O Cruises and Swan Hellenic.
(g) 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.
(h) Effective December 1, 2000, we adopted SFAS No. 133, which requires that all derivative instruments be recorded on our balance sheet. At November 30, 2003, total assets included $410 million of derivative contract fair values. Total assets at November 30, 2002 and 2001 included $187 million and $578 million, respectively, of fair value of hedged firm commitments. See Note 2 in the accompanying financial statements.
(i) Percentage of total debt to the sum of total debt and shareholders' equity.

Market Price for Common Stock and Ordinary Shares

Carnival Corporation's common stock, together with paired trust shares of beneficial interest in the P&O Princess Special Voting Trust (which holds a Special Voting Share of Carnival plc), is traded on the NYSE under the symbol "CCL". Effective April 22, 2003, Carnival plc's ordinary shares trade on the London Stock Exchange ("LSE") under the symbol "CCL" (formerly traded under "POC"). Effective April 21, 2003, Carnival plc's American Depositary Shares or ADSs, each one of which represents one Carnival plc ordinary share, are traded on the NYSE under the symbol "CUK" (formerly traded under "POC"). The depository for the ADSs is JPMorgan Chase Bank. The high and low stock sales price for the periods indicated were as follows:

Carnival Corporation

	High	Low
Fiscal 2003		
Fourth Quarter	$35.99	$32.76
Third Quarter	$36.04	$30.50
Second Quarter	$30.74	$20.34
First Quarter	$28.15	$21.86
Fiscal 2002		
Fourth Quarter	$29.78	$22.07
Third Quarter	$30.90	$22.81
Second Quarter	$34.64	$27.40
First Quarter	$28.62	$25.05

Carnival plc (a)

	Price per Ordinary Share (GBP)		Price per ADS ($)	
	High	Low	High	Low
Fiscal 2003				
Fourth Quarter	21.80	18.72	$35.71	$31.21
Third Quarter	21.80	16.50	$33.98	$27.92
Second Quarter	17.41	11.24	$28.50	$18.54
First Quarter	16.82	11.97	$26.22	$19.97
Fiscal 2002				
Fourth Quarter	17.88	12.32	$27.92	$20.72
Third Quarter	15.06	11.15	$23.13	$18.14
Second Quarter	16.64	12.98	$23.54	$19.35
First Quarter	13.85	11.75	$20.89	$17.06

(a) Per share price has been adjusted for the effect of the consolidation of each 3.3289 existing shares into one share effected in connection with the DLC transaction.

As of January 29, 2004, there were approximately 4,897 holders of record of Carnival Corporation and 63,801 holders of record of Carnival plc ordinary shares and 64 holders of record of Carnival plc ADSs.

Since the completion of the DLC transaction, Carnival plc dividends per share are the same as Carnival Corporation's per share dividends and are declared in U.S. dollars. Carnival plc UK ordinary shareholders can elect to receive these dividends either in U.S. dollars or Sterling, based upon a current U.S. dollar to Sterling exchange rate announced prior to the dividend payment date.

Selected Quarterly Financial Data (Unaudited)

Our revenue from the sale of passenger tickets is seasonal, with our third quarter being the strongest. Historically, demand for cruises has been greatest during our third fiscal quarter, which includes the North American summer months. The consolidation of Carnival plc has caused our quarterly results to be slightly more seasonal than we had previously experienced, as their business is more seasonal. This higher demand during the third quarter results in higher net revenue yields and, accordingly, the largest share of our net income is earned during this period. 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.

Quarterly financial results for fiscal 2003 were as follows:

	Quarters Ended			
	February 28	**May 31**	**August 31**	**November 30**
	(in millions, except per share data)			
Revenues	$ 1,035	$ 1,342	$ 2,523	$ 1,818
Operating income	$ 132	$ 168	$ 809	$ 274
Net income	$ 127(a)	$ 128(b)	$ 734	$ 205
Earnings per share				
Basic	$ 0.22	$ 0.19	$ 0.92	$ 0.26
Diluted	$ 0.22	$ 0.19	$ 0.90	$ 0.26
Dividends declared per share	$ 0.105	$ 0.105	$ 0.105	$ 0.125

(a) Included $19 million of income from net insurance proceeds.
(b) Included $16 million of expenses related to litigation and other charges associated with the DLC transaction.

