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, 2005 or

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

For the transition period from ____________ to ______________

Commission file number: 1-9610	Commission file number: 1-15136
Carnival Corporation	Carnival plc
(Exact name of registrant as specified in its charter)	(Exact name of registrant as specified in its charter)
Republic of Panama	England and Wales
(State or other jurisdiction of incorporation or organization)	(State or other jurisdiction of incorporation or organization)
59-1562976	98-0357772
(I.R.S. Employer Identification No.)	(I.R.S. Employer Identification No.)
3655 N.W. 87th Avenue Miami, Florida 33178-2428	Carnival House, 5 Gainsford Street, London SE1 2NE, United Kingdom
(Address of principal executive offices) (Zip code)	(Address of principal executive offices) (Zip code)
(305) 599-2600	011 44 20 7940 5381
(Registrant's telephone number, including area code)	(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:	Securities registered pursuant to Section 12(b) of the Act:
Title of each class	Title of each class
Common Stock ($.01 par value)	Ordinary Shares each represented by American Depositary Shares ($1.66 par value), Special Voting Share, GBP 1.00 par value and Trust Shares of beneficial interest in the P&O Princess Special Voting Trust
Name of each exchange on which registered	Name of each exchange on which registered
New York Stock Exchange, Inc.	New York Stock Exchange, Inc.

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

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act. Yes X No _

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes _ No X

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 large accelerated filers, accelerated filers, or non-accelerated filers. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Act). Large Accelerated Filers X Accelerated Filers _ Non-Accelerated Filers

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

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 $21.2 billion as of the last business day of the registrant's most recently completed second fiscal quarter.

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 $9.4 billion as of the last business day of the registrant's most recently completed second fiscal quarter.

At February 6, 2006, Carnival Corporation had outstanding 638,496,327 shares of its Common Stock, $.01 par value.

At February 6, 2006, Carnival plc had outstanding 212,488,679 Ordinary Shares $1.66 par value, one Special Voting Share, GBP 1.00 par value and 638,496,327 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

DOCUMENTS INCORPORATED BY REFERENCE

The information described below and contained in the Registrants' 2005 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 joint Annual Report on Form 10-K.

Part and Item of the Form 10-K

Part II

Item 5(a) and (c).	Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - 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' 2006 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 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 Accounting Fees and Services.

PART I

Item 1. Business.

A. General

Carnival Corporation is incorporated in Panama, and Carnival 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 (formerly known as P&O Princess Cruises plc or "P&O Princess") 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 through 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 operate 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 cruise company and one of the largest vacation companies in the world. We have a portfolio of 12 widely recognized cruise brands and are a leading provider of cruises to all major vacation destinations outside the Far East. See Part I, Item 1. Business B. - "Cruise Operations" for further information.

As of November 30, 2005, 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	21	47,820	North America
Princess Cruises ("Princess")	14	29,152	North America
Holland America Line	12	16,930	North America
Costa Cruises ("Costa")	10	17,262	Europe
P&O Cruises	5	8,844	United Kingdom
AIDA Cruises ("AIDA")	4	5,378	Germany
Cunard Line ("Cunard")	2	4,410	North America and United Kingdom
P&O Cruises Australia	3	3,680	Australia and New Zealand
Ocean Village	1	1,578	United Kingdom
Swan Hellenic	1	678	United Kingdom
Seabourn Cruise Line ("Seabourn")	3	624	North America
Windstar Cruises ("Windstar")	3	604	North America
	79	136,960	

(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 January 30, 2006, we had signed agreements with two shipyards providing for the construction of 16 additional cruise ships scheduled for delivery between January 31, 2006 and September 2009. In addition, in December 2005, we entered into an agreement for the sale of one P&O Cruises Australia ship, which is expected to leave our fleet in May 2006. These additions and sale are expected to result in a net increase in our passenger capacity of 41,816 lower berths, or 30.5%, compared to November 30, 2005. It is possible that some more of our older ships may be sold or retired during the next few years, thus reducing the size of our fleet over this period. Alternatively, it is also possible that we could order more ships, which could enter service in 2008 or 2009, thus increasing the size of our fleet over this period. See Note 7, "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 own the leading cruise/tour operators in the State of Alaska and the Canadian Yukon, Holland America Tours and Princess Tours, which primarily complement their respective cruise operations and own substantially all the assets noted below. These tour companies currently market and operate:

- 16 hotels or lodges in Alaska and the Canadian Yukon, with over 3,000 guest rooms;

- over 530 motorcoaches used for sightseeing and charters in the States of Washington and Alaska, in British Columbia, Canada and the Canadian Yukon;

- 30 domed rail cars, which are run on the Alaska Railroad between Anchorage and Fairbanks, Whittier and Denali, and Whittier and Talkeetna;

- two luxury dayboats offering tours to a glacier in Alaska and on 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 Alaskan cruise passengers and to other vacationers.

B. 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 approximately 14 million passengers in 2005. The principal sources for cruise passengers are North America, Europe, Asia/South Pacific including Australia and New Zealand, and South America. We source our passengers principally from North America and Europe. A small percentage of our passengers are sourced from Asia/South Pacific and South America. See Note 12, "Segment Information" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K for additional information regarding our cruise and other segments and our U.S. and foreign assets and revenues.

I. Industry Background

The cruise industry is still growing and continues to remain only a relatively small percentage of the wider global vacation market in which cruise vacation operators compete for disposable income normally spent by consumers on vacations. Cruise passengers in North America have increased by a compound annual growth rate of approximately 9.1% between 1999 and 2004, increasingly drawing consumers from other vacation alternatives. In Europe cruise passengers have increased by a compound annual growth rate of approximately 8.4% between 1999 and 2004.

Outside North America, the principal sources of passengers for the cruise industry, excluding the Far East, are the UK, Germany, Italy, Spain, France, Australia, Switzerland and Brazil. In all of these areas, cruising represents a smaller proportion of the overall vacation market than it does in North America and, accordingly, we believe these markets also have considerable growth potential.

Cruising offers a broad range of products to suit vacationing customers of many ages, backgrounds and interests. Cruise brands can be broadly characterized as offering contemporary, premium and luxury cruise experiences. The contemporary experience typically includes cruises that last seven days or less, have a more casual ambiance and are less expensive than premium or luxury cruises. The premium experience 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 contemporary cruises. The luxury experience is typically characterized by smaller vessel size, very high standards of accommodation and service, and generally with higher prices than premium cruises. Notwithstanding these classifications, there generally is significant overlap and competition among all cruise products.

We are a provider of cruise vacations in most of the largest vacation markets in the world, including North America, the UK, Germany, southern Europe and South America, with significant product offerings in each of the classifications noted above. 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 areas where we source passengers and our brands that market primarily to these vacationers is as follows:

II. North America

The highest number of cruise passengers in the world are sourced from North America, where cruising has developed into a mainstream alternative to land-based resort and sightseeing vacations. Approximately 9.1 million North American-sourced cruise passengers took cruise vacations for two consecutive nights or more in 2004, and we estimate about 10 million passengers took a cruise vacation in 2005. This sector has grown significantly in recent years as new capacity has been introduced.

The principal itineraries visited by North American sourced cruise passengers in 2005 were the Caribbean, the Bahamas, Mexico and Alaska. In addition, North American cruise passengers visited Europe, the Mediterranean, New England and Canada, Bermuda, Hawaii, the Panama Canal and other exotic locations, including South and Central America, Africa, the South Pacific, the Orient and India.

At the end of 2005, North America was served by 125 ships, with an aggregate passenger capacity of approximately 189,000 lower berths. Based on the number of ships that are currently on order worldwide and scheduled for delivery between 2006 and 2009, we expect that the net capacity serving North American consumers will continue to increase. Our projections indicate that by the end of 2006, 2007, 2008 and 2009, North America will be served by 127, 129, 133 and 134 ships, respectively, having an aggregate passenger capacity of approximately 199,000, 208,000, 221,000 and 228,000 lower berths, respectively. These figures include some ships that were, or are expected to be, marketed in both North America and elsewhere during different times of the year. 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. Alternatively, our growth estimates for 2008 and 2009 may increase because of future shipbuilding orders, which have not yet been announced. We expect that net capacity serving North American-sourced cruise passengers will increase over the next several years, although at a lower growth rate than what the cruise industry experienced in recent years.

Carnival Cruise Lines, Princess, Holland America Line, Seabourn and Windstar source their passengers primarily from North America. Cunard sources most of its passengers from North America and Europe.

Carnival Cruise Lines operates 21 contemporary ships, with one additional ship expected to begin service in each of fiscal 2007, 2008 and 2009. Carnival Cruise Lines is the largest cruise line in the world and offers quality cruise vacations at affordable prices and is well-known as the "Fun Ships," which we believe captures the essence of the brand. Carnival is committed to total guest satisfaction and is continually introducing ways to keep its cruise experience new and exciting, including expanded dining choices, such as "Signature Selections" by world-renowned French master chef Georges Blanc, comfort bed sleep systems, Vegas-style production shows with elaborate sets and costumes and captivating pyrotechnics, innovative childrens' programming, personalized spa services, and even the outdoor poolside light emitting diode ("LED") television screen on its newest ship, the Carnival Liberty. Carnival Cruise Lines carries the largest number of North American cruise passengers, and has been offering more new homeport locations to stimulate demand. Multiple home port locations enable guests to lower the price of their cruise vacation by substantially reducing or eliminating the cost of travel to and from the port.

All of Carnival Cruise Lines' ships were designed by and built for it, including seven that are among the world's largest. During all or a portion of the year, three of the Carnival Cruise Lines ships call on ports on the Mexican Riviera, and the rest of the fleet operates to destinations in the Bahamas or the Caribbean. In addition, the Carnival Liberty offers two transatlantic cruises and 12-day Grand Mediterranean cruises from April to November. Carnival Cruise Lines ships also offer cruises to Alaska, Canada/New England, the Hawaiian Islands and the Panama Canal, with most cruises ranging from three to seven days.

Princess, whose brand name was made famous by the "Love Boat" television show, recently celebrated its 40th anniversary, and is the world's third largest cruise line with a fleet of 14 modern ships. Princess is truly a global brand, offering over 90 unique itineraries to more than 270 destinations. It is a leading cruise line in exotic regions of the world (Europe, Alaska, Asia, Australia, the South Pacific and South America) with larger ships and more available capacity. Substantially all of Princess' ships reflect an innovative design philosophy called "Big Ship Choice, Small Ship Feel," emphasizing a broad variety of amenities combined with the more intimate ambience found on smaller vessels.

All Princess ships feature the Personal Choice Dining program, offering guests flexibility, convenience and quality in an array of traditional, anytime, specialty and casual dining options. A quality service initiative entitled C.R.U.I.S.E. (Courtesy, Respect, Unfailing In Service Excellence) has been in place for nearly ten years, resulting in extremely high standards of service throughout the fleet.

Princess is widely recognized among travel agents as an innovative, premium cruise line. The Caribbean Princess, the latest in the evolving Grand Class series of vessels, debuted in 2004 with its "Movies Under the Stars" outdoor theater, showing first-run Hollywood hits on a 300 square foot LED screen. Further Grand Class Ships which will be introduced include the Crown Princess in 2006, the Emerald Princess in 2007 and one additional ship in 2008. Each will provide more than 57% of its staterooms with balconies-another hallmark of Princess ships. Princess attracts consumers with a compelling, highly integrated brand marketing campaign, utilizing the slogan "Escape Completely" which appears in magazines, newspapers, direct mail, online, DVD and point-of-sale materials. The princess.com website now offers comprehensive marketing and product information and the Princess Captain's Circle loyalty program is considered one of the industry's best, with a very high retention rate among past passengers.

Holland America Line operates a premium fleet of 12 ships, with one additional ship expected to begin service in each of fiscal 2006 and 2008. Holland America Line will offer nearly 500 sailings from 25 home ports, 17 in North America. These home ports include departures from New York, Boston, Montreal, Norfolk, Ft. Lauderdale, Tampa, San Diego, Seattle and Vancouver. This fleet visits all seven continents in 2006, while increasing the number of cruises to popular destinations such as Alaska, the Caribbean, Europe and Canada/New England. Holland America's ships, which tend to be smaller and more intimate, were designed with airy viewing lounges, wraparound teak decks and private, roomy verandahs that offer guests the chance to experience wildlife and scenery. Cruise lengths vary from two to 116 days. Most Holland America Line sailings in the Caribbean visit a private island destination known as Half Moon Cay, which is owned by Holland America Line.

Holland America Line expects to complete its $225 million investment to provide product and service enhancements to its fleet by the fall of 2006. The comprehensive enhancements, known as the "Signature of Excellence," focus on five areas vital to Holland America Line's guest experience as follows: (1) spacious, elegant ships and accommodations, (2) sophisticated dining, (3) gracious, unobtrusive service, (4) extensive enrichment programs and activities, and (5) compelling worldwide itineraries.

Windstar operates three motor-sail yachts known for their casually elegant atmosphere. In 2006, Windstar will offer sailings in the Caribbean, Europe, the Americas and the Greek Isles. 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, exquisite cuisine and an extensive wine selection, 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 superb cuisine aboard their intimately sized all-suite ships. The Yachts of Seabourn offer an ultra-luxury experience. These ships offer destinations around the world, including Europe, Asia, the South Pacific and the Americas, with cruises generally in the seven to 14 day range. The Yachts of Seabourn itineraries include many smaller, off-the-beaten-track ports, that are inaccessible to larger ships.

III. Europe

We believe that Europe is the largest single leisure travel vacation market, but cruising in Europe has achieved a much lower penetration rate than in North America. Approximately 2.8 million European-sourced passengers took cruise vacations in 2004 compared to approximately 9.1 million North American-sourced passengers. Additionally, we estimate that about 3 million European-sourced passengers took a cruise in 2005. The number of European cruise passengers increased by a compound annual growth rate of approximately 8.4% between 1999 and 2004. We believe that cruising represents a relatively small percentage 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 continue to be introduced into Europe over the next several years.

At the end of 2005, Europe was served by 102 ships, having an aggregate passenger capacity of approximately 97,000 lower berths. Our projections indicate that by the end of

2006, 2007, 2008 and 2009, Europe will be served by 104, 107, 111 and 114 ships, respectively, having an aggregate passenger capacity of approximately 103,000, 111,000, 121,000 and 130,000 lower berths, respectively. These figures include some ships that were, or are expected to be, marketed in both Europe and elsewhere during different times of the year. Our estimates of European capacity are based on similar assumptions as discussed previously for our North American estimates.

A. <u>United Kingdom</u>

The UK is the single largest country from which cruise passengers are sourced in Europe. Approximately 1.0 million UK passengers took cruises in 2004. Cruising was relatively underdeveloped as a vacation option for the UK consumers until the mid-1990s, but since then cruising in the UK has grown significantly. The number of UK cruise passengers increased by a compound annual growth rate of approximately 6.6% between 1999 and 2004. 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.

P&O Cruises, Ocean Village, and Swan Hellenic source substantially all of their passengers from the UK. In addition, our North American brands and Costa also source passengers from the UK. Finally, Cunard sources customers from North America, the UK, continental Europe and the rest of the world.

P&O Cruises is the largest cruise operator and best known cruise brand in the UK, with five premium ships, and one additional ship expected to begin service in fiscal 2008. These ships cruise to over 200 destinations in more than 90 countries, with most cruises ranging from seven to 14 days, but with some cruises lasting longer, including three world cruises in each of 2006 and 2007. 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 passengers and families, while retaining older and more traditional British customers. The Artemis and Arcadia are child-free ships, which generally appeal to an older guest demographic, while the rest of the fleet is well-equipped for children's activities. 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."

The Arcadia and Oceana offer a more contemporary and innovative experience; the Aurora and Oriana are particularly focused on P&O's British experience; and the Artemis offers a more traditional and intimate experience. Each of these different ambiances appeals to a different type of UK passenger. P&O Cruises offers cruises from Southampton, England to the Mediterranean, the Atlantic Islands, the Baltic, and the Norwegian Fjords during the summer, and primarily operates Caribbean cruises and around the world voyages during the winter.

Under the Cunard brand, which is one of the most widely recognized brands in the UK, we operate two premium/luxury ships. They are primarily marketed in the UK, North America, Germany and Australia. Cunard's flagship, the Queen Mary 2, was delivered in December 2003 and is the largest ocean liner in the world. She has taken over the northern transatlantic crossing route, which was previously operated by the Queen Elizabeth 2 ("QE2"), Cunard's former flagship. The QE2 primarily serves UK-based passengers from Southampton, England and still offers a world cruise, which has been offered since 1975. Cunard expects to take delivery of its next ship, the Queen Victoria, in December 2007. Cunard's ships offer voyages to worldwide destinations, with many of the voyages ranging generally between six and 31 days, but with some three day "taster" voyages and the 122-day world cruise.

The Ocean Village brand was launched in spring 2003, and consists of one contemporary ship serving the UK. This brand targets a young and active customer base and its cruise product emphasizes informality, health and well-being. The brand attracts a high proportion of passengers new to cruising. 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.

In spring 2007, the 1,666 passenger capacity AIDAblu, which is currently operated by AIDA, is expected to be transferred to Ocean Village. This Ocean Village ship is also expected to sail in the Mediterranean during the summer season and 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 through informative onboard talks delivered by guest speakers, and a choice of tailor-made shore excursions at each port of call. In the spring/summer season, the itineraries are focused in the Mediterranean, Northern Europe, Africa and around Great Britain. Winter cruise destinations include Central and South America, the United States of America, the Caribbean and the Far East.

B. Southern Europe

The main countries in southern Europe for sourcing cruise passengers are Italy, France and Spain. Together, these countries generated approximately 1.0 million cruise passengers in 2004. Cruising in Italy, France and Spain had a compound annual growth rate in the number of passengers carried of approximately 11.8% between 1999 and 2004. We believe that southern Europe is also relatively underdeveloped for the cruise industry. We intend to increase our penetration in southern Europe through Costa, one of the most recognized cruise brands marketed in Europe.

Costa operates 10 contemporary ships, with one additional ship expected to begin service in each of fiscal 2006, 2007 and 2009. Costa’s ships operate in Europe during the spring to fall and then during the fall to spring, Costa repositions the majority of its ships to the Caribbean and South America, while also maintaining a year-round presence with the rest of its fleet in the Mediterranean and the Atlantic Islands. Costa 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. Headquartered in Italy, Costa offers guests an international and multi-lingual ambiance with an Italian touch. The Costa ships call on 110 European ports, with 60 different itineraries, and sail to various other ports in the Caribbean and South America, with most cruises ranging from seven to 11 days.

C. Germany

Germany is one of the largest sources for cruise passengers in continental Europe, with approximately 0.6 million cruise passengers in 2004. Germany had a compound annual growth rate in the number of cruise passengers carried of approximately 11.0% between 1999 and 2004. We believe that Germany is also a relatively 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.

AIDA, which sources substantially all of its passengers from German speaking countries, operates four contemporary ships, with one additional ship expected to begin service in each of fiscal 2007, 2008 and 2009. Each of these new ships has a 22% larger passenger capacity than the largest ship in AIDA's current fleet. Partially offsetting this capacity increase, the AIDAblu is expected to be transferred to the Ocean Village brand in 2007. AIDA's product is especially tailored for the German-speaking market and offers an exceptionally relaxed, yet active cruising experience with an emphasis on lifestyle, informality, friendliness and activity. Spa and fitness areas and high quality but informal dining options characterize the experience onboard the vessels.

AIDA’s ships primarily offer seven day trips that allow guests to easily book back-to-back cruise vacations. AIDA allows for an easy selling and booking experience by offering only a few cabin categories and two seasons. During the summer, the AIDA ships sail in the Mediterranean and the North and Baltic Seas, calling on approximately 50 ports, while itineraries for the winter include the Caribbean, Central America, the Western Mediterranean and the Atlantic Islands.

IV. Australia and New Zealand

Cruising in Australia is developing. We estimate that approximately 168,000 Australians took cruise vacations in 2004. 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 and New Zealanders. Its contemporary ships, the Pacific Sun, the Pacific Sky and the Pacific Star, which was transferred from Costa in October 2005, offer seven to 14 day cruises from Sydney and Brisbane to Vanuatu, New Caledonia, Fiji, and New Zealand and for a portion of the year offers a premium cruise product from Sydney to French New Caledonia and other destinations in the South Pacific on the Pacific Princess.

In late 2007, the Regal Princess is expected to be transferred from Princess to P&O Cruises Australia. The Pacific Sky is expected to leave the P&O Cruises Australia fleet in May 2006 pursuant to an agreement for sale entered into in December 2005.

V. 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 will operate two vessels in 2006 in this region, Costa Victoria and Costa Romantica, collectively offering 3,272 lower berths.

VI. Ship Information

Summary information of our ships as of November 30, 2005 is as follows:

BRAND AND SHIP	REGISTRY	CALENDAR YEAR DELIVERED	PASSENGER CAPACITY
Carnival Cruise Lines			
Carnival Liberty	Panama	2005	2,968
Carnival Valor	Panama	2004	2,968
Carnival Miracle	Panama	2004	2,120
Carnival Glory	Panama	2003	2,968
Carnival Conquest	Panama	2002	2,968
Carnival Legend	Panama	2002	2,120
Carnival Pride	Panama	2001	2,120
Carnival Spirit	Panama	2001	2,120
Carnival Victory	Panama	2000	2,750
Carnival Triumph	Bahamas	1999	2,750
Paradise	Panama	1998	2,050
Elation	Panama	1998	2,050
Carnival Destiny	Bahamas	1996	2,634
Inspiration	Bahamas	1996	2,050
Imagination	Bahamas	1995	2,050
Fascination	Bahamas	1994	2,050
Sensation	Bahamas	1993	2,050
Ecstasy	Panama	1991	2,050
Fantasy	Panama	1990	2,050
Celebration	Panama	1987	1,484
Holiday	Bahamas	1985	1,450
Total Carnival Cruise Lines			47,820
Princess			
Sapphire Princess	Bermuda	2004	2,674
Caribbean Princess	Bermuda	2004	3,100
Diamond Princess	Bermuda	2004	2,674
Island Princess	Bermuda	2003	1,974
Coral Princess	Bermuda	2002	1,974
Star Princess	Bermuda	2002	2,598
Golden Princess	Bermuda	2001	2,598
Tahitian Princess	Gibraltar	2000	668
Pacific Princess(a)	Gibraltar	1999	668
Sea Princess(b)	Bermuda	1998	2,016
Grand Princess	Bermuda	1998	2,592
Dawn Princess	Bermuda	1997	1,998
Sun Princess	Bermuda	1995	2,022
Regal Princess(c)	Bermuda	1991	1,596
Total Princess			29,152
Holland America Line(d)			
Westerdam	Netherlands	2004	1,848
Oosterdam	Netherlands	2003	1,848
Zuiderdam	Netherlands	2002	1,848
Zaandam	Netherlands	2000	1,432
Amsterdam	Netherlands	2000	1,380
Volendam	Netherlands	1999	1,432
Rotterdam	Netherlands	1997	1,316
Veendam	Bahamas	1996	1,258
Ryndam	Netherlands	1994	1,258
Maasdam	Netherlands	1993	1,258
Statendam	Netherlands	1993	1,258
Prinsendam	Netherlands	1988	794
Total Holland America Line			16,930

BRAND AND SHIP	REGISTRY	CALENDAR YEAR DELIVERED	PASSENGER CAPACITY
Costa			
Costa Magica	Italy	2004	2,702
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	1,488
Total Costa			17,262
P&O Cruises			
Arcadia	Bermuda	2005	1,948
Oceana	Bermuda	2000	2,016
Aurora	UK	2000	1,870
Oriana	UK	1995	1,822
Artemis(e)	Bermuda	1984	1,188
Total P&O Cruises			8,844
AIDA			
AIDAaura	Italy	2003	1,266
AIDAvita	Italy	2002	1,266
AIDAcara	Italy	1996	1,180
AIDAblu(f)	Italy	1990	1,666
Total AIDA			5,378
Cunard			
Queen Mary 2	UK	2003	2,620
QE2	UK	1969	1,790
Total Cunard			4,410
P&O Cruises Australia			
Pacific Sun	Bahamas	1986	1,486
Pacific Sky(c)	UK	1984	1,200
Pacific Star(g)	UK	1982	994
Total P&O Cruises Australia			3,680
Ocean Village			
Ocean Village	UK	1989	1,578
Swan Hellenic			
Minerva II(h)	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			136,960

(a) The Pacific Princess is only included in Princess' capacity, although it is time chartered to P&O Cruises Australia and based out of Australia for one-half of the year.

(b) The Adonia was transferred from P&O Cruises to Princess in the spring of 2005 and was renamed the Sea Princess.

(c) The Regal Princess is expected to be transferred to P&O Cruises Australia in late 2007. The Pacific Sky is expected to leave the P&O Cruises Australia fleet in May 2006 pursuant to an agreement for sale entered into in December 2005.
(d) Since November 2004, the 1,214 passenger former Noordam is being operated by an unrelated entity under a long-term bareboat charter agreement and, accordingly, is excluded from Holland America Lines' capacity.
(e) The Royal Princess was transferred from Princess to P&O Cruises in the spring of 2005 and was renamed the Artemis.
(f) The AIDAblu is expected to be transferred to Ocean Village in the spring of 2007.
(g) The Costa Tropicale was transferred from Costa to P&O Cruises Australia in October 2005 and was renamed the Pacific Star.
(h) The Minerva II is operated by Swan Hellenic pursuant to a bareboat charter agreement through March 2007. In December 2005, we exercised our right of first refusal under the charter agreement, and agreed to purchase the Minerva II.

VII. Characteristics of the Cruise Vacation Industry

A. 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. In order to fill up this new capacity, continued growth in demand across the industry 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 opportunities for growth.

In the few years prior to 2004, the cruise industry experienced significant pressure on cruise pricing, which we believe was ultimately the result of, among other things, various adverse international geopolitical and economic conditions and events, such as terrorism, 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. Although the cruise industry has been able to increase cruise pricing during the last two years, factors such as these could adversely impact future growth if they or similar events or conditions were to occur or exist in the future.

B. Wide Appeal of Cruising

Cruising appeals to a broad demographic range. Industry surveys estimate that there are approximately 128 million potential passengers for cruising in North America (defined as members of households with a minimum income of $40,000, that are headed by a person who is at least 25 years old). According to these surveys, about half of these individuals have expressed an interest in taking a cruise as a vacation alternative, and over 60% of worldwide cruise passengers are over the age of 40. The size of the North American population between ages 45 and 74 is expected to increase 19% between 2006 and 2016. We believe the cruise industry is well-positioned to take advantage of these favorable demographic trends, which are impacting its markets.

C. Relatively Low Penetration Levels

North America has the highest cruising penetration rates per capita. Nevertheless, based upon information obtained from the Cruise Lines International Association, or CLIA, a leading trade group, we estimate that only approximately 18% of the U.S. population has ever taken a cruise, and only 8% have done so in the past three years. 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.

D. 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.

VIII. Passengers, Capacity and Occupancy

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

FISCAL YEAR	CRUISE PASSENGERS	PASSENGER CAPACITY	OCCUPANCY (b)
2001	3,385,000	58,346	104.7%
2002	3,549,000	67,282	105.2%
2003	5,038,000	113,296	103.4%
2004	6,306,000	129,108	104.5%
2005	6,848,000	136,960	105.6%

(a) Information presented is as of the end of our fiscal year for passenger capacity. Carnival plc's information is only included since April 17, 2003, the period subsequent to the completion of the DLC transaction.
(b) 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 on average more than two passengers occupied some cabins.

Our passenger capacity has grown from 58,346 berths at November 30, 2001 to 136,960 berths at November 30, 2005, primarily because of the 34,428 berths added as a result of the DLC transaction with P&O Princess during 2003 and the deliveries of 19 new cruise ships during this four-year period. See Part I, Item 1. Business, B. - "Cruise Operations-Ship Information" for additional information.

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

Quarters Ended	Occupancy
February 29, 2004	102.0%
May 31, 2004	102.8%
August 31, 2004	110.2%
November 30, 2004	102.5%
February 28, 2005	103.8%
May 31, 2005	104.8%
August 31, 2005	110.9%
November 30, 2005	102.7%

IX. Cruise Ship Construction and Cruise Port Facility Development and Operations

As of January 30, 2006, we had signed agreements with two shipyards providing for the construction of 16 additional cruise ships scheduled for delivery between January 31, 2006 and September 2009. See Note 7, "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 vacation experience. Our involvement typically includes providing cruise port facility development and management expertise. We sometimes assist by providing direct financial support for port development projects. However, most of the time, our financial commitment is provided by agreeing to long-term port usage commitments. During 2005, we were involved in the development of cruise port facilities in Barcelona, Spain, Brooklyn, New York, Miami, Florida, Naples, Italy, and the Turks & Caicos Islands. In addition, we are in the process of, or have recently completed negotiating for, the development of several other port facilities to service our North American and European guests, including, but not limited to, facilities in Belize City, Belize, Civitavecchia, Italy, Manhattan, New York, Roatan, Honduras and San Diego, California. In October 2005, our pier facility in Cozumel, Mexico was destroyed by Hurricane Wilma. This is one of our busiest transit ports in the world and served over 1.2 million passengers in 2005. We currently are in the process of negotiating with the port authorities as to the rebuilding of this pier. No assurance can be given that any of these cruise port facilities that are being developed will be completed.

Finally, we currently operate other port facilities in Long Beach, California, Juneau, Alaska and Savona, Italy pursuant to concession agreements with the governmental authorities and other third parties. Our Long Beach terminal is one of the home ports for Carnival Cruise Lines' U.S. West Coast sailings to Mexico, as well as a transit port for some of our other brands. Finally, the Savona terminal is the home port for a number of Costa's ships, which sail in the Mediterranean Sea.

X. 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, some beverages, and most onboard entertainment, such as the use of, or admission to, a wide variety of activities and facilities, including a fully equipped casino, nightclubs, theatrical shows, movies, parties, a disco, a jogging track, a health club, swimming pools, sun decks, whirlpools and saunas. Our North American brands' payment terms require that a passenger pay a deposit to confirm their reservations with the balance due 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 - see "Key Performance Indicators and Pro Forma Information" in our Management Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13 to this joint Annual Report on Form 10-K. In addition, some of our fares, such as Carnival Cruise Lines' Supersaver fares, Costa's Pronto Price Savings fares, Holland America Line's Early Savings and Mariner Savings fares and Princess's Loveboat Savers plan, are designed to encourage potential passengers to book cruise reservations earlier.

Commencing after September 11, 2001, our brands, and others in the travel and leisure industry, generally experienced a closer-to-vacation booking pattern than was experienced prior to September 11, 2001. However, since the fall of 2003, this trend reversed itself and bookings have been occurring further in advance, on average, of sailing date and are now at more normal historical levels. The wider booking patterns enable us to better optimize our net revenue yields. However, it is possible that booking trends could revert to closer to sailing pattern in the future.

When a passenger elects to purchase air transportation from us, both our cruise revenues and cruise 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.

XI. Onboard and Other Revenues

We earn onboard and other revenues from other onboard activities and services not included in the cruise ticket price consisting of, but not limited to, casino gaming, bar and some beverage 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 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. Onboard activities are either provided 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, New York, and/or San Diego, California. Packages offered in Europe generally include up to four-night vacations, including stays in well-known European cities, such as Athens, Greece, Barcelona, Spain, Copenhagen, Denmark, London, England, Paris, France and Rome, Italy.

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

XII. 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 are generally independent of each of our other brands, except for certain brands sourcing UK passengers as discussed below. 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%, plus the potential of additional commissions based on sales volume. During fiscal 2005, 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 substantially all provide booking engines to our travel partners and to our customers. We also support booking capabilities through major airline computer reservation systems, including SABRE, Galileo, Amadeus and Worldspan. Although the vast majority of our cruises are distributed through travel agents, we also take telephone and internet bookings direct from customers who choose not to utilize the services of a travel agent.

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

In addition, we have formed a sales alliance for substantially all of our UK cruises brands, known as the "Carnival Complete Cruise Solution," which is comprised of Cunard, Ocean Village, P&O Cruises and Princess. By leveraging our UK sales force and back-office operations, we are able to provide our UK customers with a one-stop shopping destination for their cruise vacation, regardless of their varying cruise needs, in a cost effective manner.

Finally, we have established the World's Leading Cruise Lines ("WLCL") 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. As part of this alliance, we offer Vacation Interchange Privileges, which is a loyalty program that provides special considerations to repeat guests aboard the WLCL brands.

XIII. Seasonality

Our revenue from the sale of passenger tickets is seasonal. Historically, demand for cruises has been greatest during our third fiscal quarter, which includes the Northern Hemisphere summer months. 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. Substantially all of Holland America Tours' and Princess Tours' revenues and net income are generated from May through September in conjunction with the Alaska cruise season.

XIV. Competition

We compete with land-based vacation alternatives throughout the world, including, among others, hotels, resorts, 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.

The primary cruise competitors for our Carnival Cruise Lines, Costa, Cunard, Holland America Line and Princess brands for North American-sourced passengers are Royal Caribbean Cruises Ltd., which owns Royal Caribbean International and Celebrity Cruises, Star Cruises plc, which owns NCL Group, which is comprised of Norwegian Cruise Line and Orient Lines, Disney Cruise Line, Mediterranean Shipping Company, which owns MSC Cruises, and Crystal Cruises.

Our primary cruise competitors for European-sourced passengers in the UK are Island Cruises, Fred Olsen Cruise Lines, Discovery Cruises, Saga Cruises, and Thomson Cruises, which is owned by TUI; in Germany they are MSC Cruises, Hapag-Lloyd, which is owned by TUI, Peter Deilmann, Phoenix Reisen and Transocean Cruises; and in Southern Europe they are MSC Cruises, Louis Cruise Line, Globalia, Pullmantur and Spanish Cruise Line. We also compete for passengers throughout Europe with Norwegian Cruise Line, Orient Lines, Royal Caribbean International and Celebrity Cruises.

Our primary cruise competitors for our Seabourn and Windstar luxury brands include Radisson Seven Seas Cruise Line and Silversea Cruises.

Our North American, European and Australian brands also compete among themselves for passengers.

XV. Governmental Regulations

A. 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, B. - "Cruise Operations - Ship Information" 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 to which they adhere. 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 International Maritime Organization, sometimes referred to as the "IMO", which operates under the auspices of 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. Among other things, SOLAS establishes vessel design, structural features, materials, construction, life saving equipment, safe management and operation and security 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 incorporate 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 is mandatory for passenger vessel operators. 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.

In December 2004, the Maritime Safety Committee approved for adoption amendments to SOLAS chapter II-I Parts A & B that relate to the damage stability of new cruise passenger vessels. These regulations were adopted in May 2005, and are applicable to those vessels whose keels are laid after January 1, 2009. Although the new standards do not affect our existing fleet or our vessels currently under contract as those keels will have been laid prior to January 1, 2009, compliance with these standards for future ships will require the development of new designs, which may increase costs.

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 their respective country of registry and domestic rules and regulations, but also to verify that our ships have been maintained in accordance with the rules of the society and that 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 SOLAS, by the U.S. Public Health Service for sanitary standards, and by other agencies such as the U.S. Customs and Border Patrol, with regard to customs and immigration. 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 various security requirements, including, but not limited to, The Maritime Transportation Security Act of 2002 ("MTSA"), SOLAS and the International Ship and Port Facility Security Code ("ISPS Code"). Among other things, these regulations require certain vessel owners to implement security measures, conduct vessel security assessments, and develop security plans. Under these requirements, we have prepared and submitted security plans for all our ships to their respective country of registry, and International Ship Security Certificates have been issued demonstrating compliance with the ISPS Code. In addition, the MTSA 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 that could affect our operation in those areas.

We believe that health, safety and security issues will continue to be an area of focus by relevant government authorities 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.

B. Permits for Glacier Bay, Alaska

In connection with certain of our Alaska cruise operations, Holland America Line, Princess Cruises and Carnival Cruise Lines 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.

C. Alaska Environmental Regulations

The State of Alaska enacted legislation which prohibits certain discharges in designated Alaska waters, ports or near shorelines and requires that certain discharges be monitored to verify compliance with the standards established by the legislation. Both the state and federal environmental regime in Alaska is more stringent than the federal regime under the Federal Water Pollution Control Act with regard to discharge from vessels. The legislation also provides that repeat violators of the regulations could be prohibited from operating in Alaskan waters.

D. 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 Act to Prevent Pollution from Ships, implementing the International Convention for the Prevention of Pollution from Ships, provides for severe civil and criminal penalties related to ship-generated pollution for incidents in U.S. waters within three nautical miles and in some cases in the 200-mile exclusive economic zone.

Furthermore, in the U.S., the Oil Pollution Act of 1990 (the "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 is proximately caused by the gross negligence or willful misconduct or the violation of an applicable safety, construction, or operating regulation by a responsible party; or the responsible party fails or refuses to: report the incident as required by law, provide all reasonable cooperation and assistance in connection with removal operations, or without sufficient cause, comply with an order issued by the federal on-scene coordinator. 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 and in some cases have no statutory limits of liability.

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.

Limitations on the sulphur content of fuel are part of new regulations approved by the International Convention for the Prevention of Pollution from Ships Annex VI ("MARPOL Annex VI"). It applies to vessels of 400 gross tons or above engaged in international voyages. Ships must carry an International Air Pollution Prevention Certificate issued by its flag state indicating that it is operating in compliance with MARPOL Annex VI. These certificates are required to be issued during the three-year period ending in May 2008. Among other things, MARPOL Annex VI establishes a limit on the sulphur content of fuel oil and calls on the IMO to monitor the worldwide average sulphur content of fuel oil supplied for use aboard vessels. In addition, MARPOL Annex VI provides for special "Sox Emission Control Areas" to be established with more stringent limitations on sulphur emissions. Compliance with MARPOL and other European Union ("EU") regulations may increase our operating costs, including the cost of fuel, beginning in May 2006 for ships operating in the Baltic Sea and August 2007 for ships operating in the North Sea and the English Channel.

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.

The International Organization for Standardization ("ISO") is an international standard-setting body, which produces worldwide industrial and commercial standards. ISO 14001 is one of the series of ISO 14000 environmental management standards that were developed to help organizations manage their processes, products and services to minimize environmental impacts. ISO 14001 presents a structured approach to setting environmental objectives and targets, and provides a framework for any organization to apply these broad conceptual tools to their own processes. We are developing and implementing environmental management systems based on ISO 14001 in each of our cruise lines with the aim of achieving ISO 14001 certification in 2006. Costa has already successfully achieved ISO 14001 certification.

From time to time, environmental, health and safety 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 throughout the world and, accordingly, this will likely subject us to increasing compliance costs in the future.

See Part 1, Item 1A. "Risk Factors" for additional discussion of our environmental risks.

E. 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. See Part 1, Item 1. Business, E. - "Insurance - Other Insurance" 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, E. - "Insurance-Other Insurance" 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 material 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 1A. "Risk Factors" for a discussion of other regulations which impact us.

XVI. Financial Information

For financial information about our cruise reporting segment and geographic information with respect to each of the three years in the period ended November 30, 2005, see Note 12, "Segment Information" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

C. Employees

Our shoreside operations have approximately 9,500 full-time and 4,200 part-time/ seasonal employees. We also employ approximately 57,500 officers, crew and staff onboard our 79 ships at any one time. Due to the highly seasonal nature of our Alaskan and Canadian operations, Holland America Tours and Princess Tours increase their work force during the late spring and summer months in connection with the Alaskan cruise season, employing additional seasonal personnel, which have been included above. We have entered into agreements with unions covering certain employees in our hotel, motorcoach and ship operations. We consider our employee and union relations generally to be good.

We source our shipboard officers primarily from Italy, the UK, Holland, Germany and Norway. 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.

D. Suppliers

Our largest purchases are for travel agency services, fuel, advertising, food and beverages, hotel and restaurant supplies and products, airfare, repairs and maintenance and dry-docking, port facility utilization, communication services and for the construction of our ships. Although we utilize a select number of suppliers for most of our food and beverages and hotel and restaurant supplies and products, most of these items are available from numerous sources at competitive prices. The use of a select number of suppliers enables us to, among other things, obtain volume discounts. We purchase fuel and port facility 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. Finally, as of January 30, 2006, we have agreements in place for the construction of 16 cruise ships by two shipyards. We believe there are sufficient dry-dock and shipbuilding facilities to meet our anticipated requirements.

E. 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 coverage limits, exclusions and deductible levels. Insurance premium increases are dependent 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, 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 P&I clubs, which are mutual indemnity associations owned by ship owners. Our vessels are entered in three P&I clubs as follows: The West of England Ship Owners Mutual Insurance Association (Luxembourg), The Steamship Mutual Underwriting Association (Bermuda) Limited and the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. The P&I clubs in which we participate are part of a worldwide group of P&I clubs, known as the International Group of P&I Clubs (the "IG"). The IG insures directly, and through reinsurance markets, a large portion of the world's shipping fleets. Coverage is subject to the P&I clubs' rules and the limit of coverage is determined by the IG. P&I coverage includes legal, statutory or pre-approved contract liabilities and other expenses related to crew, passengers and other third parties. 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 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

We maintain war risk insurance, subject to coverage limits and exclusions for claims such as those arising from chemical and biological attacks, on all of our ships covering our legal liability to crew, passengers and other third parties arising from war or war-like actions, 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 43 of our 79 ships, which includes terrorist risks. The remaining 36 ships in the fleet do not have war risk coverage for physical damage. Under the terms of our war risk insurance coverage, which is typical for war risk policies in the marine industry, underwriters can give seven days notice to the insured that the liability and physical damage policies can be cancelled. In addition, the policy can be reinstated at different premium rates. This gives underwriters the ability to increase our premiums following events that they determine have increased their risk. 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. See Note 8, "Contingencies" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

Other Insurance

As required by the FMC, we maintain performance bonds or bank guarantees in the aggregate amount of $105 million for ships operated by our brands which embark passengers in U.S. ports, to cover passenger ticket liabilities in the event of a cancelled or interrupted cruise. We also maintain other performance bonds or guarantees as required by various U.S. and foreign authorities that regulate certain of our operations in their jurisdictions; the most significant of which are required by the UK Passenger Shipping Association and the UK Civil Aviation Authority and total approximately 74 million sterling ($128 million U.S. dollars at November 30, 2005 exchange rate) and 46 million sterling ($80 million U.S. dollars at the November 30, 2005 exchange rate), respectively, to cover our brands' UK passenger and air ticket deposit liabilities.

We maintain standard property and casualty insurance policies to cover shoreside assets and liabilities to third parties, including our tour business and port facility assets, as well as appropriate workers' compensation policies. We also maintain business interruption insurance for Holland America Tour and Princess Tour hotel properties and our Cozumel, Mexico port retail facilities, which are also 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 Athens Convention with regards to the death or personal injury of passengers. The timing of the ratification of this new protocol, 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. If the new protocol is ratified, we expect insurance costs could increase.

F. 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" to our Consolidated Financial Statements in Exhibit 13 to this joint Annual Report on Form 10-K.