Quarterly financial results for fiscal 2002 were as follows:

	Quarters Ended			
	February 28	**May 31**	**August 31**	**November 30**
	(in millions, except per share data)			
Revenues(a)	$ 910	$ 993	$ 1,440	$ 1,040
Operating income	$ 146	$ 220	$ 488	$ 188
Net income	$ 130	$ 194	$ 501(b)	$ 191(b)
Earnings per share				
Basic	$ 0.22	$ 0.33	$ 0.85	$ 0.33
Diluted	$ 0.22	$ 0.33	$ 0.85	$ 0.33
Dividends declared per share	$ 0.105	$ 0.105	$ 0.105	$ 0.105

(a) Reclassifications have been made to these amounts to conform to the 2003 presentation.
(b) Included a $17 million and a $34 million income tax benefit in the August 31 and November 30 quarters, respectively, from Costa, resulting from an Italian investment incentive law. In addition, the August 31 quarter included a $20 million impairment charge.

Glossary of Terms

The attached financial statements include certain U.S. accounting terminology, which may not be familiar to a UK reader. The following glossary is provided to assist in interpreting these financial statements:

UK Term	U.S. Term
Acquisition accounting	Purchase method of accounting
Associate/Joint venture	Equity investment
Called up share capital	Common stock at par value
Creditors	Payables
Debtors	Receivables
Finance lease	Capital lease
Financial year	Fiscal year
Gearing	Debt/Capital (debt plus equity)
Interest payable	Interest expense
Interest receivable	Interest income
Profit	Income
Profit and loss account	Statement of operations
Profit and loss account reserves	Retained earnings
Profit for the financial year	Net income
Provisions	Liabilities or reserves
Share premium	Additional paid-in capital
Shareholders' funds	Shareholders' equity
Stocks	Inventories
Tangible fixed assets	Property, plant and equipment
Turnover	Revenue

Exhibit 31.1

I, Micky Arison, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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: February 24, 2004

By:/s/ Micky Arison
Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

Exhibit 31.2

I, Howard S. Frank, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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: February 24, 2004

By:/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of
Directors and Chief
Operating Officer

Exhibit 31.3

I, Gerald R. Cahill, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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: February 24, 2004

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

Exhibit 31.4

I, Micky Arison, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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: February 24, 2004

By:/s/ Micky Arison
Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

Exhibit 31.5

I, Howard S. Frank, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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: February 24, 2004

By:/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of
Directors and Chief
Operating Officer

Exhibit 31.6

I, Gerald R. Cahill, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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: February 24, 2004

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

Exhibit 32.1

In connection with the Annual Report on Form 10-K for the year ended November 30, 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: February 24, 2004

By:/s/ Micky Arison
Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

Exhibit 32.2

In connection with the Annual Report on Form 10-K for the year ended November 30, 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: February 24, 2004

By:/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of Directors
and Chief Operating Officer

Exhibit 32.3

In connection with the Annual Report on Form 10-K for the year ended November 30, 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: February 24, 2004

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

Exhibit 32.4

In connection with the Annual Report on Form 10-K for the year ended November 30, 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: February 24, 2004

By:/s/ Micky Arison
Micky Arison
Chairman of the Board of Directors
and Chief Executive Officer

Exhibit 32.5

In connection with the Annual Report on Form 10-K for the year ended November 30, 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: February 24, 2004

By:/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of Directors
and Chief Operating Officer

Exhibit 32.6

In connection with the Annual Report on Form 10-K for the year ended November 30, 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: February 24, 2004

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