G. 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. This exempt income does not include our U.S. source income, principally from the transportation, hotel and tour businesses of Holland America Tours and Princess Tours, and, beginning with the year ended November 30, 2005, the items listed in the regulations under Section 883 that the Internal Revenue Service does not consider to be incidental to ship operations. Among the items that are identified in the regulations as not incidental to ship operations are income from the sale of air transportation, shore excursions and pre- and post cruise land packages. In addition, during 2005, we chartered three vessels to the Military Sealift Command in connection with the Hurricane Katrina relief effort. Income from these charters is not considered to be income from the international operation of our ships and, accordingly, income taxes will be assessed on the net earnings of these charters.

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 U.S. source income derived from, or incidental to, the international operation of a ship or ships. Effective for our year ended November 30, 2005, 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) 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"). 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 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 regulations and substantially all of its income, with the exceptions noted above, 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 36% of Carnival Corporation shares, there is the potential that additional shareholders could acquire 5% or more of its shares, which could result in Carnival Corporation being considered closely held, and thus jeopardize its 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 that rely on Section 883 for exempting cruise operations income would be subject to U.S. federal income tax on their U.S. source cruise operation income. In such event, the net income of Carnival Corporation's ship-owning or operating subsidiaries would be materially reduced.

As a precautionary matter, Carnival Corporation amended its articles of incorporation in fiscal 2000 to ensure that it would continue to qualify as a publicly traded corporation under these regulations when they were originally proposed. As applied to Carnival Corporation, the final regulations are substantially the same as the proposed 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.

Although the above represents our interpretation of this Internal Revenue Code provision and the U.S. Treasury regulations, the Internal Revenue Service's interpretation of these provisions could differ materially. 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.

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 and Italian resident subsidiaries currently qualify for exemption from U.S. federal income tax under applicable bilateral U.S. income tax treaties. There is, however, no authority that directly addresses the effect, if any, of DLC arrangements on the availability of benefits under the treaties and, consequently, the matter is not free from doubt. 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. 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").

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, the net tax regime is applicable. If the foreign corporation does not have a fixed place of business in the U.S. or substantially all of its income is not derived from regularly scheduled transportation, the four percent tax regime will apply.

The net tax regime should be the tax regime applied to Carnival Corporation in the absence of an exemption under Section 883. 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 branch interest tax.

The four percent tax regime should be the tax regime applicable to our vessel owning subsidiaries based outside the United States, in the absence of an exemption under Section 883 or any applicable U.S. income tax treaty. Under the four percent tax regime, gross U.S. source shipping income would be subject to a four percent tax, without the benefit of deductions.

UK Income Tax

Cunard, 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. 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. 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.

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 a 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 and German Income Tax

In November 2004, the German brand of Carnival plc, AIDA, became a division of Costa. From the date of this change, AIDA's income is subject to Italian income tax. The majority of the profits earned by our German brands are exempt from German corporation taxes by virtue of the Italy/Germany double tax treaty.

During the 2005 third quarter, Costa elected to enter into the Italian Tonnage Tax regime, effective for its 2005 fiscal year, and for the following nine years. This regime will tax Costa's and AIDA's shipping profits, as defined, calculated by reference to the net tonnage of its qualifying vessels. However, income not considered to be shipping profits for Italian Tonnage Tax purposes will be taxed under Costa's and AIDA's current tax regime for its Italian-registered ships, which results in a tax of approximately 6.6% on these non-tonnage tax profits.

Australian Income Tax

P&O Cruises Australia is a division of Carnival plc, and the income from this operation, is subject to UK tonnage tax as discussed above. The majority of this operation's profits are exempt from Australian corporation taxes by virtue of the UK/Australian double tax treaty.

H. Website Access to Carnival Corporation & plc SEC 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, Section 16 filings 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 1A. 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" section below.

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

We face significant competition from other cruise lines, both on the basis of cruise pricing and also in terms of the types of ships, services and destinations we offer to cruise passengers. In addition, we may need to enhance our older ships with current amenities in order for those ships to be more competitive with other cruise ships. Our principal competitors include the companies listed in this joint Annual Report on Form 10-K under Part 1, Item 1. Business, B. - "Cruise Operations - Competition."

However, we operate in the vacation market, and cruising is only 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 travel and leisure options, including hotels, resorts and package holidays and tours.

In the event that we do not compete effectively with other cruise companies and other vacation alternatives, 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 U.S. on September 11, 2001 and the threats of additional attacks in the U.S. and elsewhere, 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 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 and increase operating costs, thus

resulting in ship, goodwill and/or trademark asset impairments, all of which could adversely affect profitability.

Cruising capacity has grown in recent years and we expect it to continue to increase over the next five years as all of the major cruise vacation companies are expected to introduce new ships. 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 to increase our share of the overall vacation market is one of a number of factors that could have a negative impact on our net revenue yields. In some prior years, our net revenue yields were negatively impacted as a result of a variety of factors, including capacity increases. 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 accidents and other 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, and the cost of, 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, unusual weather conditions 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 effect future industry performance, sales and profitability. In addition, our cruises and port facilities may be impacted by unusual weather patterns or natural disasters, such as hurricanes and earthquakes. For example, Hurricane Wilma caused the temporary closing of cruise ports in South Florida and also destroyed our pier facility in Cozumel, Mexico. It is possible that we could be forced to alter itineraries or cancel a cruise or a series of cruises due to these factors, which would have an adverse affect on sales and profitability. In addition, adverse publicity concerning the vacation industry in general or the cruise industry or us in particular could affect our reputation and impact demand and, consequently, have an adverse affect on our profitability.

(6) We 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 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.

Recently, the State of Alaska determined that an Initiative Petition (the "Initiative") to, among other things, impose a tax on cruise passengers sailing in Alaskan waters had sufficient signatures to qualify for the August, 2006 statewide primary election ballot. If the Initiative is approved by the voters, it would likely take effect in 2007. The Initiative would impose a $46 per passenger tax on cruise passengers aboard vessels with at least 250 berths, an additional fee of $4 per passenger for an Ocean Ranger program, remove the exemption from Alaska corporate income taxes for commercial passenger vessels and assess a 33% tax on income from onboard gambling. The Initiative would also impose a number of other regulations, reporting and operational requirements on cruise vessel operators. Some or all of these provisions may be subject to legal challenges if the Initiative is approved.

Separately, two bills have been introduced for consideration in the Alaska Legislature. No action was taken on either of these bills. The legislature has until the end of the 2006 session to consider these bills. One bill would impose taxes of $50 per cruise passenger and the other bill proposes a tax of $75 per passenger. Similar legislation has been proposed in Alaska in the past and has not been approved. Both measures raise legal questions and it is uncertain whether either bill will be passed in its current form.

It is expected that any proposed passenger taxes, such as the Initiative discussed above, would be directly charged to and collected from our guests. However, if any of these taxes are enacted, it is likely that we would consider reducing the number of our ships that offer Alaskan cruises, in order to reduce the adverse impact of these taxes on our net income. The ultimate outcomes of these Alaskan matters cannot be determined at this time.

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. Congress, the International Maritime Organization and the U.S. Environmental Protection Agency periodically consider new laws and regulations to manage cruise ship pollution. In addition, various other regulatory agencies in the States of Alaska, California, Florida, Hawaii, Maine, Washington and elsewhere, including European regulatory organizations, have enacted or are considering new regulations or policies, which could adversely impact the cruise industry. See Part I, Item 1. Business, B. - "Cruise Operations - Governmental Regulations" for additional information.

In addition, pursuant to a settlement with the U.S. government in April 2002, Carnival Corporation pled guilty to certain environmental violations and was fined. 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, which could result in additional fines and other forms of relief.

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 our cost of compliance or otherwise materially adversely affect our business, results of operations and/or financial condition.

(8) New regulations of health, safety, security and other regulatory issues could increase our operating costs or negatively effect our bookings and future net revenue yields and adversely affect net income.

We are subject to various international, national, state and local health, safety and security laws, regulations and treaties. See Part I, Item 1. Business, B. - "Cruise Operations-Governmental Regulations" for a detailed discussion of these regulatory issues.

We believe that health, safety, security and other regulatory issues will continue to be areas of focus by relevant government authorities in the U.S., Europe 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.

Pursuant to the Western Hemisphere Travel Initiative, U.S. citizens will be required to carry a passport for travel to or from certain countries/areas that were previously exempt, such as the Caribbean, Canada and Mexico. The regulations are currently scheduled to require all U.S. citizens that enter the U.S. from these previously exempt locations by air or sea to have a passport by December 31, 2006, and those citizens entering at land border crossings will have to have a passport by December 31, 2007.

Since many cruise customers visiting these destinations may not currently have passports, it is likely that this will have some negative effect on our bookings and future net revenue yields when the regulations take effect. There are a number of factors that could influence the ultimate impact of these regulations, such as customer travel patterns, customer price sensitivity and the cost and effectiveness of mitigating programs we and others have established. However, although we cannot be certain, we do not currently expect that these regulations will ultimately have a material adverse effect on our operating results, as a significant portion of our revenues are derived from cruises to destinations other than those mentioned above, a substantial portion of our U.S. citizen customers already have passports and we expect a large number of U.S. citizen travelers who do not have passports will obtain them.

(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 November 30, 2005, we had entered into foreign currency swaps to fix the cost in dollars or sterling of three of our foreign currency denominated shipbuilding contracts. If the shipyard with which we have contracted is unable to perform under the related contracts, the foreign currency swaps related to the shipyard's shipbuilding contracts would still have to be honored. This might require us to realize a loss on existing foreign currency swaps without having the ability to have an offsetting gain on our foreign currency denominated shipbuilding contracts, 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, unusual weather patterns and natural disasters, financial limitations on port development, political instability, exclusivity arrangements that ports may have with our competitors, local governmental regulations and charges 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, Australian and other countries income tax laws, regulations or treaties 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 (1) Section 883 of the Internal Revenue Code; (2) U.S.-Italian income tax treaty; or (3) other applicable U.S. income tax treaties, and should continue to so qualify under the DLC structure. 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 for purposes of Section 883 or any other provision of the Internal Revenue Code or any income tax treaty and, consequently, these matters are not free from doubt.

As discussed above, if we did not qualify for exemption from U.S. federal income taxes we would have higher income taxes and lower net income. Finally, changes in the income tax laws affecting our cruise businesses in the UK, Italy, Germany, Australia and elsewhere could result in higher income taxes being levied on our cruise operations, thus resulting in lower net income.

See Part I, Item 1. Business, G. - "Taxation" for additional information.

(13) A small group of shareholders collectively owned, as of January 31, 2006, approximately 29% 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 36% of the outstanding common stock of Carnival Corporation, which shares represent sufficient shares entitled to constitute a quorum at shareholder meetings and to cast approximately 29% 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 certain 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 by the corporate 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 and Carnival plc's constitutional documents may prevent or discourage takeovers and business combinations that our shareholders might consider to be in their best interests.

Carnival Corporation's amended articles of incorporation and by-laws and Carnival plc's articles of association 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% of its outstanding shares without the consent of Carnival Corporation's 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, G. - "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 some statements concerning future results, outlook, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. 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 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/or tax costs, fuel costs, cost per available lower berth day, estimates of ship depreciable lives and/or residual values, outlook or business prospects.

Certain of 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 this Item 1A. "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.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

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

Entity/Brand	Location	Square Footage	Own/Lease
Carnival Corporation and Carnival Cruise Lines	Miami, FL U.S.A.	456,000/20,000	Own/Lease
Princess and Cunard	Santa Clarita, CA U.S.A.	283,000	Lease
Holland America Line, Holland America Tours, Princess Tours and Windstar	Seattle, WA U.S.A.	196,000/38,000	Lease/Own
Costa	Genoa, Italy	162,000	Own
Art framing and warehouse and Princess warehouse facilities	Dania Beach and Ft. Lauderdale, Florida U.S.A.	152,000	Lease
P&O Cruises, Ocean Village, Swan Hellenic, Cunard, Carnival Corporation & plc's Technical Services and UK sales office	Southampton, England	112,000	Lease
AIDA	Rostock, Germany	76,000	Lease
Carnival Cruise Lines sales office	Miramar, Florida U.S.A.	63,000	Lease
P&O Cruises Australia	Sydney, Australia	35,000	Lease
Costa U.S. sales office	Hollywood, Florida U.S.A.	29,000	Lease
Carnival plc and UK sales offices	London, England	8,000	Lease

In addition, we also lease 27,000 square feet of office space in Colorado Springs, Colorado and 10,000 square feet in Fort Pierce, Florida for additional Carnival Cruise Lines reservation centers. In Williston, North Dakota, Holland America Line owns 22,000 square feet of office space that is also a reservation center. Finally, we own or lease port facilities in Cozumel, Mexico, Juneau, Alaska, Long Beach, California, Savona, Italy and the Turks & Caicos Islands.

Our cruise ships, shoreside operations, headquarter facilities and Holland America Tours' and Princess Tours' properties, 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 cruise ships and Holland America Line's private island, Half Moon Cay, are briefly described in Part I, Item 1. Business, B. - "Cruise Segment." Princess also has a small private island called Princess Cay, which is located in the Bahamas and is used as a transit port for certain of its cruises. The hotel properties associated with Holland America Tours and Princess Tours operations, substantially all of which are owned, are briefly described in Part I, Item 1. Business, A. - "General."

Item 3. Legal Proceedings.

In January 2006, a lawsuit was filed against Carnival Corporation and its subsidiaries and affiliates, and other non-affiliated cruise lines in the U.S. District Court for the Southern District of New York on behalf of James Jacobs and a purported class of owners of intellectual property rights to musical plays and other works performed in the U.S. The plaintiffs claim infringement of copyrights to Broadway, off Broadway and other plays. The suit seeks payment of (i) damages, (ii) disgorgement of alleged profits and (iii) an injunction against future infringement. We intend to vigorously defend this lawsuit.

On November 28, 2005, a lawsuit was filed against Princess Cruise Lines, Ltd. in the U.S. District Court for the Southern District of Florida on behalf of some current and former crewmembers alleging that Princess failed to pay the plaintiffs for overtime. The suit seeks payment of (i) damages for breach of contract, (ii) damages under the Seaman's Wage Act and (iii) interest. We believe we have meritorious defenses to these claims and we intend to vigorously defend this lawsuit.

On November 16, 2005, a lawsuit was filed against Carnival Corporation in the U.S. District Court for the Southern District of Florida on behalf of some current and former crewmembers alleging that Carnival Cruise Lines failed to pay the plaintiffs for overtime. The suit seeks payment of (i) damages for breach of contract, (ii) damages under the Seaman's Wage Act and (iii) interest. We believe we have meritorious defenses to these claims and intend to vigorously defend this lawsuit.

On March 7, 2005, a lawsuit was filed against Carnival Corporation in the U.S. District Court for the Southern District of Florida on behalf of some current and former crew members alleging that Carnival Cruise Lines failed to pay the plaintiffs for overtime and minimum wages. The suit seeks payment of (i) the wages alleged to be owed, (ii) damages under the Seaman's Wage Act and (iii) interest. On August 5, 2005 the court dismissed the lawsuit. The plaintiffs filed an appeal of their overtime claim to the Eleventh Circuit U.S. Court of Appeals on August 18, 2005, which is currently pending, but have voluntarily dismissed their minimum wage claim. We believe we have meritorious defenses to this claim and intend to vigorously defend this lawsuit.

In May 2005, a class action lawsuit was filed against Carnival Corporation in the United States District Court for the Southern District of Florida alleging breach of the implied covenant of good faith and fair dealing and a violation of The Florida Deceptive and Unfair Trade Practices Act for profits made by Carnival Cruise Lines on shore excursions provided by third party shore excursion operators. The suit sought certification as a class action on behalf of all Carnival Cruise Line passengers for damages and injunctive relief. On November 21, 2005, the United States District Court for the Southern District of Florida issued an order granting Carnival's motion to dismiss the class action complaint.

On April 23, 2003, Festival Crociere S.p.A. ("Festival") 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 filed a Statement in Intervention with the Court. Festival was declared bankrupt on May 27, 2004 and Festival did not submit observations on our Statement in Intervention. The oral hearing was scheduled to take place on December 15, 2005 but has been postponed while the Court seeks clarification of the status of the Festival Action with the Italian judge presiding over Festival's bankruptcy proceedings. 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.

Three 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 $500 per facsimile, or in the alternative, $1,500 per facsimile if the conduct was willful or knowing. The advertisements referred to in the 2002 Facsimile Complaints that reference a Carnival Cruise Lines product were not sent by Carnival Corporation, but rather were distributed by a professional faxing company at the behest of third party travel agencies. The faxes involved in the 2004 case were sent to a travel agency with whom we had conducted business. 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. In January 2006, the matter was settled for a nominal amount, dismissed without prejudice as to Mary Pelt and without prejudice as to the class members.
>
> 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 as to Carnival Corporation.

On September 28, 2004, a Facsimile Complaint was filed against Carnival Corporation in the United States District Court for the Eastern District of New York by Sherman Gottlieb ("the plaintiff"), a Staten Island, New York-based travel agent. On November 19, 2004, the plaintiff filed an amended complaint. On April 28, 2005, the action was dismissed by the federal district court for lack of subject matter jurisdiction, without prejudice to renewal in state court. In addition, the district court dismissed the plaintiff's state law claim. The plaintiff filed an appeal, which was orally argued on December 19, 2005. In February 2006, the appellate court vacated the dismissal and remanded the matter to trial court for further proceedings.

We believe we have meritorious defenses to the Facsimile Complaints and intend to vigorously defend against these actions.

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 in November 2000. 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. In October 2004 the arbitration tribunal decided to increase the scope of work of the technical experts by introducing new demands for reply in the experts' report. It is expected that the arbitration tribunal's decision will be made in 2007 at the earliest.

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	58	Senior Vice President Audit Services
Micky Arison	56	Chairman of the Board of Directors and Chief Executive Officer
Alan B. Buckelew	57	President of Princess Cruises
Gerald R. Cahill	54	Executive Vice President and Chief Financial and Accounting Officer
Pamela C. Conover	49	Senior Vice President Shared Services
Robert H. Dickinson	63	President and Chief Executive Officer of Carnival Cruise Lines and Director
David K. Dingle	49	Managing Director of Carnival UK and P&O Cruises
Pier Luigi Foschi	59	Chairman and Chief Executive Officer of Costa Crociere, S.p.A. and Director
Howard S. Frank	64	Vice Chairman of the Board of Directors and Chief Operating Officer
Ian J. Gaunt	54	Senior Vice President International
Stein Kruse	47	President and Chief Executive Officer of Holland America Line Inc. ("HAL")
Arnaldo Perez	45	Senior Vice President, General Counsel and Secretary
Peter G. Ratcliffe	57	Chief Executive Officer of P&O Princess Cruises International and Director

Business Experience of Executive Officers

Richard D. Ames has been Senior Vice President Audit Services since March 2002. From January 1992 to February 2002 he was Vice President Audit Services. Mr. Ames has been employed by us for 16 years.

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. Mr. Arison has been employed by us for 34 years.

Alan B. Buckelew has been President and Chief Financial Officer of Princess Cruises since February 2004. In addition, from October 2004 to November 2005 he was Chief Operating Officer of Cunard. From October 2000 to January 2004, he was Executive Vice President and Chief Financial Officer of Princess. He was Senior Vice President, Corporate Services of Princess from September 1998 to September 2000. Mr. Buckelew has been employed by us or Carnival plc predecessor companies for 28 years.

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. Mr. Cahill has been employed by us for 11 years.

Pamela C. Conover has been Senior Vice President Shared Services since October 2004. From February 2001 to September 2004 she was President and Chief Operating Officer of Cunard Line Limited. Ms. Conover was Chief Operating Officer of Cunard Line Limited from June 1998 to January 2001. Ms. Conover has been employed by us for 11 years.

Robert H. Dickinson has been a director since June 1987. Mr. Dickinson has been President and Chief Executive Officer of Carnival Cruise Lines since May 2003. He was President and Chief Operating Officer of Carnival Cruise Lines from May 1993 to May 2003. Mr. Dickinson has been employed by us for 34 years.

David K. Dingle has been Managing Director of Carnival UK and P&O Cruises since April 2003. From October 2000 to April 2003, he was Managing Director of P&O Cruises UK. Mr. Dingle has been employed by us or Carnival plc predecessor companies for 27 years.

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. Mr. Foschi has been employed by us for eight years.

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. Mr. Frank has been employed by us for 16 years.

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 & Temperley from 1982 through April 1999 where he represented Carnival Corporation as special external legal counsel since 1981. Mr. Gaunt has been employed by us for six years.

Stein Kruse has been the President and Chief Executive Officer of HAL since December 2004. From November 2003 to November 2004, he was the President and Chief Operating Officer of HAL. 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. Mr. Kruse has been employed by us for six years.

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. Mr. Perez has been employed by us for 13 years.

Peter G. Ratcliffe has been a director since April 2003 and a director of Carnival plc since October 2000. He is Chief Executive Officer of P&O Princess Cruises International, and is primarily responsible for the operations of Cunard, Ocean Village, P&O Cruises, P&O Cruises Australia, Princess and Swan Hellenic. He was Carnival plc's Chief Executive Officer until April 2003. 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. Mr. Ratcliffe has been employed by us or Carnival plc predecessor companies for 32 years.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

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

Carnival Corporation and Carnival plc declared cash dividends on all of their common stock and ordinary shares, respectively, in the amount of:

	Quarters Ended			
	February 28/29	May 31	August 31	November 30
2006	$0.25			
2005	$0.15	$0.20	$0.20	$0.25
2004	$0.125	$0.125	$0.125	$0.15

All dividends for both Carnival Corporation and Carnival plc are declared in U.S. dollars. Holders of Carnival Corporation common stock or Carnival plc American Depository Shares receive a dividend payable in U.S. dollars. The dividends payable for Carnival plc ordinary shares are payable in sterling, unless the shareholders elect to receive the dividend in U.S. dollars. Dividends payable in sterling will be converted from U.S. dollars into sterling at the dollar/sterling exchange rate quoted by the Bank of England in London at the 12:00 p.m. foreign exchange rate on the next business day that follows the quarter end.

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. No assurance can be given that Carnival Corporation and Carnival plc will continue to have per share dividend increases as were declared in 2005 and 2004 or maintain their current levels.

D. Issuer Purchases of Equity Securities

During the quarter ended November 30, 2005, purchases by Carnival Corporation of Carnival Corporation's equity securities that are registered by it pursuant to Section 12 of the Exchange Act were as follows:

Period	Total Number of Shares Purchased in Fourth Quarter	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs in Fourth Quarter	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(a) (in millions)
September 1, 2005 through September 30, 2005	1,162,700	$49.03	1,162,700	$ 913
October 1, 2005 through October 31, 2005	5,707,249	$47.98	5,707,249	$ 639
November 1, 2005 through November 30, 2005	506,600	$48.78	506,600	$ 614
Total	7,376,549	$48.20	7,376,549	

(a) During 2004, the Boards of Directors authorized the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares commencing in 2005 subject to certain repurchase restrictions on the Carnival plc shares. The repurchase program does not have an expiration date and may be discontinued by our Boards of Directors at any time. All shares were repurchased pursuant to this publicly announced program. At February 6, 2006 the remaining availability pursuant to our share purchase program was $614 million.

During the year ended November 30, 2005, $297 million of our Zero-Coupon Notes were converted at their accreted value into 9.0 million shares of Carnival Corporation common stock, of which 6.2 million were issued from treasury stock. The issuance was exempt from registration under the Securities Act.

Each share of Carnival Corporation common stock issued is paired with a trust share of beneficial interest in the P&O Princess Special Voting Trust, which holds a Special Voting Share issued by Carnival plc in connection with the DLC transaction.

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 Management's Discussion and Analysis of Financial Condition and Results of Operations 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 February 8, 2005, 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.

None.

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 U.S. 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, 2005, that they are effective as described above.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Operating Officer and Chief Financial and Accounting Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"). Based on our evaluation under the COSO Framework, our management concluded that our internal control over financial reporting was effective as of November 30, 2005.

Our management's assessment of the effectiveness of our internal control over financial reporting as of November 30, 2005 has been audited by PricewaterhouseCoopers LLP, an independent registered certified public accounting firm, as stated in their report which is shown in Exhibit 13 and is incorporated by reference into this joint Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended November 30, 2005 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

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.

Item 9B. Other Information.

None.

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 Accounting 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 U.S. Securities and Exchange 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 website, which is 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 website, at the addresses specified above. Information contained in our website, 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.

(a) (1) Financial Statements

The financial statements shown in Exhibit 13 are incorporated herein by reference into this joint Annual Report on Form 10-K.

(2) Financial Statement Schedules

All schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instruction or are inapplicable and, therefore, have been omitted.

(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.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 9, 2006

CARNIVAL PLC

/s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
February 9, 2006

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 9, 2006

/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer
February 9, 2006

/s/ Gerald R. Cahill
Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer
February 9, 2006

/s/*Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director
February 9, 2006

/s/*Robert H. Dickinson
Robert H. Dickinson
Director
February 9, 2006

/s/*Arnold W. Donald
Arnold W. Donald
Director
February 9, 2006

/s/*Pier Luigi Foschi
Pier Luigi Foschi
Director
February 9, 2006

/s/*Richard J. Glasier
Richard J. Glasier
Director
February 9, 2006

/s/*Baroness Hogg
Baroness Hogg
Director
February 9, 2006

CARNIVAL PLC

/s/ Micky Arison
Micky Arison
Chairman of the Board of
Directors and Chief Executive Officer
February 9, 2006

/s/ Howard S. Frank
Howard S. Frank
Vice Chairman of the Board of
Directors and Chief Operating Officer
February 9, 2006

/s/ Gerald R. Cahill
Gerald R. Cahill
Executive Vice President
and Chief Financial and
Accounting Officer
February 9, 2006

/s/*Richard G. Capen, Jr.
Richard G. Capen, Jr.
Director
February 9, 2006

/s/*Robert H. Dickinson
Robert H. Dickinson
Director
February 9, 2006

/s/*Arnold W. Donald
Arnold W. Donald
Director
February 9, 2006

/s/*Pier Luigi Foschi
Pier Luigi Foschi
Director
February 9, 2006

/s/*Richard J. Glasier
Richard J. Glasier
Director
February 9, 2006

/s/*Baroness Hogg
Baroness Hogg
Director
February 9, 2006

/s/*A. Kirk Lanterman
A. Kirk Lanterman
Director
February 9, 2006

/s/*Modesto A. Maidique
Modesto A. Maidique
Director
February 9, 2006

/s/*Sir John Parker
Sir John Parker
Director
February 9, 2006

/s/*Peter G. Ratcliffe
Peter G. Ratcliffe
Director
February 9, 2006

/s/*Stuart Subotnick
Stuart Subotnick
Director
February 9, 2006

/s/*Uzi Zucker
Uzi Zucker
Director
February 9, 2006

*By: /s/ Arnaldo Perez
(Arnaldo Perez
Attorney-in-fact)

/s/*A. Kirk Lanterman
A. Kirk Lanterman
Director
February 9, 2006

/s/*Modesto A. Maidique
Modesto A. Maidique
Director
February 9, 2006

/s/*Sir John Parker
Sir John Parker
Director
February 9, 2006

/s/*Peter G. Ratcliffe
Peter G. Ratcliffe
Director
February 9, 2006

/s/*Stuart Subotnick
Stuart Subotnick
Director
February 9, 2006

/s/*Uzi Zucker
Uzi Zucker
Director
February 9, 2006

*By: /s/ Arnaldo Perez
(Arnaldo Perez
Attorney-in-fact)

INDEX TO EXHIBITS

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3.1-Third Amended and Restated Articles of Incorporation of Carnival Corporation, incorporated by reference to Exhibit No. 3.1 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

3.2-Amended and Restated By-laws of Carnival Corporation, incorporated by reference to Exhibit No. 3.2 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

3.3-Articles of Association of Carnival plc, incorporated by reference to Exhibit No. 3.3 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

3.4-Memorandum of Association of Carnival plc, incorporated by reference to Exhibit No. 3.4 to the joint Current Report on Form 8-K of Carnival Corporation and Carnival plc filed on April 17, 2003.

4.1-Agreement of Carnival Corporation and Carnival plc, dated February 6, 2006 to furnish certain debt instruments to the Securities and Exchange Commission.

4.2-Carnival Corporation Deed, dated April 17, 2003, between Carnival Corporation and P&O Princess Cruises plc for the benefit of the P&O Princess Shareholders, 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, dated as of April 17, 2003, between Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 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, dated as of April 17, 2003, between Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 4.10 to the joint registration statement on Form S-3 and F-3 of Carnival Corporation, Carnival plc and P&O Princess Cruises International Ltd. ("POPCIL").

4.6-Specimen Common Stock Certificate, incorporated by reference to Exhibit No. 4.16 to the joint registration statement on Form S-3 and F-3 of Carnival Corporation, Carnival plc and POPCIL.

4.7-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.

4.8-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.

4.9-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.

4.10-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.

4.11-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.

4.12-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.

4.13-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 incorporated by reference to Exhibit No. 4.14 to our joint Annual Report on Form 10-K for the year ended November 30, 2003.

*10.1-Retirement and Consulting Agreement, dated November 28, 2003, between Alton Kirk Lanterman, Carnival Corporation, Holland America Line Inc., and others, incorporated by reference to Exhibit No. 10.1 to our joint Annual Report on Form 10-K for the year ended November 30, 2003.

*10.2-Amendment to the Amended and Restated Carnival Corporation 1992 Stock Option Plan, incorporated by reference to Exhibit No. 10.2 to our joint Annual Report on Form 10-K for the year ended November 30, 2003.

10.3-Facilities agreement dated October 21, 2005, between Carnival Corporation, Carnival plc, and certain of Carnival Corporation and Carnival plc subsidiaries, The Royal Bank of Scotland as facilities agent and a syndicate of financial institutions.

*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 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, dated August 19, 2005, between Baroness Sarah Hogg and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.13 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.14-Director's Appointment Letter, dated August 19, 2004, between Richard J. Glasier and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.14 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.15-Director Appointment Letter, dated August 19, 2005, between Sir John Parker and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.15 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.16- Amended and Restated Carnival plc 2005 Employee Share Plan, incorporated by reference to Exhibit No. 10.2 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*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-Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2005.

*10.27-Amended and Restated Carnival Corporation 2002 Stock Plan, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.28-Agreement with Pier Luigi Foschi, incorporated by reference to Exhibit No. 10.4 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

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 No. 10.2 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.31-Carnival Corporation & plc Non-Executive Board of Director Cruise Benefit Policy, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*10.32-Indemnification Agreement, dated April 17, 2003, between Micky M. Arison and Carnival Corporation, incorporated by reference to Exhibit No. 10.5 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.33-Consulting Agreement, dated November 30, 2004, between A. Kirk Lanterman, Holland America Line Inc. and others, incorporated by reference to our joint Current Report on Form 8-K, dated December 6, 2004.

*10.34-Indemnification Agreement, dated April 17, 2003, between Robert H. Dickinson and Carnival Corporation, incorporated by reference to Exhibit No. 10.9 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.35-Employment Agreement, dated December 1, 2004, between A. Kirk Lanterman and Holland America Line Inc., incorporated by reference to Exhibit No. 10.35 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.36-Indemnification Agreement, dated April 17, 2003, between Pier Luigi Foschi and Carnival Corporation, incorporated by reference to Exhibit No. 10.13 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.37-Indemnification Agreement, dated April 17, 2003, between Howard S. Frank and Carnival Corporation, incorporated by reference to Exhibit No. 10.15 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.38- Director Appointment Letter, dated December 1, 2004, between A. Kirk Lanterman and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.38 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.39-Indemnification Agreement, dated April 17, 2003, between Peter G. Ratcliffe and Carnival Corporation, incorporated by reference to Exhibit No. 10.24 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.40-Director Appointment Letter, dated April 14, 2003, between Micky M. Arison and Carnival plc, incorporated by reference to Exhibit No. 10.4 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.41-Director Appointment Letter, dated August 19, 2004, between Richard G. Capen and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.41 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.42-Director Appointment Letter, dated April 14, 2003, between Robert H. Dickinson and Carnival plc, incorporated by reference to Exhibit No. 10.8 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.43-Director Appointment Letter, dated August 19, 2004, between Arnold W. Donald and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.43 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.44-Director 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.

*10.45-Director Appointment Letter, dated April 14, 2003, between Howard S. Frank and Carnival plc, incorporated by reference to Exhibit No. 10.14 to our joint Quarterly Report on Form 10-Q for the quarter ended May 31, 2003.

*10.46-Director Appointment Letter, dated August 19, 2004, between Modesto A. Maidique and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.46 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.47-Amendment No. 1 to the Employment Agreement, dated as of July 19, 2004, by and between P&O Princess International Ltd. and Peter Ratcliffe incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2004.

*10.48-Director Appointment Letter, dated August 19, 2004, between Stuart Subotnick and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No.

10.48 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.49-Director Appointment Letter, dated August 19, 2004, between Uzi Zucker and each of Carnival Corporation and Carnival plc, incorporated by reference to Exhibit No. 10.49 to our joint Annual Report on Form 10-K for the year ended November 30, 2004.

*10.50-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.

*10.51-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.

*10.52-The P&O Princess Cruises Executive Share Option Plan, incorporated by reference to Exhibit No. 4.9 to P&O Princess' Annual Report on Form 20-F for the year ended December 30, 2001.

*10.53-The P&O Princess Cruises Deferred Bonus and Co-Investment Matching Plan, incorporated by reference to Exhibit No. 4.10 to P&O Princess' Annual Report on Form 20-F for the year ended December 30, 2001.

*10.54-Carnival Cruise Lines Management Incentive Plan, incorporated by reference to Exhibit No. 10.3 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*10.55-Amendment to the Carnival Corporation Supplemental Executive Retirement Plan, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended February 29, 2004.

*10.56-Amendment to the Carnival Corporation Nonqualified Retirement Plan for Highly Compensated Employees, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended February 29, 2004.

*10.57-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, incorporated by reference to Exhibit No. 10.2 to our joint Quarterly Report on Form 10-Q for the quarter ended February 29, 2004.

*10.58-Amendment to the Carnival Corporation "Fun Ship" Nonqualified Savings Plan, effective December 31, 2004, incorporated by reference to Exhibit No. 10.1 to our joint Quarterly Report on Form 10-Q for the quarter ended February 28, 2005.

*10.59- Form of Non-qualified Stock Option Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan, incorporated by reference to Exhibit No. 10.5 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*10.60-Form of Restricted Stock Award Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan, incorporated by reference to Exhibit No. 10.6 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*10.61-Form of Restricted Stock Unit Award Agreement for the Amended and Restated Carnival Corporation 2001 Outside Director Stock Plan, incorporated by reference to Exhibit No. 10.7 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

*10.62-Form of Share Option Certificate for the Amended and Restated Carnival plc 2005 Employee Share Plan, incorporated by reference to Exhibit No. 10.8 to our joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2005.

10.63-Deed of Guarantee, dated October 21, 2005, between Carnival Corporation as guarantor and the Royal Bank of Scotland plc as facilities agent.

10.64-Deed of Guarantee, dated October 21, 2005, between Carnival plc as guarantor and the Royal Bank of Scotland plc as facilities agent.

12-Ratio of Earnings to Fixed Charges.

13-Portions of 2005 Annual Report incorporated by reference into 2005 joint Annual Report on Form 10-K.

21-Significant Subsidiaries of Carnival Corporation and Carnival plc.

23-Consent of PricewaterhouseCoopers LLP.

24-Powers of attorney given by certain Directors of Carnival Corporation and Carnival plc to Micky Arison, Howard S. Frank, Gerald R. Cahill and Arnaldo Perez authorizing such persons to sign this 2005 joint Annual Report on Form 10-K and any future amendments on their behalf.

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.

*Indicates a management contract or compensation plan or arrangement.

Exhibit 12

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

	Years Ended November 30,				
	2005	2004	2003	2002	2001
Net income	$2,257	$1,854	$1,194	$1,016	$ 926
Income tax expense (benefit), net	73	47	29	(57)	(12)
Income before income taxes	2,330	1,901	1,223	959	914
Adjustment to earnings:					
(Income) loss from affiliated operations and dividends received	(3)	3	1	2	57
Earnings as adjusted	2,327	1,904	1,224	961	971
Fixed charges					
Interest expense, net	330	284	195	111	121
Interest portion of rent expense (a)	17	17	16	5	4
Capitalized interest	21	26	49	39	29
Total fixed charges	368	327	260	155	154
Fixed charges not affecting earnings:					
Capitalized interest	(21)	(26)	(49)	(39)	(29)
Earnings before fixed charges	$2,674	$2,205	$1,435	$1,077	$1,096
Ratio of earnings to fixed charges	7.3x	6.7x	5.5x	6.9x	7.1x

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

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

	Years Ended November 30,		
	2005	2004	2003
Revenues			
Cruise			
Passenger tickets	$ 8,379	$7,357	$5,039
Onboard and other	2,356	2,070	1,420
Other	352	300	259
	11,087	9,727	6,718
Costs and Expenses			
Operating			
Cruise			
Commissions, transportation and other	1,665	1,572	1,021
Onboard and other	408	359	229
Payroll and related	1,145	1,003	744
Food	615	550	393
Fuel	709	493	340
Other ship operating	1,425	1,270	897
Other	250	210	190
Total	6,217	5,457	3,814
Selling and administrative	1,329	1,285	936
Depreciation and amortization	902	812	585
	8,448	7,554	5,335
Operating Income	2,639	2,173	1,383
Nonoperating (Expense) Income			
Interest income	28	17	27
Interest expense, net of capitalized interest	(330)	(284)	(195)
Other (expense) income, net	(7)	(5)	8
	(309)	(272)	(160)
Income Before Income Taxes	2,330	1,901	1,223
Income Tax Expense, Net	(73)	(47)	(29)
Net Income	$ 2,257	$1,854	$1,194
Earnings Per Share			
Basic	$ 2.80	$ 2.31	$ 1.66
Diluted	$ 2.70	$ 2.24	$ 1.63
Dividends Per Share	$ 0.80	$0.525	$ 0.44

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED BALANCE SHEETS
(in millions, except par value)

	November 30, 2005	November 30, 2004
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,178	$ 643
Short-term investments	9	17
Accounts receivable, net	408	409
Inventories	250	240
Prepaid expenses and other	370	419
Total current assets	2,215	1,728
Property and Equipment, Net	21,312	20,823
Goodwill	3,206	3,321
Trademarks	1,282	1,306
Other Assets	417	458
	$28,432	$27,636
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 300	$ 381
Current portion of long-term debt	1,042	681
Convertible debt subject to current put option	283	600
Accounts payable	690	631
Accrued liabilities and other	832	868
Customer deposits	2,045	1,873
Total current liabilities	5,192	5,034
Long-Term Debt	5,727	6,291
Other Long-Term Liabilities and Deferred Income	541	551
Commitments and Contingencies (Notes 7 and 8)		
Shareholders' Equity		
Common stock of Carnival Corporation; $.01 par value; 1,960 shares authorized; 639 shares at 2005 and 634 shares at 2004 issued	6	6
Ordinary shares of Carnival plc; $1.66 par value; 226 shares authorized; 212 shares at 2005 and 2004 issued	353	353
Additional paid-in capital	7,381	7,311
Retained earnings	10,233	8,623
Unearned stock compensation	(13)	(16)
Accumulated other comprehensive income	156	541
Treasury stock; 2 shares of Carnival Corporation at 2005 and 42 shares of Carnival plc at 2005 and 2004, at cost	(1,144)	(1,058)
Total shareholders' equity	16,972	15,760
	$28,432	$27,636

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, 2005	2004	2003
OPERATING ACTIVITIES			
Net income	$2,257	$1,854	$1,194
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	902	812	585
Investment write-down	22		
Accretion of original issue discount	20	21	20
Other	15	16	8
Changes in operating assets and liabilities, excluding business acquired			
Receivables	(71)	11	(91)
Inventories	(15)	(73)	(17)
Prepaid expenses and other	(105)	(54)	82
Accounts payable	84	(28)	43
Accrued and other liabilities	89	178	(16)
Customer deposits	212	479	125
Net cash provided by operating activities	3,410	3,216	1,933
INVESTING ACTIVITIES			
Additions to property and equipment	(1,977)	(3,586)	(2,516)
Sales of short-term investments	943	1,216	3,745
Purchases of short-term investments	(935)	(772)	(3,803)
Cash acquired from the acquisition of P&O Princess, net			140
Proceeds from retirement of property and equipment		77	51
Other, net	(1)	(24)	(50)
Net cash used in investing activities	(1,970)	(3,089)	(2,433)
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	1,152	843	2,123
Principal repayments of long-term debt	(1,096)	(932)	(1,137)
Dividends paid	(566)	(400)	(292)
(Repayments of) proceeds from short-term borrowings, net	(58)	272	94
Proceeds from exercise of stock options	63	142	53
Purchase of treasury stock	(386)		
Other	(1)	(4)	(15)
Net cash (used in) provided by financing activities	(892)	(79)	826
Effect of exchange rate changes on cash and cash equivalents	(13)	(15)	(23)
Net increase in cash and cash equivalents	535	33	303
Cash and cash equivalents at beginning of year	643	610	307
Cash and cash equivalents at end of year	$1,178	$ 643	$ 610

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, 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
Comprehensive income									
Net income	$1,854				1,854				1,854
Foreign currency translation adjustment	398						398		398
Unrealized loss on marketable securities	(1)						(1)		(1)
Minimum pension liability adjustments	(3)						(3)		(3)
Changes related to cash flow derivative hedges, net	(13)						(13)		(13)
Total comprehensive income	$2,235								
Cash dividends declared					(422)				(422)
Issuance of stock under stock plans			4	148		(7)			145
Amortization of unearned stock compensation						9			9
Balances at November 30, 2004		6	353	7,311	8,623	(16)	541	(1,058)	15,760
Comprehensive income									
Net income	$2,257				2,257				2,257
Foreign currency translation adjustment	(398)						(398)		(398)
Minimum pension liability adjustments	(2)						(2)		(2)
Changes related to cash flow derivative hedges, net	15						15		15
Total comprehensive income	$1,872								
Cash dividends declared					(647)				(647)
Issuance of stock under stock plans				73		(9)			64
Amortization of unearned stock compensation						12			12
Purchase of treasury stock								(386)	(386)
Issuance of common stock upon conversion of convertible debt				(3)				300	297
Balances at November 30, 2005		$ 6	$353	$7,381	$10,233	$(13)	$ 156	$(1,144)	$16,972

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

NOTE 1 - General

Description of Business

Carnival Corporation is incorporated in Panama, and Carnival plc is incorporated in England and Wales. The accompanying consolidated financial statements include the accounts of Carnival Corporation and Carnival plc and their respective subsidiaries. Together with their consolidated subsidiaries they are referred to collectively in these consolidated financial statements and elsewhere in this 2005 Annual Report as "Carnival Corporation & plc," "our," "us," and "we." Our consolidated financial statements only include the results of operations and cash flows of the former P&O Princess Cruises plc since April 17, 2003.

Carnival Corporation and Carnival plc (formerly known as P&O Princess Cruises plc or "P&O Princess") operates as a dual listed company ("DLC"), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through 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, however, they operate as if they were a single economic enterprise. 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 American Depository Shares ("ADSs") are traded on the NYSE. See Note 3.

We are the largest cruise company and one of the largest vacation companies in the world. As of November 30, 2005, 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	21	47,820	North America
Princess Cruises ("Princess")	14	29,152	North America
Holland America Line	12	16,930	North America
Costa Cruises ("Costa")	10	17,262	Europe
P&O Cruises	5	8,844	United Kingdom
AIDA Cruises ("AIDA")	4	5,378	Germany
Cunard Line ("Cunard")	2	4,410	North America and United Kingdom
P&O Cruises Australia(b)	3	3,680	Australia and New Zealand
Ocean Village	1	1,578	United Kingdom
Swan Hellenic	1	678	United Kingdom
Seabourn Cruise Line ("Seabourn")	3	624	North America
Windstar Cruises	3	604	North America
	79	136,960	

(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.
(b) In December 2005, we entered into an agreement for the sale of P&O Cruises Australia's Pacific Sky, which is expected to leave our fleet in May 2006.

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 significant intercompany balances and transactions are eliminated in consolidation.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Presentation

We consolidate entities over which we have control (see Note 3), 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.

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, 2005 and 2004, cash and cash equivalents included $980 million and $495 million of investments, respectively, primarily comprised of time deposits, investment grade asset-backed debt obligations, commercial paper and money market funds.

Substantially all of our short-term investments, which consist of investments with original maturities greater than three months, are comprised of investment grade variable rate debt obligations, which are asset-backed and categorized as available-for-sale. Our investments in these securities are recorded at cost, which approximates their fair value due to these investments having variable interest rates, which typically reset every 28 days. Despite the long-term nature of their stated contractual maturities, we have the ability to quickly liquidate these securities. As a result of the resetting variable rates, at November 30, 2005 and 2004 we had no cumulative gross unrealized or realized holding gains or losses from these investments. All income generated from these investments was recorded as interest income.

Inventories

Inventories consist of provisions, gift shop and art merchandise held for resale, fuel and supplies 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
Ship improvements	0% or 15%	2 to remaining life of ship
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 asset's carrying value over its estimated fair value.

Dry-dock costs primarily represent planned major maintenance activities that are incurred when a ship is taken out of service for scheduled maintenance. These costs are included in prepaid expenses and are amortized to other ship operating expenses using the straight-line method generally over one to two years.

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. Upon replacement or refurbishment of previously capitalized ship components, these assets' estimated cost and accumulated depreciation are written off.

We capitalize interest on ships and other capital projects during their construction period.

Goodwill

We review our goodwill for impairment annually, or, when events or circumstances dictate, more frequently. All of our goodwill has been allocated to our cruise reporting units. There were no significant changes to our goodwill carrying amounts since November 30, 2003, other than the changes resulting from using different foreign currency translation rates at each balance sheet date, except as noted below.

During 2004, we increased the fair values of the P&O Princess publicly traded debt, and correspondingly, goodwill, by $61 million to take into account the extension of Carnival Corporation's guarantee to cover this debt as of April 2003, the acquisition date. In addition, we reduced the fair value of P&O Princess' trademarks and, correspondingly increased goodwill by $54 million to properly value our acquired trademarks as of the acquisition date. The impact of these changes on our financial statements was immaterial.

Our goodwill impairment reviews consist 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.

Trademarks

The cost of developing and maintaining our trademarks have been expensed as incurred. However, 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 its acquisition of P&O Princess, 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 would be considered impaired if their carrying value exceeds their fair value.

Derivative Instruments and Hedging Activities

We utilize derivative and nonderivative financial instruments, such as foreign currency swaps and foreign currency 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 Notes 6 and 11).

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 item. If a derivative is a cash flow hedge, then changes in the fair value of the derivative are recognized as a component of accumulated other comprehensive income ("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 offset the change in the translated value of the net investment being hedged, until the investment is liquidated. 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, which are included in prepaid and other assets and accrued and other liabilities, depending on whether the maturity date of the derivative contract is within or beyond one year from our balance sheet dates. 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 2005, 2004 and 2003, 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 2005, 2004 or 2003. In addition, the amount of realized net losses or gains from cash flow hedges that were reclassified into earnings during fiscal 2005, 2004 and 2003 was not significant. The amount of estimated cash flow hedges unrealized net losses which are expected to be reclassified to earnings in the next twelve months is approximately $4 million.

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 swaps related to these shipbuilding contracts. Accordingly, based upon the circumstances, we may have to discontinue the accounting for those currency swaps 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, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. Future travel discount vouchers issued to guests are typically 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.

Insurance/Self-Insurance

We use a combination of insurance and self-insurance for a number of risks including claims related to crew and passengers, hull and machinery, war risk, workers' compensation and general liability. Liabilities associated with these risks, including estimates for crew and passenger claims, are estimated based on, among other things, historical claims experience, severity factors and other actuarial assumptions. Our expected loss accruals are based on estimates, and while we believe the amounts accrued are adequate, the ultimate loss may differ from the amounts provided.

Advertising Costs

Advertising costs are charged to expense as incurred except for brochures and media production costs. The brochures and media production costs are recorded as prepaid expenses and charged to expense as consumed or upon the first airing of the advertisement, respectively. Advertising expenses totaled $455 million, $464 million and $335 million in fiscal 2005, 2004 and 2003, respectively. At November 30, 2005 and 2004, the amount of advertising costs included in prepaid expenses was not significant.

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. Revenues and expenses of these foreign subsidiaries and affiliates are translated at weighted-average exchange rates for the period. Equity is translated at historical rates, and the resulting cumulative foreign currency translation adjustments resulting from this process are included as a component of AOCI. Therefore, the U.S. dollar value of these items in our financial statements fluctuates from period to period, depending on the value of the dollar against these functional currencies.

Exchange gains and losses arising from the remeasurement of monetary assets and liabilities and foreign currency transactions denominated in a currency other than the functional currency of the entity involved are immediately included in our earnings, unless such net liabilities have been designated to act as a hedge of a net investment in a foreign operation. In addition, the unrealized exchange gains or losses on our long-term intercompany receivables denominated in a non-functional currency, which are not expected to be repaid in the foreseeable future and are therefore considered to form part of our net investment, are recorded as a foreign currency translation adjustment, which is included as a component of AOCI. Finally, net foreign currency transaction gains or losses recorded in our earnings were not significant in fiscal 2005, 2004 and 2003.

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. All shares that are issuable under our outstanding convertible notes that have contingent share conversion features have been considered outstanding for our diluted earnings per share computations, if dilutive, using the "if converted" method of accounting from the date of issuance.

Stock-Based Compensation

Pursuant to Statement of Financial Accounting Standards ("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 instead of the fair value method. Accordingly, we have not recognized compensation expense for our noncompensatory employee and director stock option awards. Our pro forma net income and pro forma 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,		
	2005	2004	2003
Net income, as reported	$2,257	$1,854	$1,194
Stock-based compensation expense included in net income, as reported	12	11	7
Total stock-based compensation expense determined under the fair value-based method for all awards(c)	(86)(a)	(66)(b)	(36)
Pro forma net income for basic earnings per share	2,183	1,799	1,165
Interest on dilutive convertible notes	47	49	43
Pro forma net income for diluted earnings per share	$2,230	$1,848	$1,208
Earnings per share			
Basic			
As reported	$2.80	$ 2.31	$ 1.66
Pro forma	$2.71	$ 2.24	$ 1.62
Diluted			
As reported	$2.70	$ 2.24	$ 1.63
Pro forma	$2.62	$ 2.18	$ 1.60

(a) In January 2005, Carnival Corporation granted approximately 1.4 million employee stock options, with a $57.30 exercise price and a 2-year vesting term, in substitution for a similar number of outstanding options whose termination date was accelerated because of a corporate reorganization of our European and U.S. operations that was completed in 2004 ("2004 reorganization"). Due to the unusually short vesting period of these options, we would be required upon the adoption of SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123(R)"), to recognize a large charge for stock compensation expense in 2006. Such a charge would distort stock compensation expense in 2006 and not be indicative of our expected future normal annual charge for stock options. Accordingly, in the fourth quarter of 2005, we authorized the immediate vesting of these options, resulting in an increase of $11 million in stock compensation expense in the 2005 pro forma net income. In addition, prior to this accelerated vesting we had expensed $8 million for 2005 pro forma stock expense compensation related to these options. In addition, for employee stock options granted after September 2005, we reduced the options contractual term from 10 years to 7 years, in order to reduce the options' expected option life, thus reducing its estimated fair value.

(b) As a result of the 2004 reorganization, 1.6 million unvested options held by employees vested immediately and their termination dates were accelerated. This vesting occurred either in accordance with the terms of the option plan or to avoid having these employees and Carnival Corporation incur unduly burdensome taxes upon the exercise of such options at a later date. As a result of this accelerated vesting, we included an additional $19 million of stock-based compensation expense in the 2004 pro forma net income.

(c) These amounts include the expensing of stock options made to retirement-eligible employees over the expected vesting period of the option. SFAS 123(R), when adopted, will require the expensing of future option grants over the period to retirement eligibility, if less than the vesting period, because vesting is not contingent upon any future performance.

As recommended by SFAS No. 123, the fair value of options were estimated using the Black-Scholes option-pricing model. 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 and dividend yields. Because our options have characteristics different from those of traded options and because changes in the subjective assumptions can materially affect our estimate of the fair value of stock options, we believe that the existing valuation models, including Black-Scholes, do not necessarily provide a reliable single measure of the fair value of our options. Since 2004, we have continued to refine our Black-Scholes' estimates and assumptions based upon more in-depth reviews of the underlying information in order to more accurately value our options. The impact of such changes has generally been to reduce the estimated fair value of our option awards. The Black-Scholes weighted-average assumptions were as follows:

	Years ended November 30,		
	2005	**2004**	**2003**
Fair value of options at the dates of grant	$12.99	$15.87	$13.33
Risk free interest rate	4.1%	3.4%	3.5%
Expected dividend yield	1.90%	1.36%	1.30%
Expected volatility(a)	27.0%	35.0%	48.7%
Expected option life (in years)	4.74	5.75	6.00

(a) In 2003, our volatility assumption was based on the historical volatility of Carnival Corporation common stock. Subsequent to 2003, we also considered the implied volatilities derived from our exchange traded options and convertible notes in determining our expected volatility assumption since we believe these implied market volatilities should be considered in estimating our expected future volatilities.

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), which will require us to recognize compensation costs in our financial statements in an amount equal to the fair value of share-based payments granted to employees and directors over the corresponding service period, and also requires an estimation of forfeitures when calculating compensation expense, instead of accounting for forfeitures as incurred, which is our current method. This statement is effective for us in the first quarter of fiscal 2006 and is expected to increase our full year 2006 share-based compensation expense by approximately $55 million compared to 2005. We have not yet determined which of the two alternative transition methods we will use upon adoption of this new statement.

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 the 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

On April 17, 2003, Carnival Corporation and Carnival plc completed a DLC transaction, which implemented Carnival Corporation & plc's DLC structure. 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 certain other monetary obligations, or alternatively standalone guarantees in lieu of utilization of these deeds of guarantee, 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 sheets.

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, "Business Combinations." The number of additional shares effectively issued in the combined entity for purchase accounting purposes was 209.6 million. In addition, Carnival Corporation incurred $60 million of direct acquisition costs, which have been included in the aggregate purchase price of $5.36 billion.

The following pro forma information has been prepared assuming the DLC transaction had occurred on December 1, 2002, rather than April 17, 2003, and has not been adjusted to reflect any net transaction benefits. In addition, the pro forma information does not purport to represent what the results of operations actually could have been if the DLC transaction had occurred on December 1, 2002. For fiscal 2003, our pro forma revenues and net income would have been $7.60 billion and $1.16 billion, respectively, and our basic and diluted pro forma earnings per share would have been $1.46 and $1.43, based on 797 million and 840 million pro forma weighted-average shares outstanding.

NOTE 4 - Property and Equipment

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

	November 30,	
	2005	2004
Ships	$23,506	$22,572
Ships under construction	540	429
	24,046	23,001
Land, buildings and improvements, and port facilities	593	555
Transportation equipment and other	692	628
Total property and equipment	25,331	24,184
Less accumulated depreciation and amortization	(4,019)	(3,361)
	$21,312	$20,823

Capitalized interest, primarily on our ships under construction, amounted to $21 million, $26 million and $49 million in fiscal 2005, 2004 and 2003, respectively. Amounts related to 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, 2005, 7 ships with an aggregate net book value of $2.63 billion were pledged as collateral pursuant to mortgages related to $1.37 billion of debt and a $483 million contingent obligation (see Notes 6 and 7).

Repair and maintenance expenses and dry-dock amortization were $445 million, $353 million and $256 million in fiscal 2005, 2004 and 2003, respectively.

NOTE 5 - Variable Interest Entity

In accordance with FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," we have determined that we are carrying a loan, initially made in April 2001, to a ship repair facility that is a variable interest entity ("VIE"). Although we use this facility for some of our ship repair work, we are not a "primary beneficiary" and, accordingly, this entity is not consolidated in our financial statements. At November 30, 2005 and 2004, our loan to this VIE, which is also our maximum exposure to loss, was $46 million and $41 million, respectively.

NOTE 6 - Debt

Short-Term Borrowings

Short-term borrowings were unsecured and consisted of the following (in millions):

	November 30,	
	2005	2004
Euro commercial paper (a)	$187	
Euro bank loans (a)		$284
Bank loans (b)	113	97
	$300	$381
Weighted-average interest rate	3.1%	2.4%

(a) These euro denominated borrowings have been translated to U.S. dollars at the period-end exchange rates.
(b) These loans are denominated in U.S. dollars.

Long-Term Debt

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

	November 30, 2005(a)	November 30, 2004(a)
Secured		
Floating rate notes, collateralized by four ships, bearing interest from libor plus 1.13% to libor plus 1.29% (4.9% to 5.7% at 2005 and 3.0% to 3.6% at 2004), due through 2015 (b)	$ 788	$ 904
Fixed rate notes, collateralized by two ships, bearing interest at 5.4% and 5.5%, due through 2016 (b)	380	381
Euro floating rate note, collateralized by one ship, bearing interest at euribor plus 0.5% (2.75% at 2005 and 2004), due through 2008	64	101
Euro fixed rate note, collateralized by one ship, bearing interest at 4.74%, due through 2012	142	183
Capitalized lease obligations, collateralized by two ships, implicit interest at 3.66%		110
Other	2	3
Total Secured	1,376	1,682
Unsecured		
Fixed rate notes, bearing interest at 3.75% to 7.2%, due through 2028(c)	2,239	2,039
Euro floating rate notes, bearing interest at euribor plus 0.25% to euribor plus 1.29% (2.4% to 2.6% at 2005 and 2.4% to 3.5% at 2004), due through 2010(d)	933	1,265
Sterling fixed rate notes, bearing interest at 5.63%, due in 2012	372	415
Euro fixed rate notes, bearing interest at 5.57%, due in 2006	355	399
Sterling floating rate note, bearing interest at libor plus 0.33% (4.91% at 2005), due in 2010(d)	285	
Other	34	36
Convertible notes, bearing interest at 2%, due in 2021, with next put option in 2008	600	600
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	575	575
Zero-coupon convertible notes, net of discount, with a face value of $510 million and $1.05 billion at 2005 and 2004, respectively, due in 2021, with first put option in 2006	283	561
Total Unsecured	5,676	5,890
	7,052	7,572
Less portion due within one year	(1,325)	(1,281)
	$5,727	$6,291

(a) All borrowings are in U.S. dollars unless otherwise noted and all interest rates are as of year ends. Euro and sterling denominated notes have been translated to U.S. dollars at the period-end exchange rates. At November 30, 2005, 56%, 30% and 14%, (60%, 29% and 11% at November 30, 2004) of our long-term debt was U.S. dollar, euro and sterling denominated, respectively, including the effect of foreign currency swaps. In addition, at November 30, 2005, 75% of the interest cost on our long-term debt was fixed (68% at November 30, 2004) and 25% was variable (32% at November 30, 2004), including the effect of interest rate swaps.

(b) In 2004, we borrowed an aggregate of $739 million to finance a portion of the Diamond Princess and Sapphire Princess purchase prices, which loans have both a fixed and variable interest rate component.

(c) In July 2005, we borrowed $328 million under an unsecured term loan facility, to pay a portion of the Carnival Liberty purchase price. This facility bears interest at 4.51% and is repayable in semi-annual installments through July 2017. In addition, we entered into a foreign currency swap, which effectively converted this U.S. dollar debt to euro debt.

(d) In March 2005, Carnival plc entered into a five-year unsecured multi-currency term loan facility, bearing interest at euribor/libor plus 0.33%, which margin will vary based on Carnival plc's senior unsecured credit rating. Under this facility, we borrowed 368 million euros ($436 million U.S. dollars at the November 30, 2005 exchange rate) to repay a 368 million euro note, which bore interest at euribor plus 0.60%, prior to its October 2008 maturity date. We also borrowed 165 million sterling under this facility ($285 million U.S. dollars at the November 30, 2005 exchange rate), which we used to pay a portion of P&O Cruises' purchase price for the Arcadia. Finally, we entered into interest rate swap agreements to fix the interest rates on these euro and sterling borrowings at 3.50% and 5.40%, respectively.

Convertible Notes

Carnival Corporation's 2% convertible notes ("2% Notes"), its 1.75% convertible notes ("1.75% Notes") and its zero-coupon convertible notes ("Zero-Coupon Notes") are convertible into 15.3 million shares, a maximum of 20.9 million shares (11.1 million shares during fiscal 2005) and 8.5 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 were satisfied since the first quarter of 2004 and, accordingly, the 2% Notes have been convertible into Carnival Corporation common stock since the second quarter of fiscal 2004. A nominal amount of 2% Notes were converted in fiscal 2005 and 2004. At November 30, 2004, our 2% Notes were classified as a current liability, since the noteholders had the right to require us to repurchase them on April 15, 2005. However, substantially all of the noteholders did not exercise their rights. Accordingly, subsequent to April 15, 2005 we have again classified our 2% Notes as long-term debt, since the next date that the noteholders can require us to repurchase them is on April 15, 2008.

The 1.75% Notes are convertible at a conversion price of $53.11 per share, subject to adjustment, during any fiscal quarter for which the closing price of the Carnival Corporation common stock is greater than a specified trigger price for a defined duration of time in the preceding fiscal quarter. During the fiscal quarters ending from August 31, 2003 through April 29, 2008, the trigger price will be $63.73 per share. Thereafter, 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 have not been met since their issuance. The 1.75% Notes interest is payable in cash semi-annually in arrears 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.

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. The trigger price was $36.72 for the 2005 fourth quarter. Since the third quarter of 2003, the Zero-Coupon Notes have been convertible into Carnival Corporation common stock. During fiscal 2005, $297 million of our Zero-Coupon Notes were converted at their accreted value into 9.0 million shares of Carnival Corporation common stock, of which 6.2 million shares were issued from treasury stock. No Zero-Coupon Notes were converted prior to fiscal 2005.

At November 30, 2005, the Zero-Coupon Notes were classified as a current liability, since the noteholders have the right to require us to repurchase them on October 24, 2006 at their accreted values. If the noteholders do not exercise their rights in full, we will change the classification of any outstanding Zero-Coupon Notes to long-term debt, as the next repurchase date does not occur until October 24, 2008. We currently expect that we will satisfy any Zero-Coupon Note conversions through the issuance of Carnival Corporation common stock.

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, subject to the noteholders' right to convert.

In addition, on April 29 of 2008, 2013, 2018, 2023 and 2028 the 1.75% noteholders, on April 15 of 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.

Revolving Credit and Committed Financing Facilities

In October 2005, simultaneously with the termination of the Carnival Corporation $1.4 billion, the Carnival plc 600 million euro and the Costa 257.5 million euro revolving credit facilities, Carnival Corporation, Carnival plc, and certain of Carnival plc's subsidiaries, entered into a five-year unsecured multi-currency revolving credit facility for $1.2 billion, 400 million euros and 200 million sterling (aggregating $2.02 billion U.S. dollars at the November 30, 2005 exchange rates) (the "Facility"). The Facility currently bears interest at libor/euribor plus a margin of 17.5 basis points ("BPS"). In addition, we are required to pay a commitment fee of 30% of the margin per annum. Both the margin and the commitment fee will vary based on changes to Carnival Corporation's senior unsecured credit ratings. Finally, an additional utilization fee of 5 BPS per annum of the outstanding amounts under the Facility is payable if such outstanding amounts exceed 50% of the aggregate commitments.

Our multi-currency commercial paper programs are supported by this Facility and, accordingly, any amounts outstanding under our commercial paper programs effectively reduce the aggregate amount available under this Facility. At November 30, 2005, we had borrowed 158 million euros ($187 million U.S. dollars at the November 30, 2005 exchange rate) under our euro commercial paper program, which is classified as a short-term borrowing since we do not expect to refinance it using proceeds from our long-term Facility. This Facility also supports up to $700 million for bonds and letters of credit issued by the facility lenders on behalf of Carnival Corporation & plc. The issuance of any such bonds or letters of credit, none outstanding at November 30, 2005, will reduce the aggregate amount available under this Facility. At November 30, 2005, $1.83 billion was available under the Facility, based on the November 30, 2005 exchange rates.

In 2005 and January 2006, we entered into five unsecured long-term loan financing facilities, which provide us with the option to borrow up to an aggregate of $1.65 billion for a portion of the purchase price of five ships. These ships are expected to be delivered through 2009. These facilities are repayable semi-annually over a 12 year period. However, we have the option to terminate them up until 60 days prior to the ships' delivery dates.

The Facility and other of our loan and derivative agreements, contain covenants that require us, among other things, to maintain minimum debt service coverage, minimum shareholders' equity and limits our debt to capital and debt to equity ratios, and the amounts of our secured assets and secured indebtedness. Generally, if an event of default under any loan agreement is 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, 2005, we were in compliance with all of our debt covenants.

At November 30, 2005, the scheduled annual maturities of our long-term debt was as follows (in millions):

Fiscal	
2006	$ 1,325(a)
2007	1,035
2008	1,672(a)
2009	169
2010	944
Thereafter	1,907
	$7,052

(a) Includes $283 million of Carnival Corporation's Zero-Coupon Notes in 2006, $600 million and $575 million of its 2% Notes and 1.75% Notes in 2008, based in each case on the date of the noteholders' next 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 7 - Commitments

Ship Commitments

A description of our ships under contract for construction at November 30, 2005, as adjusted for our December 2005 ship orders, was as follows:

Brand and Ship	Expected Service Date(a)	Passenger Capacity	Estimated Total Cost(b) Euros	Sterling	USD
			(in millions)		
Carnival Cruise Lines					
Carnival Freedom	3/07	2,974			$ 500
Newbuild	6/08	3,000	€ 485		
Newbuild(c)	10/09	3,608	560		
Total Carnival Cruise Lines		9,582	1,045		500
Princess					
Crown Princess	6/06	3,100			500
Emerald Princess	4/07	3,100			525
Newbuild(c)	10/08	3,100			570
Total Princess		9,300			1,595
Holland America Line					
Noordam(d)	2/06	1,918			420
Newbuild(c)	7/08	2,044			450
Total Holland America Line		3,962			870
AIDA					
Newbuild(e)	4/07	2,030	315		
Newbuild(e)	4/08	2,030	315		
Newbuild(e)	4/09	2,030	315		
Total AIDA		6,090	945		
Costa					
Costa Concordia(e)	7/06	3,000	450		
Costa Serena(e)	6/07	3,000	475		
Newbuild(c)(e)	6/09	3,000	485		
Total Costa		9,000	1,410		
Total Euro Commitments			€3,400		
Total Euro Commitments converted to USD(f)					4,035
P&O Cruises					
Ventura(d)	4/08	3,100		£ 355	
Cunard					
Queen Victoria(d)	12/07	1,982		270	45
Total Sterling Commitments				£ 625	
Total Sterling Commitments converted to USD(f)					1,085
Grand Total		43,016			
Grand Total in USD					$8,130

(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. All of our ship construction contracts are with the Fincantieri shipyards in Italy, except for AIDA's which are with the Meyer Werft shipyard in Germany. In addition, the estimated total cost reflects the currency denomination that we are committed to expend, including the effect of foreign currency swaps.

(c) These construction contracts aggregating $2.26 billion were entered into in December 2005.

(d) These construction contracts are denominated in euros, except for $45 million of the Queen Victoria costs, which are denominated in USD. The euro denominated contract amounts have been fixed into U.S. dollars or sterling by utilizing foreign currency swaps.

(e) These construction contracts are denominated in euros, which is the functional currency of the cruise line which will operate the ship and, therefore, we do not expect to enter into foreign currency swaps to hedge these commitments.

(f) The estimated total costs of these contracts denominated in euros and sterling have been translated into U.S. dollars using the November 30, 2005 exchange rate.

In connection with our cruise ships under contract for construction listed above, we have paid $540 million through November 30, 2005 and anticipate paying the remaining estimated total costs as follows: $1.71 billion, $2.34 billion, $2.13 billion and $1.41 billion in fiscal 2006, 2007, 2008 and 2009, respectively.

Operating Leases

Rent expense under our operating leases, primarily for office and warehouse space, was $50 million in each of fiscal 2005 and 2004 and $48 million in fiscal 2003. At November 30, 2005, minimum annual rentals for our operating leases, with initial or remaining terms in excess of one year, were as follows (in millions): $43, $30, $25, $20 and $16 and $66 in fiscal 2006 through 2010 and thereafter, respectively.

Port Facilities and Other

At November 30, 2005, 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): $58, $70, $70, $56, $52, and $294 in fiscal 2006 through 2010 and thereafter, respectively.

NOTE 8 - Contingencies

Litigation

In January 2006, a lawsuit was filed against Carnival Corporation and its subsidiaries and affiliates, and other non-affiliated cruise lines in the U.S. District Court for the Southern District of New York on behalf of James Jacobs and a purported class of owners of intellectual property rights to musical plays and other works performed in the U.S. The plaintiffs claim infringement of copyrights to Broadway, off Broadway and other plays. The suit seeks payment of (i) damages, (ii) disgorgement of alleged profits and (iii) an injunction against future infringement. The ultimate outcome of this matter cannot be determined at this time. We intend to vigorously defend this lawsuit.

In November 2005, two separate lawsuits were filed against Carnival Corporation and Princess Cruise Lines, Ltd. in the U.S. District Court for the Southern District of Florida on behalf of some current and former crewmembers alleging that Carnival Cruise Lines and Princess failed to pay the plaintiffs for overtime. These suits seek payment of (i) damages for breach of contract, (ii) damages under the Seaman's Wage Act and (iii) interest. The ultimate outcome of these matters cannot be determined at this time. However, we believe we have meritorious defenses and we intend to vigorously defend these lawsuits.

In March 2005, a lawsuit was filed against Carnival Corporation in the U.S. District Court for the Southern District of Florida on behalf of some current and former crew members alleging that Carnival Cruise Lines failed to pay the plaintiffs for overtime and minimum wages. The suit seeks payment of (i) the wages alleged to be owed, (ii) damages under the Seaman's Wage Act and (iii) interest. On August 5, 2005, the court dismissed the lawsuit. The plaintiffs filed an appeal of their overtime claim to the Eleventh Circuit U. S. Court of Appeals on August 15, 2005, which is currently pending, but have voluntarily dismissed their minimum wage claim. The ultimate outcome of this matter cannot be determined at this time. However, we believe we have meritorious defenses and we intend to vigorously defend this lawsuit.

In April 2003, Festival Crociere S.p.A. ("Festival") 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 filed a Statement in Intervention with the court. Festival was declared bankrupt in May 2004 and Festival did not submit observations on our Statement in Intervention. The oral hearing was scheduled to take place on December 15, 2005 but has been postponed while the Court seeks clarification of the status of the Festival Action with the Italian judge presiding over Festival's bankruptcy proceedings. 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 2002 and 2004, three actions 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. One of the actions filed in 2002 has been settled for a nominal amount leaving two open actions (collectively, the "Facsimile Complaints"). The plaintiffs seek to enjoin the sending of unsolicited facsimile advertisements and statutory damages. The advertisements referred to in the 2002 Facsimile Complaints that reference a Carnival Cruise Line product were not sent by Carnival Corporation, but rather were distributed by a professional faxing company at the behest of third party travel agencies. The faxes involved in the 2004 case were sent to a travel agency with whom we had conducted business. 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. However, we believe that we have meritorious defenses and we intend to vigorously defend against these actions.

Costa instituted arbitration proceedings in Italy in 2000 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 in November 2000. Costa also gave notice of termination of the contract in January 2001. It is expected that the arbitration tribunal's decision will be made in 2007 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.

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, net of any insurance recoverables, 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, 2005, Carnival Corporation had contingent obligations totaling approximately $1.1 billion to participants in lease out and lease back type transactions for three of its ships. At the inception of the leases, the entire amount of the contingent obligations was paid by Carnival Corporation to major financial institutions to enable them to directly pay these obligations. Accordingly, these obligations were considered extinguished, and neither the funds nor the contingent obligations have been included on our balance sheets. Carnival Corporation 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 AA or higher. In addition, Carnival Corporation obtained a direct guarantee from another AA+ rated financial institution for $306 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-, Carnival Corporation 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, it would be required to provide a standby letter of credit for $88 million, or alternatively provide mortgages in the aggregate amount of $88 million on two of its ships.

In the unlikely event that Carnival Corporation were to terminate the three lease agreements early or default on its obligations, it would, as of November 30, 2005, have to pay a total of $171 million in stipulated damages. As of November 30, 2005, $179 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 addition, in 2004 Carnival Corporation entered into a five year $170 million unsecured revolving credit facility, guaranteed by Carnival plc, which is being used to support these standby letters of credit through the issuance of a back-up letter of credit. In the event we were to default under covenants in our loan agreements, any amounts outstanding under the $170 million unsecured revolving credit facility would be due and payable, and we would be required to post cash collateral to support the stipulated damages standby letters of credit in excess of $170 million. 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, 2005 and 2004, respectively, which is being amortized to nonoperating income through 2022.

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 material payments under such indemnification clauses in the past and, under current circumstances, we do not believe a request for material future indemnification payments is probable.

War Risk Insurance

We maintain war risk insurance, subject to coverage limits and exclusions for claims such as those arising from chemical and biological attacks, on all of our ships covering our legal liability to crew, passengers and other third parties arising from war or war-like actions, including terrorist risks. Due primarily to its high costs, we only carry war risk insurance coverage for physical damage to 43 of our 79 ships, which includes terrorist risks. Under the terms of our war risk insurance coverage, which is typical for war risk policies in the marine industry, underwriters can give seven days notice to the insured that the liability and physical damage policies can be cancelled. If one or more of our 36 uninsured ships suffer damage in an attack, then the cost of any such damages would be expensed, and such amounts could be material.

NOTE 9 - Income and Other Taxes

For fiscal 2004 and 2003, we believe that substantially all of our income, with the exception of our U.S. source income principally from the transportation, hotel and tour businesses of Holland America Tours and Princess Tours, is derived from, or incidental to, the international operation of ships, and is therefore exempt from U.S. federal income taxes. For fiscal 2005, regulations under Section 883 of the Internal Revenue Code limiting the types of income considered to be derived from the international operation of a ship first became effective. Section 883 is the primary provision upon which we rely to exempt certain of our international ship operation earnings from U.S. income taxes. Accordingly, the 2005 provision for U.S. federal income taxes includes taxes on a portion of our ship operating income that is in addition to the U.S. source transportation, hotel and tour income on which U.S. taxes have historically been provided. In addition, during the fourth quarter of 2005 we chartered three ships to the Military Sealift Command in connection with the Hurricane Katrina relief effort. Income from these charters is not considered to be income from the international operation of our ships and, accordingly, approximately $18 million of income taxes were provided on the net earnings of these charters in our 2005 fourth quarter at an effective tax rate of approximately 60%.

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.

Cunard, Ocean Village, P&O Cruises, P&O Cruises Australia, Swan Hellenic, AIDA (except for prior to November 2004), and Costa, since the beginning of fiscal 2005, are subject to income tax under the tonnage tax regimes of either the United Kingdom or Italy. Under both tonnage tax regimes, shipping profits, as defined under the applicable law, are subject to corporation tax by reference to the net tonnage of qualifying vessels. Income not considered to be shipping profits under tonnage tax rules is taxable under either the normal UK income tax rules or the tax regime applicable to Italian-registered ships. We believe that substantially all of the income attributable to these brands constitutes shipping profits and, accordingly, Italian and UK income tax expenses for these operations has been and is expected to be minimal under the current tax regimes.

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 10 - 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, 2005 and 2004, no Carnival Corporation preferred stock had been issued and only a nominal amount of Carnival plc preferred shares had been issued.

In October 2004, the Boards of Directors authorized the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares commencing in 2005 subject to certain repurchase restrictions on Carnival plc shares. Through February 6, 2006, we repurchased 8.0 million shares of Carnival Corporation common stock for $386 million. No expiration date has been specified for this authorization.

At November 30, 2005, there were 75.5 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 13.5 million ordinary shares for future issuance under its employee benefit plans.

At November 30, 2005 and 2004 accumulated other comprehensive income was as follows (in millions):

	2005	2004
Cumulative foreign currency translation adjustments, net	$190	$588
Minimum pension liability adjustments	(19)	(17)
Unrealized losses on cash flow derivative hedges, net	(15)	(30)
	$156	$541

NOTE 11 - Financial Instruments

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 and Short-Term Investments

The carrying amounts of our cash and cash equivalents and short-term investments approximate their fair values due to their short maturities or variable interest rates.

Other Assets

At November 30, 2005 and 2004, long-term other assets included notes and other receivables and marketable securities held in rabbi trusts for certain of our nonqualified benefit plans. These assets had carrying and fair values of $406 million and $405 million at November 30, 2005, respectively, and carrying and fair values of $240 million and $227 million at November 30, 2004. 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 $5.98 billion and $2.03 billion, respectively, at November 30, 2005 and $6.32 billion and $2.53 billion at November 30, 2004. These fair values were greater than the related carrying values by $86 million and $572 million, respectively, at November 30, 2005 and by $100 million and $790 million at November 30, 2004. The net difference between the fair value of our non-convertible 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. The net difference between the fair value of our convertible notes and its carrying value is largely due to the impact of changes in the Carnival Corporation common stock value on the value of 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 Swaps and Other Hedging Instruments

We have foreign currency swaps that are designated as foreign currency fair value hedges for three of our euro denominated shipbuilding contracts (see Note 7). At November 30, 2005 and 2004, the fair value of the foreign currency swaps related to our shipbuilding commitments was a net unrealized gain of $29 million and $219 million, respectively. These foreign currency swaps mature through 2008.

At November 30, 2005, we have foreign currency swaps totaling $1.11 billion that are effectively designated as hedges of our net investments in foreign subsidiaries, which have euro and sterling denominated functional currencies. These foreign currency swaps were entered into to effectively convert $237 million and $736 million of U.S. dollar denominated debt into sterling debt and euro debt ($251 million and $466 million at November 30, 2004), respectively. In addition, $138 million and $170 million of euro denominated debt was effectively converted into sterling debt at November 30, 2005 and 2004, respectively. At November 30, 2005 and 2004, the fair value of these foreign currency swaps was an unrealized loss of $58 million and $137 million, respectively, which is included in the cumulative translation adjustment component of AOCI. These currency swaps mature through 2017.

The fair values of these foreign currency swaps were estimated based on prices quoted by financial institutions for these instruments.

Finally, we have designated $1.58 billion and $1.1 billion of our outstanding euro and sterling debt and other obligations, which are nonderivatives and mature through 2012, as hedges of our net investments in foreign operations and, accordingly, have included $95 million and $194 million of foreign currency transaction losses in the cumulative translation adjustment component of AOCI at November 30, 2005 and 2004, respectively.

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, 2005 and 2004, these interest rate swap agreements effectively changed $926 million and $929 million, respectively, 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, 2005 and 2004, these interest rate swap agreements effectively changed $1.25 billion and $828 million, respectively, of euribor and GBP libor floating rate debt to fixed rate debt.

These interest rate swap agreements mature through 2010. At November 30, 2005 and 2004, the fair value of our interest rate swaps designated as cash flow hedges was an unrealized loss of $6 million and $22 million, respectively. The fair values of our interest rate swap agreements were estimated based on prices quoted by financial institutions for these instruments.

NOTE 12 - Segment Information

Our cruise segment includes all of our cruise brands, which have been aggregated as a single reportable segment based on the similarity of their economic and other characteristics, including products and services they provide. Our other segment primarily represents the hotel, tour and transportation 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 years ended November 30 was as follows (in millions):

	Revenues (a)	Operating expenses	Selling and adminis-trative	Depreciation and amortization	Operating income	Capital expend-itures	Total assets
2005							
Cruise	$10,735	$5,967	$1,276	$873	$2,619	$1,892	$27,883
Other	467	365	53	29	20	85	549(b)
Intersegment elimination	(115)	(115)					
	$11,087	$6,217	$1,329	$902	$2,639	$1,977	$28,432
2004							
Cruise	$ 9,427	$5,247	$1,231	$791	$2,158	$3,512	$27,136
Other	398	308	54	21	15	74	500(b)
Intersegment elimination	(98)	(98)					
	$ 9,727	$5,457	$1,285	$812	$2,173	$3,586	$27,636
2003							
Cruise	$ 6,459	$3,624	$ 896	$568	$1,371	$2,454	$24,090
Other	345	276	40	17	12	62	401(b)
Intersegment elimination	(86)	(86)					
	$ 6,718	$3,814	$ 936	$585	$1,383	$2,516	$24,491

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

(b) Other segment assets primarily included hotels and lodges in Alaska and the Canadian Yukon, luxury dayboats offering tours to a glacier in Alaska and on the Yukon River, motorcoaches 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, Whittier and Denali, and Whittier and Talkeetna.

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, Germany, Italy, 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 ships and ships under construction and exclude goodwill and trademarks.

Revenue information by geographic area for fiscal 2005, 2004 and 2003 was as follows (in millions):

	2005	2004	2003
U.S.	$ 6,439	$5,788	$4,513
Continental Europe	1,681	1,549	971
UK	1,520	1,341	724
Canada	665	562	231
Australia and New Zealand	311	215	71
Others	471	272	208
	$11,087	$9,727	$6,718

NOTE 13 - Benefit Plans

Stock Option Plans

We have stock option plans primarily for management level employees and members of our Board of Directors. The Carnival Corporation and Carnival plc plans are administered by a committee of our independent directors (the "Committee"), that 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 and Carnival plc options granted during fiscal 2005, 2004 and 2003 were granted at an exercise price per share equal to or greater than the fair market value of the Carnival Corporation common stock and Carnival plc ordinary shares on the date of grant. Carnival Corporation and Carnival plc employee options generally vest evenly over five years and at the end of three years, respectively. Our employee options granted prior to October 2005 have a ten-year term and those options granted thereafter had a seven-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, 2005, Carnival Corporation had 27.9 million shares and Carnival plc had 13.5 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,**		
	2005	**2004**	**2003**	**2005**	**2004**	**2003**
Outstanding options-beginning of year	$35.61	$28.79	$29.26	18,203,942	19,297,979	11,828,958
Carnival plc outstanding options at April 17, 2003(a)			$19.64			5,523,013
Options granted	$51.88	$47.52	$30.88	4,446,260(d)	5,306,802 (c)	5,464,109
Options exercised(b)	$30.56	$25.23	$17.35	(1,953,396)	(5,686,484)(c)	(2,919,554)
Options canceled	$36.11	$30.17	$28.64	(638,554)	(714,355)	(598,547)
Outstanding options-end of year	$39.15	$35.61	$28.79	20,058,252(e)	18,203,942(e)	19,297,979(e)
Options exercisable-end of year	$36.87	$32.05	$27.68	8,560,318(d,f)	5,920,890(d,f)	7,848,335(f)

(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 0.4 million, 2.0 million and 1.8 million Carnival plc options in 2005, 2004 and 2003, of which 0.3 million, 0.8 million and 1.0 million had a sterling denominated exercise price, respectively.
(c) During 2004, as a result of Costa being transferred to the Carnival plc side of the DLC structure, options to purchase 973,000 shares of Carnival Corporation vested immediately and their termination dates were accelerated to 2004. These vested options, along with all of Costa employees' already exercisable options, were exercised in 2004 to avoid unduly burdensome taxes. In 2004, Carnival plc granted 1.1 million options to replace the 973,000 options and another 127,000 of options that were terminated early at an exercise price equal to the fair market value of Carnival plc ordinary shares on the grant date. See Note 2.
(d) 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 657,000 shares of Carnival plc vested immediately, and the termination dates on all Princess employees' Carnival plc exercisable options were shortened. All such changes have been made pursuant to the original terms of the Carnival plc plan. In January 2005, Carnival Corporation granted 1.4 million options to replace the 657,000 options and another 743,000 options that were terminated early at an exercise price per share equal to the fair market value of Carnival Corporation common stock on the grant date. In late 2005, these 1.4 million unvested options were vested. See Note 2.
(e) Included 3.2 million, 3.3 million and 3.6 million of Carnival plc options at a weighted-average exercise price of $38.29, $38.42 and $20.89 per share, based on the November 30, 2005, 2004 and 2003 U.S. dollar to sterling exchange rate, respectively.
(f) Included 0.7 million, 0.9 million and 2.2 million of Carnival plc options at a weighted-average exercise price of $23.89, $22.15 and $18.06 per share, based on the November 30, 2005, 2004 and 2003 U.S. dollar to sterling exchange rate, respectively.

Combined information with respect to outstanding and exercisable Carnival Corporation and Carnival plc stock options at November 30, 2005 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-$ 5.73	30,980	(a)	$ 2.07	30,980	$ 2.07
$ 5.74-$17.19	245,674	4.0	$16.51	245,674	$16.51
$17.20-$22.92	1,612,064	5.5	$22.08	1,132,313	$21.88
$22.93-$28.65	3,426,680	6.5	$26.82	1,457,132	$26.12
$28.66-$34.38	1,881,786	5.2	$30.19	1,310,425	$30.15
$34.39-$40.11	1,924,441	7.6	$34.60	524,931	$35.01
$40.12-$45.84	3,886,238	5.7	$44.35	1,963,880	$44.30
$45.85-$51.57	4,488,284	8.0	$48.09	539,930	$48.37
$51.58-$57.30	2,562,105	8.1	$55.46	1,355,053	$57.30
Total	20,058,252	6.8	$39.15	8,560,318	$36.87

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

In addition, at November 30, 2005, Carnival Corporation had 50,998 restricted stock units ("RSUs") outstanding, which do not have an exercise price, and either have three or five-year cliff vesting terms. The weighted-average remaining vesting period of these RSUs is 2.9 years.

Carnival Corporation Nonvested Stock

Carnival Corporation has issued nonvested stock to a few officers and some non-executive board members. These shares have the same rights as Carnival Corporation common stock, except for transfer restrictions and forfeiture provisions. During fiscal 2005, 2004 and 2003, 158,750 shares, 160,000 shares and 455,000 shares, respectively, of Carnival

Corporation common stock were issued, which were valued at $9 million, $7 million and $14 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' and directors' estimated retirement date. The shares granted to the executive officers either have three or five-year cliff vesting terms and the shares granted to the non-executive board members vest evenly over five years after the grant date. As of November 30, 2005 and 2004 there were 1,063,750 shares and 1,065,000 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 and are funded at or above the level required by U.S. or UK regulations. The remaining defined benefit plans are primarily unfunded. In determining our plans' benefit obligations at November 30, 2005, we used assumed weighted-average discount rates of 5.5% and 4.8% 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, 2005 and 2004, our single employer plans had aggregated additional minimum pension liability adjustments, less allowable intangible assets, of $19 million and $17 million, respectively, which are included in AOCI.

In addition, P&O Cruises participated in a Merchant Navy Ratings Pension Fund, which is a defined benefit multiemployer pension plan that was available to their shipboard non-officers. 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, 2005 and 2004, we had recorded a long-term pension liability of $22 million and $26 million, which represented our estimate of the present value of our entire liability under this plan, based on our current intention to continue to make these voluntary payments.

P&O Cruises, Princess and Cunard participate in an industry-wide British Merchant Navy Officers Pension Fund ("MNOPF"), which is a defined benefit multiemployer pension plan that is available to certain of their British shipboard 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. At November 30, 2005, the New Section was estimated to have a funding deficit and the Old Section was estimated to have a funding surplus.

Substantially all of any MNOPF New Section deficit liability which we may have relates to P&O Cruises and Princess obligations, which existed prior to the DLC transaction. However, since the MNOPF is a multiemployer plan and it was not probable that we would withdraw from the plan nor was our share of the liability certain, we could not record our estimated share of the ultimate deficit as a Carnival plc acquisition liability that existed at the DLC transaction date. The amount of our share of the fund's ultimate deficit could vary considerably if different pension assumptions and/or estimates were used. Therefore, we expense our portion of any deficit as amounts are invoiced by the fund's trustee. In August 2005, we received an invoice from the fund for what the trustee calculated to be our share of the entire MNOPF liability. Accordingly, we recorded the full invoiced liability of $23 million in payroll and related expense in 2005. It is possible that the fund's trustee may invoice us for additional amounts in the future for various reasons, including if they believe the fund requires further funding.

Total expense for all of our defined benefit pension plans, including our multiemployer plans, was $45 million, $18 million and $17 million in fiscal 2005, 2004 and 2003, respectively.

Defined Contribution Plans

We have several defined contribution plans available to most of our employees. We contribute to these plans based on employee contributions, salary levels and length of service. Total expense relating to these plans was $14 million, $13 million and $12 million in fiscal 2005, 2004 and 2003, respectively.

NOTE 14 - Earnings Per Share

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

	Years Ended November 30,		
	2005	2004	2003
Net income	$2,257	$1,854	$1,194
Interest on dilutive convertible notes	47	49	43
Net income for diluted earnings per share	$2,304	$1,903	$1,237
Weighted-average common and ordinary shares outstanding	806	802	718
Dilutive effect of convertible notes	42	44	39
Dilutive effect of stock plans	5	5	2
Diluted weighted-average shares outstanding	853	851	759
Basic earnings per share	$2.80	$2.31	$1.66
Diluted earnings per share	$2.70	$2.24	$1.63

The weighted-average shares outstanding for the year ended November 30, 2003 includes the pro rata Carnival plc shares since April 17, 2003. Options to purchase 2.1 million, 6.0 million and 8.4 million shares for fiscal 2005, 2004 and 2003, respectively, were excluded from our diluted earnings per share computation since the effect of including them was anti-dilutive.

NOTE 15 - Supplemental Cash Flow Information

Total cash paid for interest was $314 million, $250 million and $156 million in fiscal 2005, 2004 and 2003, respectively. In addition, cash paid for income taxes was $15 million, $8 million and $20 million in fiscal 2005, 2004 and 2003, respectively. Finally, in 2005 $297 million of our Zero-Coupon Notes were converted through a combination of the issuance of Carnival Corporation treasury stock and newly issued Carnival Corporation Common stock, which represented a noncash financing activity.

Report of Independent Registered Certified Public Accounting Firm

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

We have completed integrated audits of Carnival Corporation & plc's November 30, 2005 and 2004 consolidated financial statements and of its internal control over financial reporting as of November 30, 2005, and an audit of its 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions on Carnival Corporation's and Carnival plc's November 30, 2005, 2004 and 2003 consolidated financial statements and its internal control over financial reporting as of November 30, 2005, based on our audits, are presented below.

Consolidated financial statements

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, the "Company") at November 30, 2005 and November 30, 2004, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2005 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements 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.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting appearing under Item 9A, that the Company maintained effective internal control over financial reporting as of November 30, 2005 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2005, based on criteria established in Internal Control - Integrated Framework issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Miami, Florida
February 8, 2006

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 2005 Annual Report are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlook, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can find many, but not all, of these statements by looking for words like "will," "may," "believes," "expects," "anticipates," "forecast," "future," "intends," "plans," and "estimates" and for similar expressions.

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in this 2005 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/or tax costs, fuel costs, costs per available lower berth day ("ALBD"), estimates of ship depreciable lives and residual values, outlook or business prospects. These factors include, but are not limited to, the following:

- risks associated with the DLC structure, including the uncertainty of its tax status;
- general economic and business conditions, which may impact levels of disposable income of consumers and 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;
- risks associated with operating internationally;
- the implementation of U.S. regulations requiring U.S. citizens to obtain passports for travel to or from additional foreign destinations;
- the international political and economic climate, armed conflicts, terrorist attacks and threats thereof, availability of air service, other world events and adverse publicity, and their impact on the demand for cruises;
- accidents and other incidents affecting the health, safety, security and vacation satisfaction of passengers, including machinery and equipment failures, which could cause the alteration of itineraries or cancellation of a cruise or a series of cruises and the impact of the spread of contagious diseases;
- changing consumer preferences, which may, among other things, adversely impact the demand for cruises;
- 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 financing and operating costs, including changes in foreign currency exchange rates and interest rates and fuel, food, payroll, insurance and security costs;
- the impact of pending or threatened litigation;
- changes in the environmental, health, safety, security, tax and other regulatory regimes under which we operate;
- continued availability of attractive port destinations;
- our ability to successfully implement cost reduction plans;
- continuing financial viability of our travel agent distribution system and air service providers; and
- unusual weather patterns or natural disasters, such as hurricanes and earthquakes.

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 2005 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

In 2003, the demand for travel was challenged by, among other things, an unstable geopolitical environment, a weaker economy, the emergence of Severe Acute Respiratory Syndrome ("SARS") in Asia and the threat and eventual outbreak of war in Iraq. These events had a negative effect on the public's willingness to travel, and consequently, negatively impacted our net revenue yields (see "Key Performance Indicators" below).

Since the beginning of 2004 and continuing through 2005, the effects of those factors on the cruise industry were reduced, and we experienced a substantial improvement in our net revenue yields. The improvement in net revenue yields was primarily the result of higher passenger ticket prices, onboard revenues and occupancy and, to a lesser extent, a weaker U.S. dollar relative to the euro and sterling. The increase in 2005 pricing was achieved despite an 8.5% increase in cruise capacity relating to the introduction of three new ships in fiscal 2005. In addition, from 2003 through 2005, the cruise industry was impacted by substantial increases in fuel prices. However, the 2005 increased net revenue yields more than compensated for the increase in fuel costs. It is possible that fuel prices may continue to increase in 2006 and future years. As discussed below, our 2006 earnings guidance is impacted by an expectation of higher fuel costs.

Throughout this period we generated significant cash flows and remained in a strong financial position, which is a high priority and we believe provides us with a competitive advantage in the capital intensive cruise industry. 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 adversely impact our future results.

During calendar 2005, we ordered six additional ships for our North American and European brands, which are expected to be delivered between 2007 and 2009. As of January 30, 2006, we had signed agreements with two shipyards providing for the construction of 16 additional cruise ships (see Note 7 in the accompanying financial statements). These new ships are expected to continue to help us maintain our leadership position within the cruise industry. The year-over-year percentage increases in our ALBD capacity, resulting from new ships entering service, is expected to be 5.1%, 7.5%, 8.4% and 6.5% for fiscal 2006, 2007, 2008 and 2009, respectively, based on ships currently on order and net of the expected sale of the Pacific Sky by P&O Cruises Australia in May 2006.

Outlook For Fiscal 2006 ("2006")

As of December 16, 2005 we said that we expected our 2006 full year earnings per share will be between $3.00 to $3.10. We also said that we expected our first quarter 2006 earnings per share to be in the range of $0.34 to $0.36. Our guidance was based on the then current forward fuel price curve for all of 2006 of $322 per metric ton and $312 per metric ton for the first quarter 2006. In addition, this guidance was also based on currency exchange rates of $1.17 to the euro and $1.73 to sterling.

Our 2006 outlook includes the impact of two accounting matters. Commencing with the first quarter of fiscal 2006, we will begin to recognize compensation costs in our statement of operations in an amount equal to the fair value of share-based payments granted to employees and directors pursuant to SFAS No. 123(R). The increase in our share-based compensation expense in 2006 is expected to be approximately $55 million compared to our reported fiscal 2005 stock-based compensation expense (see Note 2). Also commencing with the first quarter of fiscal 2006, we will change the period over which we amortize our deferred dry-dock costs to the length of time between dry-docks, generally two to three years, instead of amortizing them generally over one to two years. This change in estimate reflects the lengthening of the time between dry-docks, resulting from regulatory changes and technological enhancements to our ships. In 2006, this change is expected to reduce dry-dock amortization by approximately $40 million compared to normal levels of dry-dock amortization.

Since the date of our December earnings release, the cruise industry has begun a period of heavy bookings generally referred to as "wave season." Bookings and pricing for our brands since the start of wave season are up slightly compared to the corresponding period last year.

Since our December guidance, the forward prices for fuel for the full year 2006 and first quarter 2006 have increased from $322 per ton and $312 per ton to $334 per ton and $321 per ton, respectively. If actual fuel prices for the full year 2006 and first quarter 2006 ultimately equal the more recent forward prices, our diluted earnings per share would be reduced by $0.04 and $0.01 for the full year 2006 and first quarter 2006, respectively.

Partially offsetting the impact of fuel prices, the U.S. dollar has weakened relative to both the euro and sterling, to currency exchange rates of $1.20 to the euro and $1.75 to sterling. Assuming the exchange rates remain at the current levels, our diluted earnings per share would increase by approximately $0.01 for the year 2006 and would be unchanged for the 2006 first quarter.

Key Performance Indicators and Pro Forma Information

We use net cruise revenues per ALBD ("net revenue yields") and net cruise costs per ALBD as significant non-GAAP financial measures of our cruise segment financial performance. We believe that net revenue yields are commonly used in the cruise industry to measure a company's cruise segment revenue performance. This measure is also used for revenue management purposes. In calculating net revenue yields, we use "net cruise revenues" rather than "gross cruise revenues." We believe that net cruise revenues is a more meaningful measure in determining revenue yield than gross cruise revenues because it reflects the cruise revenues earned by us net of our most significant variable costs, which are travel agent commissions, cost of air transportation and certain other variable direct costs associated with onboard revenues. Substantially all of our remaining cruise costs are largely fixed once our ship capacity levels have been determined.

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

In addition, because a significant portion of our operations utilize the euro or sterling to measure their results and financial condition, the translation of those operations to our U.S. dollar reporting currency results in increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies, and decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies. Accordingly, we also monitor our two non-GAAP financial measures assuming the current period currency exchange rates have remained constant with the prior year's comparable period rates, or on a "constant dollar basis," in order to remove the impact of changes in exchange rates on our non-U.S. cruise operations. We believe that this is a useful measure indicating the actual growth of our operations in a fluctuating exchange rate environment. On a constant dollar basis, net cruise revenues and net cruise costs would be $8.63 billion and $5.15 billion for fiscal 2005, respectively. In addition to our two non-GAAP financial measures discussed above, our non-U.S. cruise operations' depreciation and net interest expense were impacted by the changes in exchange rates for fiscal 2005 compared to 2004.

Our 2003 reported results only included the results of P&O Princess since April 17, 2003. Consequently, for the year ended November 30, 2004, we believe that the most meaningful comparison of our annual operating income and revenue and cost metrics is to the comparable pro forma results and metrics in 2003, which reflect the operations of both Carnival Corporation and P&O Princess as if the companies had been consolidated throughout 2003. Accordingly, we have disclosed pro forma information for the year ended November 30, 2003, as well as the required reported information, in the discussion of our results of operations.

The 2003 pro forma information was computed by adding the results of P&O Princess' annual operations, and acquisition adjustments of $16 million of depreciation expense and $3 million of interest expense and excluding $51 million of nonrecurring DLC transaction costs, to the 2003 Carnival Corporation reported results for the year ended November 30, 2003.

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 as follows:

Ship Accounting

Our most significant assets are our ships and ships under construction, which represent 85% of our total assets. We make several critical accounting estimates dealing with our ship accounting. First, we compute our ships' depreciation expense, which represented 11% of our cruise operating expenses in fiscal 2005, 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, that we believe will add value to our ships and depreciate those improvements over their estimated useful lives, while expensing repairs and maintenance costs as they are incurred. Finally, when we record the retirement of a ship component that is included within the ship's cost basis, we estimate its net book value to determine the amount of ship component retired.

We determine the average useful life of our ships and their residual values based primarily on our estimates of the weighted-average useful lives and residual values of the ships' major component systems, such as cabins, main diesels, main electric, superstructure and hull. In addition, we consider, among other things, 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 average 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 componentize our ship systems. In addition, since we do not separately componentize our ships, we do not identify and track depreciation of specific component systems. Therefore, we have to estimate the net book value of components that are replaced or refurbished, based primarily upon their replacement or refurbishment cost and the age of the ship.

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 2005 ship depreciation expense would have increased by approximately $23 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 2005 depreciation expense would have increased by approximately $120 million.

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 average residual values of our ships; (2) in determining which ship improvement costs add value to our ships; and (3) in determining the net book value 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, trademark assets and of our goodwill, which has been allocated to our cruise line reporting units, require us to make significant estimates to determine the fair values 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, passenger and crew, 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, historical claims experience and actuarially determined assumptions of liabilities, and any related insurance coverage. See Note 8 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.

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, most meals, some non-alcoholic beverages, entertainment and many onboard activities,

- the sale of goods and/or services primarily on board our ships, which include bar and some beverage sales, casino gaming, shore excursions, gift shop and spa sales, photo and art sales, and pre- and post cruise land packages. These goods and services are either provided 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,

- onboard and other cruise costs, which represent costs that vary directly with onboard and other revenues, and include the costs of liquor and some beverages, costs of tangible goods sold by us 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,

- fuel costs, which include fuel delivery costs, and

- other ship operating costs, which include repairs and maintenance, port charges, insurance, entertainment and all other shipboard operating costs and expenses.

For segment information related to our revenues, expenses, operating income and other financial information see Note 12 in the accompanying financial statements.

Summary

Our reported and pro forma results of operations and selected information were as follows:

	Years Ended November 30,			
	2005	2004	Pro Forma 2003	Reported 2003
	(dollars in millions, except selected information)			
Revenues				
Cruise				
Passenger tickets	$ 8,379	$7,357	$5,732	$5,039
Onboard and other	2,356	2,070	1,600	1,420
Other	352	300	264	259
	11,087	9,727	7,596	6,718
Costs and Expenses				
Operating				
Cruise				
Commissions, transportation and other	1,665	1,572	1,227	1,021
Onboard and other	408	359	279	229
Payroll and related	1,145	1,003	841	744
Food	615	550	447	393
Fuel	709	493	390	340
Other ship operating	1,425	1,270	1,038	897
Other	250	210	198	190
Total	6,217	5,457	4,420	3,814
Selling and administrative	1,329	1,285	1,103	936
Depreciation and amortization	902	812	653	585
Operating Income	2,639	2,173	1,420	1,383
Nonoperating Expense, Net	(309)	(272)	(185)	(160)
Income Before Income Taxes	2,330	1,901	1,235	1,223
Income Tax Expense, Net	(73)	(47)	(25)	(29)
Net Income	$ 2,257	$1,854	$1,210	$1,194
Selected Information				
Passengers carried (in thousands)	6,848	6,306	5,422	5,038
Occupancy percentage	105.6%	104.5%	102.6%	103.4%
Fuel cost per metric ton (a)	$ 260	$ 194	$ 179	$ 182

(a) Fuel cost per metric ton is calculated by dividing the cost of our fuel by the number of metric tons consumed.

Non-GAAP Financial Measures

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

	Years Ended November 30,			
			Pro Forma	Reported
	2005	2004	2003	2003
	(in millions, except ALBDs and yields)			
Cruise revenues				
Passenger tickets	$ 8,379	$7,357	$5,732	$5,039
Onboard and other	2,356	2,070	1,600	1,420
Gross cruise revenues	10,735	9,427	7,332	6,459
Less cruise costs				
Commissions, transportation and other	(1,665)	(1,572)	(1,227)	(1,021)
Onboard and other	(408)	(359)	(279)	(229)
Net cruise revenues	$ 8,662	$7,496	$5,826	$5,209
ALBDs	47,754,627	44,009,061	37,554,709	33,309,785
Gross revenue yields	$224.80	$214.21	$195.23	$193.91
Net revenue yields	$181.39	$170.32	$155.11	$156.38

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

	Years Ended November 30,			
			Pro Forma	Reported
	2005	2004	2003	2003
	(in millions, except ALBDs and costs per ALBD)			
Cruise operating expenses	$5,967	$5,247	$4,222	$3,624
Cruise selling and administrative expenses	1,276	1,231	1,054	896
Gross cruise costs	7,243	6,478	5,276	4,520
Less cruise costs included in net cruise revenues				
Commissions, transportation and other	(1,665)	(1,572)	(1,227)	(1,021)
Onboard and other	(408)	(359)	(279)	(229)
Net cruise costs	$5,170	$4,547	$3,770	$3,270
ALBDs	47,754,627	44,009,061	37,554,709	33,309,785
Gross cruise costs per ALBD	$151.67	$147.20	$140.50	$135.69
Net cruise costs per ALBD	$108.25	$103.31	$100.38	$ 98.16

Fiscal 2005 ("2005") Compared to Fiscal 2004 ("2004")

Revenues

Net cruise revenues increased $1.17 billion, or 15.6%, to $8.66 billion in 2005 from $7.50 billion in 2004. The 8.5% increase in ALBDs between 2005 and 2004 accounted for $638 million of the increase, and the remaining $528 million was from increased net revenue yields, which increased 6.5% in 2005 compared to 2004 (gross revenue yields increased by 4.9%). Net revenue yields increased in 2005 primarily from higher cruise ticket prices, a 1.1% increase in occupancy, higher onboard revenues and the weaker U.S. dollar relative to the euro and sterling. Net revenue yields as measured on a constant dollar basis increased 6.1% in 2005. Gross cruise revenues increased $1.31 billion, or 13.9%, in 2005 to $10.74

billion from $9.43 billion in 2004 for largely the same reasons as net cruise revenues.

Onboard and other revenues included concession revenues of $289 million in 2005 and $261 million in 2004. Onboard and other revenues increased in 2005 compared to 2004, primarily because of the 8.5% increase in ALBDs and increased passenger spending on our ships.

Other non-cruise revenues increased $69 million, or 17.3%, to $467 million in 2005 from $398 million in 2004 primarily due to the increase in the number of cruise/tours sold.

Costs and Expenses

Net cruise costs increased $623 million, or 13.7%, to $5.17 billion in 2005 from $4.55 billion in 2004. The 8.5% increase in ALBDs between 2004 and 2005 accounted for $387 million of the increase, and the remaining $236 million was from increased net cruise costs per ALBD, which increased 4.8% in 2005 compared to 2004 (gross cruise costs per ALBD increased 3.0%). Net cruise costs per ALBD increased primarily due to a $66 increase in fuel cost per metric ton, or 34.0%, to $260 per metric ton in 2005, higher dry-dock amortization expense, a $23 million MNOPF contribution (see Note 13 in the accompanying financial statements) and a weaker U.S. dollar relative to the euro and to sterling in 2005. Net cruise costs per ALBD as measured on a constant dollar basis compared to 2004 increased 4.3% in 2005 and were flat excluding fuel costs and the MNOPF contribution, compared to 2004. Gross cruise costs increased $765 million, or 11.8%, in 2005 to $7.24 billion from $6.48 billion in 2004, which was a lower percentage increase than net cruise costs primarily because of the lower proportion of passengers who purchased air transportation from us in 2005.

Other non-cruise operating expense increased $57 million, or 18.5%, to $365 million in 2005 from $308 million in 2004 primarily due to the increase in the number of cruise/tours sold.

Depreciation and amortization expense increased by $90 million, or 11.1%, to $902 million in 2005 from $812 million in 2004 largely due to the 8.5% increase in ALBDs through the addition of new ships and ship improvement expenditures.

Nonoperating (Expense) Income

Net interest expense, excluding capitalized interest, increased $31 million in 2005 to $323 million in 2005 from $292 million in 2004. This increase was primarily due to a $36 million increase in interest expense from higher average borrowing rates and a weaker U.S. dollar, partially offset by a $5 million increase in interest income due to higher average invested fund balances.

Other expense in 2005 included a $22 million expense for the write-down of a non-cruise investment, partially offset by $7 million income from the settlement of litigation associated with the DLC transaction.

Income Taxes

Income tax expense increased by $26 million from 2004 to $73 million in 2005 from $47 million in 2004 primarily because we recorded approximately $18 million for U.S. income taxes related to the charter of three ships to the Military Sealift Command ("MSC") in connection with the Hurricane Katrina relief efforts. Commencing in September 2005, these three ships were chartered for six months, and pursuant to our agreement with the MSC, the net earnings from the charter will be equal to the amount of net earnings we would have earned on these ships if we had not entered into this charter.

Fiscal 2004 ("2004") Compared to Pro Forma 2003 ("pro forma 2003") and Reported Results 2003 ("reported 2003")

Revenues

Net cruise revenues increased $1.67 billion, or 29%, to $7.50 billion in 2004 from $5.83 billion in pro forma 2003. The 17.2% increase in ALBDs between pro forma 2003 and 2004 accounted for $1.0 billion of the increase, and the remaining $670 million was from increased net revenue yields, which increased 9.8% in 2004 compared to pro forma 2003 (gross revenue yields increased by 9.7%). Net revenue yields increased in 2004 primarily from higher cruise ticket prices, a 1.9% increase in occupancy, higher onboard revenues and the weaker U.S. dollar relative to the euro and sterling. Net revenue yields as measured on a constant dollar basis increased 6.6% in 2004. Gross cruise revenues increased $2.10 billion, or 29%, in 2004 to $9.43 billion from $7.33 billion in pro forma 2003 primarily for the same reasons as net cruise revenues.

Net cruise revenues increased $2.29 billion, or 44%, to $7.50 billion in 2004 from $5.21 billion in reported 2003. The 32.1% increase in ALBDs between reported 2003 and 2004, which included P&O Princess for a full year in 2004, but only since April 17, 2003 during 2003, accounted for $1.67 billion of the increase, and the remaining $615 million was from increased net revenue yields, which increased 8.9% in 2004 compared to 2003 (gross revenue yields increased by 10.5%). Net revenue yields increased primarily for the same reasons as noted above. Gross cruise revenues increased $2.97 billion, or 46%, in 2004 to $9.43 billion from $6.46 billion for primarily the same reasons as net cruise revenues.

Onboard and other revenues included concession revenues of $261 million in 2004, $201 million in pro forma 2003 and $192 million in reported 2003, which increased in 2004 compared to both pro forma 2003 and reported 2003 primarily because of the increases in ALBDs and increased passenger spending on our ships.

Other non-cruise revenues increased $48 million, or 13.7%, to $398 million in 2004 from $350 million in proforma 2003 (an increase of $53 million, or 15.4% from $345 million in reported 2003) primarily due to the increase in the number of cruise/tours sold, as well as price increases.

Costs and Expenses

Net cruise costs increased $777 million, or 21%, to $4.55 billion in 2004 from $3.77 billion in pro forma 2003. The 17.2% increase in ALBDs between pro forma 2003 and 2004 accounted for $650 million of the increase, and the remaining $127 million was from increased net cruise costs per ALBD, which increased 2.9% in 2004 compared to pro forma 2003 (gross cruise costs per ALBD increased 4.8%). Net cruise costs per ALBD increased primarily due to a $15 increase in fuel cost per metric ton, or 8.4%, to $194 per metric ton in 2004 and the weaker U.S. dollar relative to the euro and the sterling in 2004. Net cruise costs per ALBD as measured on a constant dollar basis compared to pro forma 2003 declined 0.5% in 2004. The decrease in constant dollar net cruise costs was primarily the result of the economies of scale associated with the pro forma 17.2% ALBD increase and synergy savings from the integration efforts following the DLC transaction. Gross cruise costs increased $1.20 billion, or 23%, in 2004 to $6.48 billion from $5.23 billion in pro forma 2003 primarily for the same reasons as net cruise costs.

Net cruise costs increased $1.28 billion, or 39%, to $4.55 billion in 2004 from $3.27 billion in reported 2003. The 32.1% increase in ALBDs between reported 2003 and 2004 accounted for $1.05 billion of the increase, and the remaining $230 million was from increased net cruise costs per ALBD, which increased 5.2% in 2004 compared to reported 2003 (gross cruise costs per ALBD increased 8.5%). Net cruise costs per ALBD increased primarily for the same reasons as noted above. Gross cruise costs increased $1.96 billion, or 43%, in 2004 to $6.48 billion from $4.52 billion in reported 2003 primarily for the same reasons as net cruise costs and a higher proportion of P&O Princess brands' customers who purchased air from us.

Other non-cruise operating expense increased $24 million, or 8.5%, to $308 million in 2004 from $284 million in pro forma 2003 (an increase of $32 million, or 11.6%, from $276 million in reported 2003) primarily due to the increased volume of cruise/tours sold in 2004.

Depreciation and amortization expense increased by $159 million, or 24.3%, to $812 million in 2004 from $653 million in pro forma 2003 largely due to the pro forma 17.2% expansion of the combined fleet and ship improvement expenditures, as well as the impact of a weaker U.S. dollar. Depreciation and amortization increased by $227 million, or 38.8%, to $812 million in 2004 from $585 million in reported 2003. This increase was primarily due to the same factors as noted above and the result of the consolidation of P&O Princess.

Nonoperating (Expense) Income

Net interest expense, excluding capitalized interest, increased to $292 million in 2004 from $217 million in reported 2003, or $75 million, which increase consisted primarily of a $102 million increase in interest expense from our higher level of average borrowings and a weaker U.S. dollar, partially offset by a $27 million decrease in interest expense due to lower average borrowing rates. The higher average debt balances were primarily a result of our consolidation of the former P&O Princess debt and new ship deliveries.

Income Taxes

Income tax expense increased $18 million from reported 2003 to $47 million in 2004 primarily because of the increase in Costa's Italian taxable income and other taxes relating to our operations.

Liquidity and Capital Resources

Sources and Uses of Cash

Our business provided $3.41 billion of net cash from operations during fiscal 2005, an increase of $194 million, or 6.0%, compared to fiscal 2004. We continue to generate substantial cash from operations and remain in a strong financial position, thus providing us with substantial financial flexibility in meeting operating, investing and financing needs.

During fiscal 2005, our net expenditures for capital projects were $1.98 billion, of which $1.47 billion was spent for our ongoing new shipbuilding program, including the final delivery payments for the Carnival Valor, Carnival Liberty and P&O Cruises' Arcadia. The remaining capital expenditures consisted primarily of $324 million for ship improvements and refurbishments, and $179 million for Alaska tour assets, cruise port facility developments and information technology assets. During fiscal 2004, our net expenditures for capital projects were $3.59 billion primarily because we took delivery of seven new ships.

During fiscal 2005, we borrowed $1.15 billion, of which a portion was used to pay a part of the Arcadia and Carnival Liberty purchase prices and to refinance debt as noted below. During fiscal 2005, we made $609 million of debt repayments, which included the final payment on our capitalized lease obligations of $110 million, $100 million repayment of our 7.05% fixed rate notes and $253 million in repayments of Costa indebtedness. In addition, we refinanced $487 million of euro debt in 2005 to reduce our future borrowing rate. We also paid cash dividends of $566 million and purchased $386 million of treasury stock during 2005.

Future Commitments and Funding Sources

At November 30, 2005, our contractual cash obligations, including ship construction contracts entered into in December 2005, 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	Total	Payments Due by Fiscal Year 2006	2007	2008	2009	2010	Thereafter
Long-term debt(a)	$7,052	$1,325	$1,035	$1,672	$ 169	$ 944	$1,907
Short-term borrowings(a)	300	300					
Fixed-rate interest payments(a)	1,679	203	188	166	146	128	848
Shipbuilding(a)	7,590	1,710	2,340	2,130	1,410		
Port facilities and other(a)	600	58	70	70	56	52	294
Operating leases(a)	200	43	30	25	20	16	66
Purchase obligations(b)	615	516	81	11	5	2	
Other long-term liabilities reflected on the balance sheet(c)	457	23	106	52	39	33	204
Total contractual cash obligations(d)	$18,493	$4,178	$3,850	$4,126	$1,845	$1,175	$3,319

(a) See Notes 6 and 7 in the accompanying financial statements for additional information regarding these contractual cash obligations. Fixed-rate interest payments represent cash outflows for fixed interest payments, including interest swapped from a variable-rate to a fixed-rate, but does not include interest payments on variable-rate debt or interest swapped from a fixed-rate to a variable-rate. Ship construction contracts entered into after November 30, 2005 aggregated $2.26 billion.

(b) Represents legally-binding commitments to purchase inventory and other goods and services made in the normal course of business to meet operational requirements. Many of our contracts contain clauses that allow us to terminate the contract with notice, and with or without a termination penalty. Termination penalties are generally an amount less than the original obligation. Historically, we have not had any significant defaults of our contractual obligations or incurred significant penalties for termination of our contractual obligations.

(c) Represents cash outflows for certain of our long-term liabilities that could be reasonably estimated. The primary outflows are for estimates of our employee benefit plan obligations, crew and passenger claims, certain deferred income taxes and other long-term liabilities. Other long-term liabilities, such as deferred income, derivative contracts payable, which convert fixed rate debt to variable rate debt, fair value of hedged commitments and certain deferred income taxes, have been excluded from the table as they do not require cash settlement in the future or the timing of the cash outflow cannot be reasonably estimated.

(d) Foreign currency payments are based on the November 30, 2005 exchange rates.

During 2004, the Boards of Directors authorized the repurchase of up to an aggregate of $1 billion of Carnival Corporation common stock and/or Carnival plc ordinary shares commencing in 2005, subject to certain repurchase restrictions on Carnival plc shares. From December 1, 2004 through February 6, 2006, we had repurchased 8.0 million shares for $386 million.

At November 30, 2005, as adjusted for $916 million of additional committed ship financing facilities entered into in January 2006, we had liquidity of $4.67 billion, which consisted of $1.19 billion of cash, cash equivalents and short-term investments, $1.83 billion available for borrowing under our revolving credit facility, and $1.65 billion under committed ship financing facilities. Our revolving credit facility matures in 2010. A key to our access to liquidity is the maintenance of our strong credit ratings.

Based primarily on our historical results, current financial condition and future forecasts, we believe that our existing liquidity 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. In addition, based on our future forecasted operating results and cash flows for fiscal 2006, we expect to be in compliance with our debt covenants during 2006. 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.

Foreign Currency Exchange Rate Risks

In 2003, we broadened our global presence through Carnival plc's foreign operations, in addition to the foreign currency denominated operations of our Costa subsidiary. 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 because these operations have either the sterling or the euro as their functional currency. Accordingly, exchange rate fluctuations of the sterling and the euro 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 seek to minimize the impact of fluctuations in foreign currency exchange rates through our normal operating and financing activities, including netting certain exposures to take advantage of any natural offsets 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 any financial instruments for trading or other speculative purposes.

One of our primary foreign currency exchange rate 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. We generally use foreign currency swaps to manage foreign currency exchange rate risk from ship construction contracts (see Notes 2, 7 and 11 in the accompanying financial statements). Accordingly, increases and decreases in the fair value of these foreign currency swaps offset changes in the fair value of the foreign currency denominated ship construction commitments, thus resulting in the elimination of such risk.

Specifically, we have foreign currency swaps for three of our euro denominated shipbuilding contracts. At November 30, 2005, the fair value of these foreign currency swaps was a net unrealized gain of $29 million which is recorded, along with an offsetting $29 million fair value liability related to our shipbuilding firm commitments, on our accompanying 2005 balance sheet. Based upon a 10% strengthening or weakening of the U.S. dollar and sterling compared to the euro as of November 30, 2005, assuming no changes in comparative interest rates, the estimated fair value of these foreign currency swaps would decrease or increase by $120 million, which would be offset by a decrease or increase of $120 million in the U.S. dollar value of the related foreign currency ship construction commitments resulting in no net dollar impact to us.

However, at November 30, 2005, as adjusted for our December 2005 ship orders, we have two euro denominated shipbuilding contracts aggregating 1.05 billion in euros assigned to Carnival Cruise Lines, a U.S. dollar functional currency operation, for which we have not entered into any foreign currency swaps. Therefore, the U.S. dollar cost of these ships will increase or decrease based upon changes in the exchange rate until the payments are made under the shipbuilding contracts or we enter into a foreign currency swap. These euro commitments effectively act as an economic hedge against a portion of our net investment in euro-denominated cruise operations. Accordingly, any increase or decrease in our ship costs resulting from changes in the exchange rate will be offset by a corresponding change in the net assets of our euro-denominated cruise operations. Based upon a 10% hypothetical increase or decrease in the November 30, 2005 U.S. dollar to euro foreign currency exchange rate, the cost of these ships would increase or decrease by $124 million. Decisions regarding whether or not to hedge a given ship commitment are made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility, and economic trends.

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 decline in the U.S. dollar relative to the euro over the past several years, the U.S. dollar cost to order new cruise ships at current exchange rates has increased significantly. If the U.S. dollar remains at current levels or declines further, this may affect our ability to order future new cruise ships for U.S. dollar functional currency brands.

Finally, we consider our investments in foreign subsidiaries to be denominated in relatively stable currencies and of a long-term nature. In addition to the strategy discussed above, we also partially address these exposures by denominating a portion of our debt, or entering into foreign currency swaps, in our subsidiaries' functional currencies (generally euros or sterling). Specifically, we have debt of $1.68 billion in euros and $657 million in sterling and have $1.11 billion of foreign currency swaps, whereby we have converted $237 million of U.S. dollar debt into sterling debt, $736 million of U.S. dollar debt into euro debt and $138 million of euro debt into sterling debt, thus partially offsetting this foreign currency exchange rate risk. At November 30, 2005, the fair value of these foreign currency swaps was a net unrealized loss of $58 million, 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, 2005 foreign currency exchange rate, we estimate that these contracts' fair values would increase or decrease by $111 million, which would be offset by a decrease or increase of $111 million in the U.S. dollar value of our net investments.

Interest Rate Risks

We seek to minimize the impact of fluctuations in interest rates through our long-term investment and debt portfolio strategies, which include entering into a substantial amount of fixed rate debt instruments. We continuously evaluate our debt portfolio, and make periodic adjustments to the mix of floating rate and fixed rate debt based on our view of interest rate movements through the use of interest rate swaps. At November 30, 2005, 75% of the interest cost on our long-term debt was effectively fixed and 25% was variable, including the effect of our interest rate swaps.

Specifically, we have interest rate swaps at November 30, 2005, which effectively changed $926 million of fixed rate debt to libor-based floating rate debt. In addition, we have interest rate swaps at November 30, 2005, which effectively changed $961 million and $286 of euribor and GBP libor floating rate debt, respectively, to fixed rate debt. The fair value of our long-term debt and interest rate swaps at November 30, 2005 was $7.70 billion. Based upon a hypothetical 10% decrease or increase in the November 30, 2005 market interest rates, the fair value of our long-term debt and interest rate swaps would increase or decrease by approximately $85 million and interest expense on our variable rate debt, including the effect of our interest rate swaps, would increase or decrease by approximately $7 million.

In addition, based upon a hypothetical 10% decrease or increase in Carnival Corporation's November 30, 2005 common stock price, the fair value of our convertible notes would increase or decrease by approximately $197 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 $1.25 billion 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.

Bunker Fuel Price Risks

We have typically not used financial instruments to hedge our exposure to the bunker fuel price market risk. We estimate that our fiscal 2006 fuel cost would increase or decrease by approximately $2.9 million for each $1 per metric ton increase or decrease in our average bunker fuel price.

Selected Financial Data

The selected consolidated financial data presented below for fiscal 2001 through 2005 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,				
	2005	2004	2003	2002	2001
	(in millions, except per share and other operating data)				
Statement of Operations and Cash Flow Data(a)					
Revenues	$11,087	$9,727	$6,718	$4,383	$4,549
Operating income	$ 2,639	$2,173	$1,383	$1,042	$ 892
Net income(b)	$ 2,257	$1,854	$1,194	$1,016(c)	$ 926(c)
Earnings per share(b)					
Basic	$ 2.80	$ 2.31	$ 1.66	$ 1.73	$ 1.58
Diluted	$ 2.70	$ 2.24	$ 1.63	$ 1.69	$ 1.57
Dividends declared per share	$0.800	$0.525	$0.440	$0.420	$0.420
Cash from operations	$3,410	$3,216	$1,933	$1,469	$1,239
Capital expenditures	$1,977	$3,586	$2,516	$1,986	$ 827
Other Operating Data(a)					
Available lower berth days(d)	47,754,627	44,009,061	33,309,785	21,435,828	20,685,123
Passengers carried	6,848,386	6,306,168	5,037,553	3,549,019	3,385,280
Occupancy percentages(e)	105.6%	104.5%	103.4%	105.2%	104.7%

	As of November 30,				
	2005	2004	2003	2002	2001
	(in millions, except percentages)				
Balance Sheet and Other Data(a)					
Total assets	$28,432	$27,636	$24,491	$12,335	$11,564
Long-term debt, excluding current portion	$ 5,727	$ 6,291	$ 6,918	$ 3,014	$ 2,955
Total shareholders' equity	$16,972	$15,760	$13,793	$ 7,418	$ 6,591
Debt to capital(f)	30.2%	33.5%	34.9%	29.9%	31.1%

(a) Includes the results of Carnival plc since April 17, 2003. Accordingly, the information from 2003 and thereafter is not comparable to the prior periods. Our results for the three years prior to fiscal 2004, were negatively affected by a number of factors affecting consumers' vacation demands including, among other things, armed conflicts in the Middle East and elsewhere, terrorist attacks in the U.S. and elsewhere, the uncertain worldwide economy and adverse publicity surrounding these and other events.

(b) Effective December 1, 2001, we adopted SFAS No. 142, which required us to stop amortizing goodwill as of December 1, 2001. If amortization of goodwill 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 $1.61, respectively.

(c) 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.

(d) 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.

(e) 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.

(f) 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." Carnival plc's ordinary shares trade on the London Stock Exchange under the symbol "CCL." Carnival plc's ADSs, each one of which represents one Carnival plc ordinary share, are traded on the NYSE under the symbol "CUK." 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		Carnival plc			
			Price per Ordinary Share (GBP)		Price per ADS (USD)	
	High	Low	High	Low	High	Low
Fiscal 2005						
Fourth Quarter	$54.98	$45.78	£33.19	£26.60	$56.48	$47.32
Third Quarter	$55.75	$48.76	£33.40	£28.31	$58.10	$51.46
Second Quarter	$55.96	$46.76	£31.45	£25.90	$59.21	$50.02
First Quarter	$58.98	$48.90	£32.69	£29.13	$62.17	$56.50
Fiscal 2004						
Fourth Quarter	$53.65	$45.29	£30.89	£26.22	$57.15	$47.43
Third Quarter	$48.05	$41.55	£27.30	£23.65	$50.03	$43.85
Second Quarter	$46.50	$40.05	£26.72	£22.98	$48.05	$41.20
First Quarter	$46.30	$34.95	£26.12	£20.30	$49.21	$35.13

As of February 6, 2006, there were 4,287 holders of record of Carnival Corporation common stock and 48,601 holders of record of Carnival plc ordinary shares and 69 holders of record of Carnival plc ADSs. The past performance of our stock prices cannot be relied on as a guide to their future performance.

All dividends for both Carnival Corporation and Carnival plc are declared in U.S. dollars. Holders of Carnival Corporation common stock or Carnival plc ADS's receive a dividend payable in U.S. dollars. The dividends payable for Carnival plc ordinary shares are payable in sterling, unless the shareholders elect to receive the dividends in U.S. dollars. Dividends payable in sterling will be converted from U.S. dollars into 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. Historically, demand for cruises has been the greatest during our third quarter which includes the Northern Hemisphere summer months. 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. Substantially all of Holland America Tours' and Princess Tours' revenues and net income are generated from May through September in conjunction with the Alaska cruise season.

Quarterly financial results for fiscal 2005 were as follows:

	Quarters Ended			
	February 28	**May 31**	**August 31**	**November 30**
	(in millions, except per share data)			
Revenues	$2,396	$2,519	$3,605	$2,567
Operating income	$ 418	$ 482	$1,291	$ 448
Net income	$ 345	$ 408	$1,151 (a)	$ 353
Earnings per share				
Basic	$ 0.43	$ 0.51	$ 1.43	$ 0.44
Diluted	$ 0.42	$ 0.49	$ 1.36	$ 0.43
Dividends declared per share	$ 0.15	$ 0.20	$ 0.20	$ 0.25

(a) Includes a $23 million expense related to the MNOPF contribution and a $22 million expense for a non-cruise investment write-down.

Quarterly financial results for fiscal 2004 were as follows:

	Quarters Ended			
	February 29	**May 31**	**August 31**	**November 30**
	(in millions, except per share data)			
Revenues	$1,981	$2,253	$3,250	$2,243
Operating income	$ 260	$ 406	$1,160	$ 347
Net income	$ 203	$ 332	$1,025	$ 294
Earnings per share				
Basic	$ 0.25	$ 0.41	$ 1.28	$ 0.37
Diluted	$ 0.25	$ 0.40	$ 1.22	$ 0.36
Dividends declared per share	$0.125	$0.125	$0.125	$ 0.15

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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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; and

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 the 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 9, 2006

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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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; and

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 the 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 9, 2006

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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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; and

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 the 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 9, 2006

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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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; and

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 the 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 9, 2006

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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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; and

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 the 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 9, 2006

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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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; and

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 the 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 9, 2006

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, 2005 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 9, 2006

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, 2005 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 9, 2006

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, 2005 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 9, 2006

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, 2005 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 9, 2006

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, 2005 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 9, 2006

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, 2005 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 9, 2006

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